

# Opera Mundi **EUROPE**

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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# *Opera Mundi* **EUROPE**

**A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET**

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## THE WEEK IN THE COMMUNITY

November 11 - November 17, 1968

The Monetary Situation

The current monetary crisis arising out of speculation on a revaluation of the deutschemark and a devaluation of the franc has now reached a turning point, which is likely to introduce a temporary standstill during the next few days, if not for the next few months. On Wednesday the Governors of the Central Banks, the Group of Ten, along with the Finance Ministers were to hold an emergency meeting in Bonn to discuss the latest situation, and this only two days after the monthly meeting in Basle of the Central Banks. The fact that the situation had shown little change since then, allied to the lack of details about internal measures within in France and the growing pressure on the pound made a high-level encounter to decide on steps to curb the speculators a necessity. A firm line of action can therefore be anticipated.

On Tuesday evening, the West German government announced that it was taking steps to introduce an export tax and an import rebate scheme lasting till the early part of 1970, which would have the effect of encouraging imports and slowing imports. Seen as a partial answer to the pressure from speculators and others for revaluation, it remains to be seen whether or not the amount envisaged - around 3% is sufficient to hold out, especially as France would have liked to see revaluation on a wider margin.

The weakness of the current French economic situation following the May-June crisis and the massive concessions which had to be made, have been revealed during the past few days by the sudden upsurge in speculation against the franc and in favour of the deutschemark. The continual fall in the overall size of French reserves has been under way for some considerable time, but the need which the government felt to introduce tougher measures to control the economy, allied to General de Gaulle's statement about the absurdity of devaluing the franc, gave rise to the worst of suspicions amongst Frenchmen as well as in other countries. Nor has the situation been eased by the expansion of West German reserves, about which international concern is growing, along with pressure from a number of influential sources in the United States, France and Britain for revaluation of the deutsche-mark.

With the French reserves having fallen by anything between \$150 million and \$1,000 million in the past ten days, allied to public awareness of this, the pressure on the franc mounted during the last few days of the week. The monthly meeting of the Central Bankers in Basle helped to fan the flames of rumours that revaluation of the DM would occur, probably linked with devaluation of the franc. In fact the weekend passed without anything untoward happening in public, but with a reported clash between France and West Germany in Basle - reported in the French news media as elsewhere - over the conditions whereby

Paris would accept a German loan to help the franc. But so far nothing concrete has come out of the meeting, with the exception of M. Couve de Murville's statement during his television interview on Monday night, that international monetary solidarity would play its role, and that France had been assured of all the help she could want now or in the future. He also said that the crisis was due as much as anything to speculation on an upward movement of the mark, again applying indirect pressure on Bonn for action. At present the help which it has been agreed to give to France is not yet known, and this itself makes for instability in the monetary markets. Furthermore the fact that last year the speculators were able to contribute largely to the sterling devaluation appears to have made some of their bolder members believe they can also bring about a parity change for both the mark and the franc, along with the various other community and non-community countries who would follow in their wake. M. Couve de Murville said that France had all along supported the reform of the international monetary situation, which in its own way is quite true, but unfortunately for General de Gaulle she has tended to find herself in a minority position on this matter, due to her approach.

M. Couve de Murville made it quite plain that he regarded the economic and political situation of France as basically healthy, but that it would now take until 1970, before complete normality was restored. Despite the fact that his government is trying to overcome the effects of the crisis in early summer by stimulating expansion at a faster rate than inflation, it now seems that a severe dose of deflation is to be introduced, which will affect to a large degree governmental expenditure, where massive cuts are to be made - around £170 million has already been cited - and the nationalised industries, whose subsidies are to be reduced. The Prime Minister said that there would be no income tax increases in the coming budget above those for the present year, but the effect of higher prices for services provided by the nationalised industries will not be popular. Already there have been considerable price rises this year in all of the nationalised industries because of the May-June crisis. If the unions find that price rises are such that higher wages are needed, the government will be faced with a difficult time on both the economic and political fronts, and the Prime Minister may have cause to regret, like Mr. Wilson, his statement about the need to keep the worker's purchasing power as unaffected as possible.

The French economy will thus have to face up to the ordeal of internal events as well as external developments, especially the pressure on the DM. Furthermore there is always the possibility of the new administration in Washington introducing protectionist measures, which would hit French exports, as well as those of other industrialised countries. But the first signs of political and trade union unrest within France will provoke even greater doubts about the future of the franc if nothing has changed by then. The Patronat on Monday afternoon called for the government to abandon its proposals for worker participation and trade union representation because of the cost to industry: the moment seems a strange one; for it will almost certainly raise an outcry from the unions and lead to some form of industrial action, just when the country can least afford it.

A number of observers have argued that France should in any case devalue now.

Since sterling's downward move in 1967, the franc has probably been the most overvalued of the EEC currencies, and a change in its parity rate has long been expected. The incursion of Dany the Red on to the French political scene has apparently brought the date forward and thus encouraged speculators who also expect a revaluation of the DM to accompany any parity changes by the franc. A devaluation now would take advantage of a high level of industrial production in France, already equal to if not exceeding the level just before the period of unrest, and of the fact that exports are covering imports and unemployment seems to be falling slightly. A downward movement in the parity of the franc would help to maintain this expansionary movement, and thus limit the threat of political unrest caused by economic deflation. But at present the pattern would appear to be following the latter course, with General de Gaulle willing to defend the franc - a symbol of national prestige - at almost any cost. Yet political unrest at home because of this very policy could finally bring the franc and the General down with it, so one can understand why Paris is putting pressure on Bonn to revalue the DM.

France has joined Britain and the United States in wanting to see action by Bonn on the DM. West Germany's surpluses continue to grow, despite all the various ways in which the government has tried to encourage foreign investment and capital exports. This makes it more difficult for the debtor countries to come into balance, although the United States did have a balance of payments surplus of \$35 million in the third quarter of this year. A higher value DM would stimulate exports to West Germany and make her slightly less competitive on the world markets, but only slightly so because it would not affect the skill of her salesmen. In this particular context it should be remembered that she is France's biggest trading partner and competes for other EEC markets. Apart from any financial objections that Bonn might have towards an upward movement of the DM's parity, next autumn will see elections for the Bundestag and the coalition government is obviously unwilling to make its task more difficult by making such an important change in the country's trading position. The reply to this reasoning is that the case for revaluation in many circles is not whether it should be carried through but when, and from such a premise, it would surely be better to carry out the operation now instead of waiting until closer to the elections, or at least until another bout of speculation makes the move inevitable.

Britain is likely to be hit by further economic measures in the near future, whatever happens amongst the Common Market countries, but it is unlikely that these will include import controls as such despite the continued high level of imports. If the parities of the EEC currencies are changed, bringing in their wake a whole series of financial problems for the Community to deal with, especially in the agricultural sphere, it is likely that Britain will have to take steps so as to keep her competitive advantage.

The events of the past ten days have once again shown the weakness of the international monetary mechanism. It is hard to believe that any government can continue to accept a system whereby speculators can suddenly upset all their plans and objectives. The franc may have been weak after the May-June crisis, the DM may be overvalued, but there was a chance of solving these problems by calmer methods. The speculators have forced the French government to review its whole economic policy - despite statements to the contrary - and are

rocking the franc; they will continue to do so until confidence is achieved. The DM may have to be revalued because of these same speculators, and the pound is dragged along in the wake of the other two, so that Britain's chances of escaping from her balance of payments difficulties disappear even further into the future.

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## EUROPEAN INTEGRATION

### Dr. Mansholt calls for Second Messina.

According to Dr. S.L. Mansholt, Vice-President of the European Commission, the current standstill in Europe is hindering the development of society. There is also a need for a fresh political initiative to get out of the present rut in the economic field. Dr. Mansholt was speaking at a meeting organised by the Academic Association of the Technical University of Eindhoven on November 15, and as is his wont, he was unequivocal about what was wrong with Europe and what should be done about it. Contrary to the popular belief, there is no choice between "extension and reinforcement" of the Community; it was misleading to suggest that if we could not achieve the one we should do our best to promote the other. France's suggestions for the internal re-inforcement of the Community would be discussed for months before anything concrete came out of them. To Dr. Mansholt it seemed illusory "to believe that in such a disturbed and frustrated situation 'normal' work can carry on as if nothing were wrong".

Dr. Mansholt denied criticisms that he was being too pessimistic. Cross-frontier developments towards bigger production units had been taking place, but there had been few political developments to match them. There was a crying need for a political initiative that would restore the balance between political and economic affairs, not only for the sake of progress in Europe itself but also for the sake of relations with the developing countries and with Eastern Europe.

What was needed was a return to the strategy for Europe as it had been envisaged when the EEC was first set up. This meant a supra-national Community, and the task of preparing such a Community should be put in the hands of a few individuals. A summit meeting could be held uniting the leaders of the Six so that the necessary plans could be formulated. Following the Hague conference of the previous week Dr. Mansholt was a bit daunted at the prospects of achieving a supra-national Europe (see No 487). At the Conference Mr. Edward Heath, the Conservative Leader had spoken out against supranationalism in deference to the French line, as he made it clear that he did not favour doing anything which might upset General de Gaulle. It is well known that the Gaullists are also opposed to any degree of supranationalism and their absence at the conference was evidence of their general distrust of the European idea. It was however more disturbing to find that the non-Gaullist French delegates at the meeting and even such anti-Gaullists as MM. Defferre, Mitterand, Abelin and Faure, showed equal reluctance to subscribe to any resolution which

favoured the supranational principle, in any case as regards new institutions. Equally discouraging was the attitude of Herr Willy Brandt, who made it clear in his speech that the Germans were unlikely to support the main resolution of the Conference, namely a meeting of all heads of government of the Six member countries (Dr. Mansholt's second Messina) to consider means of co-operation in such fields as foreign policy, defence and arms procurement.

Dr. Mansholt thus remains very much a driving force for European integration both within and outside the Community institutions. His recent correspondence with M. Michel Debre and M. Jean Rey reveals that he remains undaunted by the French blocking tactics and is not afraid to denounce them in public. In recent speeches, as the one above, he has been suggesting that Gaullism has been delaying the unification of Europe, a statement which has provoked a reaction from M. Debre, who wrote to M. Jean Rey accusing Dr. Mansholt of showing "a grave lack of impartiality". M. Rey, by way of passification wrote back to M. Debre saying that the Vice-President's view was not that of the whole Commission and put the statement down to Mansholt's "battling personality" which had offended France in a similar way before. This letter only stirred things up more and precipitated a letter from Dr. Mansholt to his fellow Commission members which said: "In declaring yourself in agreement with M. Debre concerning the rights of the Commission you have lowered the Commission to the level desired by the French Government". Unrepentant, he also wrote again to M. Debre, repeating his criticisms of Gaullist anti-European policies. It seems, and rightly so, that he jealously guards the independence of the Commission. When the Commission has political opinions dictated to it, it will certainly be the end of any plans to give it the reins of supranational power.

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## EEC ECONOMY

The latest economic report on the Common Market countries issued by the Commission confirms the overall picture of a fairly satisfactory outlook during the immediate future. However more recent developments may modify this trend.

Industrial production seems to have picked further momentum in the early autumn and in Germany firms are again running near capacity owing to the fast expansion of demand, but with the continuing rises in productivity there should be room for a considerable rise in production. In France, more efforts were made after the summer holidays to recover the ground lost during the strikes. In the Benelux countries, the expansion in the other EEC countries helped to stimulate industrial production, whilst in Italy the situation was generally more modest, but with an increase in some industries.

The unemployment situation in all of the member countries also seems to have been on an improved trend during the early part of the autumn, and this applied to France as well as to the other members of the Six. The sharp decline in Dutch and West German unemployed continued, whilst the trend in this direction has also speeded up in Belgium. In Italy there seems to be a levelling out due to factors such as a large number of school-leavers and the faster drift from the land. Consumer prices throughout the Community have deteriorated slightly despite the stabilizing effects of agricultural prices. In France prices were already rising because of the events in May-June, and there have also been rises in the Benelux countries. But in Italy, the consumer price level remained stable on account of the relatively sluggish trend of private consumption and the favourable trend of wage costs.

Over past months there has been a distinct tendency towards a deterioration in the Community's visible trade, even if the effects of the events in France are discounted. This reflects the growth in the Common Market's internal expansion, and a fall off in demand from the leading industrial nations which are important customers. This was particularly so in the Benelux countries. In Italy increased imports may lead to a trade deficit, whilst in France exports were rising so as to make up for production lost. However in West Germany, surpluses on trade with non-member countries may well have exceeded previous records.

Exports to member countries, as mentioned above, appear to have been weakening for the past few months. Both German and Italian exports seem to be settling down, albeit at a high level, whilst those of the Benelux are actually tending to contract. A factor to take into consideration here is the fall-off in the American demand for steel. In France exports have expanded vigorously with managements seemingly giving a high priority to export orders and deliveries. The comparatively high level of export is due to the failure of restrictive measures in Britain and the United States to curb imports.

As regards internal trade between the member countries, German purchases from her partners have continued to rise due to the country's internal economic expansion



with a sharp rise in industrial and especially private demand. In France the trend to expansion helped to keep the demand for imports buoyant, although once again the May-June crisis has made its effects felt, as the loss of deliveries resulting from the strike between the member countries has not yet been made up. Imports by the Benelux countries from their EEC partners have tended to settle down, whilst in the case of Italy imports seem to be rising slightly.

Throughout the third quarter, Community money markets remained comparatively liquid. In the Netherlands, call money rates which had risen sharply in the previous quarter were declining again, whilst the rise in Belgium was largely seasonal. The level of bank deposits was high in Italy with the result that they made considerable foreign investments.

In Germany, the money market was in the main very liquid because of speculative inflows. France was the only country where the money market remained under heavy strain, and call money rates would have risen in July and August even more sharply than they did had not the Banque de France curbed the upward movement of interest rates. During the past few months, short-term bank lending has shown a slight tendency to rise, in most member countries. This is especially the case in France due to the sharp wage hike and losses caused by May-June. In Germany where there had been little change in the volume of short term business loans since mid-1966, an increase took place due to a stepping-up of investment, whilst consumers have also played their role. In Belgium demand for short-term loans has been lively, although as in West Germany firms have been more interested in long-term finance. In the Netherlands there has been little increase in short-term loans, although an upswing has been recorded in Italy.

The third quarter saw a further fall in the Community's gold and foreign exchange reserves. The large outgoings from France allied to the deterioration in the visible trade balance played an important role here, and seems to have slowed up in September and October (Nov. 20 - the position has however worsened considerably during the past ten days). Both Germany and Italy have recorded a large increase in exports of long-term capital, and in the case of Germany the speculation over a possible DM revaluation has not helped. In Belgium and the Netherlands, exchange reserves declined due to a tendency of the payments balances to deteriorate.

The survey of business heads within the Community shows that some 61% expect their total order books to remain at present levels, with 23% forecasting an increase and 16% a decline. In August the figures were 60%, 21% and 19% and in July opinion was as follows, change (62%) up (18%) and down (20%). Export orders are expected to increase slightly, within an overall rise from 18% in August to 22% in September. In Germany those expecting an increase moved from 17% in July to 25% in September, and in France the figures are 16% to 22%, with Italy showing no change during this period at 18%. Overall the trend towards a fall in stocks or at least their stagnation at present levels is also shown by the survey. The number of those expecting no change in production stands at 71% for West

Germany, 56% in France, 71% in Italy and 60% in Belgium. The number of those forecasting a rise in production is respectively 26%, 37%, 21% and 27%. A noticeable change from the previous survey is the number of those expecting prices to remain stable; in July this figure was 68% (and for a increase 27%), in August 69% (27%) and September 76% (21%).

## AGRICULTURE

### Preparing for Reform

The COPA - Comite des Organisations Professionnelles Agricoles des Six, which represents Common Market farming interests, has just taken a stand against a freeze on prices, and even more so against any reduction in single agricultural prices. The reasons put forward by the COPA to support its arguments include the following points: since last year, wage costs and the prices of industrial products used on farms have increased by around 5%, whilst agricultural prices rarely achieve their target prices. Furthermore any freeze in prices would in practice mean a decline in farmers' incomes at a time when the Common Agricultural Policy - CAP should be trying to bring farmers' incomes up to the level of other workers in the Community.

The COPA would like to see a generalised reshaping of agricultural prices, through an overall increase in certain prices, but not an overall price increase. This would be based on a certain number of factors, including new production guidelines, indicating the use of prices to stimulate production in various sectors.

However observers think it unlikely that the Commission will heed the farmers' demands. The Commission's experts are finalising the report on the CAP, which apart from the problem of structural reforms, also includes the single prices to be applied during the next season. It is almost certain that no price increases will be proposed, in fact the opposite is far more likely, whilst Dr. Mansholt would welcome some price reductions. As regards the Commission's decisions it is unlikely that they will go the whole way with Dr. Mansholt. Most prices are expected to remain at their present levels, although it is possible that there may be slight decreases in the price of sugar, hard wheat and colza. In any case a final decision will have to be taken by the Council of Ministers, who are not expected to make any major modification in this transitional year for the EEC's agriculture.

The Ministers will have quite enough to discuss, with the proposals for reforming the Community's agriculture which the Commission intends to lay before them at the beginning of next week, after spending Friday, Saturday and possibly Sunday in making the final changes. By now, Dr. Sicco Mansholt's proposals have been set out, but certain crucial decisions remain to be taken.

The first part of the report reviews the past history of the CAP and its present situation. It comes to the conclusion that any price policy has its own built-in limitations as apparently a reduction in prices results in around 80% of farmers stepping up production (e.g. this is the case for milk). The second section deals with the suggestions for reform, which will take effect over a ten-year period, so that no immediate solution can be expected.

The Commission intends to put forward a number of intermediate solutions, in order to soften the blow in those sectors - milk production, sugar, soft wheat - there there is a surplus. The various measures which will have to be carried out in other spheres as part of the reform proposals are dealt with, and the Commission comes to the conclusion that it is no good encouraging farmers to leave the land unless they are provided with new jobs, or unless they are given the facilities for acquiring new skills. This in turn means a major reform of the European Social Fund.

As matters stand at present, the "CAP 1980" appears to have the following broad outlines, although changes can be expected before it comes into operation.

- 1) A decrease in the number of farms, brought about by measures to encourage an early retirement from farming, allied to the provision of a sufficient number of new jobs.
- 2) A new type of production structure achieved by rationalisation, so that farms which remain in being are capable of being economically productive. This means encouraging larger production units, and a more dynamic policy towards land ownership.
- 3) The re-establishment of balanced markets. Factors required are a) a prudent policy towards prices allied to undertakings whose production is influenced by market prices, b) a more important role for farmers who would reorganise their production and marketing techniques, c) an improved market structure and transparency, and d) a considerable cutback in cultivated land.

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## LEGAL MATTERS

### Exclusive Dealing and Exports

The Commission in a further case has defined its attitude regarding the compatibility of certain exclusive dealing agreements with the EEC Treaty's competition rules. Negative clearance has been given to an exclusive dealing agreement of exports to a country outside the Common Market.

Under the agreement in question, the Hamburg export company Johs. Rieckermann KG., has undertaken to market in Japan the inductive heating, melting and hardening equipment manufactured by AEG-ELOTHERM G.M.B.H., of Remscheid-Hasten. Rieckermann is required to market AEG-ELOTHERM equipment in Japan only, and to purchase equipment of that type for export to Japan exclusively from AEG-ELOTHERM. AEG-ELOTHERM is required to market its equipment in Japan through Rieckermann only, and to ensure that its other customers do not sell such equipment in Japan.

In the Commission's view the ban in Article 85 (1) of the EEC Treaty does not apply to this agreement since it does not appreciably impair competition within the Common Market.

The agreement has been treated as a test case, and the Commission will now be able to use a simplified procedure to deal with the bulk of roughly 1,000 notifications and applications filed with it in respect of such exclusive dealing agreements on exports. The Commission's decision makes it clear that, in respect of most exclusive dealing agreements involving export companies that are not equipped for selling within the Common Market, there is no need for notification and no point in applying for negative clearance. Exclusive dealing agreements concluded with such firms will as a rule not appreciably impair competition within the Common Market, even if the manufacturer grants his exporter absolute territorial protection for the export market involved and if the exporter has undertaken not to sell competing products on this market.

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### Commission Defines its Attitude to Joint Selling Agencies

The Commission has just defined, for the first time, its attitude towards joint selling agencies within the EEC by announcing a favourable decision, under Article 85 of the EEC Treaty, on agreements between nitrogenous fertilizer manufacturers in Belgium and in France.

The firms involved in the agreements - 22 manufacturers in the Comptoirs Belges de l'Azote (COBELAZ) and 28 in the Comptoir Francais de l'Azote (CFA) - applied to the Commission, as required under the EEC's competition rules, for negative clearance (i.e. approval of the agreements as not being contrary to these rules).

The Commission found that they did in their original form infringe Article 85, i.e. restricted internal EEC trade, partly because they hindered the expansion of exports of nitrogenous fertilizers within the Common Market. When notified of the "provisions or arrangements challenged by the Commission", the participating firms declared their willingness to delete all clauses challenged. The Commission has thus been able to endorse the amended agreements as well as lifting the ban on restrictive agreements for the period prior to the adoption of the decision.

Under the present arrangements, COBELAZ and CFA remain responsible, on behalf of their members, for the marketing of nitrogenous fertilizers on the respective domestic markets and on export markets outside the EEC. But they are no longer concerned with exports to other Common Market countries. These must now be effected directly by the manufacturers or their dealers.

The Commission's main intention has been to remove any obstacles in the way of the formation of a truly uniform market throughout the Community. There have always been strong restrictive agreements and with little trade between the Common Market countries in this sector, and, given the great importance of nitrogenous fertilizers for agriculture, the need to encourage competition in order to improve the market for the buyer has been particularly urgent.

## AFRICAN ASSOCIATES

The Ivory Coast: A Bold Venture

The last country to be visited by M. Jean Rey on his African tour this week (see No 487) was the Ivory Coast, in which he landed on November 19 on the very last plane to leave Mali, which he had also visited, before the military takeover of power from the Modibo Keita regime. What was discussed in Bamako, capital of Mali, is not yet clear, and it is far too early yet to see what bearing it may now have on Mali's position at the Yaounde talks next year. However, the occasion of Rey's visit to Abidjan is a good one for recalling what the country has gained from EEC Association so far, and what its objectives are likely to be in the future.

While the Ivory Coast is slightly larger in size and population than Senegal, it has in fact received less aid from the two EDFs - \$ 36 million (31 million paid out so far) from the First Fund, and \$ 48 million from the Second Fund (20 million disbursed to date). Whereas like most other associates receiving such aid Senegal tended with funds from the first EDF to spread the effects generally around the economy at large, her use of resources from the second EDF has been very much of a gamble: while Senegal has put \$ 5 million out of 58 million towards crop diversification, the Ivory Coast has invested no less than \$ 20 million in a vast expansion scheme for the oil-palm sector. The aim has been to provide the country very quickly with a third major staple crop, in addition to cocoa and coffee. The EDF funds have been used for putting about 80 million acres over to selected oil-palms, and this scheme has been tied in with investments from the private sector that have added another 50 million acres to the scheme. The big gamble here was that, in order to pursue this objective the country had to apportion funds that would otherwise have gone to supporting her existing crops, and she has been fortunate in that the cocoa and coffee markets have remained fairly favourable over the period in question. We would thus seem to have here a country that is likely to come to the negotiating table next year in a mood of satisfaction as to what her association with the EEC has produced so far.

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## EFTA

A Weaker Iceland Applies for Membership

On Thursday last, November 14, Iceland made its formal application to become a member of the European Free Trade Area at a meeting of the organisation's Council. The application is to be considered during the course of the ministers' meeting in Vienna on Thursday and Friday. Membership of EFTA, which has been under active consideration in Icelandic governmental circles for the past twelve months, is a logical step for Iceland, a country whose most important trading partners are in the EFTA block. In 1966 EFTA countries took 40 % of the country's exports, compared with the 22% that went to EEC outlets.

EFTA membership has become an even more pressing need in the light of Iceland's increasingly adverse trade balance. The Icelandic economy has always been more or less geared to the production and export of fish and fish products, such that the prices obtained for these products on foreign markets have always had a crucial effect on the country's balance of payments. When prices are depressed for a long period of time, the value of the Icelandic krona falls, and it is for this reason that it has been devalued six times in the past twenty years. The imposition of the 10% tariff on quantities of frozen fish exceeding the existing 24,000 tons p.a. quota from EFTA countries has temporarily improved Iceland's competitive position in this sector, but the advantages of being within the tariff walls of EFTA far outweigh such a short-term advantage, even in this sector.

In the period 1961-1966 Iceland could hardly put a foot wrong. The real gross national product rose during this period at an average rate of 5.8 % per annum and national income, taking into account the marked improvement in the terms of trade, increased rather faster than this. This expansion was however accompanied by a strong upward movement of costs and prices, reflecting the pressures of excessive demand and increases in wages and incomes. These years of plenty were not wasted. The country's prosperity (wages increased at an average rate of 14-15 % p.a.) was channelled into investment schemes, most important of which was the investment in the key fishing industry - new fishing vessels, equipment and fish processing plants, and in 1966 work was begun on the construction of a new 60,000 tons p.a. aluminium plant at Strawmsvikin in cooperation with Swiss Aluminium. This project was backed up by the construction of a 105,000 kw. hydro-electric installation at Burfell, 80 miles from Reykjavik, which will provide the power. In spite of the heavy investment, Iceland was still able to build up its gold and currency reserves, so that by the end of 1966 the future looked pretty bright.

1967 however turned out to be a crisis year with the price of fish falling rapidly throughout the world. Exports fell significantly reflecting poor catches and tapering off of foreign demand, with the result that the national product declined in real terms and the balance of payments exhibited a large deficit, with a sharp decline in external reserves. Government measures were taken during the course of 1967 to limit the extent of internal demand and to restore the external equilibrium, but the situation deteriorated still in spite of this. The country found itself heading inevitably towards another devaluation, so when Britain devalued in November, Iceland took the opportunity of following suit, but to a greater degree; the krona was devalued 24.6 % against the U.S. dollar and 12% against the pound.

Estimates now show that the country's GNP fell by almost 3% in volume between 1966 and 1967, whilst national income fell somewhat more due to the decline in export unit prices. This decline can safely be blamed on the fall in fish and fish products exports, which has been estimated to amount to as much as 30% over this period, i.e. 7% of GNP. There are four principle causes for this:

1) Catches of white fish have been very poor due to bad weather. They have been down as much as 20% on the 1965 figures, which were regarded as normal. The bad weather

has also increased operating costs .

2) Over the period January 1 - November 25, the volume of herring caught has been 40% down on the previous year, mainly due to the fact that herring shoals have not been lying so close to the Icelandic shores . Bad weather has also reduced the catch, a factor which has also affected the volume of capelin caught .

3) Prices for the country's staple fish and fish products exports, especially frozen fish, fish meal and oils, fell in 1966 and continued the downward trend in 1967 . On average 1967 export prices have been 10% down on the previous year .

4) Perhaps the most important factor has been the complete cessation of the country's fish trade with Nigeria, which for the past 20 years has been Iceland's biggest market for stock-fish . The civil war in that country has caused almost the whole production of Iceland's processed cod (about 5% of the total value of fish and fish products) to be stored in 1967 .

Hopes placed in the devaluation of the krona seem to have been ill-founded . It was hoped that devaluation would serve to stem private consumption because of the rise in import prices and thereby free resources to improve the foreign balance through import replacement and higher exports . But as the volume of exports revolves so much around the volume of fish exported, which is itself dependent upon the number of fish caught (a factor which as we have seen is not always controllable by man), the impact of devaluation on exports has not been very great . Expectations that the country's exports, which decreased 30% in 1967 would increase by 10% in 1968 were found to be ill-formed - at the same time, Iceland still needed many vital imports and has continued to import essentials in spite of their increased cost . Items such as plant for the new hydro-electric power station and aluminium complex, ships, aircraft and cars figure greatly on the extensive import bill . Thus with imports still buoyant and world fish prices slumped, Iceland found itself in balance of payments difficulties again by the autumn of this year, so that in early September the Icelandic government introduced a 20 % import surcharge and a 20% tax on foreign currency purchases . This however failed again to have the desired effect, so that the deficit on the trade balance during the first eight months of this year went up to Kr . 2, 145 million (£15 .3m) compared with Kr 1, 972 m . for the corresponding period last year .

On November 11 the pattern set by last year was repeated; the Icelandic Central Bank announced that the Krona would be devalued again, this time by as much as 35 .2% as from the following day . By way of explanation the Bank pointed out that over the past two years net foreign earnings had fallen by 55% and the value of exports (1966 prices) had fallen by 45% . It is evident though that the island needs something more than continual bouts of devaluation therapy . Somehow, as in the case of Britain but to a lesser extent, some basic restructuring of the economy must be carried out . Perhaps admittance to the EFTA grouping may give the necessary fillip to her overseas trade to achieve this restructuration . It will certainly enable her to buy some of her essential imports cheaper, such as cereals, timber,

fuels, sugar, textiles and machinery, though it may also encourage the importation of non-essentials and help to increase needlessly the already large amount of imports from EFTA countries (during the course of 1966 imports from EFTA countries increased from 38 to 42% of total imports).

EFTA membership may also enable her to get rid of more of her fish production, though fish does tend to have somewhat inelastic demand characteristics. Unless new, more exciting ways of presenting the common type of flat fish are found, it is likely that demand for this product will fall off, as standards of living rise and with the end of the Roman Catholic "Friday fish" obligation. The important new markets for fish are likely to be found not in the developed European continent, but in the under-developed emergent countries.

Iceland has also found it increasingly disadvantageous to be outside the EEC. The coming into force of the common external tariff has entailed an increase in protective tariffs against fish and fish products in some of her most important markets (22% of her exports go to EEC markets). This, combined with the removal of tariffs within the EFTA grouping has placed her in a distinct trading disadvantage throughout Europe. The adverse effects of Iceland's position did not begin to make themselves felt until the early part of 1966, because of the favourable prices of fish on the world markets. Since that time however, the sharp decline in world prices has highlighted the effects of being outside the walls of both these preferential trading areas. Iceland's joining the EFTA grouping, coupled with her devaluation, the basic restructuring of the economy, as well as the possible formation of a new coalition government (Mr. Bjarni Benediktsson's Government of Independent and Social-Democratic parties only has a slender majority in the Alting) may yet be the answer to Iceland's needs.

\* \* \*

N.A.T.O. - W.E.U.

At the invitation of the British Foreign Secretary, Mr. Michael Stewart, the Foreign Ministers of the Five held a two-hour meeting with him in the British Embassy in Brussels, where all were attending the NATO Ministerial Council. The idea of such a meeting had been agreed upon in Rome during the WEU October Ministerial meeting.

The result of the Brussels get-together was further progress in the moves towards closer cooperation between Britain and the Five within the WEU framework, especially in the foreign policy and defence spheres. France had been invited to attend but declined the invitation. Basically it was agreed that a group of experts would meet in Rome at the end of the month to prepare the ground for the next WEU session to be held in Luxembourg during February. France will be invited to take part in the preliminary discussions.

Signor Giuseppe Medici, Foreign Minister in the out-going Italian government will be in charge of drafting the report and he will keep the French government "informed".  
Opera Mundi - Europe No 488



Everyone present agreed that nothing should be done to upset the existing communities, but whether or not new institutions should be formed was not resolved. The general feeling amongst the six ministers present was they should be prepared to go ahead without France if necessary, but whether this view will prevail in February is a different matter.

At the end of the meeting, Dr. Luns, the Dutch Foreign Minister announced that his government intended to organise a European summit conference along the lines of the Declaration of Europe voted the previous weekend by the European Congress in The Hague. This called for a meeting of those European heads of state in favour of further integration and the creation, if necessary, of new supranational institutions based on direct universal suffrage. During the Congress all of the Foreign Ministers of the Five said that they accepted the principle of a summit meeting, provided that the groundwork was carefully prepared, and the main difficulties were resolved beforehand. Dr. Luns' proposal may thus run the danger of being delayed on the grounds that more time is required, which could be the approach adopted by West Germany, given her desire not to isolate France diplomatically.

Some observers on the Continent considered that last week's meeting might have been intended as a counter-move to the decision by the Six to send for study by the Permanent Representatives, the various arrangements for links with the candidate countries, and especially the Franco-German trading proposals.

## ENLARGEMENT

### U.S. Against Paris-Bonn Tariff Cuts for Britain.

The struggle inside the Six, as well as outside, over the admission of Britain to the Community has been further complicated by an American aide-memoire to the West German government on November 11, copies of which have since been received by the Commission and other member governments. This expresses in fairly plain language the attitude of Washington to the Debre-Brandt proposals for trading arrangements between the EEC and other European countries, and especially Britain. The proposals involve a cut in industrial tariffs by both sides of something in the order of 30% over a three or four year period, and are now under examination by the permanent representatives, before being taken up once again by the Council of Ministers.

American objections to the proposals fall into two main categories: (although both are linked to some extent) economic and political. Firstly Washington considers that the proposals are contrary to Article 24 of GATT, and might threaten its very continuation. The exceptions to the "most-favoured nation clause" which would be created could not be allowed, unless their aim was an effective economic integration of the states taking part. It was pointed out that the USA did not consider the Debre-Brandt proposals as conducive to the unification of Europe, and that it would be difficult to accept tariff proposals which had no

political advantages. These, according to American views, must be steps towards the creation of an integrated and strong Europe, able to improve the relationship between both sides of the Atlantic, and capable of contributing to the defence of the free world.

The threat of American protectionism winning the day under the new Republican administration is also raised, as one of the likely effects of Debre-Brandt proposals. This is obviously quite a powerful weapon, and is one which Mr. Dean Rusk took up when he met members of the Commission during his visit to Brussels for the NATO Ministerial meeting last week. The aide-memoire also stresses that "the effects of such an agreement would be to bring about a major difference of opinion between Europe and the United States, at a time when our two countries are trying to find ways of strengthening the Atlantic alliance". This is taken as playing upon West German defence fears, resulting from the invasion of Czechslovakia.

Some observers believe the Americans may have made an error in sending such a strongly-worded aide-memoire. But in any case it will serve to complicate the choice of action to be taken by the Council of Ministers, as well as any eventual British reply, if the Debre-Brandt proposals are put to London in something like their existing form.

November 21, 1968

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AUTOMOBILES
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\*\* An agreement has been concluded between N.S.U.-MOTORENWERK AG, Neckersulm (see No 485) and DEUTSCHE FIAT AG, Heilbronn (member of the Fiat SpA group of Turin - see No 486) by which NSU will be able to use the production facilities of the wholly-owned subsidiary of German Fiat, KAROSSERIEWERKE WEINSBERG GmbH, Weinsberg (see No 428).

With a capital of Dm 2 million, the latter concern (payroll about 300) is to work on paint finishing on the "Prinz IV" Models (especially high gloss cellulose finishes).

AEROSPACE
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\*\* The merger decided upon in April of this year between MESSERSCHMITT AG, Augsburg and BOELKOW GmbH, Ottobrunn, Munich (see No 466) has now resulted in Messerschmitt being absorbed by Boelkow, whose name has been changed to MESSERSCHMITT-BOELKOW GmbH (capital increased from Dm 12.8 m to Dm 19.2 m).

With some 12,300 employees it is a 16.66 affiliate of Nord-Aviation SA, Paris, The Boeing Co, Seattle, Washington and of the Land of Bavaria, through Bayerische Landesanstalt für Auf-Baufinanzierung, Munich. It has numerous wholly-owned subsidiaries, including Entwicklungsring Süd, GmbH, Munich; Junkers Flugzeug- & Motoren Werke AG, Munich; Waggon- & Maschinenbau, Donauwörth; Siebelwerke-ATG GmbH, Donauwörth; and Fus Avionics Inc, New York. Its other main shareholdings are 96% in Bölkow-Apparatebau GmbH, Nabern üb Plöschlingen; 50% in U.V.P.-Union Pour La Vente des Produits Nord-Aviation SncA Paris, Bölkow GmbH Ottobrunn Sarl, Paris (see No 340), 40% in Deutsche Airbus (the West German partner in the European airbus) 33.3% in Leichtflugtechnik Union GmbH, Bonn and 33.3% in Autoschienenbahn Studien- & Entwicklungsgesellschaft mbH, Ottobrunn.

BUILDING & CIVIL ENGINEERING
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\*\* The Milan group S.A.F.F.A. SpA (see No 466) is to rationalise its property interests by concentrating nine affiliated companies within its building and civil engineering subsidiary SACIE - COSTRUZIONI & INDUSTRIA EDILIZIA SpA, Milan, the capital of which will thus rise to Lire 6,318.5 million.

All the companies involved are based in Milan, and all are already either affiliated to or controlled by SACIE; they are: Soc. Italiana Rinnovo Immobili - S.I.R.I. SpA (capital Lire 3,000 m); Imprese Edili Alto Brasso Milanese SpA (Lire 1,250 m.); Camperio Porlezza - Sacapo SpA (Lire 800 m.); Sta Immobiliare San Giovanni in Conca SpA (Lire 539.75m.); Sta Piazza Repubblica SpA (Lire 261 m.); Sta Costruzioni Edilizie Moscova Parco SpA (Lire 140 m.); S.C.E.N.G. - Sta Costruzioni Edilizie Niccolini Giusti SpA (Lire 100 m.); Agricola Vaiano SpA (Lire 75 m.) and Sta Quartiere Espinasse (Lire 30 m.)

\*\* The Dutch company VERENIGDE BEDRIJVEN DE GROOT NV (formerly N.V.A. De Groot's Aanneming- & Zandlevering Mij.), Bloemendaal is planning to take control of the company, NV MIJ. "DE BIJLAND", Nymegen.

With a capital of Fl 8 million, the Bloemendaal concern specialises in excavation work, and sand quarrying under its trade name, Zandzuig & Zandbaggerbedrijf "Kaliwaal" as well as transportation. It is also concerned in building construction, the manufacture of machinery and shipbuilding through its various wholly-owned subsidiaries: (civil engineering) Aanneming Mij. V/H FA. E.J. Bakeer & Co, NV, Amsterdam; (wholesaling and transport) N.D. De Groot Handel & Transportmij., Haarlem; (building construction) Aanemingsbedrijf "Combibouw" NV, Haarlem; (transport) NV Steen Transport Mij. S.T.M., Stein; (shipbuilding) NV Scheepswerf "Maasdok", Maastricht; (machine building and repairing) Machinefabriek & Reparatiebedrijf; (excavation and sandpits) NV Zandzuig & Baggerbedrijf "Locvestein", both at Gorinchem. In addition, it has a 44% shareholding in NV Combinatie Zandwinning Katten Meer-Ijseel, Kampen (sand dredging), a 23% holding in Algemeen Verkoopkantoor Voor Zand & Grind NV, Haarlem (sale of sand and gravel); 20% in NV Smuling- De Leeuw, Amsterdam, as well as a 16% holding in C.V. Industriezand Centrale and NV Centrale Industriezand Voorziening, both at Nymegen.

\*\* The Basle-based, SALIK BANK IN BASEL AG (capital Sf 22.9 m - total assets Sf 180 million - see No 455) has strengthened its Belgian interests (see No 327) by forming a property subsidiary called BELGISCHE VENNOTSCHAP VOOR PROMOTE & FINANCIERING-BEPROFINA NV, Beersel (capital Bf 5 m - 52 % controlled by the Swiss group). The minority Belgian interest is held by M. De Weert and Mme Caeyman.

\*\* The Dutch BOUWBUREN VAN BOHEMEN NV, Voorburg, MABOG NV, Waddinsveen, and EXPLOITATIEMIJ DEN HARTOG NV, Dubbeldam have taken equal interests in forming NV DELTA WONINGEN in Voorburg with Fl 1 million authorised capital (30% paid up), to carry out building projects.

## CHEMICALS

\*\* CARBOLINE CO, Saint-Louis, Missouri (headed by Mr. Stanley L. Lopata - chemical products and special anticorrosive coatings - see No 459) has gained control of APPLICAZIONI RICERCHE INDUSTRIALI APSACOAT SA, Cinsello Balsamo (capital increased to Lire 100 m - new president Signor Mario Tenca). Its name has been changed to APSACOAT-CARBOLINE.

Apsacoat (founded at Caronno Pertusella) had until now as its sole director, Signor Franco Genesi, who also runs the sister-company A.P.S.A- Applicazioni Protezioni Speciali Anticorrosive SpA, Caronno Pertusella. This was also formed in 1967 with a capital of Lire 5 million, 90 % held by A.R.I. - Applications Recherches Industrielles SA, Balzers, Leichtenstein and APSA -Sta Sarda Applicazioni Protezioni Specialii Anticorrosive SpA, Cagliari. The new parent company already has an interest in CarbolineEurope Sarl, Neuilly-sur-Seine (formerly Carboline France Sarl) and Carboline Holland NV, Uithoorn.

\*\* An agreement has been reached in France between STE DES PRODUITS, SULFURES-SOPROSULF SA, Paris and Bouchain, Nord and PIERREFITTE-STE GENERALE D'ENCRAIS & DE PRODUITS CHIMIQUES SA (see No 468) with the aim of jointly building a carbon disulphide plant (using sulphur and hydrocarbons), which will also make derivatives for use in artificial textiles, and pesticides. The new plant will form part of an integrated industrial complex, within a grouping which will also include leading carbon disulphide consumers.

Soprosulf has M.E. Lecourt as president and it was formed in 1959 on a 50-50 basis by Ste Marseillaise de Sulfure de Carbone SA (see No 478) and Procida SA, Marseilles (a member of the Roussel-Uclaf group) as a sales company for Ste des Produits Chimiques B.D.M. SA. This latter was formed at the same time by the partial merger of the carbon disulphide manufacturing and sales interests, of Marseillaise de Sulfure de Carbone with those of Ets Henri Deiss SA, Paris and La Plaine-St-Denis, and Ste Commerciale de Bouchain SA (a member of the Belgian group SA de Pont-Brule, Vilvorde -see No 416)

\*\* Two leading groups in the French fertilizer industry, UGINE-KUHLMANN SA, Paris (see No 487) and PRODUITS CHIMIQUES PECHINEY-SAINT-GOBAIN SA, Neuilly-sur-Seine (see No 485) are planning to amalgamate, on a 50-50 basis, their manufacturing and sales activities in this sector.

Ugine Kuhlmann produced 424,000 tons of fertilizer in 1967 (14.4% of its total production - 22.3% of national production.) It has associations with two other important factories (1000 tons per day) at Grands-Puits, Nangis, Seine-et-Marne and Gonfreville, Seine-Maritime. Fertilisers account for about 25% of the Pechiney-Saint-Gobain group's activities; its main manufacturing facilities in this sector are at Chauny, Aisne; l'Oseraie, Vaucluse; Bordeaux, Gironde; Balarnac, Herault; and Toulouse, Haute Garonne. The group also has a holding in the 1,000 ton a day factory at Grand-Quevilly, Seine-Maritime.

\*\* The French TRIMETAL PAINT CO FRANCE, Gennevilliers, Hauts-de-Seine (formerly Ets Buisson SA) has taken 50% in the formation at its head office of STE DE VENTE & DE DISTRIBUTION DE PRODUITS POUR LA DROGUERIE, LE BATIMENT & LA PEINTURE - STE D.B.I. Sarl (capital F 20,000), the balance being held by French interests in the person of M. Francois Crozier, Clamart, who manages the new company with M.R. Barbezat.

The parent company distributes paint, lacquer and varnish in France for the Belgian Trimetal Paint Co Belgium NV, Mechelen, Brabant, a subsidiary of the Dutch KON.MAASTRICHTSCHE ZINKWIT-MIJ NV, Eysden, Maastricht, which recently made over its interests in the Amsterdam concern NV Verhandel The Trimetal Paint Co (see No 477)

\*\* MOLYDAL CO SA, Paris (exploitation of American patents for molybdenum bisulphite (see No 405) has backed the formation in Darmstadt of MOLYDAL INTERNATIONAL GmbH (capital Dm 130,000) whose manager is M. Georges Jehl, St-Louis, Haut-Rhin.

The French company, which wound up Deutsch Molydal GmbH, Heilbronn, Neckar in March 1967 includes amongst its concessionaires, Molydal Italiana Srl, Milan (see No 376) and Molydal Co (Suisse) SA, Lausanne.

\*\* The Ludwigshafen, Rhineland group BADISCHE ANILIN- & SODA FABRIK AG (see this issue) is currently expanding in the Americas through two programmes. In the Argentine, it is to invest some Dm 40 million in the construction of a plant for "Styropor" expanded polystyrene, plastics dispersion and colourants, which will be run by a new subsidiary named B.A.S.F. ARGENTINA SA, now being formed at Rosario.

Its U.S. subsidiary, B.A.S.F. CORP, New York (formed by the merger of B.A.S.F. Colors & Chemicals Inc, New York, with Badische Products Corp, South Kearny, New Jersey - see No 469) has meanwhile gained control of the varnishes and emulsions concerns CARLSTADT LEATHER FINISHES CO and HOFFORD VARNISH CO. Both of these are at Carlstadt, New Jersey, and between them realise about \$ 1.5 million sales each year.

\*\* The recently formed Swedish company CONDULITE INTERNATIONAL A/B (joint subsidiary of SVENSKA INDUSTRI A/B GALVANOPLAST, Hudinge and BONNIER - FORETAGEN A/B, Stockholm - see No 485) has backed the formation of CONDULITE INTERNATIONAL Srl (capital Lire 500,000) at Cinisello Balsamo. This will distribute in Italy, "Condulite" chemical products (protection against corrosion, radiation, static electricity).

ELECTRICAL ENGINEERING
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\*\* The British group, GEORGE SALTER & CO. LTD. of West Bromwich, Staffs. (see No 424) has taken control of the Dutch electrical concern, PETER DIENES INTERNATIONAL NV, Breukelen. This firm which employs some 150 persons specialises in the manufacture (under the name "Pede") of pepper mills, bread slicers etc. It also has a subsidiary in West Germany at Essen.

The Dutch company has a number of representatives within the Common Market including the Brussels firm, Metalam SA and the Lille, Nord firm, Fernand Jacob. Its new parent company sold off its 50% interest in Verametric SA, Uccle-Brussels to the Dutch group, Mij. Van Berkel's Patent NV, Rotterdam in August 1967; after having integrated Verametric into its organisation Van Berkel's liquidated the company.

\*\* The ENGLISH ELECTRIC CO (see No 470) has signed a manufacturing and technical cooperation agreement with ETS BERRY SA, Lille (industrial ventilators, turbines and diesel-locomotives - see No 468). A subsidiary ENGLISH ELECTRIC (TRACTION) LTD will supply the French company, motors (under 100 h.p.) and control equipment for electric industrial and mining locomotives, as well as making available detailed design information on standard locomotives of the types covered by the agreement. Berry, which remains financially independent, will distribute the locomotives in the EEC and franc area countries.

English Electric already has two French affiliates, Cie Continentale d'Equipements Electriques SA, Meaux (50 % in association with a Paris subsidiary of the Brussels group, Electobel SA) and in Auxilec -Ste Auxiliaire Electromecanique de Precision SA, Colombes (35 % - see No 410).

\*\* The Berlin electrical and electronics group AEG-TELEFUNKEN (see No 486) has rationalised its Paris interests, with the subsidiary AEG-FRANCE SA (capital increased from F7m to F 11m) taking over its subsidiary TELEFUNKEN FRANCE SA (capital F 3 m).

The group, which is affiliated to the General Electric Co, New York (see No 484) ranks second in the West German electrical engineering industry with a turnover of Dm 5, 200 million in 1967 behind Siemens AG, Berlin and Munich. Recently the two groups agreed to form two 50-50 subsidiaries to take over their turbine, turbo-generator and transformer interests (see No 486)

\*\* The New York I. T. T. group - INTERNATIONAL TELEPHONE & TELEGRAPH CORP (see No 484), which with a turnover of \$ 2, 761 million in 1967 ranked 21st among U.S. companies, has strengthened its European interests by taking over the German FRIEDRICH GROHE ARMATURENFABRIK, Hemer, Westphalia (see No 450)

This company specialises in sanitary plumbing and thermostatic melangeurs, and had a turnover in 1967 of Dm 160 million. It has three German sister companies: Hans Grohe KG, Schiltach, Schwarzwald; Schmöle & Co Werkzeugfabrik, Menden, Sauerland, and Grohe Thermostat GmbH, Lahr. Abroad, it has numerous subsidiaries: Grohe Sarl, Paris; Grohe SpA, Rome; IBE Holding Sarl, Geneva; Cobra Brassware (Pty) Ltd, Luitpaardsvlei, S. Africa, and Grohe Wien GmbH, Vienna etc.

\*\* Under the direction of M. Clement Levy, the Belgian sound reproduction and hi-fi concern, SYMA INTERNATIONAL SA, Brussels (see No 480), licensee of the American concern, H.H. Scott Co., Maynard, Massachusetts, is to extend its sales coverage in Europe by setting up subsidiaries in the Netherlands, Switzerland and the United Kingdom.

Quite independent of the French company, SYMA SA, Auberwilliers (Lebon & Cie group Symax International is already represented by subsidiaries on the German and Italian markets - at Düsseldorf and Milan (see No 462).

## ELECTRONICS

S.T.E.T. - STA FINANZIARA TELEFONICA PER AZIONI, Rome, the holding company of I.R.I. for the telecommunications sector (see No 306) is negotiating the administration contract for the Palermo plant of EL. SI. ELETTRONICA SICULA SpA (former subsidiary of RAYTHEON CO, Lexington, Massachusetts), GENERAL INSTRUMENT CORP, Newark, New Jersey, having recently (see No 487) decided upon the withdrawal of its services. STET in fact plans to make over the lease and the administration of the Palermo concern, which currently employs 1,000 people, to the group Thomson - C.S.F. - Cie Generale de TSF SA, in which the THOMSON-HOUSTON HOTCHKISS-BRANLÉ SA group has a 40% stake (see No 486).

This company is already well established in Italy, with two wholly-owned subsidiaries: Ducati Elettronica Microfarad SpA, Bologna, and Cisem Radio-Elettronica SpA, Bologna. It also has 75% control of the electronics concern, Mistral - Manifattura Elettrotelegrafica Semiconduttori Transistori Latina, Sermoneta. The T-H H-B group's most recent move in Italy has been the formation early this year of Thomson Semiconduttori SpA in Milan (see No 459).



\*\* The British specialists in television studio equipment, W. VINTEN LTD, Bury St. Edmunds, Suffolk, has formed a sales subsidiary in West Germany called, W. VINTEN GmbH (capital Dm 20,000) with Messrs. Jean Chappell, W.B. Hakes and A.R. MacMahon as directors.

The British parent company has a company in the United States, Mitchell Vinten Inc.

ENGINEERING & METAL

\*\* The French engineering and plant construction group STEIN & ROUBAIX SA, Paris (see No 479) is continuing its rationalisation moves by becoming a holding company, with its remaining manufacturing interests made over to a new subsidiary called STEIN-INDUSTRIE SA.

The new company will take over the licence linking the parent company with the New York group, COMBUSTION ENGINEERING INC and will specialise in boilers, heat-exchangers, incineration equipment, water-processing and crushing installations. The Alsthom group (see No 481) whose main shareholders are the Thomson-Houston-Hotchkiss-Brandt group and the Alspi-Ste Alsacienne de Participations Industrielles SA, (see No 468), will make over to the new concern its "boiler" and "exchanger" interests covering the petrochemical and nuclear industries, and will thus have control.

Stein & Roubaix's previous moves have involved the formation of two companies, Stein-Hoval (boilers - with the Swiss group, Hoval-Holding AG - see No 465) and, Stein-Surfac SA (industrial ovens in association with Midland Ross Corp, Cleveland - see No 477).

\*\* The new company TREFILIERIES DE CHATILLON-GORCY SA, Paris (see No 487) will increase its capital to F 27.6 million following the acquisition of assets from its founders, and will thus become the second French steel wire-drawing concern with an annual capacity of around 180,000 tons (the leader is Trefilunion with 215,000 tons).

The existing majority shareholder (54.5%), the Franco-Belgian group made up of Ste Metallurgique Hainaut Sambre SA, Couillet and its French subsidiary Ste des Acieries & Trefileries de Neuves-Maisons Chatillon SA, Neuves-Maisons, Meurthe & Moselle, will end up with 49%. The two other direct shareholders will be Forges de Saulnes & Gorcy SA, Paris (41%) and Usinor SA (10%).

\*\* The American small engineering concern, DZUS FASTENER Co. INC., West Islip, New York, (snap-locks and closures for the motor and air industries - see No 463), has formed a sales subsidiary in Western Germany, DZUS FASTENER GmbH, Frankfurt, with DM 20,000 capital and Messrs Michael Knight and Joachim Theurer as managers.

The parent company, whose British subsidiary, Dzus Fastener Europe Ltd., Farnham, Surrey, opened a branch in Belgium in May of this year, (see No 440) has Dzus France SA, Paris as its main Common Market licensee.

\*\* The European interests of the American group, COOPER INDUSTRIES INC., Houston, Texas, have been enhanced by the addition of a branch in St-Josse-ten-Node to its Swiss subsidiary, Cooper-Bessemer SA, Chur, Grisons.

The American group manufactures, through its Cooper-Bessemer Co., Mount Vernon, Ohio division, compressors, heavy diesel engines, gas turbines etc. In West Germany it shares control (50% each) of Cooper-Vulkan Kompressoren GmbH, Düsseldorf with the German firm, Bremer Vulkan Schiffbau & Maschinenfabrik of Bremen-Vegezach (member of the Dutch-Swiss group, Thyssen-Bornemisza through NV Hollandsch Amerikaansche Beleggingsmij). In the Netherlands it has had a 91% subsidiary for a few months in Gascomij NV of Hengelo, the balance being held by its subsidiary, Koninklijke Machinefabriek Gebr. Stork NV (member of the Verenigde Machinefabrieken NV of The Hague).

\*\* The recently-formed French company GRENCO ENTREPRISE SA, Villefranche sur-Saone, Rhone (see No 483) is to take over the "Industrial refrigeration" division of ETS BONNER SA, Villefranche-sur-Saone (see No 468). This is the subsidiary of Cie Francaise THOMSON-HOUSTON-HOTCHKISS-BRANDT SA, Paris (see No 487) which a few months ago sold off its air-conditioning interests to the TUNZINI-AMELIORAIR SA group, Paris.

The Villefranche firm (headed by MM. R. Elziere and F.F.S. Schoenmakers) is under the majority control of the Dutch firm, Grenco NV (refrigeration techniques) within the GRASSO'S KONINKLIJKE MACHINEFABRIEKEN NV, 's-Hertogenbosch. The other main shareholder is Ateliers & Chantiers de La Rochelle-Pallice SA, Paris, part of the Cie Delmas-Vieljeux SA group.

\*\* A manufacturing and reciprocal representation agreement has been reached by the West German firm WESTDEUTSCHE WERKZEUGMASCHINEN GmbH, Dusseldorf-Hilthausen (see No 441) and the Polish export concern METALEXPORT, Warsaw (see No 440) representing some six machine-tool manufacturers.

Metalexport is represented in France by Metalex-France SA (see No 353) and it is linked by technical agreement with a number of Western concerns including Giuseppe Minganti & Co SpA, Bologna. The German firm (capital Dm 10 m.) belongs to the New York engineering group Hunter Douglas Inc (see No 451) through the Canadian company Hunter Douglas International Ltd, Pointe-Claire, Quebec.

\*\* The Amsterdam trading and portfolio group, HAGEMEIJER & Co's HANDELSMIK, NV (see No 480) has widened the range of its Dutch interests by taking control of the Amsterdam clocks and watches concern, NEDERLANDSE UURWERKFABRIEKEN-NUFA, Amsterdam. This has 70 on its payroll, and will now be directed by Mr. O. Bargmann.

The Amsterdam group recently took over the clocks and jewellery wholesaling concern Carel Teulings NV ('s-Hertogenbosch).

\*\* McCORD CORP., Detroit, Michigan (see No 396) is to strengthen its links with a similar company supplying equipment to the motor industry in Italy, V. GALLINO SpA, Turin (see No 448), by the formation of a joint subsidiary GALCORD SpA, which will specialise in piston and oil control rings.

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\*\* Two Dutch Companies installing heating, plant, electrical, sanitary and air-conditioning equipment, VISSER & VAN DER GIESEN NV., Dordrecht and TECHNISCHE INSTALLATIE BUREAU WARMTE-UNIE NV., Nymegen (formerly F.A. Technisch Installatie Bureau Warmt Unie) are to merge. The former (capital Fl 500,000) employs about 230 people. Since February 1967 it has had a subsidiary in Dordrecht Standaardverwarming NV. (Fl 25,000) and holds shares in Zurotherm NV., where it is linked with four other Dutch firms in the sector. The second (Fl 1 m. authorised capital, 30% paid up) has 170 people on its payroll.

\*\* The American metal and plastics forming machinery concern, ABBEY ETNAMACHINE Co., Perrysburg, Ohio, which has until now been represented in Italy by WELLMAN ITALIA SpA, MILAN, has formed a subsidiary in Milan named ABBEY ETNA ITALIA SpA, Milan.

The latter has Messrs Nelson D. Abbey and Carlo Montagna as president and managing director and control of its Lire 5 million capital is shared with the Perrysburg subsidiary Abbey Etna Draw Bench Co.

\*\* The Belgian steel group COCKERILL-UGREE PROVIDENCE SA, Seraing (see No 481) will become linked with the French steel groups MARINE FIRMINY SA (see number 487) and SIDELOR SA within a joint subsidiary of these, the metal packaging concern FEREMBAL SA, Paris (see No 468) when a plan is implemented for STE RHONE BRETAGNE SA, Pont-Aven, Finistere (see No 423) to absorb this company.

Cockerill-Ougree Providence SA has a 20.31% stake in the Ste Rhone Bretagne SA, Pont -Aven, Finistere (F. 12.61 M.), which is under the 66.6% control of Ferembal S., Paris, being an affiliate of Etc. J.J. Carnaud & Forges De Basse-Indre SA, Paris.

FINANCE
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\*\* The New York investment company VALUE LINE FUND INC (president Mr Arnold Bernhard) has formed a company to promote its certificates in West Germany and Austria named VALUE LINE FUNDS VERTRIEBGESELLSCHAFT IN DEUTSCHLAND mbH (capital Dm 20,000), which will be managed by Messrs George Winter and Werner Thaele.

\*\* NISA ANSTALT, Vaduz, Liechtenstein has formed a Luxembourg investment company BUFINOR HOLDING SA (capital F Lux 1 million). President of the board is M. Abraham Riemer, Geneva and the two other members are MM. Paul Feber and Theodore Brun.

Another company called NISA HOLDING SA with a similar capital and M. Tibor Rosenbaum has also been formed in Geneva. M. Rosenbaum, an Austrian, is also a director of the BANQUE DE CREDIT INTERNATIONAL SA, Geneva, of the prefabricated dwellings manufacturer and sales concern HELVIS SA, Geneva and of INTERCREDIT SA, Geneva (financial operations).

**\*\*** The American capital equipment financing concern GENERAL ACCEPTANCE CORP, Allentown, Pennsylvania, plans to take over a Canadian affiliate of the BANQUE DE PARIS & DES PAYS-BAS SA (through its Canadian subsidiary Confederation Development Corp Ltd), the Toronto, Ontario concern UNION ACCEPTANCE CORP LTD.

Confederation Development has since 1963 had a stake in the property development concern, Saint Lawrence Diversified Lands Ltd.

**\*\*** Following the recent acquisition in the Milan group MONTECATINI- EDISON SpA (see No 487) of an important minority shareholding by a group of Italian state concerns, an agreement has just been made in Rome covering the formation of a controlling syndicate excluding ITALPI SpA.

The members of this syndicate will be represented on the group's board in proportion to their direct or indirect shareholdings. They are MEDIOBANCA SpA, and two groups (49% each) one representing state interests: E.N.I. - ENTE NAZIONALE IDROCARBUR SpA and I.R.I. - ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE SpA and the other representing private interests: BASTOGI SpA, Florence, PIRELLI SpA, Milan, NAZIONALE SVILUPPO IMPRESE INDUSTRIALE SpA, Milan and S.A.I. - STA ASSICURATRICE INDUSTRIAL SpA, Turin.

**\*\*** An agreement has been reached between the BANQUE DE BRUXELLES SA (capital raised recently to Bf 4,000 million, thus raising to over Bf 6,000 million its own funds -see No 477) and the STANDARD BANK LTD, London (see No 472) under which the Belgian bank has sold to Standard Bank part of its stake in the BANQUE BELGE D'AFRIQUE S. Crl, Congo-Kinshasa.

This has had a capital of Zaires 400 million since 1965. It intends to increase its capital in order to carry out a policy of expansion, and when this move is over the Brussels and London banks will jointly share around 50% of the capital.

**\*\*** The Amsterdam bank, ALGEMENE BANK NEDERLAND NV (see No 484) has sold off its branches in Israel (Tel Aviv and Haifa) to the country's second-ranking banking group, ISRAEL DISCOUNT BANK LTD, Tel Aviv (see No 412).

The Dutch bank had inherited these branches from Hollandsche Bank Unie. NV also of Amsterdam, which it absorbed at the beginning of the year (see Nos 441 and 450 in particular), and which had itself decided to close down its activities in the country by transferring them to a Swiss group (see No 434).

**\*\*** The FRANKFURTER BANK AG (see No 487) has increased its interests outside Europe by taking a 0.25% stake in the PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD, Karachi. This has a capital of Rupees 40 million, and is already affiliated to the Commerzbank AG, Dfisseldorf (since October 1968 -see No 484); the Deutsche Bank AG and the Dresdner Bank AG (both in Frankfurt) as well as Bayerische Vereinsbank, Munich.

The Frankfurter Bank also has a 1.8% stake in Banque Ivoirienne de Developpement Industriel SA, Abidjan and 0.1% in the Ghanaian National Investment Bank, Accra.

\*\* The DRESDNER BANK AG, Frankfurt (see this issue) has raised its stake from 25% to over 50% in DUERENER BANK, Düren (capital Dm 3.5 m - see No 267). Dresdner Bank recently gained control of the Oberhessische Bank AG, Friedberg (see No 487). The Düren bank has a 25% stake in the insulating materials firm Isola Werke AG, Düren (capital Dm 2 m).

\*\* The BANQUE DE L'UNION EUROPEENNE INDUSTRIELLE & FINANCIERE SA, Paris (see No 462) has backed the formation of two portfolio companies which will be housed at the company's Paris headquarters. These are: UNION D'INVESTISSEMENT & DE PARTICIPATIONS SA, and STE FINANCIERE MONSIGNY-SEFIMO SA. With a capital of F 100,000 each, these two companies will have as presidents M. Guy Dufour and M. Paul Jahan respectively.

Formerly the Ste Europeenne Industrielle & Financiere SA, the French deposit bank has as its main shareholders the Schneider SA group (34.25 %) and the Banque de L'Indochine SA (10%). It was formed as the result of the recent restructuring (see No 460) of the Banque de l'Union Europeenne Industrielle & Financiere SA (the first with this name), which, transformed into a holding company under the name Cie Financiere de L'Union Europeenne SA, had made over its banking activities as well as its holdings in banks and finance to the Banque de L'Union Europeenne (the second of this name) which it controls 70%. Following the recent increase of the firm's capital to F 100 million, the bank has as its minority shareholders, the Marine Midland Bank Corp., New York (20%) and with a combined holding of 10%, an international banking group consisting of the Bayerische Vereinsbank AG, Munich (see No 484), the Centrale Finanziaria Generale SpA, Milan (see No 484), the Banque de Bruxelles SA (Cofinindus/Brufina group, Brussels - see No 477), Hambros International Ltd (subsidiary of the London Hambros Bank Ltd - see No 482), the Banque Commerciale de Bale (see No 339), Mees & Hope, Rotterdam (which is backed by Bank & Assurantie Associatie NV, Amsterdam - see No 474), as well as the Ste Financiere Desmarais pour l'Industrie & le Commerce - F.I.D.E.C. SA (see No 462).

\*\* Recently formed in Brussels (see No 482) as a subsidiary of FORTUNE - MANAGEMENT CORP. Panama City, FORTUNE MANAGEMENT SERVICES SA (administration of an archive, documentation and management service in the stockbroking field), has set up at the company's headquarters a new firm to carry out the same sort of work - WORLD INVESTMENT SERVICES SA. With a capital of Bf 200,000, this new company is controlled by Mr. Allen J. Lefferdink, Hamilton, Bermuda, whilst token holdings are owned by Herr George Phocas, Munich and Baron Ch. A de Jamblinne de Meux (the company's managing director), president and managing director respectively of Fortune Management Services.

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FOOD & DRINK
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The British brewing group WATNEY MANN LTD (see No 459) has backed the formation of STE D'EXPLOITATION DE PUBS - S.E.P. SA, Brussels (capital Bf 1 m) which will establish, operate, lease and manage cafe-pubs. 50% of the capital is controlled by the affiliates of its founders, WATNEY SA, Chatelet, Charleroi (whose recent capital increase to Bf 12 million was underwritten according to their stakes (90/10) by the Luxembourg holding company Watney Mann SA and Brasseries Malteries L'Union SA, Jumet), the ANC, BRASSERIES VANDERHEUVEL & CIE - BRASSERIE SAINT-MICHEL SA, Molenbeek-St-Jean and OMNIUM COMMERCIAL SA, Molenbeek-St-Jean which have respective interests of 20%, 15% and 15%.

The other 50% is shared between STANDING BUILDING SA, Malines (10% - see No 396), M. and Mme P. Descamps (20%) and M.P. Weghsteen (20%).

\*\* Negotiations are about to be concluded in Belgium between the BRASSERIE DE GHLIN SA (see No 361) and the American group JOH SCHLITZ BREWING CO., Milwaukee, Wisconsin (see No 387) with the aim of the American firm taking an important holding in the former.

Under the direction of M. Pierre Colmant, the Belgian firm (capital Bf 390 m) has as its main shareholders, Brasserie Caulier SA, Ghlin, Brasseries Imperial SA, Ghlin, Brasseries Labor-Hai naut SA, Ets Wells SA, Brussels, Cie Lambert Pour L'Industrie & La Finance SA, Brussels etc. It has interests in the French Brasseries de Bohain & Caulier Reunies SA, Bohain, Aisne. The major part of the American company's European interests are in Spain (three subsidiaries and affiliates) and in Italy where in 1964, it formed a subsidiary at Avezzano, Aprila (see No 318).

\*\* The newly-formed Paris concern COMPTOIR COMMERCIAL DU LAIT SA (capital F. 380,000) will deal in dairy products, especially powdered milk exports. It will acquire the interests of its founders in FRANCEXPA - STE FRANCAISE POUR L'EXPORTATION DES PRODUITS AGRICOLES SA, Paris (see No 469).

The founders are: 1) FROMAGERIES BEL-LA VACHE QUI RIT SA, Paris (see No 469); 2) ENTREMONT SA, Annecy, Haute-Savoie (capital F 4 m); 3) S.I.C.A.-LAITERIES D'AQUITAINE SA, Talence, Gironde (capital F 66.000); 4) LAITIERE LYON-MEDITERRANEE SA, Lyons, Rhone (capital F 5.7 m -see No 433), the subsidiary of Ste Laitiere Moderne SA, Lyons which in 1967 made over to its dairy product manufacturing and sales interests, and which itself is affiliated to Ets Ferrand & Renaud SA, Lyons; 5) CIE DES MAITRES FROMAGERS-C.D.M.F. SA, Paris (F 6 m); 6) FROMAGERIES F. PAUL-RENARD SA, Paris which recently increased its capital to F 7.57 million following the acquisition of assets from Les Fromageries Reunies SA and Ste Laitiere de L'Yonne-Laiteries Saur SA; 7) STE LAITIERE GALLIA SA, Paris (see No 459) itself the subsidiary of the Gervais-Danone SA group, Levallois-Perret, Hauts-de-Seine; 8) LAITIERE DE MOULINEAUX SA, Rouen, Seine-Maritime (capital F 2.4 m); 9) DUPONT D'ISIGNY SA, Neuilly, Hauts-de-Seine (capital F 4.3 m) a member of the Source Perrier SA group (see No 48) and a shareholder in one of the latter's subsidiaries, Union Francaise d'Industrie de Chocolaterie et de Confiserie-Ufico Chocolat Menier SA, Noisel, Seine & Marne to whom it has made over its manufacturing interests; and 10) INDUSTRIE LAITIERE DU COTENTIN-BRETEL FRERES SA, Paris (capital F 3.4 m).

\*\* The White Plains, New York food group GENERAL FOODS CORP (see No 476) has extended its Benelux interests by forming a trading company under Mr W. Ramsay at the offices of its first non-trading subsidiary in Brussels (see No 415).

In Belgium, the American group (through its subsidiary General Foods Overseas Development Corp) controls Rizeries N & C Boost NV, Antwerp, and in the Netherlands its chief interest is General Foods Nederland NV, Weesp.

\*\* The American cocoa and cocoa product dealers, GENERAL COCOA Co, New Rochelle, New Jersey (see No 280) has become the main shareholder in the Paris company L'OFFICE TECHNIQUE DE COMMENCE INTERNATIONAL-OFINTER Sarl with a 47.7 % stake. The move has been carried out through the Dutch subsidiary GENERAL COCOA Co-HOLLAND NV.

Ofinter was formed in October 1963 (capital F 100,000) and its name has now been changed to GENERAL COCOA (FRANCE) Sarl with an increase in capital (now F 720,000). The Cie Generale de Commerce & de Cossimmion-Cenego SA, Paris which was a founder shareholder with 10 % now has a direct 39.9 % shareholding.

GLASS
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\*\* An "economic interest" group called CRISTAL & PORCELAINE DE FRANCE (initial capital F 2,000), has been formed in France 50-50 by L. BERNARDAUD & CIE SA, Limoges, Haut Vienne (see No 289) and CIE DES CRISTALLERIES DE BACCARAT SA, Baccarat, Meurthe-et-Moselle, at whose Paris branch the new grouping will be housed. The firm's task will be to buy and to set up retail outlets for the two companies' glassware, crystal and porcelain, which sell under the names, "Bernardaud" and "Baccarat".

The Limoges concern formed an association in June of last year with another company in the sector, Haviland-Manufacture de Porcelain SA, Limoges so that it could obtain a majority shareholding in Limoges-Castel of Magre, a company which specialises in fancy goods, chocolate boxes, caskets, statuettes etc.

INSURANCE
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\*\* The Amsterdam insurance group NV ALGEMENE MIJ TOT EXPLOITATIE VAN VERZEKERINGSMIJNEN -A.M.E.V. (see No 486) has gained control of NORTHERN LIFE ASSURANCE CO OF AUSTRALIA (PTY) LTD. This is a former subsidiary of the London group, NORTHERN & EMPLOYERS ASSURANCE CO LTD (see No 473) and it will continue its "Life" activities under the direct control of the Amsterdam group's Australian subsidiary AMEV OF AUSTRALIA PTY LTD, Melbourne.

A previous move by AMEV to gain control - through the Melbourne subsidiary of The Victoria Insurance Co Ltd was unsuccessful (see No 481).

OFFICE EQUIPMENT
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\*\* The New York company CELLO-TAK CORP OF AMERICA (see No 406) by making over its Paris sales subsidiary CELLO-TAK SA (capital F. 380,000) to BOHLY FRERES & CO SA, Melisey, Haute-Saone (adhesive tapes, dry transfers etc.), has reshaped its French stake. The French subsidiary of the American group held a 51% stake in Euro-Pentel SA, Gaillardon, Eure & Loire (formerly in Paris -see No 378) formed in association with The Japan Stationery Co Ltd, Tokyo with the aim of importing and selling office and drawing equipment.

OIL, GAS & PETROCHEMICALS
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\*\* OFFSHORE SUPPLY ASSOCIATION (NEDERLAND) NV has now been established formally in Rotterdam, with a local resident Mr. H.G. Heinemann as director (Fl 50,000 authorised capital, 42% paid up), for offshore oil and gas drilling rig revictualling. The backers of the venture, with a one-third interest each are all companies running vessels in this sector, about 30 ships in all: 1) two German concerns, DEUTSCHE DAMPFSCIFFFAHRTS GESELLSCHAFT "HANSA", Bremen, and VEREINIGTE TANKLAGER & TRANSPORTMITTEL GmbH, Hamburg (of the Preussag group): 2) the British OFFSHORE MARINE LTD, London and Great Yarmouth, a subsidiary of THE CUNARD STEAMSHIP CO LTD, Liverpool (which acquired its stake from the Proprietors of Hay's Wharf Ltd, London) and an affiliate to the North Sea Marine Engineering Construction Co Ltd.

The three founders are already linked within Offshore Supply Association - O.S.A.: (in which the Hamburg company is represented by its subsidiary N.V.G. - Nordsee-Versorgungs Schifffahrt GmbH - see No 464), which has for some months had a trading subsidiary in London.

\*\* The Paris oil group C.F.P. - CIE FRANCAISE DES PETROLES SA (2nd ranked French company - see No 483) has sold its indirect 12% stake in SRA -STE DE LA RAFFINERIE D'ALGER SA (refining capacity 2 m tons p.a.) to the Algerian state group SONATRACH SA, Algiers (see No 486) which now becomes the majority shareholder with 56%.

The indirect stake was held through Total-Ste Algerienne des Huiles Minerale SA, itself completely controlling the 50.36. subsidiary, C.F.R. - Cie Francaise de Raffinage SA. C.F.P. will keep its direct 20% stake in SRA, where it has as a partner, the Royal Dutch Shell group of Rotterdam, through Shell d'Algerie SA (24%), Algiers.

PRINTING AND PUBLISHING
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\*\* The French music and record publishing concern, VOGUE-PRODUCTIONS INTERNATIONALES PHONOGRAPHIQUES-VOGUE P.I.P. SA, Villetaneuse, Seine-St-Denis (see No 371) has topped off its network of interests in the Six by forming an association in Italy with JOKER TONVERGAG, Vaduz, Liechtenstein. The result of this association has been the formation of a new subsidiary, (51/49) in Milan - VOGUE ITALIA Srl (capital Lire 1 m) with Sig. C. Rossini as president.



\*\* Vogue PIP which heads a number of companies in France including Editions Vogue International SA, Editiona Alpha Sarl and Manufacture de Productions Phonographiques - Vogue M.P.P. SA, has interests in Cie Generale du Disque Sarl, Neuilly-sur-Seine. Its main interests abroad are Deutsche Vogue Schallplatten GmbH, Cologne, Vogue P.I.P. Belgique SA, Brussels and Vogue International Holland NV, Heemstede.

\*\* The West German publishing and printing concern CHR. BELSER DRUCKEREI & VERLAG GmbH & Co KG, Stuttgart has opened a Zurich branch under Herr Fritz Brugger. With some 900 employees, the founder belongs to WEITPERT group, which in June 1968 (see No 468) acquired from the Axel Springer Verlag GmbH, Hamburg group control of Kindler & Schiermeyer Verlag GmbH, Munich. This produces the illustrated magazines "Eltern", "Jasmin", "Twen" and "Bravo"; the last-mentioned (780,000 copies printed) has already been sold off to Heinrech Bauer Verlag, Hamburg. The Weitpert group also brings out the monthly "Sputnik" (see No 454) and it heads around a dozen printing and publishing concerns in Berlin, Munich, Stuttgart and Baden-Baden.

\*\* The AMERICAN CAN CO. of New York (see No 482) has increased its stake in the two fashion magazine publishing companies which it took a few months ago - at the same time as the BUTTERICK CO. INC. (see No 432) - in order to expand in this field. In Belgium Patrons & Periodiques Internationaux SA, Brussels has thus had its capital increased to Bf 16.5 million and its direct subsidiary in Paris which carries the same name has had its capital (which has remained the same since its formation in 1965 - see No 293) increased to F 2.5 million.

RUBBER

\*\* The Munich plastics and rubber group METZELER AG (see No 483) has strengthened its West German interests through two different operations. Firstly it has taken a large direct shareholding in SUDDEUTSCHE HAMMERWERKE, GEBRUEDER HAMMER OHG, Bad Mergentheim, a family concern making sports goods (150 employees - turnover Dm 3 m). It has also become a shareholder in the insulating materials firm BASALAN ISOLIERWOLLE GmbH & Co KG, Hilstrup, Westphalia, in which its subsidiary Correcta Werke GmbH, Bad Wildungen (wholly-owned) acquired 49% in 1967.

SERVICES

\*\* The Swiss property development and financing concern SIMECO SA, Glarus (especially motels and shopping centres) has formed a Belgian subsidiary called FISCAL - IMMOBILIER-SOCIAL-CONTENTIEUX - F.I.S.C. SA (capital Bf 100,000). This will provide a complete range of administrative, legal and financial services.

\*\* The American WESTERN MANAGEMENT CONSULTANTS INC, Wilmington, Delaware and Phoenix, Arizona, has formed a subsidiary in Brussels to supply, distribute and develop services, methods and material in the economic, marketing, statistical etc consultancy sectors.

The new firm is called WESTERN MANAGEMENT CONSULTANTS EUROPE SA, has Bf 500,000 capital, and is directed by Messrs W. Turner, H. Davis and G. Bertin.

\*\* The Cologne organisation and promotion consultancy concern GLAHE INTERNATIONAL GmbH, has formed an Austrian subsidiary under the name of GLAHE INTERNATIONAL INDUSTRIEVERTRIEBUNGS- & BERATUNGS GmbH, Vienna, with Sch 100,000 capital and Herren Josef Clahe and Erwin Frühwald as managers.

The German founder is a family business with a Dm 14 million turnover, and has branches or agencies in London, Chicago, Beirut and Moscow.

### TEXTILES

\*\* BURLINGTON INDUSTRIES INC, Greensboro, North Carolina (see No 483), the largest textiles group in the world, has extended its West German interests with the formation of a company to make chemical fibre carpets. This is called BURLINGTON TEPPICHWERKE GmbH, Paderborn, has Dm 1 million capital, and its managers are Messrs Clarence Finley and Martin Lutz.

Burlington's main direct and indirect investments in Germany are in the fibres and textured yarn concern, Duetsche Schappe-Tex GmbH, Zell-am-Wiesental (through Schappe-Tex Unternehmungen AG, Basle), the sales subsidiary Klopman Mills GmbH, Düsseldorf, through Klopman Mills Inc, Rockleigh, New Jersey, the glass fibre concern Interklas Textil GmbH, Ulm etc.

\*\* J. & M. TURLOT Sprl, St Gilles-Brussels, clothes manufacturers and traders, have opened a branch in Luxembourg under the name MAISON ALADIN; it will be under the direction of Mme. Lily Krach of Luxembourg.

\*\* A cooperation agreement in the hosiery sector has been concluded between two leading groups in the Netherlands, KON. TEXTIELFABRIEKEN NIJVERDAL-TEN CATE NV, Almelo (see No 484) and TEXTIEL INDUSTRIE ANDEX NV, Uithoorn (see No 359). The two groups have decided that their association will take the form of a joint subsidiary.

Like Ten Cate, which has a firm foothold in the Netherlands and abroad (see No 457), An dex owns several factories and subsidiaries outside the Netherlands: An dex-Belge SA, Brussels, An dex-France Sarl, Paris, Sperrin Knitting Corp. Ltd. London, Texicor SpA, Castellacio di Paliano, Frosinone, Tybor SA, Barcelona etc. It also has a stake in the Dutch textile concerns, Spontor NV (underclothes and nightwear under the trade names "Jansen", "Tilanus" and "Koala") and Textielfabriek Nederland NV of Groenlo.

\*\* THE DOW CHEMICAL CO, Midland, Michigan (see No 485) which has recently decided to build a base chemical products plant at Stade, has now carried out a further move involving its synthetic fibre interests: through its Zurich holding company, DOW CHEMICAL AG it has taken a 50 % stake in PHRIX-WERKE AG, Hamburg (see No 482) at the same time as the latter's capital was doubled to Dm 154 million.

Up till now the German company was the almost wholly-owned subsidiary of B.A.S.F.- BADSICHE ANILIN & SODA FABRIK AG, Ludwigshafen, and in 1967 it had a turnover of Dm 338 million (compared with Dm 377 m in 1966). There are some 5,5000 persons employed in its different plants at Siegburg; Krefeld, Okriftel, Main and Neumünster (staple fibres, rayon, "Redon" acrylic fibres, "Perlon" fibres). Abroad it controls two Swiss holdings companies: Orgatex AG and Holdorgan AG, both in Zurich, and also has a 5% stake in the Spanish acrylic fibres concern FEFASA-Fabricacion Espanola De Fibras Textiles Artificiales SA, Madrid (see No 274) which is controlled by the State group, I.N.I.-Instituto Nacional de Industria, Madrid.

B.A.S.F. and Dow Chemical are already linked through a number of 50-50 agreements in the USA covering the manufacture of organic media, caprolactam, and synthetic fibres: Dow Badische Co, Williamsburg, Virginia and in the Dutch, Lurex NV, Amsterdam (see No 452). The latter which makes plastic and magnesium coated wires and threads itself controls Lurex Co Ltd, London and Lurex Ltda, Sao Paulo. In another recent move, the joint Australian subsidiary, Badocol Chemicals Pty Ltd, Altona has recently come under the sole ownership of B.A.S.F. (see No 482).

\*\* D.M.R. SA, the Paris cotton textiles group (see No 421) and STE DE MOULINAGE & RETORDERIE DE CHAVANOZ SA, Chavanoz, Isere have each put up half of the F 10,000 to F 30,000 increase in their joint subsidiary's capital. This is DMR MOULINAGE & RETORDERIE DE CHAVANOZ ISERE NORD Snc, Comines, Nord.

Chavanoz is the wholly-owned subsidiary of the Rhone-Poulenc SA group of Paris (see No 485), 50% of whose capital is held by R-P directly, whilst the balance is held indirectly through its subsidiary, Rhodiaceta SA.

\*\* The German cloth dyeing and finishing concern, MARTINI & CIE, BLEICHEREI, FAERBEREI, DRUCKEREI & APPRETURANSTALT KG, Augsburg has increased its production capacity by taking the majority control of another firm in this sector, ANTON DUMM KG, FAEBEREI & APPRETUR, Dachau, which until now was run by Herr Anton Dumm.

A family concern, Martini has about a thousand persons on its payroll who work at the company's Augsburg and Haunstetten factories.

## TOURISM

\*\* The London group GRAND METROPOLITAN HOTELS LTD (see No 485) has now carried out its intention of enlarging its stake in the Paris company STE DES HOTELS REUNIS SA by raising its stake to 86.3%. It also intends to acquire the remainder and thus become the sole shareholder.

It was in late 1966 that the British group, which is headed by Mr. Maxwell Joseph, first took a 51.5% stake in the French company. The latter owns the "Scribe" and "Lotti" hotels in Paris and the "Carlton" in Cannes, through two administrative companies (see No 417).

TOURISM
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\*\* VHH-VEREINIGTE HOTEL HOLDING GmbH, Frankfurt has now been formally established with a capital of Dm 500,000 and Herren Falck Lobeck and Fritz Knopf, Berlin as managers. It will run three new hotels being built in West Germany - in Frankfurt, Hamburg and Munich - for the Chicago-based HILTON HOTELS CORP (see No 487).

TRADE
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\*\* A further link between Belgian department stores (see No 462) is to be carried through with the aim of improving the return on invested capital: GRANDS MAGASINS AU BON MARCHE SA, Brussels (a 21% affiliate to the Paris company with the same name - see No 323) will take a minority stake in GRAND BAZAR DE LA PLACE SAINT-LAMBERT SA, Liege. The latter (capital will be raised to Bf 380 m.) had a turnover for 1967/1968 of Bf 1,748 million. Its main interests are: 1) in Belgium, Super-Bazar SA (jointly owned with the Brussels group and G.B. Entreprises SA - see No 483) which has nine outlets covering over 66,000 m<sup>2</sup>, as well as Avimmo SA, Antwerp; 2) in the Netherlands, Grand Bazar de La Place Saint-Lambert (Nederland) NV formed at Maastricht in 1962.

TRANSPORT
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\*\* LUCHTVAARTMIJ. SCHREINER -BEA HELICOPTERS NV has been set up in The Hague with a capital of Fl 500,000 to run a helicopter supply service for oil-drilling rigs in the North Sea. It is a 60/40 subsidiary of the Dutch company, LUCHTVAARTMIJ, SCHREINER AIR TRANSPORT NV of The Hague (subsidiary of Luchtvaart-Technische Handelsmij. Schreiner & Co. NV - see No 436) and B.E.A., BRITISH EUROPEAN AIRWAYS, Ruislip, Middlesex.

BEA's BEA Helicopters Ltd which was already specialised in work in this field, has a direct holding in the new venture.

\*\* S.T.E.F.-STE FRANCAISE DE TRANSPORTS & D'ENTREPOTS FRIGORIFIQUES SA, the Paris refrigerated warehousing and transport concern, is about to take over from its parent company, STE NATIONALE DES CHEMINS DE FER FRANCAIS - S.N.C.F. various assets from within its sector. These are various parcels of land at Vitry-sur-Seine and the Entrepots Frigorifiques Lyonnais SA, Lyons (assets F 8.3 m). The company which is also an affiliate of Ste des Glacieres de Paris SA (see No 484), will as a result increase its capital to F 51 million.

VARIOUS

\*\* The Soviet state concern v/o EXPORTLES, Moscow, has backed the formation in Paris of RUSBOIS SA (capital F 300,000) with Mr. Thorkil Aschehong as president. This will deal in timber and derived products.

v/o Exportles has a 51% stake in the new Rusbois. Other shareholders are AGENCE FRANCAISE BERNER & NIELSEN SA, Paris, until now the French representatives of the Moscow concern, along with the Norwegian company, BERGER LANGMOEN BRUMMENDAL A/S and the Polish, PAGED, the AGENCE KONOVI and SMITH SA (13.3%) and CIE FRANCAISE DES CELLULOSES SA (9%).

\*\* STE DE RECHERCHES DE MINERAIS EN MER - MINERAMER SA, Paris (capital F 100,000) has just been formed with M. Henry Callamond as president to develop new sea prospection methods, and to experiment with submarine mineral research vessels.

The new company has received the backing of the C.G.T. - CIE GENERALE TRANSATLANTIQUE SA, Paris (see No 475), heading a group of French companies comprising 1) CIE INDUSTRIELLE DE TRAVAUX (CITRA) SA (see No 357), subsidiary of the group Schneider SA, Paris (see No 483); 2) the publically-owned concern, BUREAU DE RECHERCHES GEOLOGIQUES & MINIERES P.B.R.G.M., Paris (see No 436); 3) the drilling and civil engineering company, FORASOL SA, Paris (see No 413); 4) the earth - moving, excavation and drilling concern, INTRAFOR - COFOR SA, Paris (see No 434), formed when COFOR - Cie Generale de Forages SA absorbed Intrafor - Injectons Travaux Publics & Miniers Forages SA, and 5) CIE GENERALE DE GEOPHYSIQUE SA (affiliated chiefly to Banque de Paris & des Pays-Bas - 15.96% (see No 471), to S.N.P.A. - Ste Nationale des Petroles d'Aquitaine SA (see No 487) - 15.86%, and 10% to Cie de Mokta SA, Neuilly-sur-Seine (see No 472).

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