Opera Mundi EUROPE

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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

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Opera Mundi EUROPE

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ANTI-TRUST POLICIES

For several months now, the Anti-Trust Division of the US Department of Justice has had a new head: Donald F. Turner, Harvard Professor of Law and Economic Regulation, has been appointed by President Johnson to be Assistant Attorney General for the Anti-Trust Division. In a domain where American businessmen quite justifiably complain that there are no clearly defined landmarks to distinguish what is permissible from what is to be condemned, the coming of a new man who has had a chance to clarify his ideas in the matter during his academic work may prove a blessing. Indeed, the attitude to Government lawyers, and often of the courts also, could sometimes be interpreted as tending to equate "bigness" with "badness" (see No. 336, p. 1). This attitude is evidently an extension of the basic ideas that brought about the American "trust-busting" legislation, i.e. the Sherman Act of 1890 and the Clayton Act of 1914. Their purpose was always to prevent situations where competition would be lessened - and in no country has this principle been carried through with the same consistency as in USA - but business enterprises have often been led to believe that they were not being allowed to enter into mergers, simply because they had already attained sizeable proportions, even though the contemplated concentration in no way put them in a dominating position. A statement of intentions by Mr. Turner before the American Bar Association at Miami on August 10 seems reassuring: "I do not believe it is proper under the law as it is now for the Department to attack mergers or other business conduct on the basis of considerations that have little or nothing to do with competition in the economic sense. We should not attack a merger simply because the companies are large in the absolute sense, and we should not attack aggressive but fair competitive conduct simply on the basis that some competitors are hurt".

His remarks may be regarded as a criticism of some recent administrative or court decisions in the opposite sense. In December 1963, for example, the Federal Trade Commission (which, in addition to the Department of Justice, acts as a watchdog against practices likely to lessen competition) ruled that Procter & Gamble must get rid of Clorox, a company it had bought in 1957, on the grounds that Clorox was the largest maker of liquid bleach. It is true that in 1957 Procter & Gamble did not manufacture any product in this category; but the Federal Trade Commission considered that Procter & Gamble's marketing strength and large advertising resources might give Clorox an unfair advantage over its competitors in a market which was already strongly concentrated. The principle here appears to be that it is wrong for a group to increase its financial, manufacturing or commercial size and strength by acquiring another firm which has a strong position, even in a different market. Merely to state the principle is to suggest that it is not suitable for general application.

In 1964, by a majority (6 to 3), the Supreme Court of Washington confirmed the Department of Justice decision in a case against the Aluminium Co. of America (Alcoa) that this company had violated the anti-trust laws by acquiring the Rome Cable Corp., New York, in 1959. 90% of Rome Cable's output is in insulated copper products that Aloca does not manufacture and it has only slightly over 1% of the aluminium

cable market, of which Alcoa holds 27.8%. It is true that this last percentage is far from constituting a monopoly position in the market - that is specifically prohibited by the law - and slight addition of Rome Cable's share is certainly not a substantial change. (In fact, after acquiring Rome Cable's 1.3% in 1959, Alcoa-Rome's total share had fallen by 1961 to 24.8%, due to aggressively competitive price-cutting in the market). Nevertheless the Supreme Court ruled that "if concentration is already great, the importance of preventing even slight increases in concentration is correspondingly great". And the majority opinion added that Rome Cable seems to the Court the prototype of the small independent company which Congress aimed to preserve by Section 7 of the Clayton Act. This certainly does not seem to be a crystal-clear conclusion from reading Section 7 - as reworded by Congress in 1950 - which is the crucial text for most recent anti-trust proceedings; it prohibits a corporation from acquiring stock or assets of another "where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or tend to create a monopoly". The debatable character of the Supreme Court ruling became apparent even before Donald Turner took charge of the Anti-Trust Division; although the Court ordered immediate divestiture by Alcoa of its Rome Cable Corp assets, it has for quite a while seemed possible that the Department of Justice might not insist upon divestiture if no satisfactory buyer could be found for Rome Cable's assets. Indeed, closing its plant would mean the loss of 1,200 jobs - a paradoxical application of anti-trust doctrine; Mr. Turner's coming into the picture may possibly hasten some undoubtedly necessary re-thinking by the Justice Department.

Once the European Community has emerged from its present painful crisis, it will have to accelerate the necessary harmonizations to catch up with customs disarmament. An appropriate anti-trust regulation will be essential, for it is the only safeguard for the Common Market's principles of a free market economy. It may perhaps be an advantage that the rules laid down in the Rome Treaty on this subject are somewhat vague (see No. 336, p. 1) because they permit of progressive interpretations by the Brussels Commission itself, to be approved by the Council of Ministers and to be completed later by rulings of the European Court of Justice at Luxembourg. These can profit by American experience, with its varied case-histories, and the occasional exaggerations by government and court in USA may spare Europe a certain number of errors.

At the outset, the clear desire of the Six governments to foster mergers within the Community will in any event counter-balance the tendency to oppose concentrations merely because they could be suspected of preventing competition: the Six cannot ignore the need to create production units large enough to stand up against competition from local subsidiaries of large American companies - or from companies operating in USA or Japan, for example - if the Kennedy Round negotiations bring down customs protection in certain industries to a nominal level. In a protected market discouraging large concentrations may safeguard competition, but in a market dominated by gigantic competitors, there is a size under which individual enterprises are unable to compete; it could be said that in this sense "smallness" (below

a certain level) can be "bad" for competition. Being "small" or being "big" should never be understood in the absolute, but comparatively to the rest of the market; for purposes of comparison all competitive factors have to be taken into consideration, including the potential strength of foreign establishment in the Common Market and the possible impact of outside markets, to the extent that it is felt through the tariff wall.

No clearcut percentages can be put forward to determine when a firm's position is so dominant that it might lead to abuse (in the Common Market it is assumed that Article 86 of the Treaty of Rome will be expanded in this direction). In USA Justice Learned Hand's formula - given in 1945 - is often quoted, that 90% of the market is tantamount to monopoly; the point is debatable at 60% or 64%; 33% can in no case be regarded as a monopoly. Donald Turner is less liberal in this respect; in a book published in 1959 (Anti-Trust Policy, written with Harvard economist Carl Kayson) he stated that breaking up a concern is justified when it has accounted for 50% or more of annual sales in a given market for at least five years. No hard and fast rule can be established; the facts rather than the figures alone should decide in each particular case whether or not competition is actually being hampered.

Of course this principle,"facts rather than figures", can be used in a sense unfavourable to the interested parties and can also lead to judgments which may be regarded as debatable. In June 1962, Chief Justice Warren handed down a decision in the "Brown Shoe case" which has since been widely discussed. The Brown Shoe Co of St. Louis is one of the biggest manufacturers of shoes; in 1956 it bought the G.R. Kinney Co, which is the eighth largest shoe retailer in America. But the share of the total market each company controlled was minimal: before the merger, Brown manufactured 4% of all shoes in the country, and Kinney accounted for only a little more than 1% of all shoe sales. Nevertheless the Court approved the Department of Justice's ruling and ordered that Brown divest itself of the Kinney assets. In his opinion, Chief Justice Warren explained that "statistics reflecting the shares of the market controlled by the industry leaders and by the merger are of course the primary index of market power...;" But if the statistics did not lead to definite conclusions (a positive conclusion if there is a clearly defined monopoly or a negative conclusion if the market share involved in insignificant...) "only a further examination of the particular market can provide the appropriate setting for judging the probable anti-competitive effect of the merger". This means that the market does not necessarily have to be taken in its totality: there may be submarkets within the broader market, which must be considered in deciding whether a certain merger is legal or not. In the case discussed, it appeared that in certain cities both Brown and Kinney sold, at the time of the merger, a much higher proportion of shoes than in the total market; in Dodge City (Kansas) for example, Brown sold 34.4% of women's shoes, and Kinney 23.3%; locally, the combined share would reach 57.7%, and the Court decided that in such places consolidation would "substantially" lessen

competition.

As a result of this ruling, Brown was forced to sell its Kinney assets and in 1963 it obtained for them $14.7 million from the Woolworth Company. The decision itself is still regarded as a perfect illustration of the delicate criteria which make it so difficult to apply the fundamentally sound anti-trust principles. Some consider it paradoxical that 284 governmental lawyers in the Anti-Trust division should be left - as in the Brown Shoe matter - to decide how the market should be sliced up, thick or thin as the case demands.

A forthcoming article will discuss the main difficulties of drawing up an anti-trust policy which accords with needs and opportunities of the Common Market.

INTERNATIONAL LIQUIDITY, RESERVES AND THE FUTURE

by Dr. S. Scheps,
Vice-Chairman of the International Credit Bank, Geneva

The problem of international liquidity and reserves has been the subject of discussion for several years at annual meetings of the International Monetary Fund (IMF) and at many internationally convened ad hoc committee meetings and academic conferences; innumerable articles and books have been written on it. Views have become more controversial as a result of the crises of confidence in sterling of November 1964 and February 1965 and of the famous speech by General de Gaulle.

Fundamental questions concerning world currencies and the Bretton-Woods system, which is obviously overdue for reform, are at the root of the problem, rather than the technical mechanism of exchange.

Notwithstanding the important contributions which economists have made towards a solution of the problem, more or less temporary settlements can only be reached as a result of hard bargaining. Internationally, the purpose of a modern well-ordered currency system is threefold:

(1) to cope with the constantly increasing volume of international trade,

(2) to facilitate the international flow of capital, and,

(3) to contribute towards the productive usefulness of development aid.

For the creation of a European capital market, a well organized currency system and purposeful coordination of international reserves and liquidity are factors of prime importance.

The international liquidity problem arises from the need to supply sufficient means of payment without causing world-wide inflation and thus disturbing the rates of exchange. The prerequisite for maintaining stable rates of exchange is internal monetary discipline, in order to avoid exporting inflation.

Currency reserves are required to settle balances arising from trade between countries. These reserves may consist of foreign bank notes, foreign bank balances, bullion, drawing rights upon the IMF, European Monetary Agreement credits and any assets abroad which are capable of being converted into foreign currency.

During the era of the gold-standard international liquidity was maintained by fiscal and credit policies. Fiscal policy was supposed to ensure that budgets were balanced by covering expenditure out of tax revenue plus ordinary loans; credit policy was considered the sole instrument of achieving flexibility in the state of a

country's economy.

When liquidity was threatened discount rates were raised, short-term capital was attracted and long-term interest rates were affected, thus leading to an inflow of long-term capital. But the main effect was a contraction in investment, income, consumption and employment. This helped to slow down or stop wage increases, improved competitiveness and eventually restored an equilibrium in the balance of payments.

After the First World War this mechanism was no longer able to withstand the growing pressures and the system collapsed. After the Second World War a return to the old system was out of the question, because the unemployment which would inevitably have followed would no longer have been tolerated. For this reason credit and fiscal policies alone may be ruled out as adequate means for correcting balance of payments gaps.

Relative to the world's economies, the position of the USA's economy is no longer sufficiently strong to command permanent confidence in the dollar. Hence the occasional crises of confidence. This presents a problem of considerable magnitude.

The different types of reserves (enumerated above) involve greater or lesser risks to the country holding them. Many countries keep their reserves in one of the two reserve currencies (American dollars and pounds sterling) which means that the reserves of these countries are identical with short-term credit balances due to them by the reserve currency countries. This has led to the reserve countries becoming "bankers", dependent on the confidence of their depositors.

It is generally accepted nowadays that the term "liquidity" covers a great deal more than just funds in cash and bank deposits. Distinctions are drawn between "asset liquidity", "position liquidity" and "general position liquidity". "Asset liquidity" means funds available for the payment of debts. "Position liquidity" describes the condition and net-asset position of a country. Liquidity in this sense depends not only upon the quantity and quality of assets but also, and often much more, upon liabilities and the extent to which they are liable to be presented for payment. Professor Sayers defines "General position liquidity" as "the readiness of banks, other financial institutions, traders and individuals to place purchasing power (in whatever form, currency or credit) at the disposal of entrepreneurs."

International trade has been expanding at a rate greatly in excess of the rate at which monetary reserves have been increasing. This aggravates the liquidity problem and tends to jeopardize economic progress. The total world stock of liquidity available for international trade is as important as the liquidity of individual countries. As to the extent of liquidity, it must be stressed that reserves are necessarily limited and cannot be expected to do more than bridge temporary imbalances. In the long run there is no alternative to balancing receipts and payments, but

the size of the reserves does become of major importance insofar as it allows a country a longer or shorter time to adapt itself before regaining a temporarily lost equilibrium in its external payments.

In recent years the most important supplementary source of liquid assets has been through international ad hoc arrangements of one sort and another. These have included expanding the borrowing quotas of the IMF, the Fund's gold tranches, lending by central banks and international swap agreements (using national currencies, other than sterling and dollars, as international monetary reserves). Thus marks, Swiss and Belgian francs, lires and other currencies acquire, for the time being, international monetary status.

As will be seen from the following paragraphs there are many diverse schools of thought (of which only a small cross-section is quoted) as to how the difficulties are to be resolved.

At the annual meeting of the IMF the president of the German Central Bank, Herr Blessing, stated that it is wrong to acquire liquidity on credit. In his view permanent improvement of the American and British balance of payments situations is of greater urgency than any efforts towards a reform of the international payments system. But he subscribed to the opinion that responsibility for the creation of additional reserve assets must be vested in a small number of highly developed industrial countries, because only such countries could secure a reserve system by their own means. The new reserve units would be an addition to the dollar, which would remain the most important reserve currency, but they would not replace it. In no circumstances, he said, would the role of the dollar be impaired.

The French Finance Minister, M. Giscard d'Estaing, agreed with Herr Blessing's proposal that the first step towards reforming the reserve system must be a return by the reserve currency countries to a state of permanent stability in their balance of payments. The creation of additional liquidity was a secondary step. Beyond this M. Giscard d'Estaing suggested that improvement of the reserve system should be considered in conjunction with aid for development countries, although in our view this is quite a separate problem.

The Secretary of the American Treasury, Mr. Fowler, summarized the views of his government by stating that the crux of the problem was to assure the growth of world reserves at a rate equivalent to the growth of world trade. Since the production of newly mined gold together with the normal drawing rights on the IMF are insufficient for this purpose, new international arrangements would have to be negotiated. This was to be the task of the Committee of Ten.

In this connection I should like to draw attention to a paper entitled "American Currency Policy and the Bretton-Woods System" read by Prof. L. Albert Hahn before the Frankfurt meeting which the List Society held to discuss

"Fundamental Questions of the future Monetary Order".

This paper is a profound and incisive analysis of the circumstances which induced the Johnson administration to embark on an unorthodox currency policy. According to Hahn not all creditor-nations will continue to accept this policy and the Johnson administration will, therefore, have to supplement the Equalization Tax by additional restrictions on foreign investments and bank credits.

Although the Bretton-Woods system may formally remain in force the universally free convertibility which was its primary aim in the interest of unfettered world trade will not have been achieved.

Professor Hahn's views are not shared by Professor Jean Weiller, who states in the monthly publication "Banque" (Paris) that direct foreign investments by American firms more than doubled between 1964 and 1965; he does not believe that solving the international monetary problem will inevitably lead to a slowing down of private foreign investment, because this is the result of USA's manufacturing capacity.

Those who advocate relying on the effectiveness of the self-balancing forces inherent in the private enterprise system, as Mr. Roy F. Harrod does, are prepared to allow these forces a considerable period of time in which to complete the required task of adaptation.

Others prefer to rely primarily on strict and rapidly effective measures by governments and central banks such as controlling credit, foreign exchange and fiscal policy, thus reverting to the effects which, under the gold-standard, had been achieved by movements of gold. They reject the automatic availability of credits. They advocate that loans should only be granted subject to conditions which may be expected to ensure the rapid elimination of payment deficits.

At a conference of the American Enterprise Institute in Washington Professor Haberler expressed the view that excessive liquidity is apt to discourage countries from making the corrective efforts required in order to achieve stability. On another occasion he addressed the following remarks to France: "The USA might consider parting with its entire stock of gold, to the last bar, at the price of $35 per ounce, with the warning that they may not in future be prepared to repurchase gold at this price. After disposing of the gold the dollar price would cease to be fixed, regardless of the effect this would have on the future value of gold. A tender hint that this would be America's reply to a run on the dollar would unquestionably prevent or stop a run. Such a development would be detrimental to the French and their fellow-travellers. In all probability they would find that their gold hoards, acquired at great cost, would have lost in value and the prospects for their currencies would, to say the least, be unattractive."

Political undertones of this nature, which had been provoked by General de Gaulle and his adviser Professor Rueff, were less in evidence at the last meeting of

the IMF in Washington. The question of what France is going to do with its increasing gold hoard will arise in due course and it leads to the suggestion that part of its reserves may have to be put at the disposal of the European capital market. At any rate the controversy between the Anglo-American countries and their opposite numbers has become less acrimonious than heretofore.

The decision taken in Washington by the Finance Ministers and the directors of the Central Banks to instruct their representatives in the Committee of Ten that they should intensify their efforts to improve the currency system, is of the utmost importance. Although an artificially created monetary system, not based on gold, is likely to be unacceptable to de Gaulle, and although the difficulty of reconciling the views of the USA and Britain on the one hand and the other continental countries on the other hand will not be easy to resolve, the Committee of Ten has been requested to report on progress in the spring of 1966.

The special position of sterling as a reserve currency will have to be maintained. Despite the very real difficulties which Britain has had to face, timely support from responsible centres of finance has strengthened this currency.

The world expects the two reserve currency countries to eliminate the deficits in their balance of payments. The Italian Finance Minister Sig. Colombo reminded them of the speedy achievement of balance in the payments position of Italy by applying orthodox methods. He regards the international currency reserves and available credit facilities as adequate for the near future. A similar view was expressed in the report of the Ossola sub-committee and is also implied in the Roosa Plan. The creation of reserves ought to keep step with the rate of expansion of world trade, but the amount required cannot be calculated.

Discussion at the last annual meeting of the IMF concentrated too heavily on the problem of liquidity, instead of on measures to correct the balance of payments gaps. This correction is, of course, the task of the governments of the countries concerned, although international institutions can do a great deal to promote monetary discipline. Above all the key currency countries have to achieve a permanent balance of payments and this objective ought to be given top priority.

Political pressures to place part of the available reserves at the disposal of development countries would have inflationary consequences which must be avoided. It is a mistake to link discussion of the liquidity problem with development aid, as has been done in Washington. The difficulties of the development countries arise from the population explosion, as a result of which the growth of their national production is insufficient. The way to solve these difficulties is to raise loans on a commercial basis and make them available to these countries on International Development Aid terms.

The creation of additional reserves and their distribution has, of course, political implications; these will be the object of tough negotiations, but first of all an atmosphere of mutual confidence is required. Only confidence in the stability of currencies can reduce interest rates and thereby favour the formation and equitable distribution of capital internationally. In this direction lies the future progress of world trade.

THE WEEK IN THE COMMUNITY
December 20 - 26, 1965

From our Correspondents in Brussels and Luxembourg

THE COMMON MARKET

Kiss and be Friends in Luxembourg?

The rendezvous has been settled at last: the Six will meet again at Luxembourg on January 17 and 18 in an attempt to settle the European crisis. Neither the date or the place has caused any surprise, for they had been under discussion for several weeks. Neither is anybody startled now to learn that the meeting will take place within the framework of the Community. It will in fact be held as a Common Market Council meeting, in extraordinary session, a furlong distant from the Commission and at Foreign Minister level. No doubt M. Couve de Murville has given his answer to the Ambassadors of all Five governments by way of a gesture towards bi-lateralism, but he did ask Sig. Fornari, the Italian Ambassador to pass it on to Sig. Colombo in his capacity as President of the Common Market Commission, which was a concession towards the Community. The Five agreed only to acknowledge officially the reply which Sig. Fornari passed on to them, especially as the French Government has once again avoided making any written reply.

The main point is of course that negotiations should start at all. It is however questionable whether the Luxembourg meeting really means that controversy on the problems themselves is nearing an end. There are a few encouraging pointers and on December 20, when the Five met in Brussels, optimism was mounting. It was known then that subject to France's official acceptance, which was no longer in doubt, M. Werner, the Prime Minister of Luxembourg, would receive the Six in that country in the middle of January. There was satisfaction that M. Ulrich, the French Permanent Representative, had accepted Sig. Colombo's invitation to the luncheon at which he would say his farewells on leaving the Presidency of the Council, although some members of the Commission would also be there. The efforts which M. Couve de Murville had made to mend matters in Europe during the NATO talks were commended on all sides. It was recalled that France had always said that she would not meet the Five except after careful preparation, giving the best possible chance of reconciliation. Bearing in mind the Christmas holidays and the time which would be needed to form a new French Government, matters seemed to be going along as well as possible.

But is this really true? Sceptics point out that the French reply of December 23 gives three causes for doubt, quite apart from the procedural precaution used by the French Government. On October 26, the Five invited France not only to take part in an Extraordinary Meeting of the Council, but also to take her place in the ordinary Council so as to discuss the Agricultural Financial Regulation with her partners and with the Commission. Paris has not replied to the latter invitation, which means that she is declining to include that regulation in a "package deal", or else that she declines to bargain political

needs against financial advantages for agriculture. Secondly, M. Couve de Murville has let it be known that he would not use the written procedure to approve the Community's budget, but that he was ready to endorse the use of "twelfths" (see No. 328, p.12). This would allow the Community's institutions to manage financially (Euratom, however, may run into money troubles in carrying out its research programme), but it would also give the French Government theoretical power to turn off the budgetary tap if it did not like the way negotiations were going. Finally, the French Government may agree to lower tariffs within the Community by 10% on January 1, but it is reserving its position on the Five's wish to refrain from changing the Common External Tariff at that date, as permitted by the Rome Treaty. M. Couve de Murville wishes to leave things as they are for the next four months, so as to give time to go into the question more deeply. In this way, he avoids landing the Common Market in a real jam on January 1, while retaining a means of bringing pressure on those of his partners who are keenest on the Kennedy Round negotiations at GATT.

Of course, he may have been acting rather meanly just to save face. Some people think that General de Gaulle has learned his European lesson from the presidential elections (see No. 334, p.1) and that he is inclined to make concessions so as to regain votes in the centre and on the right, provided that he can get an honourable settlement of the European crisis. It can certainly be taken for granted that he will do his utmost to remove all "European " and "Atlantic" problems from the 1967 French parliamentary elections, by the simple process of solving them between then and now.

This does not mean that he will be ready to fall in with any superficial agreement which his partners may offer. Probably he is prepared to take a step or two nearer Europe and to re-consider some of his tougher attitudes, but not at one fell swoop; if any of the Five felt so elated by the voting in the presidential election as to get tough themselves, they would of course run the risk of stopping the General in his greatly-to-be desired tracks.

All that can safely be said at present is that the work of seeking a solution of the problems behind the European crisis has begun. There has been some discussion and various ideas for settling them have been put forward, but there is no unanimity on any particular course and next month in Luxembourg no problem is going to solve itself. Indeed, the first time round everybody may think it is good tactics to dig in in their most extreme positions.

The conciliators, M. Spaak and M. Werner, do not seem to be boiling over with impatience; now that the latter is serving as President of the Council he will have the traditional right of stepping in at the eleventh hour if it seems necessary. Meanwhile, he will leave the job to M. Spaak, but the latter seems unlikely to go into action before the meeting itself.

The atmosphere at the meeting will depend mainly on the psychological attitude of those who attend it. There is no certainty how they will approach the questions which have to be settled. For instance, how is M. Couve de Murville going to tackle

the powers of the Commission now? He can of course, lay all the emphasis on personalitities, but this gives him little scope because when the Executives are merged, appointing new people to the single European Commission cannot be made to look like action against the present members of the Common Market Commission; some of the latter will at that point have an honourable or even glorious way out. France can obtain satisfaction in due course without raising this question, and since the questions to be decided are so important, she may bide her time and let the Commission end its term of office without incident, providing that the "code of good conduct" which the Five are prepared to approve is brought into being.

However, if M. Couve de Murville says that he is unable to depend on Prof. Hallstein to solve the crisis using the powers at his disposal, if he refuses to renew the President's mandate on January 9, in short if he takes a tough line, the meeting will end in chaos. There is no doubt that the Germans will not be the only ones rooting for the Professor. There is little chance that offering the Presidency to Italy will split the Five.

On the question of majority voting it seems that France will be satisfied with a re-interpretation of the Treaty, since she knows perfectly well that even if the Five consented to a formal revision of the Treaty it would be well-nigh impossible to get the necessary Parliamentary approval. It also appears that France is not demanding complete suspension of majority voting. This leaves a good deal of room for manoeuvre, from a complete reappraisal of the basic principle to extreme flexibility in the means of application, depending on circumstances; of course it also leaves room for serious disagreement.

A closer study of the situation shows that these two familiar problems can be solved quite easily by the use of tact, psychology and confidence on the part of all concerned. This does not apply, however, to the Agricultural Finance Regulation which, although the apparent cause of the crisis, has been over-shadowed in the past few months. First of all, it is only one aspect of the Common Agricultural Policy, which has yet to be laid down for a good many sectors. To-day France is more than ever in favour of this Policy. If General de Gaulle gets it through, he will be half-way to winning the 1967 elections, but he does not want it at any price. He may be prepared to play Santa Claus on the institutional side of the crisis but he will certainly refuse to make any political concessions. At the same time there is no doubt that he is about to embark on a simultaneous campaign to prevent Germany ever trying to acquire nuclear weapons. So his position is likely to be a delicate one: he will be asking Germany to finance the major part of the Common Agricultural Policy while refusing to give her in exchange even a semblance of atomic power. The German Foreign Minister, Herr Schroeder, will be strongly tempted to take advantage of France's position at the forthcoming meeting to cut down her opposition to the MLF or any substitute for it.

An optimist can believe that the crisis which began on June 30 last is finally over, and that the Six will either succeed in isolating the problems and res-

olving them without too much difficulty, or they will fail to find a way through the wood. In that event the present crisis will lead straight into another one, which is likely to prove much more serious because it may reveal a fundamental opposition between France and Germany; European unity is after all founded on reconciliation between them. On the vexed question of nuclear weapons, Germany is in a very weak position, because none of her five partners supports her. General de Gaulle too would not hesitate to enter the fray and make as much of a fuss as he though fit. The question now is: will Germany be tempted to take her revenge on the Community, which does not seem to repay her diplomatic efforts, but which damages her trade with the rest of the world and makes the French farmers rich at her expense? Some commentators forecast that June will bring yet another Marathon sitting and perhaps another crisis, but with Germany, not France, as odd man out.

* * *

News in Brief

The European Investment Bank has granted a 15,000 million lire loan to the company building the 30- mile autostrada connecting Aosta to Turin (Quincinetto), and giving access to the Great Saint Bernard and Mont.Blanc tunnels; this will complete the Italian side of the two most important Alpine routes.

Automobiles

The Commission has just put two proposals before the Council of Ministers. They are intended to standardize:

1) The style, dimensions, position and mounting of automobile registration plates in all the Six countries;

2) Regulations on the fitting of radio interference suppressors on automobile engines.

The differences in existing legislation cause many technical difficulties to automobile manufacturers.

* * *

ECSC

Miners' proposals on Bonus Scheme

The representatives of the Community's coal miners' unions (the CISL and the CISC) will probably submit their proposals on bonus payments to the High Authority at the beginning of January. In their opinion the cost of these payments should be shared by the Community with the employers and the various governments. The bonus should not be subject to tax nor to social security contributions. It should encourage recruitment for the mines and also loyalty among existing miners. For this reason, bonuses should be on a scale rising 10% per annum, up to a maximum of 10 years. For deep mining, the basic bonus should be around Dm 3 per shift.

* * *

Industrial Conversion

The High Authority is considering the Belgian' Government's request for a $20 million Industrial Conversion Credit intended to facilitate a vast programme of industrial conversion in the Borinage coal-mining area. The programme consists mainly of infra-structure work, including several road projects, such as the Walloon motor-way, the Mons-Brussels-Antwerp motor-way, the King Baudouin motor-way and several extensions to ordinary roads.

This credit will finance only part of the large programme of improvement and economic adaptation for the Belgian coal-mining region. It means closing several mines by 1966, with an annual output of more than a million tons.

The Netherlands Government has requested a Conversion Credit amounting to Fl 35 million, to help it install a factory for the DAF automobile company on the site of the former Maurits mine in the Limburg area. This factory, which will cost in all about Fl 300 million, will provide 6,000 new jobs.

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I	FINANCE	Belgium: BASLER HANDELSBANK, Basle now controls TRICOMMERCE, Brussels and will wind it up. Luxembourg: GUYER-ZELLER BANK, Zurich forms another Luxembourg investment company. Netherlands: NEDERLANDSE OVERZEE BANK, Amsterdam, gains control of MESDAG & GROENEVELD'S BANK, Groningen.
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L	PLASTICS	Belgium: UCB will be associated with the new company being formed in Antwerp by RHONE-POULENC and PHILIPS PETROLEUM, USA. Netherlands: The Dutch state-owned mines STAATSMIJNEN IN LIMBURG take 40% in CURVER, Rijen.
M	TEXTILES	France: COTONNIERE DE MOISLAINS, Paris increases its capital. Germany: AIRE WOOL, London will set up German sales subsidiary. MEZ AG, Fribourg, controlled by J.P. COATS, gains control of textile firm J.J. ANNER, Reutlingen. BAYERISCHE WOOLDECKEN-FABRIK is liquidating its Irish subsidiary. J. BIERBAUM, Bocken, Westphalia now controls SPINNEREI DEUTSCHLAND, Gronau, Westphalia. Netherlands: The US firm PHILIP RADEL forms Dutch sales subsidiary. Switzerland: Herr Karl Weinmüller is president of new textile management consultants at Rapperswil, Switzerland.
N	TOURISM	France: CAISSE CENTRALE DE CREDIT HOTELIER backs formation of FRANTEL, Paris (hotels).

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N	TRADE	Belgium: TRANSTRADE, Zurich forms a subsidiary; GALERIES & GRAND BAZAR DU BOULEVARD ANSPACH, Brussels, takes over SOGEDAL entirely.
N	TRANSPORT	Belgium: BUDGET RENT-A-CAR INTERNATIONAL, USA, opens a Brussels branch. Britain: W.H. MUELLER, Rotterdam starts two London companies. Germany: GARUDA INDONESIAN, Djakarta opens a Frankfurt office. Netherlands: FENDEL SCHIFFAHRTS, Mannheim forms a Rotterdam company; KLOECKNER, Duisburg, may purchase a large shareholding in HAVENBEDRIJF "DE RIETLANDEN".
P	VARIOUS	Germany: POLYPHON FERNSEH, Hamburg will provide television programme material from 1966. VAN SLOBBE & ZOON, Rotterdam (display, advertising etc) forms subsidiaries in Düsseldorf and Brussels.

ADVERTISING

*** The Hamburg advertising agency, BORCHARD INDUSTRIEWERBUNG GmbH has joined THE BRUNNING GROUP LTD, London 50-50 to form the agency BORCHARD-BRUNNING WERBEGES mbH, (managers Herr H.H. Borchard and Herr H.H. Knees). The Hamburg agency manages advertising accounts for BLOHM & VOSS, Hamburg, ELECTROLUX GmbH, Hamburg, OLYMPIA WERKE AG, Wilhelmshaven and REICHHOLD CHEMIE AG, Hamburg, etc.

The British group already has three continental subsidiaries, (M. Pierre Maurel is president of all three): CIRCULAR DISTRIBUTORS FRANCE SA, Paris; CIRCULAR DISTRIBUTORS ESPANA SA and CIRCULAR DISTRIBUTORS ITALIA, Milan. The last-named took a 34% shareholding in the publishing and advertising material company PREMIUM SALES & PROMOTIONS SpA (capital Lire 1 million) formed at Milan in October 1961.

AGRICULTURAL MACHINERY

*** The Dutch agricultural machinery group VAN DER LELY NV, Masssland (see No. 273), has set up a new Dutch manufacturing subsidiary EERSTE EMMELOORDER MACHINEFABRIEK NV, Emmeloord, Noordostpolder. The Fl 1 million capital is almost entirely owned by the Swiss holding company LELY ZUG AG direct. The group has many foreign interests including: LELY FRANCE Sarl, Alencon, Orne (see No. 271), DECHENTREITER FRANCE Sarl, Paris, VAN DER LELY GmbH, St. Florian, Austria, LELY CORP OF DELAWARE INC, with others in Canada, Brazil, etc.

AUTOMOBILES

*** The Dutch manufacturer VAN DOORNE'S AUTOMOBIELFABRIEKEN (DAF) NV, Eindhoven (see No. 276) is setting up a new industrial complex in Limburg (between Roermond and Maastricht). It will produce 60,000 vehicles a year from the end of 1969. To finance this operation the company, which has been a family concern until now, has approached STAATSMIJNEN IN LIMBURG, Heerlend (see No. 324) which will subscribe an increase in its capital from Fl 31,500,000 to Fl 42 million. In exchange the Dutch State will receive 25% of the company and DAF will transfer its production of private cars to a new company NV DAF PERSONEN AUTOFABRIEK, which will be formed with a capital of Fl 90 million.

DAF, whose sales increased by about 37% in 1964, employs more than 6,000 workers. It has numerous foreign subsidiaries DEUTSCHE DAF GmbH, Düsseldorf, DAF ITALIA SpA, Milan, DAF SA, Survilliers, Val d'Oise, VAN DOORNE'S AUTOMOBIELFABRIEK SA, Aartselaar, Antwerp, SVENSKA DAF A/B, Stockholm, DAF SAE, Madrid, DAF OF HOLLAND INC, New York, etc.

*** Dutch interests headed by Mr.A.Plasman of Wassenaar, a majority shareholder with 60%, have formed JETCAR ITALIANA SpA, at Fiumicino, Rome, to sell motor vehicles and spare parts. The new company has a capital of lire 10 million: 40% belongs to the holding company LEONAFIN SA, Davos, Grisons.

BUILDING & CIVIL ENGINEERING

*** The European group exploiting the "Sika" techniques in drying, sealing and civil engineering (see No. 323) has formed SIKA CONTRACTS SA, Brussels to make and sell water-proof products and building materials. The president is M. Jean R.P. Boyrie, Paris and it is directed by M.A. Peduzzi, Zurich. The capital is Bf 2 million, shared mainly between SIKA-BAU SA, Zurich (which has control), AKIS SA, Paris and SOGECOMAL-STE GENERALE DE COMMERCE INTERNATIONAL Sarl, Paris.

The SIKA group, headed by M. Fritz Schenker, comes under SIKA HOLDING AG, Glarus (see No. 299) and includes the following: SIKA SA, Paris (sales subsidiary); Sika GmbH CHEMISCHE FABRIK, Dürmersheim and PLASTIMENT GmbH FABRIK CHEM TECHN BAUSTOFFE, Karlsruhe, West Germany; SIKA COSTRUZIONI SpA, Milan, Italy, and SIKABAU GmbH, Bludenz-Bings, Austria.

CHEMICALS

*** CECA- CARBONISATION & CHARBONS ACTIFS SA, Paris (see No. 327) has made an agreement with NATIONAL LEAD CO, New York (see No. 289) to manufacture in its works at Honfleur, Calvados, "Bentone" gels and stabilizers for paint, vinyl plastic materials, fats, adhesives, etc., As a result of this association a joint subsidiary is being formed called BENTONE SUD SA Honfleur, (capital Ff 5 million) in which the American shares are being taken up by ABBEY CHEMICALS LTD, London (52% controlled by the New York group through its London subsidiary HOYT METAL CO OF GREAT BRITAIN LTD, which specializes in anti-friction metals, jointly with F.W. BERK & CO LTD, Ealing, London). The "Bentone" products which have already been introduced into Britain will be marketed by CECA (which has sales subsidiaries at Milan, Dortmund, Brussels, Geneva, Madrid, Athens, Rotterdam, etc.). They will also be sold in Norway by the American group's subsidiary TITAN CO A/S, Frederikstad, (which controls TITANIA A/S, Hange i Dalane in Norway and has a minority shareholding in the French firm STE INDUSTRIELLE DU TITANE SA, Paris - see No. 162).

CECA is a member of the Belgian group EMPAIN (see No. 312) and shares in it are also held by the French groups PROGIL SA and ETS KUHLMANN SA (see No. 322). It makes mineral and organic products and does chemical engineering work.

National Lead has many direct and indirect interests in Europe including:

(1) TIFFERO SA, Brussels, STE BELGE DU TITANE SA, Brussels, STE CHIMIQUE DES DERIVES DU TITANE SA, Langerbrugge, CHAS TAYLOR SONS SA, Brussels, and DERIVES DU TITANE SA, Ghent, in Belgium;

(2) BAROID INTERNATIONAL SpA, Milan and Rome and St. Antocio, Cagliari in Italy;

(3) SCHRAUBENFABRIK NEUSTADT GOETZ & CO GmbH, Neustadt, Schwarzwald, and TITANGES mbH, Leverkusen, in West Germany;

(4) KRONOS TITAAN NV, Rotterdam, in the Netherlands;

(5) CONTINENTAL TITANIUM METALS CORP SA, in Luxembourg;

(6) KRONOS TITANIUM PIGMENTS (UK) LTD, London, BAROID (UK) LTD (formed in London a few months ago) and METAL CASTINGS DOEHLER LTD, Worcester in Britain.

(7) STE FRANCAISE DU METAL ANTIFRICTION HOYT Sarl, Paris in France.

*** DOW CHEMICAL CO, Midland, Michigan (see No. 330) has granted French distribution rights of its "Epoxy" resins to REICHHOLD BECKACITE SA, Bezons, Val d'Oise (principal shareholders PIERREFITTE-STE GENERALE D'ENGRAIS & DE PRODUITS CHIMIQUES SA and STE FINANCIERE DE CASTIGILIONE SA - see No. 333) - itself among the largest French producers of synthetic resins. The group's sales promotion in France is done by DOW CHEMICAL FRANCE SA, Paris (capital Ff 1 million) which was originally called STE DES PRODUITS CHIMIQUES DOW SA, then DOW CHEMICAL INTERNATIONAL (FRANCE) SA (see No. 196).

The American group recently started up a petrochemical complex at Terneuzen, Netherlands.

*** WYNN'S FRICTION PROOFING BELGIUM SA, St. Nicklass-Waes, which makes oil, grease and anti-friction chemical products for cars and industry, has opened a London branch directed by Mr. Joanes. The Belgian company (capital Bf 500,000) was formed in 1958 by WYNN OIL CO, Azusa, California whose sales in Britain are handled by AMBERDYKE LTD, Croydon, Surrey. The American company has a subsidiary in Venezuala, WYNN'S FRICTION PROOFING INTERNATIONAL SA, Caracas, which has its own subsidiary in Antwerp and is represented in France by CFEC, Asnieres, Seine; in Germany by GOTTFRIED ZIMMER, Neu Isenburg; etc.

ELECTRICAL ENGINEERING

*** LINDE DARI GmbH, Gelsenkirchen-Buer (capital Dm 400,000) has been formed by American and German interests to sell refrigeration equipment for the dairy industry in West Germany. The 49% American shareholding is held by DAIRY EQUIPMENT CO, Madison, Wisconsin (whose Paris representative is CIVAL Sarl), through the Swiss holding company DAIRY EQUIPMENT SA (formed in November 1960 at Zug with Sf50,000 capital). The German partner is the refrigeration group LINDE AG (formerly GES FUER LINDE'S EISMASCHINEN AG) of Wiesbaden (see No. 316). Linde is linked to another North-American company CV HILL OF CANADA LTD (member of the group AMERICAN HARDWARE CORP, New Britain, Connecticut - see No. 251 - through HILL CORP) in a 50-50 London subsidiary HILL-LINDE COMMERCIAL REFRIGERATION LTD, formed in January 1964 (see No. 237).

*** BELL TELEPHONE MANUFACTURING CO SA, Antwerp (member of ITT - INTERNATIONAL TELEPHONE & TELEGRAPH CORP - see No. 329) has raised the capital of its financial subsidiary STANDARD FINANCE NV, Antwerp (see No. 281) from Bf 2 million to Bf 55 million. It recently built a factory at Geel to make cold-storage equipment for shops, warehouses, butchers, dairies, etc. It will go into production in 1966 and will employ about 1,000 people (see No. 314). Bell has also decided to build a factory at Wasmes to make telephone equipment and private exchanges.

ELECTRONICS

*** Two operations have taken place in Paris resulting from an agreement made in July 1964 (see No. 261). They involve the groups CGE-CIE GENERALE D'ELECTRICITE SA and CSF-CIE GENERALE DE TELEGRAPHIE SANS FIL SA and concern programming and telecommunications.

The first transaction involves raising the capital of CIE EUROPEENNE D'AUTOMATISME ELECTRONIQUE (CAE) SA, Paris (see No. 312), which was founded in July 1960 (see No. 55) with a capital of Ff 7.5 million. 51% was held by THOMSON RAMO WOOLDRIDGE CO, Cleveland, Ohio, 40% by CSF and the remaining 9% by INTERTECHNIQUE SA, Plaisir, Yvelines (the last-named has amongst its main shareholders MM. RIVAUD & CIE Snc with 20% and MM. DE ROTHSCHILD FRERES - see No. 296). Since then CAE has come under the control of CITEC-CIE POUR L'INFORMATION & LES TECHNIQUES ELECTRONIQUES DE CONTROLE SA (holding company owned 50-50 by CGE and CSF, formed in November 1964 with an initial capital of Ff 1 million - see No. 279). With 20% held by INTERTECHNIQUE, it raised its capital from Ff 12.5 to 17.2 million after taking over (1) the computer and data processing division of CIT-CIE INDUSTRIELLE DES TELECOMMUNICATIONS SA, Paris (capital Ff 42 million and a subsidiary of CGE) and (2) CECIS-CIE EUROPEENNE DE CALCULATEURS INDUSTRIELS & SCIENTIFIQUES SA, Paris (capital Ff 6 million). CECIS was formed in July 1963 (see No. 208) by two of CGE's subsidiaries, CIE INDUSTRIELLE DES TELEPHONES SA (95%) and CIE GENERALE D'ELECTRONIQUE INDUSTRIELLE LEPAUTE SA (5%), and recently came under direct control of CITEC.

CETT-CIE EUROPEENNE DE TELETRANSMISSION Sarl, Levallois-Perret, Hauts-de-Seine, was set up in February 1965 with Ff 100,000 capital by CSF, CAE and CITEC (see No. 292). It has now raised its capital from Ff 1.6 million to 2.8 million by taking over the assets of CSF and CIT in telecommunication.

*** The subsidiary company at The Hague of ELLIOTT AUTOMATION LTD, London (see No. 326) has taken 90% in a new Amsterdam company, SATCH WELL NEDERLAND NV (capital Fl 50,000), the other 10% going to Mr. W.C. Morgan, Hillingdon, Middlesex. The new company's object will be to sell temperature-controlling equipment for ventilating plants made by another group subsidiary, SATCHWELL CONTROLS LTD, Slough, Buckinghamshire. This already has a number of selling agents abroad; SATCHWELL GRIGSON PAGE SA, St. Josse-ten-Noode, SATCHWELL REGELTECHNIK GmbH, Düsseldorf (see No. 238), SATCHWELL REGULATORER A/B, Sweden, etc.

ENGINEERING & METAL

*** METAL FLO CORP, New York (metal extrusion) and PHOENIX-RHEINROHR AG VER. HUETTEN- & ROEHRENWERKE, Düsseldorf - (see No. 275) - controlled 96.6% by AUGUST THYSSEN HUETTE AG, Duisburg-Hamborn (see No. 322) - have formed a joint subsidiary at Dinslaken to exploit the American company's processes in Germany. The new company DEUTSCHE METAL FLO GmbH, will be managed by Herr Gerd Gassner of Düsseldorf and Mr. Victor Marcilger of Stamford, Connecticut.

*** RICHARD H. CHURCHILL LTD, Birmingham (sales subsidiary of RICHARD CHURCHILL & CO LTD - see No. 323) has been appointed British importer of "P" & "U" crushing machines made at Vlaardingen by CINCINNATI-NEDERLAND NV, one of the Common Market subsidiaries of the American group CINCINNATI MILLING MACHINE CO, Cincinnati, Ohio(see No. 327). Richard H. Churchill Ltd is already responsible for representation and after-sales service of the American group's products through CINCINNATI MILLING MACHINES LTD, Birmingham and its subsidiary WEATHERLEY-CINCINNATI LTD, Birmingham.

The British group, which has specialized in machine-tools for over a century, has thus added to the range of machines, produced both in Europe and the USA, which it sells, including those made by MASCHINEENFABRIK FRORIEP GmbH, Rheydt, Rhineland; SUPFINA, WIECK & HENTZEN, Remscheid; S.A. JOSEPH PETERMANN, Moutiers, Berne; PNEUMODYNAMICS CORP, Cleveland, Ohio (through its subsidiary CONE AUTOMATIC MACHINE CO LTD, Aldridge, Staffs); CLEVELAND HOBBING & MACHINE CO, Cleveland; GOSS & DE.LEEUW MACHINE CO, Kensington, Connecticut, etc.

*** B.J. SERVICE NV has opened a British branch at Great Yarmouth, Norfolk, directed by Mr. Finas M. Sanderlin of Fritton, Suffolk. B.J. Service was formed a few months ago at The Hague (see No. 305) by the Chicago group BORG-WARNER CORP (see No. 334) to distribute and give after-sales service for the drilling equipment and pumps produced at Etten in the Netherlands by BYRON JACKSON NV another subsidiary of the American group.

Apart from SIMMS-MARVEL-SCHLEBER LTD (recently formed in conjunction with SIMMS, MOTOR & ELECTRONICS CORP LTD, to manufacture injection systems for motor cars), Borg-Warner has had subsidiaries and numerous representatives in Britain for several years. Its subsidiaries include BORG-WARNER LTD, Letchworth (automatic transmissions, accelerators, chains, gear wheels, etc, which opened a Brussels branch in 1964 - see No. 244) and YORK SHIPLEY LTD, London (ventilation, heat exchangers, gas compressors etc - See No. 307). The group's representatives include ANCHOR CHEMICAL CO LTD, Clayton, Manchester, BORG & BECK CO LTD, London, THE OIL WELL ENGINEERING CO LTD, Stockport, Cheshire, etc.

*** CHRIS CRAFT BOOTE- & BOOTSMOTOREN VERTRIEBS GmbH, (capital Dm.21,000) has been formed in Cologne to import and sell in Germany the pleasure-boats and marine engines made by CHRIS-CRAFT CORP, Pompano Beach, Florida (wholly-owned subsidiary of CHRIS-CRAFT INDUSTRIES INC, Oakland, California). Herr F. Lorenz, Pulheim, Cologne will manage the new firm. A similar firm TROST "CHRIS-CRAFT" DR OSKAR TROST was formed in Hamburg at the end of 1962 (see No. 284)

The American company has had a wholly-owned subsidiary in Lausanne since February 1961: CHRIS-CRAFT SA which has 99.5% control of CHRIS-CRAFT OF ITALY SpA, Rome.

*** HESSTON MANUFACTURING CO INC, Hesston, Kansas, has set up its first sales subsidiary in the Common Market, HESSTON SpA, which will be directed by Sig. O. Buonanni of Cervignano, Venice and Mr. Raymond C. Schlichting of Hillsboro, Kansas. The president is Mr. Lyle E. Yost. The capital is lire 1 million, which the board may raise to lire 50 million, and the company will also make motors and agricultural machinery like its parent company.

*** SAUNIER DUVAL SA, Paris (capital Ff 15 million) is negotiating to take over SETRI- STE D'EQUIPEMENT TECHNIQUE RATIONNEL POUR L'INDUSTRIE SA, Bezons, Val d'Oise (capital Ff 500,000) which puts up complete plants for surface treating and finishing and automatic handling. Saunier Duval is one of the largest French manufacturers of water heaters and gas boilers (1964 turnover Ff 133 million). By the takeover it will extend the business which it already does through its subsidiary SAUNIER-DUVAL AUTOMATISMES SA, Paris (formally COINDET RIGIDEX SA). The subsidiary's capital is Ff 1 million and its business is mainly automation, including pneumatic transport and general handling. Another result of the transaction will be that M. Joseph Lancenet, president and founder of SETRI, will become the president.

Saunier Duval recently took 32% in BUREAU TECHNIQUE FRANCO-PAKISTANAIS Sarl, which was formed in Paris (see No. 273) and 10% in GROUPEMENT NANTAIS D'ETUDES & DE CONSTRUCTIONS INDUSTRIELLES Sarl, Nantes (see No. 294).

*** SA DES ATELIERS COUTISSON, Rouen (capital Ff 3,800,000) which is the largest French producer of oil-burners and heaters, under the "Francia" trade-mark, has increased its manufacturing capacity by forming STE DE TOLERIE & D'EMBOUTISSAGE "SOTEM" Sarl, La Chartre-sur-le-Loir, Sarthe. The new firm will make steel radiators and has a capital of Ff 450,000. The parent company, which employs about 500 workers, recently formed FRANCIA-DIEL SpA, Milan (see No. 307) jointly with OFFICINA ELETTROMECCANICA BRUCIATORI DIEL SpA, Milan.

*** HYSTER CO, Portland, Oregon (see No. 127) which makes lifts and industrial hoisting equipment (mobile cranes, tractors, rollers, etc) has formed a new Common Market subsidiary, HYSTER SA, Brussels. The new company will be a sales one with a capital of Bf 3 million. The parent company has subsidiaries in Britain (HYSTER LTD, Ayrshire, Scotland) and the Netherlands (HYSTER NV, Nijmegen); also representatives and distributors throughout the world, including HY-BERGERAT, MONNOYEUR & CIE, Paris, GEVEKE TECHNISCHE HANDELS-GES mbH, Düsseldorf, IMAI SpA, Vercelli and Milan, MAIA SpA, Rome and Florence, MECHANICAL EQUIPMENT CO SA, Brussels, FINANZAUTO SA, Madrid, etc.

*** MAN - MASCHINENEFABRIK AUGSBURG-NURNBERG AG, Augsburg (see No. 300) controlled 63% by GUTENOFFNUNGSHUETTE AKTIENVEREIN, Nuremberg (of the "HANIEL" group) has formed a subsidiary MAN INTERNATIONAL GmbH (capital Dm 100,000) to coordinate its export activities.

FINANCE

*** GUYERZELLER BANK AG, the Zurich subsidiary of SAMUEL MONTAGU & CO LTD, London, has formed another investment company in Luxembourg: INTERNATIONAL MACHINERY INVESTMENTS CORP SA (capital $2 million - fully paid up). At the same time Guyerzeller has formed a holding company INTERNATIONAL BODY MACHINERY CORP SA (see No. 334) on the premises of BANQUE COMMERCIALE SA, Luxembourg. The Board of both new companies consists of M. Georges Philippe, Sig. Camillo Andina (for Guyerzeller) and M. Robert Carmes (for Banque Commerciale).

*** NEDERLANDSE OVERZEE BANK NV, Amsterdam (see No. 327) is intending to take control of the banking firm MESDAG & GROENEVELD'S BANK NV, Groningin (capital Fl 840,000) which has agencies or representatives in Haren, Winschoten, Oude Pekelo, Nieuwe Pekelo, Delfzijl, Usquert, Oostwolde and Vlagtwedde. It has complete control of the insurance company ASSURANTIEBEDRIJF MESDAG & GROENEVELD NV (capital Fl 10,000).

The Amsterdam bank, owned 10% by CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO, Chicago (see No. 304) recently formed a 50-50 subsidiary with Continental Illinois National Bank: CONTINENTAL OVERSEAS INVESTMENT NV, Amsterdam, with a view to grouping several European banking establishments: the first step was to take full control of BANQUE EUROPEENNE D'OUTRE-MER SA, Brussels, which has been completely absorbed, together with its head offices at Brussels and Antwerp.

*** BASLER HANDELSBANK, BETEILIGUNGS- & FINANZGES AG, Basle, (see No. 333) has taken full control of TRICOMMERCE SA, Forest, Brussels, and is winding it up. The latter was set up in 1953 and had a capital of Bf 8 million.

FOOD & DRINK

*** The Rotterdam brewery VER NED BROUWERIJEN D'ORANJEBOOM NV is negotiating for a shareholding in BRASSERIE HELLENIQUE SA, Athens to which it will contribute technical and commercial assistance. The Dutch company, which has sales agreements in France with GRANDES BRASSERIES & MALTRIES DE CHAMPIGNEULLES SA, Champigneulles, Meurthe-et-Moselle, has about 20 subsidiaries in the Netherlands. It also has full control of the London company ANGLO DUTCH BREWERS (DISTRIBUTORS) LTD and ZUID-HOLLANDSCHE BIERBROUWERIJ (LONDON) LTD; and of LA ROSA BLANCA SA in Palma de Mallorca as well as a minority shareholding in CITY BREWERY LTD, Nairobi.

*** PLUMROSE A/S, Copenhagen has formed a second sales subsidiary inside the Common Market, SPRINGROSE NEDERLAND NV, Amsterdam. It holds 90% of the Fl 10,000 capital, the remainder belonging to M. F. Hjerl-Hansen of Horsholm, Denmark.

Plumrose recently founded PLUMROSE GmbH, at Hamburg, which in July 1965 came under the control of the group DET OSTASIATISKE KOMPAGNI A/S, Copenhagen. This group, which mainly trades between Europe and overseas markets, especially East Asia, has direct control of DIE OSTASIATISCHE KOMPAGNIE GmbH, Bremen and OELMUEHLE HAMBURG AG, Hamburg (see No. 298), AVIGDOR & CO LTD and GENOVA TRADE SpA in Italy, and THE EAST ASIATIC CO LTD and FRANC ASIATIC SA, Paris

OIL, GAS & PETROCHEMICALS

*** Through its sales company FINA NEDERLAND NV, The Hague (capital Fl 6 million), PETROFINA SA, Brussels (see No. 334) has formed FINA PARKING BREDA NV, The Hague (capital Fl 10,000) to construct and run a car-park at Breda. It holds 90%, with Mr. J. van Waesberghe, Leidschendam holding the remaining 10%.

Other Dutch interests, both direct and indirect, include NED MIJ VOOR PETROLEUMGASSEN NV, Rotterdam, which distributes liquid gas and which recently set up an almost 100% subsidiary BENEGAS VULCENTRUM NV, Rotterdam (see No. 304) and a property and ship-commissioning firm MAFINAMIJ TOT FINANCIERING VAN DE VERKOOP VAN AARDOLIE-PRODUCTEN NV, The Hague.

PAPER & PACKAGING

*** KLINGELE PAPIERWERKE KG WELLKISTEN WERK GRUNBACH, Grunbach, Waiblingen (see No. 200) has taken a large holding in the cardboard-making firm PAPELERA DE CANARIAS SA, Santa-Cruz-de-Tenerife, Canary Islands. The German firm makes corrugated cardboard, is managed by Dr. W. Klingele and employs 1,100 people in its four factories at Grunbach; Delmenhorst, Bremen; Hilpolstein, Nuremburg and Weener, Ostfriesland.

In early 1965 it took absolute control of the Spanish paper company PEGUSA-PAPELERAS DES GUADALQUIVIR SA, Seville (capital Pts. 120 million) with whom it had co-operated closely since 1963. Technical agreements link it with INLAND CONTAINER CORP, Indianapolis, Indiana (1964 turnover $130 million) and it has a Swiss holding company PAMACO AG, Glarus, formed in May 1963 with Sf 440,000 capital.

*** LAFARGE EMBALLAGE SA, Caluire, Rhone, has made an agreement with ETS G. CASSARD Sarl, Paris. The former is controlled by CIMENTS LAFARGE SA, Paris, and linked to UNION BAG CAMP PAPER CORP, New York. Several months ago it took over its subsidiary BELLE & ROCHER SA (see No. 307) which makes corrugated packing cases at Romans, Drome. Ets G. Cassard has factories at Dampniat, Correze and Vernon, Eure, making corrugated packing cases, and will transfer its Vernon factory to Lafarge Emballage whose capital will now be raised to Ff 10.8 million.

*** A financial and technical agreement has recently been signed between PAPETERIES DE BELGIQUE SA, Brussels, president M. S. Lambert, and the German paper firm FELDMUEHLE AG (FLICK group - see No. 330). Consequently, Feldmühle's subsidiary NORDDEUTSCHE PAPIERENWERKE GmbH, Uetersen, Holstein has taken 25% in the Belgian company, whose capital has been raised to Bf 600 million. Herr Krug, Herr Bruhno, Herr Opdebeck and Herr Schwerdt have been nominated to the Board as representatives of Norddeutsche Papierenwerke.

*** CARTIERE DEL TIMANO SpA, Trieste and Milan (president Sig. Pietro Ferraro - see No. 333) is negotiating with ATLANTIC SUGAR REFINERIES CO LTD, Montreal to sell the American company its majority shareholding in its subsidiary SOUTH NELSON FOREST PRODUCTS CORP, New Castle, New Brunswick (see No. 265). This company is the Italian paper group's only major foreign shareholding. It works 2,000 square miles of forest in the Nelson, New Brunswick region, and has a wood-pulp and paste factory which represents an investment of about $50 million (see No. 167). In July, 1964 it formed a sales subsidiary under its own name at Lugano, Grisons (capital Sf 50,000).

*** TECHNICAL STUDIES INC, New York (chairman M. Arnaud of Vitry - see No. 308) is backing PAPIERS SPECIAUX NAVARRE Sarl (capital Ff 1.5 million) which has been formed in Paris. The new company will make and sell special supports for printing and writing, copying and typewriting, including some under licence from STE RIVEL ("Self copy" paper). The new business is owned equally by three parties:

(1) SELF COPY INTERNATIONAL SA, Luxembourg, which exploits the "Rivel" patent in Europe and is 15% owned by EUROPEAN ENTERPRISES DEVELOPMENT CO - EED SA, Luxembourg (see No. 303) which has an option to take up a further 10% in it;

(2) CONSTRUCTION CAPITAL CO SA, Luxembourg, which was formed in May, 1964 by the New York form, jointly with FINIMSA - FINANCIERE & IMMOBILIERE SA (KREDIETBANK group);

(3) PAPETERIES NAVARRE SA, Paris, which will manage the new company, whose minority shareholders include PRICEL SA (see No. 333) and CELLULOSE DU PIN SA (see No. 321).

Since May 1964, Technical Studies has been represented in Paris by a subsidiary called STE D'INVESTISSEMENTS INTERNATIONAUX Sarl (see No. 203). A few months ago it formed EQUIPEMENT DIGITAL Sarl (see No. 308) in Paris to sell electronic components and calculating machines. It also has interests in the French firms STE D'ETUDES DU TUNNEL SOUS LA MANCHE SA (see No. 253), IMMOBEL Sarl (see No. 203), etc.

PLASTICS

*** RHONE-POULENC SA, Paris (see No. 331) has started negotiations with UCB- UNION CHIMIQUE BELGE, Brussels (see No. 330) to associate UCB in the joint project (see No. 331) between Rhone-Poulenc and PHILIPS PETROLEUM CO (see No. 334) to form a new Antwerp company to build a low pressure ethylene plant. Ethylene will be supplied by a new steam-cracking unit belonging to PETROCHIL SA, Antwerp (a joint subsidiary of the American group and PETROFINA).

*** The Dutch state owned mines STAATSMIJNEN IN LIMBURG, Heerlen (see No. 324) are taking 40% in CURVER NV, Rijen (capital Fl 1 million - see No. 248), whose majority shareholder remains the Verschuren family. Stattsmijnen in Limburg is already interested in the manufacture and sale of plastic materials through VER PLASTICS VERKOOPKANTOOR NV, Zeist.

Curver is a plastic converter employing about 500 people. Its sales organization consists of four subsidiaries, one in the Netherlands, HANDELMIJ CURVER NV, Rijen and three others: CURVER GmbH, Viersen in West Germany; CURVER INTERNATIONAL Sprl, St-Josse-ten- Noode, in Belgium and CURVER INTERNATIONAL SA, Roubaix in France (in which the Dutch firm holds 52% and the other 48% belongs to MM. Florin and Mayelle of Roubaix - see No. 232). It also has representatives in Britain, Italy and Scandinavia.

TEXTILES

*** MEZ AG, Fribourg, Brisgau (capital Dm 24 million) has obtained control of another textile firm, J.J. ANNER, ZWIRNEREI & NAEHFADENFABRIK oHG, Reutlingen, which it has changed into a limited partnership. Mez has more than 2,000 employees; it makes mainly sewing thread and is controlled by J. & P. COATS LTD, Glasgow.

The Scottish firm belongs to the group J. & P. COATS, PATONS & BALDWINS LTD, Glasgow (see No. 265) which has another subsidiary PATONS & BALDWINS LTD, Darlington, with large continental interests including: SCHWANENWOLLE TITTEL & KRUEGER AG, Hamburg (see No. 258), PATONS & BALDWINS (FRANCE) Sarl, Pantin, Seine-St-Denis, PATONS & BALDWINS SA, Brussels, CUCIRINI CANTONO COATS SpA, Milan (itself heading a group comprising CUCIRINI RIUNITI MONTEROSA SpA, Milan, SETE CUCIRINI RIUNITE SpA, SGIT-GESTIONE INDUSTRIALI TESSILI SpA, COTONIFICIO DI MANDELLO SpA, etc.). A branch was opened at Küsnacht, Switzerland, in August 1965, with M. Hans Kilchenmann as director.

*** BAYERISCHE WOOLDECKEN-FABRIK BRUCKMUEHL, Bruckmühl, Mangfall, is liquidating its only foreign subsidiary, the Southern Irish company, COMBINERS LTD, of Portumna. The German firm has an 80% holding in the latter (set up in 1961 with a capital of £30,000), but has been considering this action for more than a year (see No. 291). The parent company makes wool and camel-hair blankets, felt, linings for shoes, etc; its capital is Dm 4.75 million in which DRESDNER BANK AG, Frankfurt, has 25%; it has 700 employees and in 1964 had a turnover of Dm 18 million.

*** LA COTONNIERE DE MOISLAINS Sarl, Paris has increased its capital from Ff 2,800,000 to Ff 4 million). It has factories at Gauchy, Aisne; Moislains, Somme, and Renlaison, Loire, and is linked with the Franco-Belgian textile firm ETS L. & F. MOTTE FRERES Sarl, Tourcoing (capital Ff 1,360,000) which employs about 700 workers in its factories at Tourcoing, Croix, and Houplines, Nord. La Cotonniere has changed its name to STE COTONNIERE DE MOISLAINS & GOLBEY Sarl, after taking over its subsidiary, LES TISSUS DE GOLBEY SA, Golbey, Vosges (formerly MAISON GEISTODT-KIENER & CIE, capital Ff 1,280,000).

*** The German spinning firm SPINNEREI DEUTSCHLAND AG, Gronau, Westphalia, up to now more than 50% controlled by Mr. Derk Jordaan, Monte Carlo, is now more than 75% controlled by the textile manufacturer, J. BIERBAUM & SOEHNE oHG, Borken, Westphalia. The latter belongs to the Bierbaum family; it employs 600 people making household linen and is one of the leading companies in this line in Germany.

*** Herr Karl Weinmüller, Kaufbeuren, managing director of the textile firm MECH. BAUMWOLL-SPINNEREI & WEBEREI AG, Bayreuth (capital Dm 5,250,000) is the president of a new business WEINMUELLER TEXTIL-UNTERNEHMUNGSBERATUNG AG, Rapperswil set up in Switzerland to provide management consultancy services in the textile industry, (capital Sf 100,000).

*** PHILIP H. RADEL & CO Inc, New York, has formed a sales subsidiary, RADEL EUROPA NV at Amsterdam with a capital of Fl 50,000. Mr. Henk van den Heuval of Haarlem has a token shareholding. The American firm makes men's, ladies' and children's clothing.

*** The London wool processing and sales firm AIRE WOOL CO LTD, London (see No. 327), which already has two German subsidiaries FIBRA HANDEL GmbH, Bremen and WALTER FRIEDRICH KG, Munich, is intending to set up a sales subsidiary there in conjunction with a German wool firm. The British group's other European interests include STE LAINIERE ANGLO-BELGE, Belgium and MAPEL-MARKETING ASSOCIATION OF PRODUCERS & EXPORTERS LTD, Sarl, Paris.

TOURISM

*** FRANTEL-STE FRANCAISE D'HOTELLERIE SA, has been formed in Paris under the auspices of CAISSE CENTRALE DE CREDIT HOTELIER, COMMERCIAL & INDUSTRIEL, Paris. Its capital is Ff 2.5 million and its object is to set up a chain of three star hotels in France, each with 60 to 120 rooms.

The shareholders include the Franco-Belgian group CIE INTERNATIONALE DES WAGONS-LITS & DES GRANDS EXPRESS EUROPEENS SA, Brussels (which is already concerned in several French hotel businesses - see No. 334), CGT - CIE GENERALE TRANSATLANTIQUE SA, Paris (see No. 336), etc.

TRADE

*** TRANSTRADE AG, Zurich (branch at Lausanne and subsidiary in London), which imports and exports all kinds of goods, especially leather and textiles from Yugoslavia, has formed a subsidiary called TRANSTRADE BELGE SA at St. Josse-ten-Noode (capital Bf 200,000).

*** SOGEDAL-STE D'EXPANSION & DE DEVELOPPEMENT DES GALERIES & GRAND BAZAR DU BOULEVARD ANSPACH SA, Brussels (see No. 277) is being taken over by its parent company SA GALERIES & GRAND BAZAR DU BOULEVARD ANSPACH, Brussels (capital Bf 201,300,000). SOGEDAL, which like its parent company has M. P. Beausillon as its president, has a capital of Bf 170 million (5% held by GRANDS MAGASINS AU PRINTEMPS, LAGUIONIE & CIE Sca, Paris) and a property subsidiary DEVIMO-STE DE DEVELOPPEMENT IMMOBILIER SA, Brussels. The company was formed in 1961 and it specializes in forming shopping centres in new urban districts.

TRANSPORT

*** BUDGET RENT-A-CAR INTERNATIONAL INC, Dover, Delaware; and Chicago (president Mr. J.W. Lederer) has opened a branch in Brussels directed by Mr. P. Phelps Newberry Jr. (Woluwe-St-Pierre). The parent firm was formed at the beginning of 1965 by BUDGET RENT-A-CAR INC, Chicago, Illinois to develop (outside USA, Canada and Mexico) its system of renting motor cars and vehicles and to exploit its trade-marks abroad.

*** The navigation, freight and transport company W.H. MUELLER & CO, Rotterdam, has completed its British organization by forming two companies in London Wm. H. MULLER & CO (BATAVIER) LTD, capital £100,000 (marine brokerage and insurance) and Wm. H. MULLER & CO (TECHNICAL SERVICES) LTD, capital £1,000 (engineering and services). The group already has one subsidiary in London Wm. H. MULLER & CO (LONDON) LTD, with branches at Middlesbrough and Southampton (sea transport) and Hounslow (air transport); it also controls THE BARACES IRON ORE MINES LTD, to exploit and transport minerals. Its other representatives in Britain include RICHARD CONNON REID & CO, Aberdeen, W.E. ANDERSON & CO LTD, Boston, JOHN SCOTT & CO LTD, Glasgow, SOMMERFELD & THOMAS, King's Lynn, Norfolk, H. WATSON & CO LTD, Manchester and LANGSTAFF, EREMBERG & CO LTD, Liverpool.

The group has numerous subsidiaries under its own name throughout the world and especially in the Common Market at Antwerp (branch at Liege), Paris (branches at Marseilles, Gennevilliers, Rouen, and Le Havre); Dusseldorf (branches at Hamburg and Frankfurt); and Genoa (branches at Naples, Leghorn, Savona and La Spezia). In Germany it controls BATAVIA SCHIFFAHRTSAGENTUR & TRANSPORT GmbH, Bremen (see No. 227) and VEM ERZ & STAHL GmbH, Essen - with subsidiary in Milan - (see No. 199). Its main interests in the Netherlands are AIRTOUR HOLLAND NV (see No. 205); MULLOCK PATENTEN NV (formerly HOEK VAN HOLLAND NV, Rotterdam, recently licensed by the "LAS Marine Service Division" of LOCKHEED AIRCRAFT SERVICES CO for "Cathanode" anti-corrosive equipment); MUELLER-HANNA'S OVERLAG- & OPSLAGBEDRIJF BOTLEK NV, Rotterdam; KAMP'S SCHEEPVAART & HANDELMIJ NV, Groningen and Rotterdam; VAN SEUMEREN TRANSPORTBEDRIJF NV, Uithaorn; BAROCO LIJNEN NV, Rotterdam; VER ERTSHANDEL MIJ NV, The Hague, etc.

*** The sea, river and road transport group FENDEL SCHIFFAHRTS AG, Mannheim (see No. 128) has formed a Rotterdam company NV RIJN- & ZEE-TRANSPORT MIJ (capital Fl 10,000) through its subsidiaries RHENUS GES FUR SCHIFFAHRT, SPEDITION & LAGEREI mbH, Mannheim and RHEIN & SEA-TRANSPORT AG, Basle (president Herr Schuth of Mannheim). In Basle it already controls NV RHENUS TRANSPORT MIJ (66%), the remainder of the capital belonging to another Swiss subsidiary RHENUS AG FUER SCHIFFAHRT & SPEDITION, Basle.

The German group (capital Dm 30.6 million) which employs about 13,000 people belongs to the German Government through BERG-WERKSGES HIBERNIA AG, Herne and DEUTSCHE BUNDERSBAHN, which own 89.3% and 8.6% respectively.

*** Through its outright subsidiary KLOECKNER REEDEREI & KOHLENHANDEL GmbH, Duisburg (see No. 280) the German steel group KLOECKNER & CO KG, Duisburg (see No. 322) is negotiating the purchase of a large minority shareholding in the bulk handling company NV HAVENBEDRIJF "DE RIETLANDEN". An equal shareholding will be held by STAATSMIJNEN IN LIMBURG, Heerlen, which originally had full control. The remainder of the capital will be owned by the Rotterdam transport company NV FRANS SWARTOUW'S HAVENBEDRIJF, Rotterdam (see No. 332).

In the Netherlands the German group already controls KLOECKNER BAMACO NV, Soest; KLOECKNER NEDERLAND NV, Rotterdam and (through KLOECKNER HUMBOLDT-DEUTZ AG, Koln-Deutz), DEUTZ MOTOREN NV, Rotterdam.

*** The airline GARUDA INDONESIAN AIRWAYS, Djakarta, until now represented at Frankfurt by KLM-KON LUCHT-VAARTMIJ NV, The Hague (see No. 329), has opened its own office, responsible for service on the new route Amsterdam-Djakarta via Frankfurt, Prague and Cairo.

VARIOUS

*** POLYPHON FERNSEH GmbH, recently founded at Hamburg with Dm 20,000 capital to provide musical programmes for television, will start operating in 1966. Originally 100% controlled by DEUTSCHE GRAMMOPHON GmbH, Hamburg (see No. 327), a 50-50 subsidiary of PHILIP'S GLOEILAMPENFABRIEKEN NV, Eindhoven and SIEMENS & HALSKE AG, Berlin, it now has a second shareholder STUDIO HAMBURG ATELIERBETRIEBS GmbH, Hamburg with 50% (40% directly and 10% through its manager and shareholder, Herr Gyula Trebitsch).

The studios belonging to Studio Hamburg are used by GUILD TELEVISION SERVICE GmbH, Hamburg (see No. 323), linked to the group FILM PRODUCERS GUILD LTD, London, which through GUILD TELEVISION SERVICE LTD produces "shorts" for television and advertising.

*** J. VAN SLOBBE & ZOON NV, Rotterdam (demonstration articles, displays, advertising articles and publications) has formed two sales subsidiaries, J. VAN SLOBBE & ZOON GmbH, Düsseldorf (capital Dm 50,000) and VANSLOBBE NV, Etterbeek-Brussels (capital Bf 500,000).

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