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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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October 21 - October 27

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THE WEEK IN THE COMMUNITY

October 21 - October 27, 1968

THE COMMON MARKET

Debre: Participation Maybe - Membership No

For nearly eighteen months now, the ministers of the Six have been involved in the long-drawn out struggle over British membership of the Community. Of all the member countries, it was only France which had not put forward proposals of its own, but now this has been remedied. The general outlines of the Debre Plan were put on October 24 to the Permanent Representatives of the other member states by the French Ambassador to the Communities, M. Jean-Marc Boegner, and will be expressed in more detail next week on November 4 and 5, when the Foreign Ministers of the Six meet. In substance, the French proposals are aimed at strengthening the Community internally, although envisaging the possibility of some form of cooperation with non-member countries.

The nine points are chiefly aimed at improving the position of the Community's industry, which is why agriculture and the merger of the Community treaties are not included.

- 1) Customs legislation harmonisation: There is still scope for progress in this sector. Topics to be covered include the transit of goods across the EEC internal frontiers, entrepot facilities, and duty-free areas.
- 2) Suppression of technical trade barriers: Different industrial and manufacturing standards can be used to replace formal trade barriers, and in any case can hinder trade. Paris considers that the proposals which the Commission has made could be adopted by the end of the year.
- 3) Scientific and Technological policy: The work of the Marechal Group, which was asked by the Council of Ministers in October 1967 to work out how the Six could cooperate in seven clearly defined sectors has been blocked by the veto of the Dutch - later joined by the Italians - in retaliation for the French attitude towards Britain's bid for membership of the EEC. M. Debre considers the Marechal Group should be given the go-ahead again, and in what might seem to be a change of attitude "as soon as the preliminary meetings started" the participation of non-member countries would be considered. Some observers take this as meaning that Britain, Sweden, Switzerland and other interested countries, would be able to take part in the technological discussions from the very start. However, the exact formula as to how these third countries could take part, still has to be made clear, and it could offer scope for further delaying tactics. Nevertheless, it is an apparent change of attitude by France, for up till now she has always insisted that non-member countries could only be brought in once the Six had reached agreement amongst themselves.
- 4) European patents: Paris would like to see the talks aimed at creating a European patent legislation started up once again, but this time the non-member countries could take part

only when the Six had worked out their own proposals.

5) Fiscal harmonisation: In particular M. Debre would like to see more rapid progress in a harmonisation of excise duties and the legislation affecting capital movements.

6) The "European" company: Very little progress has been made towards achieving this aim during the past months. Recently the Dutch have also begun to block progress in this field because of the French attitude towards an enlarged Community.

7) Mergers: France would like to see the Six undertake an in-depth study of the Community's policy towards mergers and agreements. Obviously the Montecatini-Edison affair, the Fiat-Citroen agreement and the future of the West German national oil companies have all helped to make this topical.

8) Fiscal harmonisation: Paris considers that the timetable adopted in December 1967 should be put into practice.

9) Common Energy Policy: The Commission is due to transmit its proposals in this sector to the member states within the near future. Paris would like to see the Six begin discussions before the end of the year.

As they stand the new proposals by M. Debre, which are aimed mainly at strengthening the Community internally seem reasonable, and it would be difficult for any of the Five to come out against them for fear of being accused of trying to block the EEC's development. This will be especially the case if France takes a more conciliatory line over technology and patents. One of the reasons why Paris decided to publish its proposals before next week's meeting was to give the other members time to prepare themselves for discussions.

But another aspect of the Debre Proposals is contained in the phrase "Attack is the best form of defence". Again many of the matters which Paris has proposed for discussion with the aim of reaching a rapid decision, are sectors in which it is France above all who wants a quick decision. Nevertheless, the need for faster progress is likely to be supported by the Commission.

Whether one thinks it right or not, Britain's bid for membership is linked to the moves to strengthen the Community internally. France appears to be trying to limit any discussion about enlarging the Six to the Community framework, thus lessening the impact of the Harmel Plan, and other forms of cooperation where no French veto can be used. Furthermore, so far no mention has been made of eventual membership for the candidate countries, who even if they may be allowed to cooperate with the Six, will presumably have to accept decisions agreed upon by members of the Community. The news that M. Debre has made fresh proposals for a trading agreement with Britain to his West German counterpart do not help create a mood of optimism, since over a four year period they would lower

industrial tariffs by less than 30%, whilst Herr Brandt's own suggestions envisaged a 30% cut in three years, and again no mention is made of such an agreement leading to membership.

The final comment for those who hope there might be a change in the French attitude can come from the Gaullist newspaper "Notre Republic". It discusses the plot which has been woven around the plan put forward by the Belgian Foreign Minister (M. Harmel). "It is not possible to economically or politically associate Britain to Europe until she has decided to make the fundamental choices facing her "....."Furthermore if Britain wished to participate in Europe, she would try to convince France and not to stir up trouble against her. For we must judge her (Britain) intentions by her tactics. But all these goings-on demand that Belgium and the Netherlands are more important politically than they are, that Europe could be built without France and that Germany can, in her present situation, back a policy which furthermore encourages the division of Europe and the reconstitution of the blocs. It is for this reason that France, despite the untruths that are heaped upon her, continues to follow her policy of truth".

* * *

INDUSTRIAL POLICY

Progress Must Be Made

The recent agreement between Fiat and Citroen, achieved despite the opposition of the French government, serves as a symbol upon which to focus the state of the Community's industrial policy.

Theoretically, the link-up between the two groups is "balanced" because of the legal framework governing the agreement, but because of the Italian group's size, it remains to be seen whether in practice both sides will treat each other as equal partners. The need to achieve some sort of balance of interest amongst groups merging or linking across the frontiers of the Community is one which has caused some problems for the various experts. They are well aware that a system of "give and take" is necessary if governments are not to try and build single national monopolies in each major industrial sector, with the aim of avoiding foreign take-over bids, including those from other Community countries. The Commission would like to see the Six study the problem more closely than they have done so far, and the proposals for this put forward by M. Debre as part of his nine-point plan are no doubt welcome in Brussels.

Another major aspect of mergers within the Community is their effect on employment. This also needs tackling from Community level so that moves to strengthen European industry do not cause excessive and unnecessary unemployment. Progress is also required if the European company and a European patent system are to be established. However it is sometimes overlooked that American firms - and some European firms - appear

to be already capable of operating on a European-wide scale without this special requirements being fulfilled. This would appear to depend on management capability.

This latter factor brings up the so-called "management gap" between Europe and the United States, for it is the outlook and approach of industrial and business heads which also plays a major role. Several EEC member states are at present stepping up their business training methods, through the opening of new business schools, the use of refresher courses, etc. Because this sector of educational activity is fairly new, it should be possible for the Six to co-ordinate their efforts without too much difficulty. There are also two other main areas in which the Commission would like to see further and increased action on a Community scale:

1) Key technological industries: For most of these there has been little progress on a Community basis, and the various trade and customs barriers still remain in force. State support and state orders are virtually the lifeblood of each key sector, and this despite the fact that on an international basis, national industries can have little chance of being competitive. This is especially so for the nuclear industry, but it applies also in varying degrees to the computer, and aero-space industries. A boost to European cooperation would be given with the advent of an effective wider market, in which the advanced industries would stand a greater chance. But this also requires some form of cooperation and co-ordination in the various industrial sectors between the different member countries. National efforts in every field will need limiting to specialised areas.

2) Problem industries: These are chiefly the coal, steel, shipbuilding, textile and paper industries, and action is required to ensure that state aids and subsidies do not take the place of tariff barriers, which seems to be so at present. In any case, certain forms of aid are quite permissible, but care should be taken to organise them on a European basis, and at the same time avoid artificially maintaining the existence of out-dated sectors. This again brings up labour problem, and the Community should be able to tackle this at an overall level, along the lines taken by the ECSC. The Commission intends to try and convince the member governments that the European Social Fund requires considerably more cash if it is to be able to carry out an effective policy in this extremely delicate sector.

* * *

AGRICULTURE

Getting the Six into Reform Mood

"It will not reach the table as hot as it left the kitchen" said Sicco Mansholt of the Commission's farm structure reform plans for the Community (see No 483), but at the same time the ministers of the Six, now meeting in Luxembourg, must be finding the latest FEOGA budget figures indigestible in the extreme. It is in the spiralling costs of support, especially for cereals and dairy products (\$ 680 m. and \$ 624 m. respectively for the 1968-9 season as against \$ 535 m. and \$ 370 m. last year), that the Commission has its most

effective lever for persuading the Six into really positive action on the overhaul of their agricultural structures.

While the cost of supporting the grain market continues to mount, and while there is a danger of a Community "sugar mountain" of stocks building up next year (a poor season this year rendered a surplus of 800,000 tons, about 400,000 less than might have been expected and markets have in the main been found), it is in the dairy sector that the most immediate and dramatic crisis has to be dealt with. Here, the capital problem is to cope with the butter surplus, which has risen from 120,000 tons in April to about 350,000 tons at the present time. Moreover, even the natural winter diminution of this figure is unlikely to bring the amount down to less than 270,000 tons by next spring. Bear in mind here that the Community's maximum stockpiling capacity for butter is only 400,000 tons, and that as far as third world markets are concerned, the price is just over 1/- a pound, against the Community's threshold price of around 7/-.

The support cost of getting this butter on to foreign markets and of using it up in various other ways would rise to about \$1,000 million, this has been described as "economic madness". There are anyway prohibitive factors involved: the already fairly satiated state of the world market, on the one hand, and on the other the expense and effort involved in the remaining alternatives. As food aid to developing countries, butter is too costly a commodity to transport; the same argument militates against its use, by reprocessing, as part of the fat content in feeds (where in any case it would only serve to aggravate the milk output problem). Its addition to margarine would meet problems of opposition from that industry, which really leaves only such possibilities as its reduction to high-concentrate cooking fat by dehydration, and its redirection for welfare and institutional consumption. Reduced to a feasible level, these alternatives would use up a mere portion of the stocks, and the radical move of a temporary, but sharp cut in price is all that remains.

The latter, in fact, is the proposal that the Commission has put to the ministers, though no doubt other solutions will be discussed in Luxembourg. Thus it is that the Council will be led into the major structural debate that is to come at the end of November or early in December. Unless radical action is taken immediately, butter support costs will rise to \$800 million next year, and this intolerable level can only be countered, if it is not already too late, by the coupling of rapid action on structure with immediate surgery on the dairy sector. The recommendation of a cut in price from Dm 7 per kilo to about Dm 4, therefore, will be linked with the suggestion, in the reform plan, that some 4 million of the Community's 22 million dairy cattle be slaughtered, and that incentive bonuses be offered to farmers for this. A cut of at least this magnitude is going to be needed, when we bear in mind that, compared with Dutch dairy farmers' yields of about 4,000 litres per cow per year, the French at present achieve only about 3,000 litres. At the same time, France accounts for no less than 10 million of the Community's dairy cattle: her farmers deliver almost 100% of production direct to the factory, and improvements in yield could be stimulated very rapidly.

While the price cut/herd reduction solution may seem to offer a way out of the present vicious circle, however, there are two very real stumbling blocks remaining: firstly

the cost of even this exercise would be very high- \$ 500 million for supporting the cost reduction alone, and second, the fact that it presupposes acceptance of the Commission's structural reform plans, at least in some measure. There is a consequential chain involved: price-cutting is ipso facto only an interim device, and reduction of output has to replace it fairly soon, but to reduce output by slaughtering, when no less than 40% of the Community's dairy stock is in groups of no more than five, means either concentrating the operation on the larger and more viable farms or embarking very quickly on the plan, which envisages the disappearance from the land of some 3.6 million farm workers by 1980, and the removal or absorption into larger "production centres" of half of the EEC's six million farms by that time ("removal", in the sense that the plan also intends about 12% of the Community's farmland to be phased out of production over the period, and put back to recreational or forestry use). This is done through financial incentives, with a grant of, say, \$ 7,000 offered to each production "unit", which would be a farm of 20-30 hectares, having 40-100 cows in the case of the dairy sector, and of 20-100 hectares in the case of arable farms. Family farms as they now exist would disappear, by absorption (virtually collectivisation) into production centres, pooling land, buildings and equipment, their administration then taking the character of limited companies or cooperatives (a large scale farm management training programme would be called for). By 1980 in this way, the Community's agricultural land would be reduced by about one eighth in area, and the proportion of the population engaged in farming from 15% to 8%. Now for this plan to work, the Commission estimates that the cost could rise to close on \$ 2,000 million a year over the ten years or so following its introduction, a figure that has to be weighed against the possible \$ 4,000 million that the FEOGA budget is likely to reach in the early 70s if nothing is done - Mansholt's estimate is that the budgetary side of the CAP could actually begin to drop by 1972 if reform gets under way.

The result of the Luxembourg debate on Wednesday, therefore, is likely to shed considerable light on what is to happen in the Community in the next decade: a marathon session is quite possible, and the finance ministers will certainly be "roped in" when the discussion turns to the vast sums of money involved. If the 50% cut in the market price of butter is actually accepted, however, this will be a very strong indication that the ministers are preparing themselves for a commitment to the structural reform plan when this comes officially on to the agenda in a month's time. Compromise over the price cut, on the other hand, could in the long run prove to be a disaster for the Community: it would betray reluctance to embark on the stringent sort of measures that alone, and taken right now, can serve to provide a reasonably secure basis for the common agricultural policy in the years to come.

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FEOGA : Budget cost still rises.

As reported last week the Commission has just transmitted to the member states figures for the FEOGA budget covering the 1968-1969 seasons, and the figures for the "guidance" section are being debated by the Agriculture and Finance ministers of the Six in Luxembourg on October 29 and 30. The overall total tends to confirm the fears expressed during the past few months, although the actual breakdown and receipts of member states has not changed greatly. The total is \$ 2,400 million for the "Guarantee" section (price maintenance and exports subsidies) and the "Guidance" (structural reform). Two or three years ago it was thought that by 1970 the FEOGA budget might have reached \$ 1,800 million, so that the situation can be seen to have worsened rapidly.

The increase in the cost of the "Guarantee" is 55 % compared with last season. Just over \$ 2,000 million will be spent this year on keeping exports up as against some \$ 1,500 million last time. The Commission thinks that this increase is due in part to the Community taking over responsibility from the member states for national products (mainly dairy products and sugar) allied to the increase in existing surpluses. It should however be noted that the budget estimates do not cover all the costs involved in the dairy sector. This is probably with the aim of not exceeding the limit of \$ 640 million, for this would require a fresh examination of the cost-sharing structure, and besides, the Six will have to find some \$ 170 million for the 1968-9 season from their own funds. Finally this year, the dairy products season starts on July 1 instead of April 1, which will also help to keep the apparent cost down. But all indicates that next year the total cost of the "Guarantee" section will be around \$ 2,300 million.

However the sector which costs the Community the greatest is the cereals sector (\$ 676 m) even when the dairy products have been taken into account (\$ 624 m), sugar (\$ 302 m) fatty substances (\$ 253). Export subsidies cost just over \$ 100 m, or more than price support within the Community. The estimated cost of the "Guidance" section is \$ 285 million (\$ 153 m last year) thus reaching the figure set by the Council of Ministers in May 1966.

Where is the money for all this expenditure to come from? There is a fixed contribution from each member state, allied to 90% of the levies on imports from non-member countries. Another system is used to work out how the Fund's special expenditure is dealt with. All in all, most of the cost is borne by West Germany, since she continues to import large quantities from non-member countries, instead of from her partners. The breakdown of the cost-burden is as follows: West Germany (\$722 m), Italy (\$622 m), France (\$601 m), The Netherlands (\$ 275 m), Belgium (\$211 m) and Luxembourg (\$3.6 m).

The share-out of the Fund's resources gives a different picture. On provisional estimates this puts France at the top of the list (\$740 to 940 m), West Italy (between \$300 m and 400 m) with West Germany in third place (between \$240 m to 320 m). Italy is however the leading beneficiary of expenditure by the Guidance sector.

E.C.S.C.

Belgian Government makes Plea to France to Ease its Steel Protection Measures

During the first half of this year the inter-Community steel trade has expanded greatly, more rapidly indeed than the increase in the member countries' own steel output during this period. This confirms the trend which has been apparent since the beginning of the year as well as bringing into relief the very strong competition that has grown up within the Community, in spite of the healthy economic state of the member countries' steel utilising industries. The steel trade figures for the first four months of the year have now been published:

Imports from third countries	+ 18.1%
Exports to third countries	+ 11.4%
Inter-Community trade	13.1%

This development of trade, which was continued in May and June in the countries for which statistics are available, however conceals marked differences from one country to another. If steel deliveries from other member states are taken, it is apparent that they have increased (during the first six months of this year compared with a similar period last year) very greatly in West Germany (+ 56%) and moderately in the Netherlands. In Belgium and Luxembourg the trade has decreased (- 18.5%) and the same goes for France (- 9.8 %) and Italy (- 13.4 % for the first four months of the Year).

Deliveries to the other member countries by the French iron and steel industry have increased as well (+ 11 %), as have those by the Italian industry (+ 54.2 % for the first four months of this year), the Belgian-Luxembourg Union (+ 17.7 %) and the Netherlands, (+ 6.5 %), whilst deliveries by the German industry have declined markedly (- 15 %).

The steel trade between the Six member countries and those outside the Community has developed as follows during the first half of 1968 (Italy first three months only).

	Imports		Exports	
	1, 000 tons	67/68 - % change	1, 000 tons	67/68 - % change
Germany	719	+63.0%	2, 982	+11.6%
France	81	+15.6%	1, 670	+ 6.1%
Italy	207	+13.7%	189	-24.4%
Netherlands	110	-42.1%	541	- 0.7%
BLEU	121	-36.6%	1, 950	+ 3.0%

It is also apparent that the countries which are traditionally exporters of steel have increased their exports to member countries much more rapidly than to third countries, and that imports, whether from third countries or from member countries, have been falling off at an appreciable rate, the increase in domestic demand of these countries having been

entirely covered by the increase in home production. French imports and exports of steel were obviously affected by the "evenements" of May and June, but things rapidly returned to normality by July when an increase of 15.8% in the country's exports to other members of the Community was marked up (the August figure was 8.4 % compared with August 1967), whilst exports to third countries, which had diminished by 16.3% in May and June of 1968 compared with a similar period last year, increased by 18.% in July and 20.3 % in August 1968.

At the same time, the steel import restrictions which were agreed upon in conjunction with the Commission on the basis of Article 37 of the Paris Treaty have had the effect of improving the price level for steel on the French market. Thus we can now speak of a return to normal, a fact which has been noted by one of the Common Market countries most interested in exporting steel, Belgium, who has just sent a letter to the Commission pointing out that the French economy is back on its feet again and that the import restrictions introduced in July should now be dropped. In fact the French industry's output of crude steel is higher this year than last year in spite of the May-June crisis, and orders received over the past few months by the industry mean that there will be no let up in this trend whatsoever. If the removal of these restrictions on the French steel market turns out to be completely impracticable at the present time, the Belgian authorities would still like to see the anomalies of the quota system removed. These anomalies, which derive from calculations based on the overall index (107% compared with the second quarter of 1967), are in particular hitting the plants which are at present developing their output and would have been rightly justified in reckoning upon an appreciably higher amount of exports to France than those they have in fact gained due to the application of the general index for the estimation of import quotas. This is the state of affairs which has been especially affecting the SIDMAR plant at Gand.

Similar anxieties have also been voiced by the iron and steel industries and by the governments of other member countries. Of course they recognise the difficulties that France has had to endure and recognise the need to come to her aid, but they are wary lest these trade distortions should take greater effect or be more lasting than necessary. Quotas of this type, they say, should be limited both in volume and in duration to the strictest minimum.

Commission Aid for ECSC Workers' Houses.

The EEC Commission has decided to grant credits from the special reserves of the High Authority so as to make possible the construction of workers' dwellings for those employed by the ECSC industries. 401 dwellings are to be built in France at a cost of F 2.78 million, 176 dwellings in West Germany at a cost of Dm 1,494 million and 40 in Luxembourg (F. Lux. 1,138 million).

These credits granted by the Commission will serve to lower the general rate of interest to be paid on the overall credits necessary for these construction programmes.

Europe's Technological Lag: a U.S. view.

In an article in the Chase Manhattan's review World Business, on the technological "gap" or "lag" between Europe and the United States, it is claimed that this may reflect the fact that Europe appears to be rather less efficient than the United States.

It is pointed out that the role of technological change in economic growth is at least as important as that of labour and capital. But the advance of the United States in this field has not prevented Europe from both achieving one of its highest growth rates or exceeding that of the US by a wide margin. The report argues that the introduction of new technology is increasingly the result of a "conscious and systematic" effort especially in research and development laboratories. This has brought about a faster introduction of new technologies and the discovery of which might have been missed previously. Since an expanding economy tends to stimulate new discoveries and their application, it is necessary for Europe to maintain high levels of economic growth in order to improve its technological level. At the same time new technologies should be used to maintain and boost economic growth, especially since labour shortages are likely in the near future.

The report states that the early growth of the US economy was different from Europe in that it began in conditions of intense labour shortage, which stimulated the need for labour-saving machinery. It makes clear that the large size of the US economy plays a not inconsiderable part in promoting the development and launch of new products. But the large cuts in tariff barriers, which have recently been agreed upon means that "the effective market area for most products in Europe is widening steadily". It further stresses that in any case market size may not be as important for technological development as resource endowment and factor cost differentials within a country. Another point made is that domestic demand as a limiting factor for sales is gradually becoming less important since national production levels are increasingly based on the requirements of a world market.

The role played by competition in stimulating concerns to introduce new and better products is also dealt with, and it says that in those American firms where there is little competition, technological innovation has not been very great. But "with many notable exceptions", companies in Europe have often taken longer than their American counterparts in adopting new ideas.

R & D. is important but its significance can be overstressed, for it does not mean the same thing as technology. When economically motivated R. & D. is considered, the difference between Europe and the United States, is smaller than it might seem at first sight. Again America tends to concentrate rather more than Europe on development, and this is related to company size. The last-mentioned factor is important, for a large company is in a better position to cross the R. & D. threshold than a smaller one, as well as being better placed to absorb projects that cannot be carried through. However, the report also considers that small companies can make important technological contributions, especially in the United States, because they are not burdened down by a bureaucracy and often have more "go" in them.

The spread of new ideas and technologies to Europe by United States firms is a fact which some tend to ignore or overlook in Europe. The report considers that this is often more important than the actual capital contribution. It is often better to adapt existing technologies or work in a limited but specialised field than for countries to try and cover all aspects and sectors of R & D work. If the latter trend is followed, expensive and wasteful duplication usually occurs. But even at present time, the report says almost all United States industries "including the technologically the most sophisticated ones depend on technologies developed by foreign countries.

Already US technological knowledge is available to Europe in various forms, and European discoveries are used by the United States. With improved patent registration and information services the cross-fertilization of knowledge between both sides of the Atlantic should be more rapid so that in the long run both sides may well profit.

* * *

BRITAIN AND EUROPE:

UK parties join Monnet Committee

Despite the rebuff earlier in the week for rapid links between Britain and the European Community, it was announced in Paris on Thursday by M. Jean Monnet that all three British political parties had decided to accept the invitation sent to them to join the Action Committee for the United States of Europe. This has M. Monnet, one of the strongest promoters of European integration and a founder of the Community, as its chairman. The accession of British members is the first time that countries from outside the Common Market Six will be represented on the Committee, which was formed in October 1955 at the instigation of M. Monnet and includes representatives of all the leading EEC political parties - with the exception of the Communists and Gaullists - as well as delegates from the free and Christian trade unions.

The representatives from the British parties will be Mr. Michael Stewart, the Foreign Secretary, Mr. George Brown, deputy Party leader and Mr. Walter Padley for the Labour Party, Mr. Reginald Maudling, Sir Alec Douglas-Home and Mr. Selwyn Lloyd for the Conservatives and Mr. Jeremy Thorpe for the Liberal Party. It is expected that the T.U.C. will join within the next few months once it has held talks with its constituent unions.

In welcoming the three parties M. Monnet said that the members of the Committee were unanimously convinced that Britain must become a full member of the European Community with the same rights and the same obligations as the present six member countries. It would only be through this being achieved that Europe could enjoy the benefits of a large and dynamic economic union, establish cooperation on an equal basis with the United States and promote stable relations with Eastern Europe. Britain needed Europe and Europe needed Britain if Europe was to fulfill its world role.

The next meeting of the Monnet Committee is expected to be in London, though it may be in Bonn. It is intended to set up working parties to study the practical problems raised by Britain joining the Community, and when these have been discussed, the recommendations will be put to the governments of the Six and Britain.

The Monnet Committee is one of the leading, if not the leading, private and public bodies pushing for European integration, and it has a considerable prestige both in Europe itself and elsewhere, especially the United States. Members from European states include: Herr Willy Brandt, Vice-Chancellor and Foreign Minister of West Germany, and leader of the Social Democrats, Herr Rainer Barzel, Chairman of the Christian Democrats, Signor Pietro Nenni of the Italians Socialists, Signor Mario Scelba and Ugo la Malfa, and for France MM. Guy Mollet, Pierre Pflimlin, Antoine Pinay and Rene Pleven.

* * *

NAFTA

No support from Mr. Jenkins

Mr. Roy Jenkins, Britain's Chancellor of the Exchequer, gave a definite 'no' to the formation of any North Atlantic trade alliance such as that represented by NAFTA, the North Atlantic Trade Association, during the course of a speech given at a luncheon in London on Thursday October 24th of the Pilgrim's Club. Britain's future, he said, lies in the Common Market and any such alliance across the Atlantic would prove a distraction to her true destiny, "partnership with Europe". There was however another aspect to Britain's role in the world and this was "cooperation with the United States", cooperation which would not be diminished by our entry into Europe, but rather increased.

As a partner in a North Atlantic Free Trade Area our part would be necessarily limited, limited by the very size and might of the United States, which could hardly be anything but the dominant partner. NAFTA would thus be a one-sided arrangement. Nor was there much support in the United States for any cooperation agreement even as a step towards NAFTA; the United States seems still to hark back to its old isolationist theories of the past so that the great issue in the years to come would not be to get the U.S. to move towards increased free trade, but to see that it does not try and revert to its old policies of protectionism, that is away from free trade. Although Britain had made some painful adjustments in the past four years to become more European in outlook, there was still room for cooperation with the United States especially in the monetary and economic fields.

* * *

COMMENT

Hedge Funds: Fresh Competition Between Investment Trusts

by R.J. Leuschel

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American brokers appear to have found another gap in the European market. In July of last year Lafayette Associates NV were set up in Europe by the brokers Donaldson, Lifkin & Jenrette; minimum subscription: \$ 50,000. Late in July 1968 another American firm, White, Weld & Co announced the establishment of a new type of fund, the Hartwell & Campbell Leverage Fund. The issue price was only \$ 15, but anyone investing would have to buy at least 1,000 shares, i.e. he would have to find at least \$ 15,000 if he wished to join the Fund. The ordinary buyer is informed in the small print that this is a "leveraged growth fund utilizing flexible investment techniques" - but what exactly does this mean?

It was in fact nearly twenty years ago that the system was devised in the United States, when it was termed quite simply a "hedge fund". In 1949 in New York one Alfred W. Jones set up a hedge fund named Jones Associates with \$ 100,000 initial capital. He is now administering two funds of this kind, with total assets of over \$ 2 million. There are now more than a hundred such hedge funds in the USA, with estimated assets overall of somewhere between \$ 1,000 and 2,000 million. More striking perhaps than these bald figures, however, is the rate at which hedge funds are proliferating, have increased in numbers five-fold in the last two years alone.

A number of funds of the kind are already operating on the European market, and others are soon to follow. The pioneers, not counting Lafayette Associates and Hartwell & Campbell leverage, include the Hawthorne Fund, the Vermeer Fund and Protected Investors. Total assets of the hedge funds set up outside the USA now amount to some \$ 100 million, including 12 for Lafayette and 75 for Hartwell & Campbell.

The term "hedge fund" is not perhaps of immediate significance, though here it is quite simply used to indicate the fact that such funds are run in such a way as to surround the investor with protection against possible loss, and at the same time allow him within this "hedge" to accrue above-average gains, both against any stock exchange index and against equivalent gains in normal investment trusts.

The hedge fund concept is relatively new, but it is nevertheless developing steadily, and five years from now it may well have strayed in a direction that at present is completely unknown to us. As far as organisation is concerned, most of these funds have two basic features in common: a) the number of members is limited, to avoid having to administer the fund as a "registered investment company", and b) the nucleus of the fund is the manager and any counsellors that may assist him. The first point differentiates this form of fund from normal investment trusts, and the second from investment clubs, which are quite widespread in the USA and well established also in Europe for some time.

* Note: See Euroflash, No 469.

As the running of registered investment companies is somewhat inhibiting for the directors, almost all the hedge funds that have been set up to date have taken the form of limited partnerships. Initially, the promoters were careful not to admit more than 100 members, but the vogue now is to restrict this even further to say 20 or 25, including the manager and his assistants. The basic contribution is at least \$ 50,000, and more often than not \$ 100,000.

Investors are usually sleeping partners, the manager or managers are acting partners and entitled to 20% of the profits realised by the fund, while the former receive a share of the 80% balance proportionate to their stake in the fund. The manager himself has no other remuneration, and members pay no commission. Obviously, to be the manager of such a fund can be an extremely profitable pursuit: one who manages say a \$ 10 million fund, with an inventory value rising by 40% p.a., receives no less than \$ 800,000. Even if this sum is shared between two or three managers, the venture would still be highly appealing. Almost all these funds again require the manager to invest his own fortune therein, by way of committing him personally to the success of the venture. Thus he stands to gain not only 20% of the profits accrued, but also the increase in his own capital invested. Thus he assumes full responsibility for investment policy, and by dint of his own investment shoulders a degree of the speculative risks attached. He has complete carte blanche, and can proceed without discussion or reference to any committee.

To complete the picture, we should add that of late there have existed in parallel with this sort of fund the "public hedge funds" set up in the form of open-ended investment companies, as sanctioned by the S.E.C. - Securities & Exchange Commission. Three of these are already quite well known: the Hubshman Fund, the Heritage Fund and Hedge Fund of America. These public hedge funds work along very similar lines to those established as limited partnerships, that is through borrowed capital and by practising forward sales on a falling market. There are however, two important distinctions: firstly, the cost of subscribing is not as heavy (one can "get into" Hartwell & Campbell for only \$ 15,000), and second, shares can be acquired by the fraction within a savings programme. Furthermore, the manager only receives a remuneration if the expansion of the fund exceeds the rise in the general share index as given in Standard & Poor's 500, and even then it will be limited to at most 10 % of the greatest difference shown on the positive side between the fund's index and S.P. 500. If the latter remains unchanged throughout a year, therefore, and if the hedge fund expands by 40%, then the manager will receive 4% of the increase in capital. There are other cases such as that of Lafayette Associates, where the remuneration is fixed at only 2% of increasing assets ratio.

Hedge fund managers have two well known and well worn methods of operating that are not available to those of normal investment funds: leverage and credit sales. With borrowed capital, the manager attempts to optimise the performance of the shares he has selected. Manufacturing companies also use this method: borrowed capital increases a company's profits per share, such that the profit on investment realised by this means exceeds the cost of interest. The yield per share thus benefits from what we call the "lever effect"

or "leverage". The efficacy of this depends of course on the conditions appended to loans on stock and on the composition of the portfolio, which may well also contain mainly convertible stock and unquoted shares. At the present time, an investment in American shares in the USA must be covered 80% by cash. This means that a hedge fund whose cash is invested in shares can invest at the most 125% of the paid-up capital.

The second managerial method, and the one that has really given hedge funds their name is that of forward sales on a falling market (establishing short positions) in order to protect long positions against a fall, just as a food manufacturer guards himself against falling raw material prices on the futures market. Managers of the normal type of portfolio can only partially protect themselves against the worst sort of declining trend by establishing liquidity or buying fixed-yield securities. As a rule, a hedge fund manager also speculates on the falling market with borrowed cash, and so the art is, for a given trend in the market, not only to find the stock with the best yield, but also to root out those that will fare the worst.

For all three reasons it would perhaps be more correct to call hedge funds as we now know them "flexible capital funds", as the expert Richard H. Jenrette has done. The essentially conservative hedge fund, as it was at the outset, has now in fact become a forceful and diversified toll for the aggressive up-valuing of capital, even on a falling market. All hedge funds are now working with borrowed cash, and so they can equally be termed leveraged hedge funds. Moreover, these leverage funds use the forward sales, short position technique, and this is why they are at times dubbed "go-go-go" funds, indicating that they are even more thrustful in their methods than investment trusts, which in the meantime have become conventional "go-go's", or growth funds. If we adopt motorist's jargon, we can say that the hedge funds are the "hot-rods" of the scene, that only the most highly trained operators may be allowed to handle, while the growth funds have become the mere sports roadsters.

One should in no wise under-estimate the practical significance of hedge funds, for there can be no doubt that they fill a gap in the market. Whilst the vast majority of investors will for financial reasons continue to prefer the service offered by conventional funds, the case-hardened clients of the "stout middle class" will in some cases find themselves drawn to the hedge fund system. This will for one thing give them a very real sense of being counselled individually, and by leading experts from established brokers' firms at that. Moreover, if there is a marked degree of above-average yields achieved by these, there is no reason to suppose that in a few years they will not find an increasing vogue in Europe.

For the brokers also this system offers distinct advantages, financial ones in particular. Within hedge funds they can gather fortunes of a size that previously would not have made for profitable individual servicing, and manage these on their own responsibility. Several times a year, the composition of the portfolio is scrutinised, and the fund contracts loans and sells forward, so that the financial rewards can indeed be considerable. Moreover, the top managers of the older hedge funds are not paid by the brokers, but receive 20% profits, and so their income is more than catered for.

All this is not without its thorny aspects, and for one thing the proliferation of hedge funds will tend to stimulate still further the speculative climate that already pervades the stock exchanges, and if, to repeat the analogy, city traffic were to be invaded in force by hotted-up works racing cars. Again, questions of ethics could be aroused amongst the brokers, which is something that the S.E.C. fears. There is in principle at least the risk of a brokers' firm recommending its clients to take up shares already purchased by a hedge fund in which it has an interest.

It is as yet difficult to discern the reaction of the European banks and investment companies to this new American form of competition. It would seem as though the tightness of the market in European bourses rather precludes the setting up of hedge funds by the banks in Europe, while for American shares, American brokers must enjoy a certain advantage over the European banks in terms of information sources etc... Again, in several EEC countries there is investment fund legislation to prevent the creation of a public European hedge fund by the banks of Europe.

Nevertheless, the investment trusts in particular and the securities administrators in the banks are beginning to feel a chill wind from hedge fund competition. Indeed, American brokers are finding hedge funds a means of increasing their penetration into the field of individual administration of the portfolios of major European clients (private individuals, pension funds, insurance companies etc.).

According to American brokers, the hedge funds can be more than content with their successes to date in Britain and Switzerland. The English investor can decrease what is called the "dollar premium", because the fund works with borrowed cash. In West Germany, however, hedge funds might find it rather more difficult to become established since the passing of the new law on the sale of foreign shares. This law specifically states that such sales shall only be permitted when the fund is not drawing on its credit to borrow or to transact business, the object of which is to sell shares that do not comprise part of its assets. These in fact are the two very working principles of a hedge fund. However, the new law would apply only to those funds that are both set up and sold publically, and we have already stated that most hedge funds are constituted as limited partnerships or "offshore companies"; thus these would be beyond the reach of the law, by definition.

In practical terms, therefore, any German investor may in fact join such a fund. He can equally subscribe to a fund abroad, or at least buy shares in it. The only thing that need bother him is that if any legal wrangles were to arise, his legal rights in Germany would be much weaker than if he had bought shares in a fund recognised by the Bundesaufsichtsamt für das Kreditwesen. Be this as it may, there seems little doubt that Swiss hedge funds would not have done nearly as well as they have without the "influence of German capital" and that of other EEC countries.

October 31, 1968

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ADVERTISING

** The Milan publishing company EDIZIONI ETAS-KOMPASS PER L'INFORMAZIONE ECONOMICA SpA (see No 443), a member of the INTERNATIONAL PUBLISHING CORP LTD, London, has set up an almost wholly-owned publishing subsidiary in Milan - KOMPASS PUBBLICITA SpA (capital Lire 1 m. immediately raised to Lire 50 m.).

The new concern (president Sig. Gianfranco Alessandrini) is linked by contract to the "La Stampa" and "La Stampa Sera" newspapers, whose advertising it has undertaken to manage. This was previously held by the Fiat group, which is represented on the board of the new company by Sig. Carlo Caracciolo.

** The French agency EURO-ADVERTISING SA, Paris and Lyons (headed by M. H. de Barrin - formerly SUD-EST PUBLICITE) is to boost its Common Market interests by opening branches in Amsterdam and Milan.

Euro-Advertising has as partners, Euro-Advertising GmbH, Frankfurt (under Herr R. Lotthe) and J. Coets & Co Euro-Advertising Sprl, Woluwe-St-Lambert (under M. Jacques Coets).

AUTOMOBILES

** The French motor group, CITROEN SA, has increased the capital of its joint subsidiary COMOTOR SA, Luxembourg (in association with the German company N.S.U.-MOTORENWERK AG - see No 473) to a new figure of F. Lux 80 million so that it can continue with development on the rotative piston engine which will be used in a N.S.U. - Citroen. At the same time the French company has come to agreement with the Italian FIAT SpA company of Turin on the eventual form their association is to take. The negotiations have been going on for some time now (see No 481) but the two parties seem now to have settled for the formation of a joint community of interests.

The agreement envisages the formation of a holding company in France which, affiliated to Fiat, will have a majority shareholding in Citroen, with the latter having an option on a holding of some 15% in FIAT which will correspond to the stake the Italian company has in the new holding company. Also on the cards is the formation of a new equally-based administration company which will have the task of coordinating the two groups' manufacturing, sales, research, investment and supply functions.

** ELNAGH SpA, Binasco, Milan (caravans, mobile homes and industrial trucks) is now represented in France by a sales company called LENAGH-FRANCE Sarl, Paris (capital F 20,000) which has Mme Reynaud-Prati as manager.

The Italian company is run by Signor Ludovico Ghezzi and it is the agent and distributor for electro-hydraulic and mechanical brakes made by the American firm Kelzey-Hayes Co, Romulus, Michigan.

BUILDING & CIVIL ENGINEERING

** The New York architect Lathrop Douglass, known for his work in the United States, Latin America and in Europe (mainly for business premises and commercial centres in Rome, Paris and Antwerp) has opened an office in Paris LATHROP DOUGLASS Sarl (capital of F 20,000) with M. Jean Bock as manager. In this he is associated 70/30 with another American architect, Mr. Aaron Chalouche.

** The MITCHELL COTTS GROUP LTD (see No 469) has formed a subsidiary called MITCHELL COTTS & CO (BELGIUM) LTD (capital £ 500,000). The new firm will manage the majority shareholding recently acquired by the Belgian civil engineering and construction concern LES ENTREPRISES VAN RUMENANT SA, Ixelles-Brussels.

** The Italian state concern E.S.P.I.-ENTE SICILIANO PER LA PROMOZIONE INDUSTRIALE SpA, Palermo (see No 480) intends to gain control of two Sicilian building material concerns, LE VENETICHE SpA and SALS SpA, and integrate with five other concerns in the island to form a new firm called PREFABBRICATI SILICILA SpA.

This is now being formed in Palermo, and apart from acquiring the manufacturing assets of the two companies will gain those belonging to Lamberti SpA, Enna Gessil SpA, Imas SpA, Campo-Felice SpA and I.S.P.E. SpA. The last three are all in Palermo.

** The Paris property development company MANERA SA has linked on an equal basis with the West German building society and construction company "NEUE HEIMAT" GEMEINNUTZIGE WOHNUNGS- & SIEDLUNGS GmbH, Hamburg (see No 265) to form a new Paris company called STE IMMOBILIERE FRANCO-ALLEMANDE SA (capital F 100,000).

The Hamburg firm (capital Dm 40 m.) has already built some 300,000 dwellings in West Germany and it already has interests in the Paris company Socofa-Ste de Construction Franco-Allemande SA (capital F 500,000) through "Neue Heimat International" Wohnungs- & Siedlung GmbH, Hamburg. It is linked with the Milan, Ca'Nova SpA-Sta Italo Tedesca Per l'Incremento Dell'Edilizia Popolare (capital Lire 100 m) and in Morash Ltd, Tel Aviv (capital £ 300,000). The French firm (capital F 14.3 m) is controlled by International Builders Co, Panama.

CHEMICALS

** The British paints group, DONALD MACPHERSON & CO. LTD. Bury, Lancs. is planning to get a foothold in the Common Market by taking control of the Rotterdam concern, TOLLENS & CO. NV (see No 434) which manufactures marine paints and interior and exterior decorating paints. With some 200 on its payroll and a 50 % export quota, the latter company has had a subsidiary in Italy since March of this year, Tollens Italia Srl, Boretto, Reggio Emilia (capital Lire 900,000). In the Netherlands it has had control of NV Industriemij. "Amstellin", Assen since March 1966.

** : DICALITE EUROPE SUD SpA, Corsico, Milano (see No 454) which has been a member of the GENERAL REFRACTORIES CO group, Philadelphia, Pennsylvania (see No 446) through its subsidiary GREFCO INC, Palos Verdes, California, intends to form a direct Spanish subsidiary, DICALITE ESPANOLA SA (capital Pts 30 m.). This will produce activated charcoal and chemical adjuvants used for filtering.

The Philadelphia group gained control in 1966 - also through Grefeco of Dicalite Europe Nord SA (formerly in Antwerp) which since 1960 has specialised in making "Dicalite" filtration adjuvants based on volcanic minerals. The Belgian company had previously been under the control of Great Lakes Carbon Co (through its international subsidiary based in Charlottetown, Canada) now the subsidiary of the Philadelphia group in association with the Vaduz holding company, Wilkes Investment Trust, Liechtenstein.

** The agreement made in July 1968 between the French company LA CELLOPHANE SA, Paris, and the Dutch firm NV MACHINEFABRIEK BUHRS & ZONEN, Zaandam (see No 471) has resulted in the formation of 80-20 subsidiary called REGMA-BUHRS NV, Zaandam (authorised capital Fl. 150,000 - 50% issued). Under Messrs R.A. Rengnet, Paris, A. Steenhaut, Brussels and J.H. Buhrs, this will specialise in heliographic and sensitive papers and reproducing materials of the French founder "Regma" and by the Dutch firm.

La Cellophane, which belongs to the leading French chemical group Rhone-Poulenc SA, Paris (see No 482) also has a Belgian subsidiary, Regma SA, Molenbeek-St-Jean.

** The French manufacturer of carbon and chemical electrodes for electric arc and spot welding, LA SOUDURE ELECTRIQUE LINCOLN SA, Grande-Quevilly, Seine-Maritime, has opened a Brussels branch under Mr. Erik K. Madsen. The French firm is the affiliate of the American concern, THE LINCOLN ELECTRIC CO, Cleveland, Ohio.

The latter is represented in Europe by several subsidiaries of the ARMCO STEEL CORP, Middletown, Ohio (see No 472): Armco Eisen GmbH, Cologne, Armco Ltd, London, Armco SpA, Genoa. Another company dealing in welding equipment, Lincoln Electric (Arcmaker) was formed in early 1966 at San Giuliano Milanese (see No 355) by the British firm, Lincoln Electric Co Ltd, Welwyn Garden City (a member of the GKN - Guest, Keen & Nettlefolds Ltd group - see No 468).

** A cooperation agreement signed in Amsterdam by two groups in the sugar sector, VERENIGDE H.V.A. - MIJ NV (see No 481) and NV CENTRALE SUIKER MIJ. (see No 371) is to result in the formation of a joint subsidiary, to which the parent companies are to make over their research laboratories, as well as, in the case of the first-named, its Schiedam and Campos (Brazil) lactic acid factories, and in the case of the second its chemical factory at Gorinchem.

Centrale Suiker Mij. (capital Fl. 14.34 m.) is one of the principal Dutch producers of sugar (38% of Dutch production in 1967) and has a number of sugar subsidiaries throughout the country: NV Algemene Suikermij, Breda., NV Noord-Nederlandsche Beetwortelsuikerfabriek, Vierverlaten, NV Zuid-Hollandsche Beetwortelsuikerfabriek, OudlBeijerland., NV Suikerfabriek "Holland", Halfweg., NV Suikerraffinaderij & Stroopfabriek v/h W.A. Scholten, Groningen, NV Industrielle Mij. Chemurgische Producten, Amsterdam, NV Suikerhandel Mij. Amsterdam etc

** The American tobacco, cigarettes and general consumer goods group, (razors, blades, toiletry articles etc), PHILIP MORRIS INC., New York (see No 428) has increased its EEC interests by setting up a subsidiary in Brussels called POLYMER INDUSTRIES EUROPE SA (capital Bf 500,000) in order to sell and develop the company's varied products. The new company is directly controlled by the group's financial subsidiary, PHILIP MORRIS INTERNATIONAL FINANCE CORP., New York, whilst the Springdale, Connecticut subsidiary, Polymer Industries Inc. holds a token share. The latter makes industrial adhesives and chemical products for the textile industry and has factories at its headquarters as well as at Greenville, South Carolina.

** The leading American chemical group, DOW CHEMICAL CO, Midland, Michigan (see No 482) intends to carry out three major investment projects within the Common Market. The first is at Leghorn in Italy, the second at Terneuzen, Zealand and third at Stade in West Germany.

There is already a polysterene production unit at Leghorn run by the Milan subsidiary Dow Chemical SpA and the American group will now add a styrene-butadene latex plant coming on stream in 1970 and making products for the paper, textile, paint and rubber industries. The new plant will work in liasion with existing European plants of the group, which are in Britain (King's Lynn and Barry, Glamorgan), the Netherlands (Teureuzen and Rotterdam) and West Germany (Greffern).

The Terneuzen complex of the Dutch subsidiary, Dow Chemical Nederland NV (the group's largest outside the United States - see No 411) will also be expanded during the next five years. It is intended to spend some Fl 400 million on building new plants for solvants, agricultural chemicals and plastics.

1971 is the year during which the new Stade plant - costing some £ 100 m. - is expected to come on stream. This will be chiefly concerned with the production of chlorinated solvants, chlorine and caustic soda. The group's main West German subsidiary is Dow Chemical Frankfurt (see No 467), which is under the 100 % control - along with the 14 other main European subsidiaries of Dow Chemical AG, Basle (formerly Dow Chemical International AG). With a capital of Sf 420 million this has just issued a Sf 60 million loan at 5.75%.

ELECTRICAL ENGINEERING

** SABA-SCHWARZWAELDER APPARATEBAU-ANSTALT AUGUST S SCHWER SOEHNE GmbH, Villingen, Schwarzwälder (TV sets, radios, tape-recorders etc), acquired in January 1968 by the GENERAL TELEPHONE & ELECTRONICS CORP, New York, (see No 447), intends to expand its E.F.T.A. interests. The first step will be to set up an assembly line in Switzerland.

The German company (3,100 employees) had a 1967 turnover of Dm 141 million.

** The Belgian company A.C.E.C. - ATELIERS DE CONSTRUCTIONS ELECTRIQUES DE CHARLEROI SA, Charleroi (see No 484) has strengthened its interests in the Federal Republic by raising the capital of its subsidiary GEVEL - GESELLSCHAFT FUR VERKAUF VON ELEKTROMATERIAL GmbH, Cologne from Dm 145,000 to 2 million. The latter's name has changed to ACEC DEUTSCHLAND ELEKTRO GmbH.

The Belgian company (a member of the EMPAIN group) has another subsidiary in the Federal Republic - Bruncken-Elektrofabrikate GmbH, Cologne, which was formed in May of 1967 with a capital of Dm 1.5 million (see No 415) in order to take control of the activities of the Cologne firm Kölner Elektromotorenfabrik Johannes Bruncken oHG (electric motors for lifts).

ELECTRONICS

** Medtronic Inc., Minneapolis, Minnesota, the manufacturer of artificial limbs, electrical and electronic medical equipment, has carried out its plan to set up a manufacturing subsidiary in the Netherlands (see No 449), by forming in Kerkrade, MEDTRONIC NV with a capital of Fl 1.44 million.

** CONTRAVES ITALIANA SpA, Rome, a member of the Swiss group WERKZEUGMASCHINENFABRIK OERLIKON-BUEHRLE & CO., Zurich (see No 462) through its subsidiary, Contraves AG, Zurich, has formed an association (20 %) with the MONTECATINI EDISON SpA group of Milan and FIAT SpA (40 % each) to set up SISTEL-SISTEMI ELETTRONICI SpA, in Rome. Under the directorship of Sig. A. Sabelli, it is to specialise in instrumentation and electronic equipment.

** The West German electronics firm KIENZLE APPARATE GmbH, Villingen, Schwarzwald (see No 474) has linked 50-50 with the Madrid firm GUILLERMO TRUNIGER SA (capital Pts 2 m.) to form the office equipment sales concern called SISTEMAS DE DATOS KIENZLE SA (capital Pts 10 m).

The West German firm already has three foreign subsidiaries in the data-processing sector: Kienzle Daten-System Karnten GmbH, Klagenfurt, Austria; Kienzle Data Systems Ltd, London and Kienzle Data System A/B, Solna, Stockholm. In the control and measurement equipment sector, there is another Madrid subsidiary Kienzle Espanola SA, which itself controls Recon-Regulation & Control SA.

** The Dutch group PHILIPS' GLOEILAMPENFABRIEKEN NV, Eindhoven (see No 484) has carried out a reorganisation of part of its Australian interests by forming a holding company called ASSOCIATED TELECOMMUNICATIONS AUSTRALIA (PTY) LTD under the direct majority control of ELECTRONIC INDUSTRIES OF AUSTRALIA (PTY) LTD. The new holding concern will coordinate the activities of the telecommunications affiliates: TELEPHONE MANUFACTURING CO (AUSTRALIA) PTY LTD, PYE (PTY) LTD, PHILIPS' TELECOMMUNICATIONS OF AUSTRALIA (PTY) LTD and COMMONWEALTH ELECTRONICS (PTY) LTD.

ENGINEERING & METAL

** The French company ETS. J. SAMBRON Sarl, Pontchateau, Loire - Atlantique, (civil engineering equipment) has set up a manufacturing and sales subsidiary in Milan called SAMBRON ITALIA SpA, (authorised capital Lire 100 m.). The founder has been represented in Italy since 1962 by a subsidiary in Verona SAMBRON ITALIANA SpA, to which a branch in Milan was recently added. (see No 483).

** The West German specialist in compressed air equipment, industrial ovens and surface treatment machinery, SCHILDE AG, Bad Hersfeld (see No 481) has backed the formation in London of the engineering construction firm, SCHILDE (U.K.) LTD. with a capital of £20, 000. This will now act as the parent company's British sales representation.

Controlled by the metals group, Degussa, Frankfurt (see No 483), the parent company is also planning to set up a subsidiary in France to further reinforce its foreign representation. At present this includes subsidiaries in Milan, Vienna, Madrid.

** The joint subsidiary which the plant construction group HEINRICH KOPPERS GmbH, Essen and the industrial design and technical assistance company SODETEG - STE D'ETUDES TECHNIQUES & D'ENTREPRISES GENERALES SA, Plessis-Robinson, Hauts-de-Seine (a member of the electrical and electronics group Cie Francaise Thomson-Houston Hotchkiss-Brandt SA, Paris) have recently decided to set up in the Federal Republic, has now been formed in Bonn (see No 461). The new concern, SODETEG-KOPPERS GmbH (capital Dm 50,000) has M. Francois Ballande and Herr Basse as managers.

** TRADEX INTERNATIONAL - STE TRANSLANTIQUE D'EXPORTATION & DE DEVELOPPEMENT ECONOMIQUE, Paris (see No 446) (which trades in heavy engineering equipment) has enlarged its European network with a new company in Frankfurt, TRADEX INTERNATIONAL DEUTSCHLAND GmbH (capital Dm 20,000), managed by M. Jacques Bataille. The founder company has subsidiaries in Milan, Liege, Vienna, London, Weybridge, Surrey, New York.

** TOYO MENKA KAISHA LTD, Osaka, the Japanese import-export group dealing in machine-tools, mechanical metallurgical, and chemical products, textiles, etc., has closed down its Milan subsidiary TOYOMENKA (ITALY) SpA (capital Lire 50 m).

The group recently took a 50 % stake in the formation of JAPAN EUROPE MACHINE TOOLS CO NV, Rotterdam (see No 474) and it still has two other European subsidiaries: Toyo Menka France SA, Paris (see No 267) and Toyomenka Import - & Export GmbH, Dusseldorf, which has a Hamburg branch. It has negotiated the formation of a joint Japanese distribution company with the West German textile machinery firm - Spindel-fabrik Süssen Schurr Stahlecker & Grill GmbH, Süssen, Württemberg (capital Dm 8 m.). This is a family concern and around 1,000 persons on the payroll. There are subsidiaries in Spain; Brazil and interests in India and in Pakistan.

** STUMPP SCHUELE FEDERN- & METALLWARENFABRIK oHG, Beuren, Nürtingen (springs and accessories for domestic appliances) has formed a Brazilian manufacturing subsidiary called STUMPP & SCHUELE DO BRASIL, Campinas. It has a 53% stake, whilst the State finance concern DEUTSCHE ENTWICKLUNGSGESELLSCHAFT - D.E.G. Cologne (see No 477) has 17 % and ROBERT BOSCH DO BRASIL Ltda, Campina (capital Crs 20.69 m) has 30 %. The latter, with around 4,000 employees, is a member of the Stuttgart group, Robert Bosch GmbH (see No 477 - capital just raised from Dm 180 m to Dm 300 m), and it will make over to the new concern both land and buildings.

Stumpp & Schüle is owned by Herren Sacha Schüle and Friedrich Stumpp, and there are around 600 employees on the payroll. There is an Indian subsidiary, Stumpp Schüle & Somappa Private Ltd (around 300 staff) in Bangalore, Mysore.

** A merger has been worked out in France between STE FRANCAISE DE MECANIQUE DE PIECES DETACHEES SA (capital F 650,000) and STE INDUSTRIELLE MONCEAU-BATIGNOLLES SA, both of which are based in Paris, and three Loire engineering firms: these are ETS CHAVANET SA, Saint-Etienne, STE CHALEYER RISPAL & CIE SA and STE MECANIQUE & AUTOMOBILE-SOMA SA (see No 346). It will result in the formation of a new company called STE NOUVELLE MECANIQUE & AUTOMOBILE SA, Saint-Etienne (capital F 42.83 m. - gross assets exceed F 89 m).

SOMA (capital F 5.13 m - net assets F 38.84 m) has specialised for over 35 years in gear-cutting. In 1962 it formed - in association with the American group, Clark Equipment Co (see No 481) - a company based in Saint-Etienne, Ste Europe Transmissions SA (capital recently raised to F 17 m). This runs a factory making engine gears, gear-boxes and cast universal joints.

** The Nancy group CIE DU PONT-A-MOUSSON SA (see No 484) is continuing its rationalisation moves in the water-treatment sector and intends to strengthen its links with a 17.7% affiliated company (12.1% directly and 7.6% through S.A.P.E.-Sa De Participation & D'Etudes) DEGREMONTA SA, Rueil-Malmaison, Hauts-de-Seine (see No 462). This is a member of the STE GENERALE DE BELGIQUE SA group (through Traction & Electricite SA, Brussels) and is also affiliated to Ste Lyonnaise Des Eaux & De L'Eclairage SA (see No 452).

The operation will centre on S.G.E.A.-STE GENERALE D'EPURATION & D'ASSAINISSEMENT SA, Paris (see No 426) the 47% subsidiary of Eau & Assainissement-Socea SA, which is itself 66.9% controlled by Pont-a-Mousson (directly, and through U.B.I. - Union Bancaire & Industrielle, 16.04%, Cie Financiere de Bayars, 11.25% and S.E.P.E.I. 2.3%). This will make over its "waste-water" interests to a new S.G.E.A. SA (second of the name) which has F 8 million capital. The first-named S.G.E.A. will be taken over by Socea, whilst the second-named S.G.E.A. will be acquired by Degremont SA which will take on Eau & Assainissement-Socea SA, as a new shareholder.

** The British engineering group JOHN THOMPSON LTD, Wolverhampton (see No 481) is to build its first Common Market manufacturing plant at Adro, near Milan. This will come into operation in 1969 and will be run by a subsidiary set up for this purpose, JOHN THOMPSON (ITALY) SpA, making industrial and central heating boilers.

** A member of the FINMECCANICA SpA group (see No 475), ANSALDO SAN GIORGIO SpA, Genoa, has sold off its 44% holding in the petrol pump concern, WAYNE ITALIANA SpA, Pomezia (see No 453) to the Liechtenstein portfolio company, DRESSER AG, Vaduz, a subsidiary of the Dresser Industries Inc. group of Dallas, Texas. (see No 477).

The Texas organisation already controlled the Pomezia firm through its former associate Symington Wayne Corp. of Salisbury, Maryland which was taken over in April of this year.

** The rolling-stock leasing company STE DE LOCATION & DE MATERIEL - LOCASID SA, Paris (capital F 10 m.) has taken over another firm in the same sector STE DE TRANSPORTS SIDERURGIQUES-SOTRANSID SA, Paris (capital F 13.31) and has raised its own capital to F 20.8 million. Its name has also been changed to STE DE LOCATION DE MATERIEL & DE TRANSPORTS POUR LA SIDERURGIE - LOTRASID SA.

Locasid was formed in late 1962 with the backing of G.I.S. - Groupement de l'Industrie Siderurgique and Ste De Banque & De Participation SA, Paris (see No 363). A dozen steel companies also took part. These include C.A.F.L. - Cie des Ateliers & Forges De La Loire SA, Ste Des Acieries De Pompey SA, Sidelor SA (of the Pont-a-Mousson group) Usinor SA etc.

** The Brussels group GENIE METALLURGIQUE & CHIMIQUE-MECHIM SA, Brussels (plant construction for the chemical and metallurgical industries - see No 462) has taken a 50% stake in another Belgian company STEARNS MAGNETICS SA, Moustier-sur-Sambre (see No 423). The latter was formed in 1967 by ATELIERS DE CONSTRUCTION DE LA BASSE-SAMBRE SA, Moustier-sur-Sambre, to exploit a licence from the American company INDIANA GENERAL CORP, Valparaiso, Indiana, based on equipment for the manufacture of permanent magnets.

Mechim's main shareholders are Union Miniere SA, Brussels and Mines & Fonderies de Zinc de la Vieille-Montagne SA, Angleur (19.6% each) as well as Metallurgie Hoboken SA (see No 462) and Ste Generale Des Minerais SA, Brussels. It has interests in a number of Belgian companies including Nichols Engineering SA (in association with the New York Nichols Engineering & Research Corp - see No 451), Kysor Industries SA (in association with Kysor Industrial Corp, Cadillac, Michigan - see No 380) and Catalysts & Chemicals Europe SA (in association with Catalysts & Chemicals Inc, Louisville, Kentucky - see No 381).

** The American engineering company RAYPAK CO INC, El Monte, California (see No 451) has now established itself in the Netherlands by forming two subsidiaries. The first is called RAYPAK NEDERLAND NV (capital Fl. 800,000) and is a holding company directly controlled by the RAYPAK INTERNATIONAL INC, City of Dover, Delaware, subsidiary.

The other new company RAYPAK PRODUKTEN NV (authorised capital Fl. 2 m. - 35% issued) is controlled by Raypak Nederland; it is headed by Mr. Widdershoven and will manufacture, install and sell heating equipment, especially natural gas central heating boilers.

** The Munich company KNORR-BREMSE KG - brakes, automatic couplings, hydraulic controls and compressors - (see No 480) which has some 7,500 persons on its payroll, has formed an Austrian sales subsidiary KNORR-BREMSE GmbH, Vienna (capital Sch. 300,000) whose managers are Herren Albert Suess and Kuno Skach.

The founder (1966 turnover Dm 438 m.) already has a direct interest in the Brazilian company Freios Knorr Do Brasil Ltda, Sao Paulo. Its subsidiary M.W.M. -MOTOREN WERKE MANHEIM AG, Mannheim, also has interests in France, the United States, Spain, Denmark and Brazil.

** A close cooperation agreement has been signed between the Hanover group PREUSSAG AG (see No 480) and STE MINIERE & METALLURGIQUE DE PENARROYA SA, Paris (see No 471) and as a result a 50-50 Paris subsidiary has been formed with an initial capital of F 1 million. Both firms employ around 17,000 persons and together they represent around 40% of Common Market zinc and lead production whilst their activities are also geographically complementary. Preussag produced 129,000 tons of lead and 88,000 tons of zinc in 1967, whilst Penarroya produced from deposits in France, Italy and Spain some 287,000 tons of lead and 71,000 tons of zinc in the same year. The name and members of the new company's board have not yet been decided, but it is not intended to greatly modify the structure of the two founders, but to cooperate in future moves in the R & D, financial and sales sectors.

The French company is a member of the MM. de Rothschild Freres SA group, Paris (see No 483) and is indirectly affiliated to the Ste Generale de Belgique SA, Brussels through Ste Belge des Mines, Minerais & Metaux SA (see No 410). It has numerous foreign interests including those in West Germany, G.E.E.B. -Gesellschaft Zur Erforschung Von Erzlagerstätten in Bayern) in Italy, Spain, Portugal, Austria, Switzerland, Canada, Latin America and Africa. The West German group is a 26.53% affiliate of VEBA- Vereinigte Elektrizitäts- & Bergwerks AG, Bonn and Berlin (see No 480) and in 1967 it had a turnover of Dm 1,280 million. Its foreign shareholdings - managed by Preussag AG, Basle - are mainly in petroleum and drilling sectors: 100 % in Preussag Erdöl GmbH, Vienna, 100 % in VTG - Vereinigte Tanklager & Transportmittel AG, Basle and 100 % VTG-Vereinigte Tanklager & Transportmittel GmbH, Vienna, 51% in Ste Maroco-Allemande de Travaux Hydrauliques & de Forages, Meknes, Morocco, 14% in Transocean Drilling Co Ltd, Nassau, Bahamas and 6 % in Persian Gulf Drilling Petroleum Co, Teheran. In late 1967 it wound up its Paris subsidiary Unipetrol SA owned jointly with Wintershall AG, Celle (see No 434).

** The Tokyo company NIPPON KOGAKU K.K. has now formally established its Dutch company (see No 469) under the name of NIKON EUROPE NV, Amsterdam (capital Fl. 710,000) which is directly controlled by the Swiss subsidiary NIKON KG, Zurich.

Headed by Messrs. R. Makabe and H. Dalmyo, the new company will sell electrical, electronic, measuring, control, scientific, medical, photographic and optical equipment made by the founder.

** The Liechtenstein company TRANSITO HANDELS- & TRANSPORT AG, Vaduz, has formed an almost wholly-owned subsidiary in The Hague called INTERNAUTIC NV. With an authorised capital of Fl. 2.5 million (40% issued) and headed by Herr G. Schöddler, Triesenburg, Liechtenstein, this will lease, sell, build and deal in boats and engines as well as other ancillary equipment.

** The British precision engineering company FILTON LTD, Leamington Spa, Warwicks. has formed a West German sales subsidiary, FILTON ROTOSPEISEKOPF HERSTELLUNGS- & VERTRIEBS GmbH, Altneudorf, Heidelberg (capital Dm 20,000) with Mr William Murray and Herr Ulrich Barske as managers. Since March 1964 (see No 247) the British company has had a Paris sales subsidiary, Filton France SA (capital F 20,000).

FINANCE

** Already associated on an equal basis for several months within the investment company, INTERNATIONAL COMMODITY SHARE FUND SA, Luxembourg (see No 459) which is itself administered by ICOFUND HOLDING CO. SA, Luxembourg, the BANCA COMMERCIALE ITALIANA SpA, Milan and the BANQUE DE PARIS ET DES PAYS-BAS SA, Paris have created in Luxembourg a new closed end investment company, MAD INTERNATIONAL FUND SA (authorised capital \$ 5 m). The new fund which is to specialise in American and Canadian securities, will have the American firm Madison Fund Inc (see No 384), directed by Mr. Edward Merkle, as its financial and investment advisor.

** BANCO DI SANTO SPIRITO SpA, Rome (deposits of Lire 139,460 million end of 1967 - see No 348) has taken a minority stake in the capital goods machinery and tools leasing firm, LOCATRICE ITALIANA SpA, Rome. Controlled by Finanziaria E. Breda SpA, Milan (subsidiary of the state holding company, E.F.I.M. SpA, Rome - see No 475), this firm increased its capital to Lire 1,350 million some months ago so that Banco Commerciale Italiana, Milan the Banco di Roma SpA, Rome and the Banca Nazionale del Lavoro SpA, Rome could all become minority shareholders.

** The Milan bank CREDITO ARTIGIANO SpA (capital Lire 1 billion) intends to enlarge its interests by opening a branch in Florence (it already has two in Monza) and an agency in Capri. The bank is a member of Mediocredito Regionale Lombardo SpA; it has three agencies in Milan, as well as in Agrate Brianza, Biassono, Bresso, Cologno Monzese, Vignate and Vimodrone.

** The American portfolio and investment company (property, insurance, oil cinemas etc) COMMONWEALTH UNITED CORP., New York and Beverley Hills, California (see No 478) has set up a financial subsidiary in Luxembourg, COMMONWEALTH INTERNATIONAL SA, with an authorised capital of \$ 2.5 million of which \$ 400,000 was paid up on the spot.

** The London bank MIDLAND BANK LTD, along with the Brussels STE GENERALE DE BANQUE SA, DEUTSCHE BANK AG, Frankfurt and AMSTERDAM-ROTTERDAM BANK NV, Amsterdam, which already have a joint office in Indonesia (see No 467) through their affiliate BANQUE EUROPEENNE DE CREDIT A MOYEN TERME -B.E.C. SA (see No 455) have decided to open another joint office in Johannesburg. This will also represent in South Africa the New York European-American Banking Corp (formerly Belgian Banking Corp) and European-American Bank & Trust Co (formerly Belgian American Bank & Trust Co - see No 326). The two New York banks are each a 28.7% interest of the Brussels, Frankfurt and London banks and a 14.29% interest of the Amsterdam bank.

Opera Mundi - Europe No 485

** Mr. Keizaburo Ebe has been appointed president of the newly-established BANQUE EUROPEENNE DE TOKYO SA (see No 476), now formally created in Paris with a capital of F 25 million, by the leading Japanese merchant bank THE BANK OF TOKYO LTD (see No 479). Earlier this year in 1968, this had formed a Luxembourg investment company, Bank of Tokyo Holding SA (capital F 7.5 m.), which will administer the new concern.

The Japanese bank has been represented in Paris since 1961 by a branch under Mr. Ebe. It has a considerable network of European agencies in Brussels, Hamburg, Düsseldorf and London as well as permanent representatives in Amsterdam, Milan, Frankfurt, Zurich etc.

** Messrs Anthony K. Grima and Neil A. Franzen are respectively heads of the two new European branches - in Frankfurt and Paris - of the CONTINENTAL ILLINOIS NATIONAL BANK (see No 481). It is expected that a branch will be opened in Amsterdam in early 1969.

Continental Illinois is the eighth-ranked American bank and has two branches in London and representatives in Brussels, Milan, Geneva and Madrid. Its main European affiliates are Banque Europeene d'Outremer SA, Brussels and Antwerp; Banca Privata Finanziaria SpA, Milan and Rome; Banca di Messina SpA, Messina; Leasing Italiana SpA, Milan; Banque de Financement-Finabank SA, Geneva; E.D. Sassoon Banking Co Ltd, London and Nassau, Bahamas; Banco Atlantico SA, Barcelona and Union Industrial Bancaria - U.I.B. SA.

** The New York FIRST NATIONAL CITY BANK (see No 467) intends to enlarge its network of branches in the Netherlands by opening a second branch in Amsterdam. This will be the third in the Netherlands, as another branch is already exists in Rotterdam.

Other recent moves by the American branch in Europe include the opening of a branch in Belfast and the sale of its 8% stake in the London Hill Samuel Co Ltd (see No 471).

** The Paris BANQUE COMMERCIALE POUR L'EUROPE DU NORD SA, Paris (under Russian control - capital recently increased to F 100 m.) has taken a minority stake in the Casablanca BANQUE MAROCAINE DU COMMERCE EXTERIEUR SA. The latter, which has a capital of D 10 million, has agencies and branches in Tangier, Tetuan, Rabat etc (see No 364). It is already affiliated to several other international banks, including Banque Francaise Du Commerce Exterieur SA, Paris (see No 471), Banca Commerciale Italiana SpA, Milan (see No 481), Banco Di Roma SpA, Rome (see No 459), Commerzbank AG, Düsseldorf (see No 480), Banco Exterior de Espana SA, Madrid, Bank of West Africa Ltd, London and Bank of America National Trust and Savings Association, San Francisco, California.

** NATIONAL & GRINDLAYS BANK LTD and the BANQUE OTTOMANE SA, of Paris (see No 404) have decided in principle to merge their interests outside Europe and Turkey. National & Grindlays (deposits total some £550 m.) will thus strengthen its interests in the Near East as Banque Ottomane has a well-developed network covering Cyprus, Jordan and Abu Dhabi, and Quatar. Its main shareholders in Britain are Lloyds Bank Ltd, London (25% - see No 461) and National Westminster Bank Ltd (10% - see No 448). It was already linked with Banque Ottomane in Africa.

** A 50/50 link-up between two Belgian companies TECA Pvba, Turnhout and KEMPISCHE FACTORINGMIJ. - KEFAM NV, Turnhout, has resulted in the formation of a Dutch factoring company called NV FACTOR - MIJ. NEDERLAND, Tilburg (authorised capital Fl. 1 m. - 50% issued).

FOOD & DRINK

** The American food group GENERAL MILLS INC, Minneapolis, Minnesota (see No 450) has rationalised its Italian interests by merging the mineral waters and soft drinks firm S.A.G.A. - STA ACQUE GAZATE & AFFINI SpA, Milan (see No 453) with its parent company FONTI LEVISSIMA SpA, Cepina, Sondrio.

The latter (capital Lire 2.75 billion) came under the 50% control of the American group a few months ago. With Sig. E. Casella as president, it produces the orange and lemon fruit juices "Levissima", "Lemonsoda", "Oransoda" etc, in the three factories at Valdisotto, Sondrio; Vicenza and Cantu, Como.

** A joint agreement between NV INSTITUTIONELE BELEGGINGSMIJ. Nymegen and NV MIJ TOT EXPLOITATIE VAN HOTELS & CAFE'S - RESTAURANTS, The Hague, has resulted in the formation of a catering concern NV PANTUCKY-RESTAURANTS, The Hague (authorised capital Fl 1m. - 20% issued). This is administered by NV BIERBROUWERIJ DE DRIE HOEFIJZERS, Breda (a member of the London group, ALLIED BREWERIES LTD - see No 477) and NV PRAKTIJVOORZIENING AMEV, Utrecht.

The last-mentioned company is the subsidiary of the Amsterdam insurance group, NV ALGEMENE MIJ. TOT EXPLOITATIE VAN VERZEKERINGSMIJNEN - A.M.E.V. (see No 481) as is the Nymegen founder, controlled directly through NV Levensverzekeringsmij. Vitalis. The second founder, recently took part in the formation of NV Restaurant Confectiecentrum, Amsterdam (capital Fl. 350,000 - 50% issued) along with NV Centraal Verkoopgebouw De Kledingsindustrie-Confectiecentrum, and Heineken's Bierbrouwerij Mij. NV (both in Amsterdam) Cooperatieve Condensfabriek "Friesland", Leeuwarden.

** The cooperation agreement signed in February 1968 (see No 450) in the tea, coffee, coffee-based products and coffee roasting sectors by the Dutch DOUWE EGBERTS KONINKLIJKE TABAKSFABRIEK & KOFFIEBRANDERIJENTHEEHANDEL NV, Utrecht and German JOH. JACOBS & CO KAFFEEGROSSROESTEREI & TEE-IMPORT, Bremen, family concerns has taken the form of the creation of two joint subsidiaries. Formed on a 50-50 basis the first of these, D.E.J. INTERNATIONAL HOLDING NV, Utrecht, has direct control of the second N.V.D. E.J. INTERNATIONAL RESEARCH COMPANY (INTER NV) which is to specialise in research.

Douwe Egberts has been carrying out a rationalisation of its structures. Changed into a portfolio company, it now controls four exploitation companies: Douwe Egberts Koffiebranderijen-Theeverpakkerijen NV (coffee-roasting and tea processing), Douwe Egberts Tabaksmij. NV, Douwe Egberts Nederland NV and in Belgium, Douwe Egberts Belgie NV, Deurne, Antwerp.

** The American conglomerate OGDEN CORP (equipment for the mining, chemical and food industries) has taken over the control in the Federal Republic of the meat-canning firm FLEISCHWARENFABRIK LUDWIG FISCHER KG, Delmonhorst for less than \$ 3 million. This has an annual turnover of around Dm 30 million, and employs some 300 persons in its factories at head office and Bremen.

The American company has a subsidiary in Düsseldorf, Ogden GmbH (see No 478) and controls The Eimco GmbH, Düsseldorf (equipment for the metal, mechanical and mining industries) also in Düsseldorf, through its Salt Lake City, Utah Division, The Eimco Corp. Its other interest in Europe are Eimco Italiana SpA, Milan, Ogden Europe SA, Paris and Eimco (Great Britain) Ltd, London.

** The German company, LEHNIG AG, Eschwig (formerly Quellen-Lehnig AG - see No 276) has formed a 95% subsidiary in the Netherlands, LEHNIG NV, Beneden, Leeuwen with a capital of Fl. 100,000, the balance being contributed by its subsidiary, Kade Getränke GmbH, Stradthage (formerly Kade Gaststätten- & Brunnen GmbH). The new concern is to manufacture and trade in alcoholic and non-alcoholic drinks.

With a capital of Dm 2.5 million the founder company employs some 2,300 people and turns over about Dm 82 million p.a. thanks to its bottling and trading activities and its 32 branches and depots for mineral and soda waters, as well as its trading activities in beers, wines, sparkling wines and spirits. The company is controlled 56% by a group of investors headed by the Morgan Guaranty International Finance Corp. (member of the Morgan Guaranty Trust Co of New York - see No 474) and the New York brokers Burnham & Co (see No 461), and consisting of Mr. Joseph Nash, its American financial president living in Paris and with 44% Herr Wolfgang Lehnig, Lugano. In West Germany, the company's subsidiaries include the Städtische Brauerei Stadthagen GmbH brewery of Stadthagen and the Orion Grundstücksverwaltung GmbH property company of Eschwege.

** Finalised in January of this year (see No 451), the amalgamation of four French cattle cake firms has now come about, centred on ETS CHERON SA, Bonnières-sur-Seine, Yvelines, which with its name changed to SA France Aliments - S.A.F.A. has had its headquarters moved to Marseilles and its capital increased to F 8 million from F 4 million. The total assets of the three other companies in the deal, SA FRANCE ALIMENTS - S.A.F.A., Marseilles (the first to bear this name), GRANDS MOULINS DE STRASBOURG SA, Paris and GRANDS MOULINS BECKER SA, Strasbourg, were F 9.19 million and it is this which has facilitated the increase in capital.

S.A.F.A. (the first), controlled by the Marseilles holding company A. & J. Cordesse, H. Chausse & Cie Sca (linked to the Marseilles group Unipol) has made over to the new company its interests in Ste de Production Avicole de la Drome - S.P.A.D. SA, Pizancon, Drome (capital F 390,000), the Ste Civile Immobiliere-Immofac, Paris and the Groupement National des Industries d'Alimentation Animale, Paris, which then became Safic - SA Financiere & Commerciale (capital F 4.77 m.) Moulins Becker (linked to Cheron by an interlocking directorate, Chiron itself being affiliated to Unipol - Union des Industries de Produits Oleagineux SA) and Moulins de Strasbourg have also made over to the new firm their interests in the Groupement National des Industries de l'Alimentation Animale and the Ste Civile Immobiliere-Immofac, as well as in Saarlandischer Handelskontor GmbH, Saarbrücken (capital Dm 20,000) respectively.

** The British cooked meats and pies group BOWYERS (WILTSHIRE) LTD, Trowbridge, Wilts which, it was reported last week, has taken a 50 % stake in the F 5.67 million capital of the French charcuterie firm STE FERMIERE D'EXPLOITATION DES PRODUITS LHUISSIER SA, Paris (factory at Connere, Sarthe: rillettes, pate, sausages, etc) is now linked within the latter with one of the leading French dairy groups: GERVAIS DANONE SA (see No 483). This has taken up the remaining 50 % of Lhuissier's capital.

INSURANCE

** AFIA FINANCE CORP., the Newark, New Jersey (see No 449) portfolio company of the AMERICAN FOREIGN INSURANCE ASSOCIATION - A.F.I.A. insurance group, is planning to set up a subsidiary in Lyons under the direction of M. M. Mercier. It will in particular be given the task of representing St. Paul Fire & Marine Insurance Co., St-Paul, Minnesota and Hartford Fire Insurance Co., Hartford, Connecticut. At the moment these companies are represented in Paris by a subsidiary, Afia Sarl, which is directed by M. A. d'Arthuys.

The Newark company already had connections in the Six in the shape of Cie d'Assurances Orbis SA, Brussels, which recently opened a branch in West Germany, at Cologne.

** The insurance company which the Panamanian and Geneva group I.O.S. - INVESTORS OVERSEAS SERVICES LTD (see No 478) has been intending to establish in West Germany (see No 459) is now being formed in Frankfurt and will be called IOS VERSICHERUNGS VERMITTLUNGS GmbH.

In 1967 the group, which is headed by Mr Bernard Cornfield, had a turnover exceeding \$ 1.135 million. It is strongly entrenched in West Germany, which is now its main market. Since April 1968, it has been linked with the Bonn company DEUTSCHER HEROLD VOLKS- & LEBENSVERSICHERUNGS AG in the insurance sector.

OIL, GAS AND PETROCHEMICALS

** The Frankfurt hydrocarbons transport company, DEUTSCHE ERDGAS TRANSPORT GmbH, which is to provide southern Germany with a ready supply of natural gas from Holland (through an agreement with GASVERSORGUNG SUDDEUTSCHLAND GmbH, Stuttgart - see No 451), has had 50% of its equity bought up by the Essen company, RUGRGAS AG. (see No 470). This company was formed in May 1964 (see No 252) with a capital of Dm. 100,000 on an equal basis with Royal Dutch Shell, Rotterdam (see No 481) and Standard Oil & Co. of New Jersey, New York, which now have only a 25% stake each.

These two groups own (through Gewerkschaft Brigitta, Hanover - see No 453) an interest of more than 25 % in Ruhrgas, the other shareholders being: Gelsenkirchener Bergwerks AG, Essen; Erdgas Verkauf GmbH, Münster and Schubert KG, Münster. The latter firm is itself a joint subsidiary of Mobil Oil AG, Hamburg (member of the Mobil Oil Co group, New York), Gewerkschaft Elwerath, Hanover (joint subsidiary of Royal Dutch Shell and Standard Oil Co. of New Jersey), C. Dielmann GmbH, Bentheim (see this issue), Deutsche Schachtbau & Tiefbohr GmbH, Lingen and Preussag, AG.

** DEUTSCHE TIEFBOHR AG, Bentheim (capital Dm 500,000) has gained control of the drilling and equipment recovery firm INTERBOHR GmbH, Hamburg which was formed in May 1967 (capital Dm 100,000) as a specialised subsidiary of D.E.A. - DEUTSCHE ERDOEL AG, Hamburg. The latter has since been taken over by the New York oil group TEXACO INC (see No 479).

Deutsche Tiefbohr is a drilling subsidiary of the West German mining company C. DEILMANN GmbH, Bentheim (see No 467). The latter recently backed, through its drilling and plant construction subsidiary Deilmann Haniel GmbH (jointly owned with Haniel & Lueg GmbH, Düsseldorf) the formation of Deilmann, Haniel & Lueg AG, Bale.

** An agreement has been signed between Paris oil group C.F.P. - CIE FRANCAISE DES PETROLES SA, Paris (see No 480) and the South African bank VOLKSKAS BEPERK which will involve the latter acquiring a 15 % interest (with an option to raise this to 27.14%) in the French group's subsidiary TOTAL SOUTH AFRICA (PTY) LTD. The latter has a capital of Rands 15 million and controls some 550 service stations throughout.

C.F.P. also has a 30 % interest (through Total Oil Refinery South Africa Pty Ltd) in National Petroleum Refiners of South Africa (Pty) Ltd, which is building a refinery at Sasolburg.

** The newly-formed Paris company STE ANTILLAISE D'ENTREPOSAGE SA (capital F 800,000) has as its aim the construction and running of bunkering facilities at Fort-de-France, Martinique. At a later date it may also handle petroleum products. The new company is run by ELF UNION SA, Paris (a member of the state group E.R.A.P. - see No 475) and the American group STANDARD OIL CO of NEW JERSEY (see No 482) through its subsidiary Esso-Standard (Inter America) Inc. Wilmington, Delaware as well as by SA Fonciere des Antilles Francaises.

** The equal-based association between the German, Dutch and French firms (see No 469) involving VEREINGTE TANKLAGER & TRANSPORTMITTEL GmbH, Hamburg. PAKHOED NV, Rotterdam and CIE INDUSTRIELLE MARITIME SA, Paris which was formed to carry out study projects in oil depots and pipelines outside the companies' existing operational areas, has resulted in the formation in Brussels of a joint engineering subsidiary. SETEP - STE EUROPEENNE DE TANKAGE & DE PIPELINE SA (capital Bf 3m.).

PAPER & PACKAGING

The Milan firm A. & G. FRATELLI BIANCHI SpA (see No 282, factory at Cormano, Milan) which specialises in cardboard and paper packaging for consumer goods has formed a French sales subsidiary called BI-FRANCE Sarl, Neuilly-sur-Seine. With a capital of F 20,000 this has M. Pierre de Guilebon as manager. The founder which is headed by Sigs. A. & G. Bianchi (minority partners of the new company). has been linked for the past four years (see No 256) with the Swedish group Bonnierforetagen A/B Stockholm (see No 437) within a joint subsidiary Bi-Bo SpA, Cormano. This makes cardboard containers and paper utensils.

** The Swedish manufacturer of cellulose and wood pulp, A/B IGGESUND BRUK, Iggesund (see No 448) which already has a sales subsidiary in Hamburg, has added to its sales network in the Six by setting up a sales subsidiary in Paris, IGGESUND FRANCE SA (capital F 1 m), whose president is M. Pierre Lelond.

** The agreement signed a few months ago (see No 466) in the packaging sector between ETS J.J. CARNAUD & FORGES DE BASSE-INDRE SA, Paris (see No 475) and CIE DE SAINT-GOBAIN SA, Neuilly-sur-Seine, has resulted in the formation of a joint Paris subsidiary SAINT-GOBAIN CARNAUD SA (capital F 1.4 m.). This was formerly CARNAUD PLASTIC SA which had a capital of F 600,000 and a factory at Meaux.

The new company will specialise in all types of plastic or semi-plastic containers and packaging materials and has received from its founders several patents and licences. From J.J. Carnaud & Forges, these include exclusive licences and technical assistance agreements made with its former "Carnaud Plastic" division by The Metal Box Co Ltd, London (a shareholder in J.J. Carnaud & Forges - see No 440), Jacob Berg KG, Budenheim, Thomassen & Drijver Verblifa NV, Deventer and Plax AG, Zug.

PHARMACEUTICALS

** The chemicals and pharmaceuticals group SCHERING AG, Berlin and Bergkamen (see No 482) has rationalised its Italian interests with the absorption by its Milan subsidiary SCHERING SpA (of which Sig. G. Vitre has been made managing director) of two other affiliates: SCHELABOR SpA (also affiliated to Gruppo Lepetit SpA through the holding company A.P.E. SA, Luxembourg - see No 436) and G.I.A.C. - GESTIONI INDUSTRIALI AGRICOLE CHIMICHE SpA (see No 435) both in Milan.

** The American pharmaceuticals firm ORTHO PHARMACEUTICAL CORP, Raritan, New Jersey, has formed a Cologne subsidiary ORTHO DIAGNOSTICS GmbH (capital Dm 20,000) whose manager is Herr Dieter Schneider, Cologne. The founder is a member of the Johnson & Johnson Co, New Brunswick, New Jersey group and makes chemical and pharmaceutical products as well as hospital and surgical equipment. It already has two foreign subsidiaries Ortho Pharmaceutica NV, Turnhout, formed in 1967 (see No 444) and Ortho Pharmaceutical (Canada) Ltd. The Johnson & Johnson group also has two direct West German subsidiaries: Ethicon GmbH, Hamburg and Janssen GmbH, Düsseldorf.

PLASTICS

** The Frankfurt subsidiary of the French felt and plastic coverings concern, SOMMER SA, Paris, the import and sales company, SOMMER PRODUKTE GmbH, (capital Dm. 2 m) has continued the build-up of its sales network this time with a branch in Stuttgart.

Formed in September 1967 (see No 460), the German company already had a branch in Remscheid at the beginning of the year (see No 462).

** Strengthening its position in the low tension polyethylene sector where it already has interests, including a 51% subsidiary ETHYLENE PLASTIQUE SA, Douai, in association (31.4% and 17.6% respectively) with Produits Chimiques Pechiney Saint-Gobain SA and L'Air Liquide SA (see No 428), STE CHIMIQUE DE CHARBONNAGES SA (member of the state Charbonnages de France - see No 483) has taken a 49% holding in a new company, STE LORRAINE DE POLYOLEFINES SA, St-Avold, Moselle, whose majority shareholder is the firm's Douai subsidiary. With a capital of F 10 million and M. Roger Laison as president this company will be running a factory for low tension polyethylene at Carling, Moselle (headquarters of Charbonnages's chemical complex) as from the end of 1969. The factory's initial capacity will be 100,000 tons p.a. there being two production lines for 50,000 tons p.a. each.

** Quite independent of the agreement concluded recently with AQUITAINE ORGANICO SA, Courbevoie, Hauts-de-Seine (member of S.N.P.A.) covering investment and sales policy for France (see No 484), PLASTIGIL SA, Paris is now to acquire the plastics activities of the two groups who share control of it. These are PROGIL SA (Gillet group through Pricel SA and Navis SA) and UGINE KUHLMANN SA.

The latter, which will now reorganise its own activities in the synthetic elastomers and plastics sector in conjunction with those of Plastigil, has other links with Progil within a number of their joint subsidiaries, including Ste Chimique de la Route SA, Paris, Coignet-Progil SA, Paris, Derives Ethyleniques SA, Puteaux, Finalor SA (and its subsidiary Ugilor SA), Nobugil SA, Paris, Prodelec SA, Progil Electrochimie SA, P.B.U. Progil-Bayer-Ugine SA and Progil-Kuhlmann SA.

PRINTING & PUBLISHING

** The Milan group ARNOLDO MONDADORI EDITORE SpA (see No 470) has signed a technical, editorial and financial agreement with the New York publishing group McGRAW HILL INC, New York (see No 469) covering the publication in Italy of an economic and business monthly called "Espansione". This will be similar to the French "Expansion" launched last year, and published by Technic Union SA, the 49-51 subsidiary of the American group and Presse Union SA group (see No 423). A joint Milan subsidiary called MONDADORI McGRAW HILL SpA will be formed to make the agreement operational, and the Italian group will be the majority shareholder with a 51% stake.

Mondadori has recently been expanding its international interests through a number of moves. 1) The decision to launch a family magazine in Italy called "Due" in association with the Munich publisher, Kindler & Schiermayer Verlag GmbH (see No 468) a former subsidiary of the Axel Springer Verlag GmbH group, Hamburg (see No 472); 2) An agreement with the French publishing house, Presses de La Cite SA (see No 400) to produce the French edition of an international scientific and technical encyclopedia. This will involve 10 volumes with around 800 pages in each.

* * *

** The Dutch publishing group NV UITGEVERSMIJ AE. E. KLUWER, Deventer; (see No 452) is intending to make a bid for the control of the Amsterdam company L.T.L. DRUKKERIJEN NV (see No 481). The latter resulted from a merger in 1966 of three printing and publishing firms Ján De Lange NV, Deventer, L. Van Leer & Co NV, Amsterdam and H. Tulp NV, Zwolle.

Kluwer (1,250 employees) took over the control of H. Stam International NV, Haarlem in 1967, and several months ago that of NV Uitgeversmij W.E.J. Jicenk Willink, Zwolle, as well. It has two principal foreign subsidiaries - NV Belgische Uitgeversmij. AE. E. Kluwer, Antwerp, and Verlag AE. E. Kluwer GmbH, Düsseldorf.

** A new company in the music and record publishing sector, FRAGOLA BLU SpA (capital Lire 1 m.) has been set up in Milan by the French singer and song writer Pierre A. Muraccioli (through the Liechtenstein holding company, Facilitaet Finanz Holding AG, Vaduz) in association (30%) with local interests held by Sig. Giampiero Simontacci, Milan.

** Sig. Renato Zevi of Milan has been chosen as managing director of the new Italian printing and binding concern, WESTERN EDUCATIONAL LIBRARY WEL ITALIANA Sas, Tribiano-Lombardo, Milan (share capital Lire 10 m.), which has been formed by W.E.L. PANAMENSE, Panama, in association (10%) with CRISEA SA, Lugano, Switzerland.

** WORLD MEDICAL PUBLICATIONS SA (see No 469), the Belgian publisher of medical and scientific reviews and periodicals and under joint (50-50) Anglo-American control, has formed an almost wholly-owned subsidiary in Paris, PUBLICATIONS MEDICALES INTERNATIONALES Sarl, directed by M. Louis Riedinger.

The new firm, which will put out publications for the medical and allied professions, as well as having its own advertising function, has as its minority shareholders, Iliffe N.T.P. Overseas Ltd, London (member of the International Publishing Corp. Ltd. - see No 480) and McGraw-Hill Inc. of New York (see below), which since July 1967 (see No 423) have been sharing the control of the founder company in Brussels.

** LIBRAIRIE LAROUSSE Sarl (formerly Auge, Gillon, Hollier-Larousse, Moreau & Cie, Librairie Larousse Sarl - see No 309) with its capital of F 20.02 million, has extended its sales network by setting up a subsidiary in New York, LIBRAIRIE LAROUSSE U.S.A. INC. which is to wholesale the company's books, run a bookshop in central New York and carry out certain publishing agency activities. An agreement with the New York concern, Computer Applications Inc. will allow the new subsidiary to develop a distribution network very rapidly throught the whole of its territory.

The French company already had representation on the North American continent; in Montreal and Quebec it has Les Editions Francaises, in Buenos Aires Editorial Larousse, in Mexico City Ediciones Larousse and also in Guatemala and Brazil. Within the Common Market it has interests in West Germany (Larousse GmbH of Kehl) and in Belgium, Larousse-Belgique SA, Larousse Distribution Benelux SA and Larousse Centre Afrique Exportation SA (both in Brussels).

RUBBER

** The French dealer in unmanufactured rubber, both natural and synthetic, S.A.F.I.C. -ALCAN & CIE SA, Puteaux, Hauts-de-Seine (see No 448), has expanded its interests abroad by forming a subsidiary in Singapore, ALCAN FAR EAST (PRIVATE) LTD. The company is expecting to found further subsidiaries around the world in the near future.

A former subsidiary of the London group, Minerals Separation Ltd (through Hecht, Levis, & Kahn Ltd), Safic-Alcan was recently taken over by the portfolio company, Chargeurs Reunis SA, Paris following the latter's acquisition of Hecht, Levis & Kahn.

SERVICES

** Recently formed in Brussels to carry out market research, public opinion polls, promotions and advertising on behalf of its parent companies, LES GRANDES ENQUETES D'OPINION "SCAN" (initial capital Bf 80,000) cooperative was set up by CRAIGH SA, Brussels, T. & C. SA, Luxembourg, IMO SA, Rollaar, LUSTRA LUXE SARL and POOL SA (both at Luxembourg).

TEXTILES

** An agreement has been reached between the textile group, AGACHE-WILLOT SA, Perenchies, Nord (head office at Lille - see No 480) - which is administered by Ste Fonciere & Financiere Agache Willot SA - and the S.A. DES ETS. GRANTRY, Lille, Nord foreshadowing close cooperation in the technical, sales and financial fields. This may end in the specialisation and even integration of their respective activities.

Grantry (capital F 10 m) played a part in the formation in January 1967 of Ste d'Exploitation des Ets van Caillie Sarl, Lomme, Nord (capital F 20,000) in conjunction with Vallourec SA, Paris, Sitraplast SA, Tourcoing; Ets Biebuyck Sarl, Hazebrouck and Curver International SA, Tourcoing.

** The Italian manufacturer of knitted and underwear, SIGISMONDO PIVA PvA, Milan has formed a 70% sales subsidiary in Paris, AVIP SA (capital F 300,000). With M. J.P. Hottinguer as president, the firm's main minority shareholder is Sig. Carlo Viansson Ponte of Milan (director of the knitteds wholesaler, Daniele Bellavita SpA, Milan.)

The Milan group, known especially for its "Si-Si" stockings is also the French and Italian licensee for the New York Maidenform Inc's corsetry and underwear.

** TEXUNION SA, Paris (see No 394) a member of the GILLET group through the investment company PRICEL SA (see No 483 - 66 % control) has regrouped eleven affiliate companies and raised its own capital to F 136.56 m following the acquisition of fresh assets estimated to have a gross value of F 70.7 m. This move precedes the re-organisation of the companies within the group according to the markets they are interested in.

The companies which have taken part in this move are : L. & E. COUTURIER & CIE SA, Bevenais, Isere, TISSAGE DE FRANCHE-COMTE SA, Beaume-les-Dames, Doubs, TISSAGES GOIJAT PREMATURE-T.G.P. SA, Lyons, STE IMMOBILIERE DE LA FORET Sarl, Mulhouse, Haut-Rhin, STE IMMOBILIERE DU QUAI DE L'ALMA Sarl, Mulhouse, STE TEXTILE D'AOSTE & DE SAINT-SAVIN Sarl, Lyons, LA COTONNIERE & H. GELIOT Sarl, St-Etienne de Remiremont, Vosges, CENTRALE DE VENTES TEXTILES SA, LA COTONNIERE D'HERICOURT Sarl, SA DES ETS SAUVEGRAIN and CIE DES MATERIAUX Sarl. The last four are all Paris-based.

** The German clothes firm ALFONS MUELLER-WIPPERFUERTH AG, Leichlingen, which intends to build up a chain of fifty shops in France, has set up a subsidiary in Thionville, Moselle, TEXTER-ALFONS MUELLER-WIPPERFUERTH FRANCE SA with a capital of F 200,000 and M. Norbert Vatrín as president.

The German group (1967 turnover Dm 178 million) recently formed the company A. Müller-Wipperfurth Liege-Alleur SA, Alleur-lez-Liege (see No 479). In December of this year, the latter will open a "European centre for men's clothing", which with a payroll of 3,000, will have a daily production rate of 10,000 pairs of trousers and 5,000 jackets, overcoats and suits.

** The Dutch textile firm ("Nevada" carded wools) LEIDSCHHE WOLSPINNERIJ NV, Leyden has formed a wholly-owned Dutch subsidiary called NV NATIONAAL & INTERNATIONAAL VERKOOPKANTOR VAN NEDERLANDSE TEXTIELPRODUCTEN "NEWOTEX", Leyden (authorised capital Fl 500,000) to sell its products both on the home and foreign markets.

The founder is a member of the export sales promotion group, Conet-Nederlandse Export-Combinatie Voor Textielproducten, which concentrates largely on Eastern Europe. It has long been established in Belgium, through a subsidiary called Nevada NV, Lokeren, which was formerly at Schaerbeek-Brussels.

** The Austrian manufacturer of textile articles (in particular stockings and lingerie) GAZELLE AG STRUEMPFE & WAESCHE, Vienna has opened a branch in Munich. The founder company (capital Sch. 15 m.) whose president is Herr Anton Wickl, has a subsidiary in Vienna, Walter Hering KG.

TRADE

** The West German mail order group NECKERMANN VERSAND KGaA, Frankfurt is about to form a French subsidiary based in Strasbourg with a capital of

F 100,000. The group recently extended its interests to the Netherlands with the formation of Neckermann Nederland NV (see No 478).

The three other main West German mail order groups are already established in France. These are Grossversandhaus Quelle Gustav Schickendanz AG, Fürth through Quelle France SA, Paris and Saran, Loiret; Friedrich Schwab AG, Hanau, a member of the New York group The Singer Co, which has Sofincat SA, Paris (see No 476) and Otto Versand KGaA, Hamburg through Regie-Vente SA, Paris (see No 455). The Neckermann group, had a 1967 turnover of Dm 1,400 million, intends to open its thirty-third West German sales shop, on premises acquired from Friedrich Schwab.

** The Basle trading company MENNO HANDELS AG (see No 475) has strengthened its Common Market interests by forming an 80 % Dutch subsidiary called EDELAAR VOGELWAARDE NV, Perkpolder with a capital of Fl 500,000. There are two Dutch partners in the new concern, Messrs J. Ploeg and J. Ph van Tiggle (10 % each), and it will make and sell alcoholic and soft drinks.

The Swiss company recently became a shareholder in the West German office equipment supply concern, Helmuth Richter oHG, Metzhausen, which has a Berlin branch.

** PROOST & BRANDT NV, Amsterdam (see No 462), traders and manufacturers of paper, paper goods, publishers and distributors of books (especially religious books), as well as handlers of building materials, have taken control of the family concern, NOEKBINDERIJ R. KUSTERS & ZONEN of Amsterdam, which with a payroll of 80, specialises in the binding of periodicals and paper-backed books.

The new parent company (850 employees) has as its main shareholder the portfolio company, NED. PARTICIPATIE MIJ., Amsterdam, a subsidiary of the De Nationale Investeringsbank-Herstelbank NV (see No 481), a finance group in The Hague.

TRANSPORT

** PAKHOED HOLDING NV, The Hague which heads the Rotterdam and Amsterdam transport, shipping and warehousing companies, PAKHUISMEESTEREN NV and BLAAUWHOED NV has backed the formation of two new companies. The first called PAKHOED-AMSTERDAM NV, Amsterdam (authorised capital of Fl 15 m - 20 % issued) will organise the loading, unloading and handling of cargoes, transport and shipping. The other is an investment company, PAKHOED DEELNEMINGEN NV, Rotterdam (capital Fl 500,000).

** The Swiss international transport concern (road and rail tankers), INTER-TANK SA, Mandrisio, Ticino (see No 355) has set up a subsidiary in Rotterdam called INTERNATIONAL ROAD TANKTRANSPORT-IROTANK NV (capital Fl 100,000) for bulk liquid transport. Under the direction of Mr. F.L. Bertels, of Zwijndrecht, the new company has a number of sister companies: Intertank GmbH, Karlsruhe, Intertank Sas, Milan, Intertank GmbH, Kufstein, Austria, etc.

VARIOUS

** One of the leading French manufacturers of wigs and hair pieces, FERNAND HYVERNAT SA, Saint-Benoit, Vienne, has backed the formation of a sales company in Cologne, LES POSTICHES MADEMOISELLE DE PARIS-HAARTEILE GmbH (capital Dm 120,000) with Herr Heinrich Schunck as managing director.

** Parallel to its negotiations of new distribution agreements with its agents within the Six, the French publishers LIBRAIRIE FERNAND NATHAN & CIE Sarl, Paris and the German publishers OTTO MAIER KG VERLAG, Ravensburg, MILTON BRADLEY CO, Springfield, Massachusetts (see No 467), the manufacturer of company and educational games, has now carried out its plan to form a wholly-owned Dutch subsidiary. This is called M.B. INTERNATIONAL NV, Ter Apel (capital Fl. 5.6 m. - 20% paid up). Under the direction of Mr. James J. Shea Jr. of Springfield, the company will be running a toy and games factory.

** The German company ERNST SIEGLING SPEZIAL TREIBRIEMENFABRIK GmbH, Hanover, (driving-belts, "Extremultus" and "Transilon") has decided to start its own sales network in Italy, by forming in Milan the company EXTRAMULTUS ITALIA SpA, whose president is Herr Hellmut Sieglings. The capital of Lire 10 million is almost entirely held by the German commercial subsidiary SIEGLINGRIEMEN VERTRIEBSGESELLSCHAFT DER ERNST SIEGLING SPEZIALTREIBRIEMENFABRIK GmbH, Hanover.

The founder company, which has a capital of Dm 100,000 and a payroll of about 300 persons, has subsidiaries in Switzerland, the United States and Mexico.

** Belgian interests represented by Messrs. J. Lecocq of Mons, A. De Kerpel and E. De Schryver of Erembodegem have backed the formation of SIEGENTHAL FRANCE SA (capital F 100,000) at Colomiers, Haute-Garonne. The new company is to manufacture furniture, kitchen equipment and general domestic goods.

LATE FLASHES

** BUILDING & CIVIL ENGINEERING: The formation in France of a "groupement d'interet economique", which receives favourable government treatment, called EUROCOUSTIC has been the result of moves by two licencees in the mineral fibres sector of the New York group, JOHNS-MANVILLE CORP (see No 407). The firms involved are STE POUR LA FABRICATION D'ISOLANTS & DE REVETEMENTS LIGNEUX-ISOREL SA, Puteaux, Hauts-de-Seine (a member of the Ste Centrale de Dynamite group - see No 469) and ROCLAINE SA, Paris (see No 397). The new grouping will sell on the home and foreign markets the acoustic ceilings made by its two founders.

Roclaine (capital F 12 m. - turnover around F 60 m.) is the 54% subsidiary of the Pont-a-Mousson group, Nancy (see this issue) and it is affiliated to the Banque de Paris & des Pays-Bas (14.74%) as well as to Johns-Manville. It specialises in products based on mineral wools, glass-fibre and acoustical ceilings (Panglas, Sanacoustic, Lambricoustic, Permacoustic) and has factories at St-Etienne-du-Rouvray, Seine-Maritime and Chalons-sur-Saone,

Saone-et-Loire, with some 750 persons on its payroll. There is also a 72% Paris subsidiary, Ste Calorifuge, Frigorifuge, Isolation, Calfri-Isolation SA., Paris (capital F 2.25 m.) which carries on thermal insulation and sound-proofing. In association with Johns-Manville (60%), it holds a 40% stake in the Spanish firm Roclaine Espanola SA., Alcala.

** A link-up between five Dutch manufacturers and carriers of building materials, especially cement, has resulted in the formation of BETONMORTEL-CENTRALE GROOT GRONINGEN NV (capital Fl 1 m. - 20% issued) which will have the same role.

The founders of the new concern are: 1) FERNHOUT NV, Zwolle (40%); 2) BETON-MORTEL INSTALLATIE GRONINGEN NV, Groningen (15%); 3) GRONINGER MORTEL CENTRALE NV, Groningen (15%), which is affiliated to the Mees Bouwmaterialen NV group, Groningen (see No 450); 4) BETONMORTEL HOOGKERK NV, Groningen (see No 365) the 50-50 subsidiary of the previous company and of MEBIN- Mij. Tot Exploitatie Von Betonmortelbedrijven In Nederland NV, Amsterdam, itself the subsidiary of ENCI-Eerste Ned. Cementindustrie NV, Maastricht (the 67.8% subsidiary of SA Cimenteries C.B.R., Brussels, a member of the Ste Generale de Belgique group) and CEMIJ - Cementfabriek Ijmuiden, the 50-50 subsidiary of Kon. Ned. Hoogovens & Staalfabrieken NV. Ijmuiden and ENCI; and 5) GEBROEDERS LOM-MERTS NV, Delfzijl, which is already linked with Mees Bouwmaterialen and Rottinghuis NV, Delfzijl in Betoncentrale "Eemismond" NV, Delfzijl.

** ENGINEERING & METAL: HEURTEY SA, the Paris engineering group (capital F 26.18 m.; see No 435), whose president is now M. Pierre Taranger in succession to M. Paul Heurtey who is now honorary president, has recently been granted two new licences. The first, signed with the Austrian special steels group, GEBR. BOEHLER & CO AG, Vienna (see No 362), grants it the right to manufacture and to sell throughout the world (except in North America) the Austrian company's slag smelters. The second agreement covers the majority of EEC and EFTA countries as well as South Africa and is for ISHIKAWAJIMA HARIMA HEAVY INDUSTRIES CO. LTD's specialised mobile frame smelters.

Heurtey has also made an agreement with the Polish organisation, Centrozap, Katowice (complete installations for the coal and metals industry and mining equipment) to give it assistance in the processing furnace sector as well as in the export of Polish equipment. Parallel to this, the group has also agreed with its American partner Ralph M. Parsons Co. of Los Angeles (see No 390) to grant their joint subsidiary in Paris, Parsons & Heurtey Snc (formed in 1965) the right to extend its activities to the United States.

** TRANSPORT: Herr Jürgen Bernhold, a partner in HAMBURGER LLOYD KG, Hamburg, has taken a 90% stake in the new firm HAMBURGER LLOYD NEDERLAND NV, Rotterdam, (capital Fl. 50,000) in association (10%) with Mme F. Meeter, Rotterdam. The new firm, directed by Mr. J. Rüß, will deal in ship-broking, loading and discharging, etc.

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Sigismondo Piva SpA	T		
Sodeteg	G		
Sommer	Q		
Sotransid	I		
Soudure Electrique Lincoln, La	D		
Standard Oil of New Jersey	O		
Stearns Magnetics	I		
Ste Generale de Banque	K		
Stumpp & Schüle	H		
T. & C. Sa, Luxembourg	T		
Teca Pvba	M		
Texunion	U		
Thomson-H -H.Brandt	G		
Tollens NV	C		
Total South Africa	P		
Toyo Menka Kaisha	G		
Tradex	G		
Ugine - Kuhlmann	R		
Van Hotels & Cafe's Restaurants	M		
Vereinigte Tanklager	P		

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