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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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GETTING DOLLARS AT HOME & ABROAD

The impact of the American economy throughout the free world is so strong that Europe's own stability depends on the prosperity of the United States. For all her balance of payments difficulties, the United States' outstanding economic strength is a very reassuring phenomenon, of which Mr. Henry Fowler, the Secretary to the Treasury, is naturally making capital during his present visit to Europe.

Across the Atlantic the curve has been rising for $4\frac{1}{2}$ years; those who are bound by a basic belief in the inevitability of economic cycles keep saying that it is too good to last. After closely examining the various means which have been used to ensure the contrary, however, it has to be admitted that there is no logical reason why American expansion should not continue for some time yet. At all events that is the conclusion reached by most American economists, who maintain that modern methods of stimulating the economy have made the theories of inevitable cycles out of date.

Recent statistics show that official forecasts have erred on the side of excessive caution; the Department of Commerce in Washington thought the Gross National Product would be \$622,500 million in 1964, but in fact it reached \$628,700 million. The official estimates give \$658,000 million for this year, but the figures for the second quarter would give a GNP of \$665,900 million for the year, and it is now believed that the official figure for 1965 will be nearer \$670,000 million. The change in the GNP figure for 1964 alters the rate of economic growth; for 1960/64 it should be adjusted from 4.1% to 4.3% per annum. This resulted in a very slight upward revision of the voluntary "guide-post" considered by the Administration as tolerable for annual wage increases, raising it from 3.2% to 3.3% per annum. The American trades unions are now acquiring a better understanding of the fact that wage increases must depend on the growth of productivity, if galloping inflation is not to wipe out their real advantages.

It is only this enlightened attitude, coupled with increasingly widespread co-operation between employers and workers for improving productivity, that has kept retail price increases at a level between 1.2% and 1.5% per annum in recent years. Some pressure on prices has been apparent in the last few weeks, but on the whole the results achieved have been remarkable, especially when seen from Europe. Obviously this achievement owes much to the substantial growth in both production and consumption; this in itself is a powerful factor in lowering costs, and although selling prices have been very stable - indeed, because they have - profit levels have also risen. This shows what can be done by applying an economic philosophy very different from that accepted in Europe, where inflation is hardly ever defeated by expanding trade, but more often by the monetary methods of restraining credit or

prohibiting price increases.

On the profits side, too, the American results are striking: official statistics show that the yearly rate based on total corporate profits for the first half of 1965 amounts to \$73,500 million before tax, compared with \$50,000 million for 1961 - an increase of nearly 50%. Their consequent liquidity, combined with complete liberty which corporations enjoy to take their own decisions about foreign investments, accounts for the fact that American firms are expecting to make direct investments outside USA totalling \$7,300 million in 1965 compared with \$6,100 million in 1964, according to an official enquiry of the Commerce Department. This would theoretically have caused further difficulties for the American balance of payments, if a large number of companies had not arranged to follow President Johnson's suggestions and obtain the necessary funds abroad, on the spot. For instance, Adam Opel AG, the German subsidiary of General Motors, which plans to invest \$200 million expanding its production in the next 18 months, is borrowing the whole sum from the German banks, although this method of financing works out rather dearer than if it had obtained the money from the parent company in the USA. This method is, indeed, being generally adopted and the American banks which are best established in Europe (such as the First National City Bank and Chase Manhattan Bank) have arranged to raise loans within Europe to meet their American clients' needs there. It follows that even if American liquidity abroad is a little weakened by the fashion France has set (of converting to gold the dollar reserves held in the central banks), the loss will soon be made good by funds raised abroad against the security of American private firms established in Europe. Since their credit standing is generally first class and since Europe possesses or is a clearing house for fairly large and funds of varied origins, no doubt a new balance will be struck shortly. The more the origin of their resources is diversified, the less interference can be expected from individual countries.

Meanwhile, recent action to restore the American balance of payments seems to have given spectacular results for the second quarter of the year: for the first time in eight years a surplus of \$132 million was produced, equal to an annual rate of \$528 million. Taking seasonal factors into account, it is estimated that the year as a whole will still show a deficit of \$1,500 million, but this would be good progress compared with the 1964 deficit of \$3,000 million. All this is based on the supposition that the trading surplus, which was \$6,700 million in 1964, will not diminish very much. What will happen in this direction is not clear yet, as it is not known to what extent steps to restore external payments will have an unfavourable effect, in some quarters, on the trade balance.

Stable prices are also obviously an important element in maintaining American exports. Will intensified war in Vietnam upset the balance? Opinions are divided on the point. Some American economists (for instance, Mr. Walter W. Heller of Minnesota University, who was Chairman of the President's Council of Economic Advisers until November 1964) believe that there is no danger of "overheating": "There is still enough spare capacity and manpower and so much more

coming on stream all the time, that I think we can absorb a bit more expansion without putting any undue strain on the economy". Some other experts are more wary as here and there unusual price rises (between 2 and 8%) have been noted for some machine tools and chemical products, for instance. So far these have been rare enough not to affect the indices, but they remain significant. The unemployment rate is still high, but compared to previous American figures it is relatively low - 4.5% in mid-July. Will this provide adequate reserves of labour? In the first half of 1950 it varied between 5.4% and 6.5%; immediately after hostilities began in Korea it fell to 4.2%. Would "an escalating war" in Vietnam have the same effect if the scale became comparable, as it might? There is already a shortage of some kinds of skilled workers. Production capacity is at present used at a relatively high rate: 90%, according to the Government. This rate was only 80% at the beginning of 1950, before the Korean war began, and by the end of that year it had risen to 93%. If the war in Vietnam had the same effect, there would probably not be enough slack to prevent some "overheating". The present intensification of military orders is a mixed blessing; some American experts regard it as a shot in the arm for the economy just at the right time, for it ensures that there will be no recession, but others cannot overlook the fact that it must bring a certain danger of inflation and that the eventual end of hostilities will raise new problems of adaptation to the previous pace of the economy. Unless, that is, the Government replaces the flow of order for military supplies which will then be lacking by placing similar orders in other fields, e.g. space. It seems as if the public sector of the American economy is fated to go forward in giant strides, just as much in peace as in war, and act as a permanent stimulant to the private sector.

Gold Exchange Standard Revitalized

A look at the recent practice of American banks and industrial concerns of raising funds in the countries in which they are going to be invested seems therefore to reveal that the Gold Exchange Standard is in the process of being brought back to life, after all the recent criticisms that have been made of its workings. The question is whether the ideas suggested by the system's revival belong to the realm of utopian monetary fantasies, or whether they give an indication of how it really might be made to work in the future.

Leaving aside for the moment the pound's function in the sterling area, the Gold Exchange Standard functions, as is well known, with the help of some \$14,000 million (at the end of 1964) in the reserves of central banks outside the United States; it is paradoxical that it should be considered world-shaking if one of these banks converts \$500 million or \$1,000 million into gold, in the light of the much greater amounts invested abroad by the American Government and companies (\$114,300 million on March 31, 1965). By comparison the fall in the American stock of gold (from \$22,100 million at the end of 1953 to \$13,800 million at August 1965) can hardly be considered disturbing. (This figure is calculated on the same basis as the statistics given in the report of the US Committee for revision of balance of payments concepts chaired by Dr. Edward Bernstein. The Bernstein Committee's total for US

Governmental and private investments (portfolio and direct) abroad is \$103,800 million - at the end of 1963 - of which private investments amount to \$66,400 million. The total at the end of 1964 amounted to \$112,400 million, of which private investments were \$72,900 million; on March 31, 1965, the total was \$114,300 million, of which private investments were \$74,300 million.)

In these circumstances, the American Government might even contemplate large-scale action, with its banks and private companies coming to the rescue of its balance of payments, in a way that suited their own books. This would involve encouraging them to borrow at medium or long-term outside the United States, amounts exceeding their need for cash abroad, fixing say \$5,000 million as a target, to be spread over some years. Since American companies in the United States owe \$400,000 million at present, this operation would be equivalent to raising $1\frac{1}{4}\%$ of that total abroad - which in practice means in Europe. If these \$5,000 million were remitted to the United States, they would increase the reserves there, and thus considerably improve in the eyes of the world the "image" of the United States as the country issuing the main reserve currency. The idea has two snags: (1) Europe might not have enough capital available for investment, and (2) interest rates in Europe are considerably higher than in USA, and the American companies would be unlikely to penalize themselves voluntarily in order to ease their country's balance of payments.

On the first point, it is at present impossible to state with any certainty what capital Europe has available; there must, of course, be included capital from any source, including the Middle East, where Europe (especially Switzerland) is often regarded as a convenient place in which to find investment outlets. Since monetary experts estimate that in France alone \$5,000 million of gold is hoarded by private individuals, and since the prospect of the dollar being finally strengthened should make money speculators seek more rewarding investments than gold, people who hold gold in various countries would, in the circumstances imagined, join the ranks of investors of all kinds and all nations who are always looking for the best return on their capital. Thorough investigation would, of course, be necessary to ascertain how much capital the European market could bring together. The second snag mentioned above could easily be avoided: the American Government could assess the difference in interest rates between Europe and the American internal market. If the difference came to say 3% per annum, the Government could make that good and add 1%, for example, by way of a bonus, thus giving American firms which borrowed abroad a rebate of 4% per annum on the amounts concerned. Working on the target figure of \$5,000 million, this would mean an expenditure of \$200 million per annum - an insignificant figure in the American budget.

Even without the bonus to encourage them, it should not be difficult to get the help of the directors of American firms, because such action would probably avoid any risk of the United States setting up currency controls - a thing they dread. It is because there is no regulation to restrict them that they have been able to raise

their foreign investments progressively to the very respectable figure of \$74,300 million (on March 31, 1965), in relation to which the \$5,000 million needed for the operation mentioned seems a small one. So far as international monetary policy is concerned, such an operation would render unnecessary any artificial methods of "transferring liquidity" from the countries which are in surplus to the countries which are in deficit; in fact, it would fall within traditional monetary dealings between countries. If enough capital proved to be available for American needs, another operation of the same kind could be planned for the benefit of the British Treasury, say for £500 million (or rather its dollar equivalent), since British firms have direct and portfolio investments abroad exceeding £10,000 million.

All this is of course entirely theoretical; but more detailed discussion and examination of the problems of international liquidity on these lines would at least have the advantage of bringing to light the potential for borrowing which private enterprise in the reserve currency countries possess but do not use. This has not been considered sufficiently in the debate on how to consolidate the Gold Exchange Standard.

THE WEEK IN THE COMMUNITY
August 30 - September 5, 1965

From our Correspondents in Belgium and Switzerland

* * *

The Common Market

Europe in Cold Storage

Immediately after the crisis of July 1 there was talk in Paris and elsewhere of putting Europe "into cold storage" (see No 312 p 1.) For once the catch-phrase was a fair one; the Community has seldom remained so inert throughout the holidays, and everything still seems to be exactly where it was at the end of July. The Permanent Representatives of the five have not started work on the Commission's modified proposals and they will not be starting until September 17; it is still unknown to what extent they will approve them. Neither has the legal question been cleared up, whether Common Market Council decisions taken in the absence of France are valid, although the point has been given much thought.

Altogether there is still no sign of unfreezing: the only news, if it can be called news, is that the next meeting of the Council has been put off from October 7 to October 17. The Dutch Foreign Minister, Mr Joseph Luns, who holds a key position in the dispute, has decided that he would be better employed at the UN General Assembly in New York than he would be in Brussels. Nobody seems to care about the meeting being postponed and some advantage is seen in waiting until the new West German Government has been formed.

The Common Market crisis has not been at all significant in the German election campaign. The usual academic tributes have had to be paid to the European ideal, but the out-going government has not taken the opportunity to make the first move in an attempt to bring the Six together again. M. Spaak and M. Werner, who have been quietly accepted in Brussels as the probable "honest brokers" between the five and France, do not seem to have been active during August and Italy has certainly not used her turn in the presidential chair to go into action.

The five's inertia has of course suited the French diplomats very well, for it has left them with the initiative. Their opposite numbers among the five may think that lying low also has something to be said for it, for it does put General de Gaulle in rather a difficult position inside France. In Brussels, however, the idea of a "European candidate" for the French presidency in the person of M. Antoine Pinay is not expected to get very far. The French farmers' displays of bad temper towards their government have seemed of greater concern, and with the presidential election getting near (it is to be held in December) it looks from Brussels as if it will be difficult for the French government just to ignore such pressure by a sizeable part of the electorate.

Since M. Pompidou called the French farming organizations to order when they came out in favour of the Commission's latest proposals ("they should leave high policy to the government", he said) the farmers' discontent may not, however, weigh too heavily in the scales unless they can think of some alternative to de Gaulle, of which there is no sign so far. The technical situation appears to favour French designs too well for the General to let it pass, simply noting that the Commission is on the whole ready to give him satisfaction on the question of the financial arrangement and so everything can start again as it was before. The mere fact that since the crisis none of the five has thought fit to define or reaffirm its ideas on European policy, or to say that it is irrevocably devoted to them, is an invitation to Paris to make the first move.

It is significant that almost the only rumours which have been heard during these weeks have concerned the fate of the Commission and its members. These rumours, which tended to confirm some old ones, are that France is likely to make it a condition of her return to Brussels that the Commission should be stripped of political power and should confine itself to the technical functions for which the Treaty makes it responsible. This is above all a question of interpretation, which is as much as to say that it is a question of personalities. In other words, France may ask that the Commission should no longer be manned by people whose previous careers and ways of thinking are only too obviously political. She might, however, be willing to staff it with first rate administrators, like Marjolin of the Common Market Commission, Delouvrier and Guillaumat, French economists, and not merely with senior civil servants. Paris might possibly agree, in order to avoid a head-on collision on the subject of Prof. Hallstein and Mr Mansholt, that they should be reappointed until the merger of the Communities - that is for a presumed period of two years. Later on, the presidency might go to an Italian.

The French position in the Community at present seems safe enough and some people are wondering whether the General (or his successor) may not base part of his electoral campaign on the subject of Europe, thus cutting the ground from under the feet of any European candidate. The General would of course put forward his own concept of Europe, but if it were generally approved by implication along with his re-election, how could the "supranationals" continue to draw a distinction between the President and French public opinion on the subject of Europe's development? Everything should be clearer after his press conference on September 9 and indeed throughout the Community everybody is waiting for him to speak. Nobody else can awaken the sleeping beauty: it is up to the General to cut his way through the tangled undergrowth if he wishes to do so.

Postal Packets Freed from Customs Duties

The Common Market Commission has been able to publish one piece of good news during these otherwise rather depressing days in the Community; from July 1, the Six are to apply its recommendation to free small parcels and the personal belongings and baggage of travellers from customs duties between the Common Market countries, provided commercial goods are not involved. The exemption,

which applies throughout the Six on all parcels of a value equivalent to not more than Ff 300, is for customs duties only. It does not extend to other taxes levied at frontiers, such as turnover tax, consumer taxes etc, and it does not affect trade controls and regulations, such as inspection of meat and vegetables at the frontier.

Also, certain member states have demanded that some products should be excluded from the exemption. These are as follows:

France: Cameras, radio and television sets, watches, clocks etc.

Benelux: Wines and all other alcoholic drinks, manufactured tobacco goods, medicines and drugs, cosmetics, carpets and optical and photographic equipment.

Italy: All goods under state monopoly, such as tobacco, cigarette paper, matches and cigarette lighters.

Germany: No exceptions demanded.

* * *

Swiss Bankers' Association Considers Double Taxation

St. Moritz: Meeting at St. Moritz on September 3 and 4 1965 the Swiss Bankers' Association, (SBA) reviewed bilateral and multilateral attempts to avoid double taxation, both of income and capital.

The SBA recognized that the model treaty which OECD drafted in 1963 had shown its value, in that it had helped towards unification of international law on double taxation. This treaty had also acted as the basis for discussions held by Switzerland with Spain, Greece, Ireland and Italy, with the object of making bilateral agreements and also for negotiations to revise treaties already in force which Switzerland had been requested to make by other countries - West Germany, the Netherlands and Sweden.

The SBA recalled that the OECD model treaty showed signs of many compromise formulae, according to the ideas of some of its member countries; they could not, however, be reconciled with the principles of international fiscal law which Switzerland had respected until now. The Swiss Bankers particularly deplored the very large departures from the method of taxing dividends and interest which have applied up to the present (the domicile principle). By tradition Switzerland only claims to tax what is expressly brought within her scope by the double taxation agreement. If something taxable comes within the fiscal scope of another government, Switzerland refrains from taxing it. The OECD model treaty provides that in bilateral negotiations taxes by the government at the point of origin may be reduced to nil, but until now Switzerland's, experience (for instance, in negotiations with the Netherlands and Sweden) shows that things are moving in another direction: the maximum rates which are allowed to be charged by the country of origin are becoming the rule.

Switzerland is not very pleased, either, with the fact that the clause on exchanging information (as part of international judicial and administrative mutual assistance in taxation matters) should have been included in the model treaty. It is against Swiss ideas of law that the country should harm private individuals by supplying information about their finances to foreign authorities. Swiss law is particularly careful to protect the rights of the individual as is shown by the obligation of professional secrecy which is imposed on bankers, trustees, lawyers, etc. The obligation to be discreet, which Swiss law imposes on the fiscal authorities, is the counterpart of the tax payer's duty to supply information, and an intergovernmental agreement to pass information would wipe out the fiscal authority's obligation to be discreet in an important sphere. What is more, Swiss bankers and authorities are afraid that the arrangements for mutual judicial and administrative assistance (passing information) may be abused with the object of penetrating "the secret sphere which is essential to Swiss economic life... deeply marked by international interdependence". For these legal and economic reasons Switzerland has expressed to OECD her reservations on the subject of the clause which provides for the exchange of information. The SBA insists that these reservations should be maintained uncompromisingly, especially on "account of the question of European integration, which is not yet resolved".

Multilateral Agreement within EFTA?

OECD recommended the members of the various economic groupings to make multilateral agreements on double taxation, based on the model treaty. The EFTA Council of Ministers has therefore made a working party responsible for looking into the technical possibilities of making such an agreement inside EFTA. The provisional conclusion is that it would be quite possible and a draft is being prepared.

From Switzerland's experience with the OECD model treaty, the Swiss Bankers do not conceal their scepticism about the success of any attempt to harmonize taxation law within EFTA: "Our country would probably have great difficulty, in any multilateral negotiations, in safeguarding her legitimate interests -and also her judicial principles on the subject of double taxation; these differ fundamentally from the ideas held by other members of EFTA".

Replacement of the Present Method of Charging Tax

The OECD model treaty assigns to the government where the source of taxation arises the right to tax it there (especially dividends and interest). However, the SBA believes that Switzerland's partners will increasingly abandon this system and apply the maximum rates of tax provided in the agreement. It observes that "taxing at the foreign source and charging a new impost on the tax payer at his Swiss domicile results in a considerable double charge, which it is the whole idea of the OECD model treaty to avoid". The country of domicile (in this case Switzerland) has to take into account the taxation of interest and dividends charged by the country of origin and reduce her own taxes accordingly. The Swiss bankers emphasize the urgent need of finding a solution to this problem, now that several countries have already considerably increased tax at source, which is not repayable under double taxation agreements.

In theory the most suitable and fairest means of avoiding double taxing of income or capital arising from foreign securities would be to deduct foreign taxes completely. However, this would be impossible technically, because the Swiss fiscal system is so complex. One method of replacement contemplated by the Swiss government was to make a deduction limited to the amount of foreign tax. The SBA, however, points out that this instrument would be too blunt and would run into serious difficulties, preventing the banks from working rationally when their customers made a number of tax returns.

Opinion in Berne is moving gradually towards some method of "relief as of right." The SBA agrees that this appears to be a suitable method, but it is asking the fiscal authorities not to overlook the fact that a single fixed limit on foreign tax would not allow for special cases or at any rate not sufficiently. Some tax-payers would also be subject to considerable double taxation in the future. According to the Swiss bankers, the method should be kept in reserve of correcting the fixed deduction at the request of the parties concerned. This method and its procedure ought in any case to be made easy

for tax-payers to understand. Any lack of clarity would be deplorable, both for individuals and for the economy.

Bilateral Negotiations with Common Market Countries

1. West Germany

In spite of the Federal Government's order providing for "steps against the use (without just cause) of double taxation agreements made by the government". In the Common Market countries and particularly in Germany there has been no end of criticisms of Switzerland, which is described as "a fiscal oasis". Under political pressure the Federal German Government suggested to Switzerland last December that it should open negotiations to revise the double taxation convention between the two countries, so as to beat the alleged tax evasion through Switzerland. The Swiss Government said it was prepared to undertake negotiations in order to revise the present (1931/1959) agreement, but remarked that it is for the country which complains that its tax payers are disappearing to take steps to prevent tax evasion. It further declared that it considered the main object of any revision would be to improve the protection which the national economy of the two countries should have against the effects of double taxation.

The SBA will take part in the negotiations. Although the German government has not yet made any definite proposals for this revision, the Swiss bankers believe that the German requests will go "very far": they may include some change in the definition of domicile both for individuals and corporations; retaining liability to foreign tax when a German elects to be domiciled in Switzerland; replacing the so-called "exemption method" by that of deduction; and discrimination between basically Swiss companies and holding companies. The SBA rejects any attempt to meet the difference in taxation between the two countries by changing the character of the double taxation agreement. This stand seems to the SBA more necessary than ever now that criticisms of the Swiss "fiscal oasis" have lost any justification since the entry into force of the Federal Government law laying down measures against unjustified use of double taxation agreements made by it; the Swiss bankers maintain that "some Common Market countries are trying to attract foreign companies or individuals by granting them fiscal privileges far exceeding the advantages given by Switzerland up to the present."

2. France

The French branches of foreign companies are liable, in addition to taxes on their own profits, to the French proportional tax. Under the Franco-Swiss double taxation agreements, this tax is not levied if it is proved that three quarters of the profit distributions go to people domiciled in Switzerland. Proof of this, which in practice can only be given in the case of shares registered in their owners' names, would in future be hard to establish. On the Swiss side, a Notary's declaration certifying an extract from the shareholders' register is taken as sufficient proof, but the French fiscal authorities require a full list of shareholders to be supplied. Since it would be contrary to

Swiss government practice for Swiss shareholders' registers to be checked by the French tax authorities, the SBA has asked the Swiss authorities to approach the French and ask them to retain the procedure of proving by a Notary's certificate.

3. Italy

Since January 1, 1963 the taxes at source levied in Italy on distributions by joint stock and cooperative companies have been increased. The result is that double taxation has become a sensitive point in Italo-Swiss relations. Before World War II Switzerland had already tried to reach agreement with Italy so as to avoid double income tax. According to the SBA these attempts failed, not only because of the differences between the tax laws of the two countries but particularly on account of the "many unacceptable reservations" made by Italy, both to the Swiss proposals and later to the OECD recommendations. The SBA warns the Swiss authorities against making an agreement with Italy at any price, because in their opinion "it is better to have no agreement than one which does more harm than good to the best interests of the Swiss economy."

4. The Netherlands

At the same time as it intends to rescind company tax, the Netherlands will simultaneously raise the income tax on movable capital; foreign holders of Dutch securities will in future only be able to recover 10% of the 25% dividend tax. The SBA considers that the Dutch request to alter the Swiss-Dutch double tax agreement in this direction should not be accepted, because Swiss ownership of Dutch securities is so widespread. The Swiss bankers also reject Dutch demands for changes designed to fight tax evasion, "because they might have unfavourable repercussions on double tax negotiations with other member countries of the European Community". The SBA says boldly: "Those Dutch requirements which are only harmful to Swiss interests should be rejected, even under threat that the existing agreement will be torn up."

STUDIES AND TRENDS
THE AMERICAN BANKING SYSTEM - I
By Jean Rivoire, Credit Lyonnais, Paris.

In 1933 American Federal law clearly distinguished between commercial banks and investment banks.

Commercial banks are entitled to receive deposits and undertake short, medium and (subject to certain restrictions) long term credit operations.

Some are state-chartered banks and the others national banks. The latter are obliged to include the word "national" in their style and to be members of the Federal Reserve Bank, on which the siting of their headquarters depends. (The issue of dollars and the control of credit are the responsibility of twelve national banks, which divide amongst them the whole territory of the U.S.A; These issuing banks are associated with the Federal Reserve Board of Washington). In practice there is very little difference between the two kinds of commercial banks.

Whether state-chartered or national, the commercial banks are subject to very strict regulations: within the U.S.A. they can only conduct banking business in one state; some of the state legislation is even more restrictive; for instance, the New York banks can only have branches in the City of New York itself; those in Chicago are not allowed any branches apart from their head office. Again, they are not allowed to hold securities (shares or bonds, whether quoted or not). They must not place securities, either with their own clients or with others, or even to recommend security transactions publicly. In this connection, they are not allowed to take a seat as brokers on any stock exchange (one commercial bank, Brown Bros. Harriman and Co. still has a seat on the New York Stock Exchange, for reasons which will be given below).

By way of exception:

- (1) they may hold and place Federal Government, State Government and other public securities.
- (2) they may own subsidiaries which specialize in international trade (for instance, the First National Bank of Chicago has a subsidiary concerned with international transactions in New York but without bank facilities for the public).
- (3) they may buy securities in other companies provided that the purchase complies with federal law and is approved by the state authorities (for instance, the Bank of America has a subsidiary which specializes in financing small concerns of the "small business investment companies" type; the first National Bank of Boston has a factoring sub-

sidiary).

Investment banks deal in securities, whether quoted or not. They are not allowed to have bank counters, so that the word "bank" may seem an unsuitable name for them; sometimes the expressions "investment firm" or "underwriter" are preferred. (the meaning of the second will appear later). Most of these hold seats as stock brokers.

Commercial Banks

As mentioned, the area in which commercial banks can operate is limited (the largest is that of the Californian banks, such as the Bank of America, which has become the largest bank in the world. California is a very large state and allows its banks to establish themselves throughout its territory). This explains why the number of banks is so large; on December 31, 1964 there were 6,225 banks associated with the Federal Reserve system.

As payments by cheque are very widespread in the U.S.A., nearly all main transactions (including deposits with banks) are carried out without cash being handled. That is why the banks have an important part to play outside their home district, leaving to their local colleagues small transactions which necessitate handling cash. (This state of affairs seems to foreshadow what might happen in Europe if the banks keep their present location within the Common Market when capital movements become completely free).

The fact that they are forbidden to undertake or give public advice on security transactions does not prevent the commercial banks from managing investment portfolios for others. They can pick and choose among their clients so that they only keep large portfolios, which are the most worth while. (Small investors go direct to brokers for stock exchange transactions; they generally deposit their securities with them and ask their advice on the management of their portfolios. This is the case for some brokers, but there are others, the institutional brokers, who are only concerned with large clients and institutional investors).

American law guarantees the survival of many small banks but it does not prevent the big banks expanding. It may even have furthered the growth of the most lively banks by relieving them of the heavy burden they might otherwise have had to bear in the shape of maintaining a securities department and a wide spread network of branches.

Only the small commercial banks confine their banking business to their home areas. In the large ones, the banking section is not limited to the areas where their branches are situated; it handles large transactions in the remainder of the U.S.A., either directly or through local agencies. There is another department which is quite independent - the Investment Managing Department.

The headquarters of the large commercial banks consist of officers who are generally organized as follows-:

Assistant Treasurer	(the lowest grade, which university graduates generally fill after three or four years' work, at the age of 25/28; the annual salary is between \$9,000 and \$13,000).
Assistant Vice-president	
Vice-president	(\$25,000 - \$40,000 per annum)
First vice-president	
Senior vice-president	
Executive vice-president	
President	

In American firms it is important not to confuse the title of "manager", which describes the exercise of authority at whatever level with that of "officer" (president, vice-president, etc), which refers to a grade in the firm's central organization nor with that of "director", which means a member of the board. More than one of these titles may apply to the same man; for instance, the manager of a large branch of a bank may also be a vice-president of the bank and may even have a seat on the board as a director. The president is necessarily the general manager; he usually sits on the board and may be the president or chairman of the board.

There are five principal aspects of the Commercial banks' activities worth noting:

- (a) the organization of the banking department (in the large firms).
- (b) funds and rates of interest on loans.
- (c) use of funds
- (d) cost of credit
- (e) management of investments (in the large concerns)

Banking Department

The banking department consists of two main branches. These are:-

- (1) The loan department, which maintains contacts with firms and decides on the granting of loans;
- (2) The credit department, which studies firms' records and keeps the loan department (and sometimes general management) informed without itself taking decisions.

The loan department is generally divided into three sections: one for transactions in the home district, another for operations in the rest of the U.S.A. and the third for international transactions.

Within each section the work is divided on a geographical basis or according to the type of business; sometimes it is a compromise between the two. In the Bankers' Trust Co. of New York the whole of the oil industry is attached to the southern region of the U.S.A. and the whole of the electronic industry to the west. At the Chase Manhattan Bank, some loan officers are engineers but have specialized on the following subjects:-

aerospace, oil, chemicals, electronics and public utilities (many of these are in private hands in the U.S.A.: the telephone, telegraphs, water, gas, electricity, transport. The American Telephone and Telegraph, one of the large American businesses, is regarded as a public utility). The loan department has sections attached to it, including one which is concerned with personal loans and another which is responsible for putting the loan into effect.

The loan officers enjoy wide discretion in their decisions. the delegation of authority to them is especially clear at the Bankers' Trust, where the signatures of two loan officers is enough to decide on any loan, with no restriction other than that imposed by law (a commercial bank cannot lend more than 10% of its own funds to a single client. In the case of the Bankers' Trust, whose funds are of the order of \$440 million, the legal maximum is therefore \$44 million). The Bank considers itself as committed to its client, by the decision of a single loan officer. Of course the Executive Committee of the Bank may ask the officer to explain the loans which he has agreed to make, but only after the event.

The credit department is an entirely separate organization. At the Chase Manhattan Bank, for instance, it is centralized at head office, and the work is divided according to alphabetical order of firms; at the Bankers' Trust, on the contrary, the department is represented in their branches.

The credit department studies the annual balance sheet of all large clients

(the balance sheet generally reaches it three or four months after the year to which it relates) and compares it with previous balance sheets. If there is any question, the department may ask the client to supply an interim balance sheet quarterly or even monthly (these generally arrive a month after the date to which they refer).

The credit department has no decisions to make and is therefore expected to maintain complete objectivity. Many new recruits to the bank spend several years there by way of training. The department generally has a section responsible for trade information.

Resources and Rates of Interest on Loans

There are three kinds of deposits:

- (1) Sign deposits by private individuals or by firms; these are the kind most sought after by the banks. (In Britain these are usually called current accounts).
- (2) Private savings deposits; these are less profitable for the banks because of the competition from savings banks, which compels banks to give a high rate of interest.
- (3) Time deposits by firms

Sight or demand deposits are made without interest. They are the only deposits against which cheques may be drawn. In theory 10 cents should be paid for each cheque drawn, but the banks have adopted the custom of not invoicing firms for the cheques they draw and of giving individuals so many cheques a month without charging, provided that they leave a reasonably large amount in their accounts.

Savings deposits are theoretically repayable with due notice, but in practice they are repayable immediately, but not by drawing cheques. The commercial banks allow 4% interest but the savings banks and loan associations allow up to 4.25% in New York and 5% in California. The banks explain these differences in rates by the services which they give and the better guarantee of liquidity which they offer.

During the present year time deposits offer the following rates of interest: -

3 months, 4%

6 months, 4.25%

8 months or a year, 4.375%

In 1964 the total of savings deposits and time deposits with the banks associated with the Federal Reserve system was 41% of all deposits, compared with 26% in 1956.

Use of Funds

The commercial banks have to deposit with the Federal Reserve Bank free of interest 16.5% of their demand deposits and 4% of their savings and time deposits. The remainder of their funds is put into loans or public securities, or deposited additionally in federal funds (at 4 to 4.125%). (At present public securities offer the following rates of interest:-

U. S. Treasury bills for 3 months	3.95%
U. S. Government bonds for one to 20 years	4% to 4.25%
Loans to states and cities	2.50% to 4.75%

State and municipal loans are exempt from federal income tax - and generally from state taxes too, which makes them attractive to large investors and business concerns, although the interest rates are low. They are, however, difficult to negotiate, whereas Treasury bills and Government bonds have a wide market).

The American commercial banks' percentage of loans to deposits has increased steadily since 1951. Loans represented 35% of deposits in 1951, 41% in 1955, 52% in 1960, 56% in 1964.

On average the period of loans due works out as follows:-

30% over a year, 60% under a year (including longer loans falling due within a year), 10% day-to-day broker's loans. The banks would like to increase the proportion of short term loans, but the market does not demand many of these at present.

The two main types of borrower are the commercial concerns (which are the core of business for the big banks), and private individuals who borrow about as much in total as firms do from the small banks.

Generally speaking, corporate loans are not linked with a particular transaction and carry no security. Unsecured loans are made for periods varying between 20 days and 10 years. The commonest period is 90 days. The Federal Reserve Banks see to it that banks in their area do not make unsecured loans for longer than 10 years. Loans for more than three years are confined to very large concerns. As a rule the banks prefer not to go beyond three years, and to pair their loan with another, by an insurance company or pension fund, which may extend for 20 or 25 years. The system of unsecured loans is based on the excellent knowledge which the banks, and especially their loan officers, have of their American clients.

Discounting commercial paper is not general American practice, but it is

done in some circumstances. For instance, some New York textile businesses are directed by Jews who have come from Europe and who were accustomed to getting their bills discounted; the Banker's Trust accepts their paper on the same terms as it would give them for a 90-day loan. The bankers can rediscount this paper at the Federal Reserve Bank, but they do not take advantage of the possibility because rediscounting would be regarded by the public as symptomatic of a serious crisis.

The big commercial banks only make auxiliary loans to firms on security; such loans are generally granted by finance houses, which work partly with their own funds and partly with short term money borrowed from banks or on the money market.

Personal loans, however, are nearly always secured. There are three main kinds:-

- (1) Loans against securities, generally for the purpose of buying other stock exchange securities; these loans, generally for less than a year, are covered by precise legal regulations;
- (2) Loans for buying household capital goods (cars, TV sets, washing machines etc) on the security of the goods themselves; such loans are for 75% at most of the purchase price, and their re-payment is generally spread over a maximum period of 36 months; these loans are made either by banks or by specialized finance houses. (Loans for buying cars now account for 35% of the total loans made by the small banks. At the Banker's Trust they only account for 7% to 8%, to which should be added another 7% to 8% for unsecured loans to specialized finance houses, the largest of which is General Motors Acceptance Corporation, a subsidiary of General Motors). In total American consumer credit in 1964 represented 16.7% of disposable personal income after tax.
- (3) Loans on mortgage, generally for the purchase or building of houses. (These apply not only to new buildings but also to existing houses. Every year since 1958 new mortgage loans have exceeded the value of new building. During the first 9 months of 1964, for instance, new mortgages on homes totalled \$29,000 million, while the value of new building in the same period was only \$19,000 million). Mortgage loans run up to 90% of the cost of the house and repayment may be spread over anything up to 25 years; mortgage loans are made mainly by savings banks but also by commercial banks and the insurance companies. Between 75% and 80% of deposits in American savings banks are invested in mortgage loans, the greater part of which are to private individuals).

The extent of loans to private individuals in USA is very striking. The Americans consider it just as normal to get into debt as to save. For instance, many of them borrow at 8% or 9% to buy a car, while keeping a portfolio of shares yielding dividends at only 2% to 3%; in fact, they regard this as the only method of keeping their capital intact, because they are obliged to meet the monthly payments. (The American fiscal system

encourages investors not to sell their shares unless they have a real need for money or a very profitable re-investment possibility; in fact, when capital gains have been made, they have to be returned with the year's income and are taxable as income, subject to a maximum rate of 25%).

The large amount of savings explains how it is that big firms can easily get long-term funds; they have very little need of banks. Banking assistance is generally given to the consumer.

The case of the big car firms (General Motors, Ford, Chrysler) is particularly noteworthy; they have at present no bank indebtedness, but their customers (many of whom are simultaneously their shareholders) are heavily in debt.

(to be continued)

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- 29 FINANCE France: FINANCIERE DE SUEZ and L'UNION DES MINES - LA HENIN to set up BANQUE DE LA COMPAGNIE FINANCIERE DE SUEZ & DE LA HENIN. Italy: SARAH IMMOBILIARE formed at Rome, almost wholly-owned by CLARIDEN FINANZ, Zurich; NESSEL, Coire sets up NESSEL ITALIANA DI MIRELLA POZZI.
- 30 FOOD & DRINK W.Germany: KAMBLY AG, BISCUITS - CONFISERIE & NAEHRMITTEL, Berne sets up KAMBLY GmbH.
- 31 LEATHER France: The Pellet shoe group fully controls CIE FRANCAISE DE LA CHAUSSURE.
- 31 OPTICAL & PHOTOGRAPHIC Austria: OPTISCHE WERKE G.RODENSTOCK, Munich sets up subsidiary at Vienna. W.Germany: CARL ZEISS STIFTUNG backs new sales company; Merger between IHAGEE KAMERA-WERK, Frankfurt and IHAGEE-EXACTA PHOTO, Berlin.
- 32 PAPER Spain: CELULOSAS DEL NERVION, Bilbao has large interest in new company, MANIPULADOS KRAFT DEL SUR.
- 32 PHARMACEUTICALS Belgium: BLOCK DRUG CO, New Jersey increases capital of STAFFORD-MILLER CONTINENTAL, Oevel. Italy: THE KNOX CO of Los Angeles opens Milan branch. France: S.A. TESA changes name to BEIERSDORF FRANCE to mark link with BEIERSDORF & CO, Hamburg.
- 33 PLASTICS France: POLYFLUOR, Sweden sets up HABIA, Paris. Luxembourg: POLY-KUNSTSTOFF GmbH, Cologne opens new branch. W.Germany: KLOECKNER-WERKE, Duisburg sets up KLOECKNER-PENTAPLAST.
- 33 RUBBER France: EURONOT formed in Paris to sell and transport rubber. Italy: ENGLEBERT, Liege controlled by U.S.RUBBER, opens branches at Turin and Milan.

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- 34 TOURISM Luxembourg: TRIGINTER SA set up by TRIGANO VACANCES and CFI - CIE FINANCIERE & IMMOBILIERE.
- 34 TRADE France: STE GENERALE D'EXPLOITATION DES DRUGSTORES formed in Paris. W.Germany: Herr Friedrich Schwab regains control of FRIEDRICH SCHWAB & CO KGaA UEBERLANDVER-SAND, Hanau.
- 35 TRANSPORT Belgium: BAC-BELGIAN AIR CONSOLIDATORS formed at Brussels; IBERIA, LINEAS AEREAS DE ESPANA, Madrid changes Brussels office to a branch. Netherlands: SHV-STEENKOLEN-HANDELSVEREENIGING sets up company at Haanrade; NV SCHEEPVAART PARTICIPATIEMIJ, sets up transport company at The Hague. W.Germany: DROUIN FRERES sets up subsidiary at Porz-am-Rhein.
- 35 VARIOUS Belgium: IPS-INTER PRESS SERVICE formed in Brussels; PAPER-TERIES DU PONT DE WARCHE takes over three other firms in the INTERMILLS group. Britain: NATIONAL ALLGEMEINE VERSICHERUNGS, Lübeck authorized to operate in Britain. Netherlands: SCHAERER (EUROPA) NV formed to import and sell medical instruments. W.Germany: GUILD TELEVISION SERVICES sets up company at Hamburg; "STARO" DEGASPER & CO, Zurich forms Frankfurt subsidiary; Company formed at Hamburg to promote "Ariadne" trade mark of Swedish firm, BONDESSON & TEHLER.

AUTOMOBILES

321/23 AUTOMOBILES M. BERLIET SA, Venissieux, Rhone (see No 281) which makes commercial vehicles with a pay load of $3\frac{1}{2}$ tons and over, and has annual production of about 18,000, has formed an almost wholly-owned sales subsidiary in Belgium BERLIET-BENELUX SA, St Josse-ten-Noode (capital Bf 2.5 million - president M. Henri Berliet, Paris).

In 1961 the French group formed AUTOMOBILES M. BERLIET DEUTSCHLAND GmbH (capital raised in March 1963 from Dm 20,000 to Dm 500,000) at Frankfurt; it controls it completely, 20% direct, 50% through INTERAUTOMOBILE SA (formed in May 1961 at Geneva with a capital of Sf 1 million) and 30% through CITTEX-CIE D'IMPORTATION, TRANSIT, TRANSPORTATION & EXPORTATION SA, Lyons. In Switzerland it also has BERLIET FRIBOURG SA, Fribourg formed in February 1963 with a capital of Sf 50,000. Outside Europe its main shareholdings are in Algeria, Tunisia, Morocco, Senegal, Congo (Leopoldville) and Brazil.

321/23 Two directors of the car firm VOLKSWAGENWERK AG, Wolfsburg (see No 289), Herr Hans Busch, Düsseldorf - President - and Herr Frank Novotny, Wolfsburg, are president and managing director respectively of the management company HOLAD-HOLDING & ADMINISTRATION AG which has been formed at Zurich with a capital of Sf 110,000; its directors are Herr Hans Krüger and Herr Carl Nebelung, both of Wolfsburg.

BUILDING & CIVIL ENGINEERING

321/23 The semi-public property firm "RASSCO" RURAL & SUBURBAN SETTLEMENT CO LTD, Tel Aviv (see No 191) has backed the formation of RASSCO NEDERLAND at Amsterdam (capital Fl 2 million), which will be directly controlled by the firm's Swiss subsidiary RASSCO CORP LTD, Zurich. The new firm will carry out the same type of property investments and financing as the parent company, both in Holland and in other countries. It will be managed by Dr Walter Kronheim, the manager of the Zurich subsidiary, and the board will consist of Mr Mardechai Chaim Stern, a director of the Tel Aviv and Zurich companies, and Izak Salomon de Vries, an Amsterdam lawyer.

321/23 The Dutch firm GELDENS NV, Nijmegen, which manufactures and trades in building materials (in conjunction with its subsidiaries INDUSTRIE-EN HANDELMIJ. PERFORA NV and VIBRO NV MIJ TOT HET VERVAARDIGEN VAN EN DE HANDEL IN BOUWMATERIALEN) has agreed to go into a 50-50 partnership with the Belgian family Haentjens of Antwerp to set up HAGEMAT NV (capital Bf 1 million) at Antwerp to deal in building materials.

321/23 In Belgium the civil engineering firm WERKHUIZEN BOSMANS NV, Vilvorde is going to be taken over by a firm which specializes in building roads, WEGEBOWEG & BOUW NV, St Gilles-Brussels, which will consequently raise its capital to Fb 40 million.

321/23 The civil engineering firm BETON- & BIMSWARENFABRIEK A. J. VAN DER MEYDEN, Eindhoven (capital Fl 100,000) has opened a West German branch which will be directed by Mr Carl Rappard of Nijmegen.

CHEMICALS

321/24 With the object of extending the business of its "activated earth and special silica department", STE FRANCAISE DES GLYCERINES SA, Paris (see No. 291) is preparing to form HISPANO-FRANCESA DE DIATOMEAS & TIERRAS DE COLORANTES SA at Alicante in Spain, 50-50 with Spanish interests. Its capital will be Ptas 53 million and it will put up a factory at Alicante, where the French parent company has just bought a site; this will be supplied with raw materials from the deposits of diatomaceous earth in the south of Spain.

Ste Francaise des Glycerines, (capital Ff 7.447 million), whose main business is producing synthetic glycerine, has a 41.3% associate, STE CENTRALE DE DYNAMITE SA, Paris (see No. 308).

321/24 RUB-KOR-BENELUX GmbH has been formed in Luxembourg to make and sell products based on asphalt, including those under the trade mark "Rub-Kor". Its Lux F. 350,000 capital is shared 50-50 by DEUTSCH-AMERIKANISCHE ASPHALT-PRODUKTEN GmbH, Hamburg and CIE GENERALE DES GOUDRONS SA, Luxembourg.

321/24 CHEMISCHE FABRIEK L. VAN DER GRINTEN NV, Venlo (see No. 255) which employs about 700 people in the manufacture of "Oce" brand copying material, has formed an Austrian subsidiary VAN DER GRINTEN GmbH, Salzburg (capital Sch 400,000). It will be managed by Herr Leonardus van Dongen, Vught, Netherlands, Herr Karl Metternich and Herr Hans Czajaneck, Salzburg.

The Dutch company, two thirds of whose sales are for export, is represented in West Germany by VAN DER GRINTEN GmbH, Mülheim (managed by Mr. L. van Dongen, Etterbeek, Brussels and Mr. Willem Buskes of Venlo), in Belgium by VAN DER GRINTEN NV at Etterbeek, Brussels (which it controls almost entirely, holding 86% directly and a proportion indirectly, through its subsidiary NED. BOTERKLEUSELFABRIEK L. VAN DER GRINTEN NV); in the Union of South Africa it has a 20% holding in HELIOS HOLDING PTY LTD, Johannesburg. It also has two other Dutch subsidiaries, ANDENO NV and MACHINEFABRIEK "DE EMWEE" L.P. GROTH-AUZEN NV, both at Venlo.

321/24 PYRESINE FRANCE Sarl has been formed in Paris to import and sell polishes etc. Its capital, Ff 10,000, is divided as follows:- M. Alphonse Emsens, Grimbergen, 50%, Madame Krekels, Brussels, 20%, Madame Meyerson, Pantin, Seine, 30%: she is the manageress.

ELECTRICAL ENGINEERING

321/24 The French firm THERMEL-REGULATION THERMO ELECTRIQUE SA, Levallois, Seine, manufacturer of control and measuring instruments and thermostats, has set up a Madrid subsidiary THERMEL ESPANOLA SA (capital Pts 1 million) in partnership with minority Spanish interests. The new firm will begin as a sales subsidiary, but will later assemble the parts made by the parent company.

Thermel, which is preparing to set up another subsidiary in West Germany, has 50% in THERMEL ITALIANA Srl, Milan, (capital lire 800,000), formed in June 1964 in partnership with Sig Francesco Rapisarda of Milan (see No. 259). In France, Thermel is exclusive dealer for the American thermostat firm WEST INSTRUMENT CORP, Shiller Park, Illinois, and its British subsidiary of the same name at Brighton, Sussex.

321/25 The German industrialist Herr Egon Stiehl has given up the management of ROBERT BOSCH MASCHINENBAU MURRHARDT GmbH, Murrhardt, Wurttemberg, which is already controlled financially by the holding company MABO INDUSTRIEBETEILIGUNG GmbH and now comes under its technical direction; in this way it forms part of the electrical engineering group ROBERT BOSCH GmbH, Stuttgart (see No. 288). This is the end of a process which began rather more than a year ago when Mabo acquired from Herr Egon Stiehl and Herr Ferdinand Fromm (equal joint proprietors) control of "SPINTEX" SPINNEREI-MASCHINENBAU STIEHL, FROMM & CO, Murrhardt, Wurttemberg, (see No. 285) a firm which originally made textile machinery. Under the management of the Bosch group "Spintex" immediately gave up that business to HISPANO SUIZA (SUISSE) SA, Geneva (the sale of these machines in West Germany was taken care of by one of the group's subsidiaries in Geneva SPINTEX SPINNEREI-MASCHINENBAU GmbH) in order to start making electrical equipment for industrial plants, injection apparatus; hydraulic machinery, etc; it became ROBERT BOSCH MASCHINENBAU MURRHARDT GmbH.

ELECTRONICS

321/25 The Frankfurt group HARTMANN & BRAUN AG (see No. 244) is expanding its French subsidiary HARTMANN & BRAUN FRANCE Sarl, Metz-Magny, Moselle, and has increased its capital by a factor of five to Ff 1 million. The German group has several French subsidiaries, including one at Bois-Colombes, Seine, and one at Rouen, Seine-Maritime.

Last year the parent company completely re-organized its production; it gave up its precision engineering division, (which was run by two subsidiaries, one wholly-owned - ELIMA GmbH, Frankfurt, with Dm 3 million capital, and one controlled 76.2% - SCHOPPE & FAESER GmbH, Minden) in order to concentrate on electronic control and measuring equipment. The group's other interests are, in Germany: 30% in EUROCOMP GmbH, ELEKTRONISCHE RECHENANLAGEN, Minden (the balance of which is held by Schoppe & Faeser and the American group GENERAL PRECISION CORP, Tarrytown, New Jersey); and abroad; several direct subsidiaries: - HARTMANN & BRAUN GmbH, Vienna; CAMILLE BAUER MESSINSTRUMENTE AG, Wohlen, Switzerland (40%); and HARTMANN & BAUER LTDA, Sao Paolo.

321/26 In partnership with the Dutch engineer Franciscus J. Perquin, a French engineer, Jacques Bargain, has set up a new company at Amsterdam, TECHMATION NV, (capital Fl 20,000) to import, export and manufacture electronic and mechanical appliances and parts used in automatic measuring techniques. About two years ago, M. Bargain backed the formation at Düsseldorf of TECHMATION GESELLSCHAFT FÜR MESSTECHNISCHE AUTOMATION mbH (capital Dm 40,000), with the same functions as the new Dutch firm which is headed by M. Bargain himself.

321/26 KOENIG AUTOMATION SA, Rixheim, Haut Rhin, has had a capital increase from Ff 0.2 to Ff 0.8 million allowing the Paris company, HOUDEC-LE CONTROLE DES FLUIDES SA, to acquire a controlling interest in it. M. Jean Koenig will remain as director and technical manager of the company which produces electro-hydraulic automatic controls (about 70 employees).

Houdec is an 80% subsidiary of ELLIOTT-AUTOMATION CONTINENTAL SA, the Luxembourg holding company of ELLIOTT-AUTOMATION LTD, London (see No 307), which took it over in 1964 from MANURHIN-MANUFACTURE DE MACHINES DU HAUT RHIN SA, Mulhouse-Bourtzwiller (see No 252). Houdec, which has a capital of Ff 0.8 million, produces flowmeters and other meters (factory at Essonnes, Seine et Oise). Its taking control of Koenig Automation means a further expansion of Elliott-Automation in France where it already has interests in ELLIOTT-AUTOMATION FRANCE SA, Mulhouse (capital Ff 12.9 million; president M. Marius Masson), in LA THERMOSTATIQUE SA, Les Lilas, Seine in MANURHIN SA, SA FRANCAISE VYNCKIER FRERES, Lille, Nord in LONDEX SA, Paris, etc. (see No 299).

321/26 SCIAKY SA, Vitry, Seine which specializes in developing and building all kinds of welding machinery, has entered the German market by setting up an import and sales company, SCIAKY GmbH, at Wiesbaden (capital Dm 30,000; manager, Herr Günter Hocke of Wiesbaden).

Last April, the French company had a capital increase from Ff 0.668 to 0.941 million. Since 1964 it had had a marketing company in Sweden, SCIAKY SCANDIA A/B, Göteborg and it also has two sister companies, one in Britain, SCIAKY ELECTRIC WELDING MACHINES LTD, Slough which controls SCIAKY AUSTRALIA PTY LTD, Fairfield, Australia and one in the United States, SCIAKY BROS. INC, Chicago (research division, SCIAKY RESEARCH DIVISION, at Los Angeles, California).

ENGINEERING & METAL

321/26 The Danish heating appliance company C. M. HESS' FABRIKKER A/S, Vejle (capital Kr 2 million - about 400 employees) has formed a manufacturing and trading subsidiary in West Germany called HESS-O-THERM GmbH, Neumünster, Schleswig-Holstein, whose initial capital will be Dm 240,000. The parent company controls MATTHISSEN & DITTMANN A/S, Copenhagen, J. S. HESS & SON A/S and CHEMOLAK A/S, both at Middelfart in Denmark and C. M. HESS LTD in Britain.

321/27 CATERPILLAR TRACTOR CO, East Peoria, Illinois (see No 82), which in 1960 set up a manufacturing subsidiary CATERPILLAR FRANCE SA, Paris (factories at Grenoble and Echirolles, Isère for marking caterpillar tractors), is going to start another in Belgium, which will build and run a factory in the Charleroi area.

The American group, which is well known for its wide range of agricultural equipment, has two other European subsidiaries: CATERPILLAR TRACTOR CO LTD, Glasgow, with a factory at Newcastle-on-Tyne, and CATERPILLAR OVERSEAS SA, Geneva formed in December in 1960 with a capital of Sf 100 million. It employs 44,000 people in the U. S. A. and abroad including CATERPILLAR BRASIL SA, Sao-Paulo, CATERPILLAR OF AUSTRALIA PTY LTD, Melbourne, CATERPILLAR OF CANADA LTD, Toronto, CATERPILLAR AFRICA PTY LTD, Johannesburg, CATERPILLAR MEXICANA SA, Monterrey, TRACTOR ENGINEERS LTD, Bombay (jointly with the local firm LARSEN & TOUBRO LTD) and CATERPILLAR MITSUBISHI LTD, Sagami, formed in 1963, 50-50 with SHIN MITSUBISHI HEAVY INDUSTRIES LTD.

321/27 ROCKWELL GmbH, Pinneberg, Hamburg, wholly owned subsidiary of the American group, ROCKWELL MANUFACTURING CO of Pittsburgh, Pennsylvania (see No 270), has acquired a 46% holding in I.B.ROMBACH, Karlsruhe, which makes gas meters. The Pittsburgh company is already the second largest producer of gas meters in the world.

The Pinneberg company (capital Dm 8 million) is a holding company at the head of the American firm's main interests in Germany. It has complete control of JLO WERKE GmbH, Pinneberg and SUEDEUTSCHES ROCKWELL WERK GmbH, Munich which both make engines for mopeds, small motor bicycles and trucks, and 7-13 horsepower engines for agricultural machinery, tractors, pumps, generators, building machinery etc, totalling an annual turnover of Dm 70 million in 1964. The group also has a 50% interest in DEUTSCHE ROCKWELL AUDCO GmbH, Brackwede, (brass foundry) in which the British company, SERCK LTD, Birmingham also holds 50%.

321/27 A company called STE DES PONTS & TRAVAUX EN FER SA, Paris will be the result of the merger recently agreed (see No 319) between the present company of the same name and COVALOR - CONSTRUCTIONS METALLIQUES DE LA VALLEE DE L'ORNE SA, Paris. (Covalor is controlled by the group CIE DE PONT-A-MOUSSON SA, Nancy, through SPAFI-STE LORRAINE DE PARTICIPATIONS FINANCIERES & INDUSTRIELLES, Paris). Pont-a-Mousson (see No 314) will be majority shareholder with 54% in the new company (capital Ff 11.01 million), which will include in its industrial plant the factories at Montataire, Oise and Maizieres-les-Metz, Moselle.

321/27 WUERTTEMBERGISCHE METALLWARENFABRIK AG, Geislingen, Steige the largest West German manufacturer of household articles made of silver, brass and stainless steel, is backing the formation of WMF IN. OESTERREICH, RIEDER KG at Innsbruck, Tyrol. It will be a sales company and Herr Friedrich Rieder, Innsbruck will be in charge.

The German company already has a large sales organization in Western Europe: EYCK & CO NV, Amsterdam, WMF ORGANIZZAZIONE ITALIANA SpA, Verona, WMF FRANCE Sarl, Paris, G.RITTER AG, Zurich and WMF TABLEWARE LTD, London. It also controls three businesses in New York: FRASER'S INC., TARIS IMPORTS INC, ICORA INC, and WMF (CANADA) LTD, Toronto.

321/28 The German industrialist Alfred Gartner has set up a central administrative bureau ALFRED GARTNER FIRMA FUER ORGANISATION & VERWALTUNG at Neustadt-Weinstrasse to co-ordinate the activities of various of his firms, such as: 1. TH. ARNOTH & BAECKER GmbH, Saarbrueken (capital Dm 2.4 million) which has a labour force of about 600 and makes fittings and appliances for mechanical handling, incinerators, scrap-metal balers, etc.; its patents are used in France by MANUPONT, ARNOTH & BAECKER SA, Bouxviller, Bas Rhin. 2. TEKA BAUMASCHINEN GmbH, Neustadt-Weubstrasse, (capital Dm 100,000), which makes closed-circuit concrete mixers and remote control mixers. 3. GES. FUR FASER-TECHNIK mbH CARLTON, Neustadt-Weinstrasse, (capital Dm 500,000), held in partnership with a minority shareholder, Herr Karl-Oho-Hossmann, the inventor of a method of weaving carpets mechanically. The firm uses this method and builds special machines for manufacturing carpets; it is considering putting up a factory in Alsace. 4. UNEQUIP GmbH, Neustadt-Weinstrasse, which represents several foreign rubber conveyor belt makers. 5. EDEN-KOSMETIK GmbH, Lachen-Neustadt, which makes massaging appliances for medical and beauty treatment.

Herr Gartner is thinking of extending his interests to the making of sections for pre-fabricated houses, and he is negotiating a partnership with American interests with this in mind.

321/28 The British firm THE CELLACTITE CO LTD, which makes ribbed and corrugated steel plates with edgings and linings, member of the group BRITISH URALITE LTD, Gravesend, Kent has formed a sales subsidiary at Düsseldorf with CELLACTITE GmbH (capital Dm 40,000 - manager Mr. John James Kerr). The Cellactite Co is already represented in the Common Market by EURINDUS SA, Brussels. British Uralite Ltd controls a number of British firms including THE NURALITE CO LTD, Gravesend, KIMOLO SALES LTD, UNITED ROOFING CO LTD, THE WEATHERALL ROOFING CO LTD, THE WEATHERDECK CO LTD, BRITISH URALITE (EXPORT) LTD, etc.

321/28 CIE DE PONT-A-MOUSSON SA, Nancy has taken 25% in FONDITUBO SA (Ptas 40 million) which has been formed in Madrid and will be responsible for building a factory in the Santander area to make iron pipes by a French process. The other 75% belongs to the iron, steel and engineering firm NUEVA MONTANA QUIJANO SA, Santander.

The Spanish company, which employs about 7000 workers, has since early this year had an agreement with B.M.C. -BRITISH MOTOR CORP. LTD, Birmingham (see No. 31.9) for whom it builds its Austin and Morris motors at a rate which will reach 85,000 units a year by the end of 1966. The French group has already made one industrial investment in Spain during 1964, when it took shares in IBERIT SA on its formation at Valladolid; this company is to make tubes of asbestos cement for north west Spain.

321/28 In Italy DRINKOMATIC ITALIANA SpA, Milan, has taken over FINAMATIC DI PROVINCIALI RAG. FERNANDO & CO Sas, Turin, and has consequently raised its capital to lire 205 million. Drinkomatic, which makes and sells vending machines for consumer products, last year took over S.U.M.A. -SOC UTILIZZAZIONE MACCHINE AUTOMATICHE Srl, Milan.

321/29 BELSON CORP, New York, (headed by Mr. Revis L. Stephenson) has extended its European interests by backing HOFFMAN AIR & FILTRATION SYSTEMS Srl, Milan, (capital lire 900,000), which like the parent company will make compressors, blowers, outwardflow turbines, ventilation equipment and industrial filters.

Not long ago, Belson set up a Swiss manufacturing and trading subsidiary at Zug, called HOFFMAN AIR & FILTRATION SYSTEMS AG (capital Sf 100,000; also headed by Mr. R.L. Stephenson). The American company's European interests also include a British subsidiary HOFFMAN AIR & FILTRATION SYSTEMS LTD, Cheadle Hulme, Cheshire, and a licensee for some ventilation equipment used in laundries, ISAAC BRAITHWAITE & SON ENGINEERS LTD, London.

321/29 The German firm G.O.T.-GmbH FUER ORGANISATION & TECHNIK, Düren, which makes studies for economic, technical and industrial projects and helps to launch them, has set up a 90% subsidiary at Dordrecht, INTERNATIONAL BUREAU VOOR PROJECT-IONTWIKKELING NV (capital Fl 10,000). Mr. Dirk de Winter, a 10% shareholder, will manage the new firm.

321/29 The Italian manufacturer of steel tubing and scaffolding equipment CE. TA. -PONTEGGI TUBOLARI SpA, Bergamo, (capital lire 100 million; headed by Sig Ennio Tacchio) has established itself in Switzerland by opening a branch at Bellinzona. This will be managed by Sig. Pietro Scerri of Arbedo-Castione.

321/29 PHENIX ALUMINIUM SA (capital Bf 300 million; president M. Franz Tilmans of Brussels, vice president Mr. Russel A. Clayton of Piedmont, California) has now been set up at Ivoz-Ramet, Liege, as a result of the 50-50 partnership recently agreed (see No. 317) between KAISER ALUMINIUM & CHEMICAL CORP, Oakland, California, and PHENIX WORRKS SA, Flemalle-Haute.

321/29 FISCHER & KRECKE oHG, Bielefeld (which makes machinery for the manufacture of paper and polyethylene bags of all sizes, rotary printing equipment and printing presses) has formed a holding company (capital Dm 1 million) at Bielefeld, which will be managed by Herr Hans Harscher and Herr Hans-J. Milberg.

It is represented in almost every country in the world, and since last November its French agent has been SOMAGRA-STE DE MACHINES & MATERIELS POUR LES ARTS GRAPHIQUES SA, Paris (capital Ff 1.5 million). The German company employs about 500 people in its Bielefeld factory.

FINANCE

321/29 The Zurich finance company CLARIDEN FINANZ AG (see No. 224) holds nearly all the lire 5 million capital of the property company SARAH IMMOBILIARE SpA, formed recently in Rome (manager Sig Renzo Papi).

321/30 CIE FINANCIERE DE SUEZ SA (see No 314) and L'UNION DES MINES-LA HENIN SA (see No 292), Paris have decided to merge their banking businesses in a new bank which they mean to form called BANQUE DE LA COMPAGNIE FINANCIERE DE SUEZ & DE LA HENIN SA; its head office will be in rue de Monceau, Paris. The two founding companies will share the capital equally (the amount cannot be decided until the assets put in on each side have been valued). The capital will be paid up mainly as follows: Suez will put in large property assets and also its 99% subsidiary BANQUE DE LA CIE FINANCIERE DE SUEZ SA (capital Ff 10 million: reserves Ff 2 million; deposits Ff 158 million - end 1964): L'Union des Mines-La Henin will contribute its banking business (capital Ff 45.5 million; reserves Ff 50 million; deposits Ff 227 million - end 1964). M. Jacques Frances, president of L'Union des Mines-La Henin, will be the new company's president and M. Bernard Aube, director of Banque de la Compagnie Financiere de Suez, will be its director general.

This completes a new stage in a process of forming what will be the largest private French bank. This began in 1963 (see No 180) when L'UNION DES MINES SA and B.G.I. - BANQUE GENERALE INDUSTRIELLE "LA HENIN" merged, forming L'Union des Mines & La Henin SA.

The Suez group, which already had links with both these firms, became closer to the merged concern, as was shown both by the appointment of common managing directors and by their joint shareholdings in an increasing number of investment and finance firms, including SOGENIN-STE DE GESTION & DE PARTICIPATIONS DE "LA HENIN", COPARIF-CIE DE PARTICIPATIONS INDUSTRIELLES & FINANCIERES, SEPGIF-STE D'ETUDES DE PARTICIPATIONS & DE GESTIONS INDUSTRIELLES & FINANCIERES, SIPELEC-STE D'INVESTISSEMENT POUR L'INDUSTRIE ELECTRIQUE & ELECTRONIQUE etc... Their joint entry into B.U.P. -BANQUE DE L'UNION PARISIENNE SA, Paris, in which L'Union des Mines holds 3.44% and Suez 21% showed the final direction in which they intended to move, and which the formation of the new bank will hasten: the integration of B.U.P. (capital Ff 117 million; reserves Ff 111.6 million; deposits Ff 1,139 million - end 1964) in this bank group.

321/30 The Swiss holding company NESSEL AG, Coire (formed last June with a capital of Sf 400,000) has set up an investment company NESSEL ITALIANA DI MIRELLA POZZI Sas (capital lire 103 million), mainly to invest in trading and property concerns.

FOOD & DRINK

321/30 The Swiss manufacturers of biscuits and confectionery KAMBLY AG, BISCUITS-CONFISERIE & NAEHRMITTEL, Trubsachen, Berne (capital Sf 1 million), has set up a manufacturing and sales subsidiary in West Germany, KAMBLY GmbH, Untermünstertal, Schwarzwald (capital Dm 0.5 million). The new firm will be headed by Mr Oscar J. Kambly of Zurich and Herr Gottfried Ubersas, president of SCHOKOLADE & BISCUITS-SPEZIALIT-AETEN AG, Lucerne (capital Sf 50,000).

The parent company has a sales agreement in Sweden with the group FINDUS INTERNATIONAL (see No 118).

LEATHER

321/31 CIE FRANCAISE DE LA CHAUSSURE SA, Paris is now fully controlled by the French "Pellet" shoe group. This includes three manufacturing companies: STE DES CHAUSSURES PELLET SA, Vienne, Isere, S.N.E.P., Viriville, Isere and STE GONTARD, Les Avenieres, Isere, employing about 1,000 people between them and manufacturing under the trade marks "Pellet", "Gontard", "Squirrel" and "Rodeo".

Cie Francaise de la Chaussure was formed by CHAUSSURES ANDRE SA, Paris and BIARRITZ SHOES SA, Biarritz (president M. Henri Belbis), with 47% each, and M. Pierre Bessis with 6%. It was formed in April 1965 in Paris (see No 302-capital Ff 200,000) to import pig skins treated in the U.S. by WOLVERINE SHOE & TANNING CORP, Rockford, Michigan and to make "Hush Puppies" shoes under licence from that company.

OPTICAL & PHOTOGRAPHIC

321/31 OPTISCHE WERKE G. RODENSTOCK KG, Munich, owned by Prof. Dr Rolf Rodenstock, has formed an Austrian production and sales company OPTISCHE WERKE G. RODENSTOCK PRODUKTION IN OESTERREICH GmbH, Vienna. Its capital is Sch 400,000 and its directors Herr Josef Zievan and Herr Klaus Michtner. The Munich company is one of the largest German firms making optical glass, lenses and other photographic equipment, ophthalmological equipment and spectacle frames (3,000 employees).

321/31 The German foundation CARL ZEISS STIFTUNG, Heidenheim, Brenz is re-organizing its sales, both in West Germany and abroad (see No 298). It controls the largest European group in optics and precision engineering and it has now backed the formation of ZEISS-IKON-VOIGTLANDER-VERTRIEBS GmbH, Heidenheim, Brenz, whose object is to sell camera and cinema equipment for amateurs, projectors and other photographic equipment produced by members of the group. Its capital is Dm 100,000 and it is directly controlled, 50% by CARL ZEISS, Ober-Kochen and 25% each by VOIGTLAENDER AG, Braunschweig-Gleismarode and ZEISS IKON AG, Stuttgart, leading members of the group.

321/31 The German optical and photographic equipment factory IHAGEE KAMERA KAMERAWERK AG, Frankfurt (see No 284) is negotiating a merger with IHAGEE-EXACTA PHOTO AG, Berlin (formerly Munich). The Frankfurt firm, which is owned jointly by Gustav Spänhoff, Erich Giebe, Walter Granlich, Günter Salje and a Dutchman, Johann Steenberg, holds the Dm 600,000 capital of Ihagee-Exacta 50-50 with Walter Granlich and Herr Gustav Spänhoff; after the merger it will raise its own Dm 230,000 capital to Dm 680,000. The Berlin firm, set up in 1962, is preparing to mass-produce a camera with an automatic view-finder which will be put on the market in 1966.

PAPER

321/32 CIE DE SAINT-GOBAIN SA, Neuilly, Seine (see No. 318) is involved indirectly in the formation of a new company in south Spain which is ultimately to run a paper factory there. CELULOSAS DEL NERVION SA, Durango, Bilbao, subsidiary of LA CELLULOSE DU PIN SA, Paris which in turn is controlled (51.2%) by Saint-Gobain (other interests held by its subsidiary, CIE DES PRODUITS CHIMIQUES & RAFFINERIES DE BERRE SA, Paris which holds 4.83% and by PRICEL SA, which has 28.08%) has taken a very large interest in the new company MANIPULADOS KRAFT DEL SUR SA which has been formed at Alcola de Guadaira, Seville (capital, Pts 5 million) in partnership with local interests.

PHARMACEUTICALS

321/32 To help expand its business in the Common Market, the American pharmaceuticals company BLOCK DRUG CO INC, Jersey City, New Jersey, has raised the capital of its Belgian subsidiary STAFFORD-MILLER CONTINENTAL SA, Oevel, from Bf 100,000 to Bf 3.1 million. The American company, which belongs to the Block family, has another subsidiary in Europe - the British company STAFFORD-MILLER LTD, Hatfield, Hertfordshire.

321/32 The American company, THE KNOX CO of Los Angeles, California (president, Mr. Richard T. Aldworth) which specializes in pharmaceutical and dietetic products, has opened a branch in Milan which has been put in charge of Sra Luisella Rossi (Bassani).

The American company has two European subsidiaries, THE KNOX CO SA, Brussels and KNOX LABORATORIES LTD, London (director, Mr. T.R. Keating) and a branch in Düsseldorf.

321/32 S.A. TESA, whose managing directors include Herr Georg W. Clausen and Herr Hellmut Kruse, who are respectively president and a member of the board of the parent company, has been turned into BEIERSDORF FRANCE SA. This is to show more clearly its association with BEIERSDORF & CO AG of Hamburg (see No. 161) the firm which makes pharmaceutical and cosmetic goods, pastes, adhesive tapes and joints, which formed it in Paris in 1955. S.A. Tesa's capital was raised last year from Ff 2 to Ff 5 million; it runs a factory at Givet, Ardennes.

25% in the German company is held by the insurance group ALLIANZ VERSICHERUNGS AG, Munich whose capital was raised recently from Dm 80 to Dm 120 million (see No. 293). It employs 4,000 people and since 1962 it has had a reciprocal licencing agreement with the American company RUBBER & ASBESTOS CORP., Bloomfield; in West Germany it owns CHEMISCHE WERKE OFFENBURG GmbH and TRADICA GmbH.

PLASTICS

321/33 KLOECKNER-WERKE AG, Duisburg (see No. 302 - majority shareholder, the Dutch holding company, INTERNATIONALE INDUSTRIELE BELEGGING MIJ "AMSTERDAM" NV, Voorburg) is embarking on the manufacture of hard PVC plastic sheeting, and is studying the possibilities of combining this with the more traditional materials such as steel. For this purpose, it has set up a new subsidiary, KLOECKNER-PENAPLAST GmbH, Duisburg (capital Dm 1 million; directors Herr Gert Bommel and Herr Gerhard Meyer).

321/33 The German company POLY-KUNSTSTOFF GmbH & CO KG, Cologne, which is controlled by INDUSTRIEGAS GmbH & CO KG, Cologne, and which manufactures plastic goods, has opened a Luxembourg branch under the management of M. Manfred Gazon.

Industriegas is at the head of several companies specializing in drilling techniques or in chemical products for civil engineering. In addition to Poly-Kunststoff, these include ELEKTRO-SCHWEISS-INDUSTRIE GmbH, STK - GES. FUER SCHWEISSTECHNISCHE KONSTRUKTIONEN mbH, GROENLAND GmbH, IGA-BAU-CHEMIE GmbH & CO KG and WIBAU-BETREUUNGS GmbH & CO KG.

321/33 POLYFLUOR A/B, Knivsta, Sweden (president Mr. Carl Herbert Jacobson) has formed a Paris company HABIA Sarl (capital Ff 500,000, a 90% subsidiary) to make and sell plastic goods. The other 10% of the capital is held by M. Michel Mergaux, Charenton, Seine. Polyfluor is associated with the Swedish company HABIA KB, Knivsta (capital Kr 200,000) which makes articles in polytetrafluorethylene (Teflon, Fluon etc).

Habia is widely represented in Europe: in the Netherlands by VEREENIGDE INGENIEURSBUREAU "VIBA" NV, The Hague; in Belgium by ETS A. BRUYAUX SA, Brussels; in West Germany by HEUTE & CO, Radevormwald; in Switzerland by GUMMI MAAG AG, Zurich; and in Great Britain by JOHN TULLIS, Glasgow.

RUBBER

321/33 BANQUE DE L'INDOCHINE SA (see No. 309) has backed the formation at Paris of EURONOT SA (capital Ff 500,000) which will sell, process and transport rubber. The direct shareholders in the new company are: STE INDOCHINOISE DE PLANTATIONS D'HEVEAS SA, Abidjan, Ivory Coast (70%); STE DES CAOUTCHOUCS DE KOMPONGTHOM SA, Noumea, New Caledonia (10%); LES CAOUTCHOUCS DU DONAI SA, Paris (10%); and PROMOTIONS & CULTURES INDUSTRIELLES Sarl, which is managed by M. Marc Fleurot of Paris (10%).

321/33 ENGLEBERT SA, Liege (see No. 265), Belgian manufacturers of tyres and other rubber articles, which has been controlled since 1958 by the New York group, U.S. RUBBER (see No. 314) has opened two branches in Italy at Turin and Milan. Englebert has subsidiaries in Paris, STE FRANCAISE DU PNEU ENGLEBERT SA, and at Aix-la-Chapelle, ENGLEBERT AG and ENGLEBERT & CO GmbH.

TEXTILES

321/34 The German lining manufacturer HENSCHKE & CO HAENSELROSS-HAAR GmbH, Iserlohn, employing about 6,000 people, is backing the formation of HENSCHKE & CO HAENSELROSSHAAR oHG, Lichtenau-bèi-Harlach, in Austria. It will be headed by Herr Willi Nowotnik, Haslach, and will be a manufacturing and sales company.

The Iserlohn firm heads a textile group which includes BRUNO HENSCHKE GmbH, Kirn, and HENSCHKE & CO, HAENSEL ROSSHAAR, Hohenlimburg in West Germany, HAENSEL-ROSSHAAR AG, Zurich, in Switzerland, and HANSEL ROSSHAAR GmbH at Wels in Austria.

321/34 The Belgian firm NV FEMILUX, Oudenaarde (capital Bf 5 million), which makes corsets and trusses, and sells them retail and to big stores, has recently opened a French branch at Flers-lez-Lille, Nord.

TOURISM

321/34 TRIGANO VACANCES SA, Paris (capital Ff 10 million - see No. 319), the finishing and sales company for camping, caravanning and nautical equipment, has joined CFI - CIE FINANCIERE & IMMOBILIERE SA, Antwerp (formerly CIE IMMOBILIERE DU DOMAINE DE PANZI-COMPANZI) 50-50 to form TRIGINTER SA (capital Lf 25 million), a Luxembourg holding company, whose president will be M. Georges Plouvier, Schotel/Antwerp, and vice-president M. Andre Elie Trigano, Paris.

Trigano Vacances is linked with CIE FINANCIERE SA (E. de Rothschild group), CIE FINANCIERE HAUSSMANN SA (SELIGMAN & CIE SA group) and PANAGEST - PANAMANIAN MANAGEMENT CORP, Panama.

CFI's main shareholders are the Belgian-American group G. & C. KREGLINGER SA, Antwerp (see No. 262), UNION FINANCIERE NOEL SA, Brussels (see No. 281), CICIL - CIE IMMOBILIERE, COMMERCIALE & INDUSTRIELLE DU LIMBOURG SA, Antwerp, and SOPAI - STE DE PARTICIPATIONS AGRICOLES & INDUSTRIELLES SA, Antwerp (formerly CAFCO - CIE CONGOLAISE DES CAFES).

TRADE

321/34 STE GENERALE D'EXPLOITATION DES DRUGSTORES SA (capital Ff 1 million) has been set up in Paris 50-50 by GRANDE MAISON DE BLANC SA, Paris, and CIE INTERNATIONALE DES WAGONS-LITS & DES GRANDS EXPRESS EUROPEENS SA, Brussels (see No. 320), to open a second drug-store near the Opera. The first, near the Place de l'Etoile, was set up in 1958 by STE DU DRUGSTORE DES CHAMPS-ELYSEES SA, which is linked to the Paris advertising agency PUBLICIS SA.

Grande Maison de Blanc (capital Ff 8.68 million), which is contributing the new drugstore's premises, has branches at Nice, Cannes, and Deauville, and about thirty shops in the provinces, and is a member of the textile group "COLOMBIER", which includes ETS COLOMBIER SA, Armentieres, Nord. The Brussels company is dominated by French interests: share-

holdings are held by BANQUE DE PARIS & DES PAYS-BAS and by the state-owned concerns CAISSE DE DEPOTS & CONSIGNATIONS and CAISSE NATIONALE D'EPARGNE; also shareholders are the Belgian firms STE GENERALE DE BELGIQUE SA (see No. 318) and BRUFINA - STE DE BRUXELLES POUR LA FINANCE & L'INDUSTRIE SA (see No. 274); and IRI - ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE SpA (see No. 309). Its main interest is running sleepers and restaurant cars in Europe, but it also has a number of restaurants in stations and airports in France and north Africa, and a chain of about 220 travel agencies, not including the 180 agencies it runs in conjunction with THOS. COOK & SON LTD, London. The Belgian company also has numerous shareholdings in the hotel business, such as: LES ETAPES TOURISTIQUES EUROPEENNES, Paris; STIFA - STE TURISTICA ITALO-FRANCESE DELLE ALPI SpA, Agosto (see No. 220); STE FINANCIERE POUR LES INDUSTRIES DU TOURISME SA, Paris; EUROMOTEL GmbH, Frankfurt, which has 50% in RHEINISCHE HOTEL GmbH, Cologne; EUROMOTEL GmbH, Brussels; MOTEL MIJ, Amsterdam; COGEMOT - CIE DE MOTELS DE TOURISME SA, Collon, Switzerland, etc.. (see No. 212).

TRADE

321/35 After long negotiations with the New York group SINGER CO, which wanted to become a shareholder in it, the German mail order firm, FRIEDRICH SCHWAB & CO KGaA UEBERLANDVERSAND, Hanau (capital Dm 52 million) has finally returned to the control of its founder, Herr Friedrich Schwab. He has recovered the holdings in it held by BfG - BANK FUER GEMEINWIRTSCHAFT AG and its subsidiary, IHB - INVESTITIONS- & HANDELSBANK AG (both in Frankfurt) and has become its majority shareholder with 51%.

At the beginning of this year, Herr Schwab and his family relinquished control of the company, keeping only a 25% holding. The majority interest passed to two consortiums of banks, one German, consisting of BfG and IHB, and the other international, headed by MORGAN & CIE SA, Paris, and consisting of the French banks, BNCI, BUP and MM. NEUFLIZE, SCHLUMBERGER & CIE; the Italian banks, BANCA NAZIONALE DEL LAVORO and EUR-AMERICA FINANZIARIA INTERNAZIONALE SpA; the Belgian banks, BURNHAM SECURITIES SA and BANQUE LAMBERT SCS; the Dutch banks, R. MEES & ZONEN NV and HOPE & CO; the British banks, MORGAN, GRENFELL & CO LTD, HAMBROS BANK LTD, SAMUEL MONTAGU & CO LTD and HILL, SAMUEL & CO LTD; the Swedish bank, A/B SVENSKA HANDELSBANKEN; and the American bank, BACHE & CO.

TRANSPORT

321/35 SHV - STEENKOLEN-HANDELSVEREENIGING NV, Utrecht (controlled by Mr. J.M. Fentener van Vlissingen) fuel transport and trading company (see No. 307) has set up a subsidiary called NV AUTOMOBIELBEDRIJF "HAANRADE" at Haanrade with a capital of Fl 100,000, to undertake automobile transport.

The SHV group has numerous interests in the Netherlands which are coordinated by various holding companies. One of these, OILCOAL AG GES. FUER OEL- & KOHLEN-INTERESSEN, Chur, Switzerland, has just changed its name to STEENKOLEN-HANDELSVEREENIGING (SHV) INTERNATIONAL NV.

321/36 The Dutch company NV SCHEEPVAART PARTICIPATIE MIJ, The Hague, joint subsidiary of the shipping companies NV STOOMVAART MIJ NEDERLAND, Amsterdam, and KON. ROTTERDAMSCH LLOYD NV, Rotterdam (see No. 280), has set up a sea transport subsidiary of its own (almost wholly-owned) called NV SCHEEPVAART-MIJ "TRANS-OCEAN" at The Hague (capital Fl 1 million).

321/36 The cooperative company BAC - BELGIAN AIR CONSOLIDATORS, Brussels (capital Bf 100,000) has been formed to run air services for its members, fifteen international transport companies, including STE FRANCAISE DE TRANSPORTS GONDRAND FRERES SA, Paris (see No. 125), AGENCE CONTINENTALE & ANGLAISE SA, Brussels (see No. 297 - subsidiary of THE PROPRIETORS OF HAY'S WHARF LTD, London - see No. 303), AGENCE MARITIME INTERNATIONALE SA, Antwerp (see No. 254 - controlled by CIE MARITIME BELGE-LLOYD ROYAL SA, Antwerp), BELGISCH BLAAUWRIESVEM NV, Amsterdam (see No. 299 - subsidiary of the Amsterdam freight company BLAAUWHOED NV), NV EDMOND DEPAIRE, Antwerp (see No. 226), TRANSPORTS INTERNATIONAUX ZIEGLER & CO Sprl, Brussels, TRANSPORTS MARITIMES TERRESTRES & AERIENS NATURAL (BELGIQUE) SA, Antwerp, SA REMATEX, Ghent, TRANSPORTS INTERNATIONAUX F. HALBART & CO SA, Molenbeek-St-Jean, etc...

321/36 The French international transport company DROUIN FRERES Sarl, Nantes, has formed its first foreign subsidiary in West Germany. It is called TRANSPORTE DROUIN GmbH, Porz-am-Rhein (capital Dm 40,000), and it will be managed by M. Louis Drouin, who also manages the parent company.

321/36 IBERIA, LINEAS AEREAS DE ESPANA SA, Madrid (capital Ptas 90 million), whose airlines cover Europe, USA and Latin America, has promoted its Brussels office to the status of a branch, and put Sen. Juan Middelmann Medem of Barcelona in charge of it.

VARIOUS

321/36 GUILD TELEVISION SERVICE GmbH has now been set up at Hamburg (capital Dm 100,000) by GUILD TELEVISION SERVICES LTD (see No. 296), an affiliate of the group FILM PRODUCERS GUILD LTD, London, which makes TV shorts and advertising films. Mr. Duncan Macdonald, of London, and Mr. John J. Henderson, of Shirley, Surrey, will manage the new German firm.

321/36 The decorating firm "STARO" DEGASPER & CO, Zürich, has formed a Frankfurt subsidiary called STARO NORMENBAU GmbH (capital Dm 20,000). The managers will be Herr Ferdinand Degasper, Dietikon/Zürich, and Herr Wolfgang Uhlmann, Frankfurt.

321/36 Four Rome journalists and three Belgians have set up a press agency at Brussels called IPS - INTER PRESS SERVICE SA (capital Bf 100,000).

321/37 The medical and surgical instruments wholesaler and importer NV CHIRURGISCHE INSTRUMENTENFABRIEK FRANKEN & ITALIE VERKOOPMIJ VOOR NEDERLAND, Amsterdam, jointly and equally with MACHINEFABRIEK & INGENIEURS-BUREAU GEBR, KWANT NV, Sneek and the Swiss manufacturer Herr Ernst Zimmerman (managing director of the medical and surgical equipment firm M. SCHAERER AG, Wabern, Berne) has formed an Amsterdam sales company called SCHAERER (EUROPA) NV (capital Fl 100,000) to sell mainly medical instruments made in Switzerland.

This follows only a few months after its formation of NV HOORCENTRUM (FRANKEN & ITALIE) 50-50 with the businessman Mr Hendrik W. van Zoelen at Amsterdam to deal in all types of hearing aid (see No 306).

321/37 PAPETERIES DU PONT DE WARCHE SA, Malmedy, member of the Belgian paper group INTERMILLS, has taken over the three other firms that make up the group, UNION DES PAPETERIES SA, La Hulpe, PAPETERIES STEINBACH & CIE SA, Malmedy, and SA DES PAPETERIES GODIN, Huy; this will mean even closer cooperation between the companies in the group, which were already closely linked on the production side and the financial side by interlocking shareholdings. A few years ago the four firms involved in the merger, which have factories at Malmedy, Rhode-St-Genese (under licence from CHAMPION PAPER INC, Hamilton, Ontario whose Swiss subsidiary CHAMPION PAPER INC, Lucerne has interests in Union des Papeteries), St-Servais, La Hulpe and Andenne, set up jointly the sales company INTERMILLS SA at Brussels (capital raised to Bf 100 million in 1964 - see No 234), in which their respective interests are 46.3%, 16.8%, 29.7% and 7.1%. Since 1960 Intermills itself has been in 50-50 partnership with the American paper group WEYERHAEUSER CO, Tacoma, Washington (see No 243) in WEYERHAEUSER BELGIUM SA, Ghlin. It also controls two sales companies PAPETERIES SCALDIA SA, Borgerhout, Antwerp and INTERMILLS LONDON LTD, London.

321/37 The German insurance firm NATIONAL ALLGEMEINE VERSICHERUNGS AG, Lübeck (all kinds of insurance and re-insurance except life, illness and credit) has been authorized to do business in Britain, and has chosen as its British representative Mr Edward A. Hutchinson of Ashford, Middlesex.

The main shareholders in National Allgemeine (capital Dm 7.5 million) are: KÖLNISCHE VERWALTUNGS AG FÜR VERSICHERUNGSWERTE, Cologne (33%); and STETTINER RÜCKVERSICHERUNGS AG, Lübeck, (14.64%), which itself is a 70.3% subsidiary of National Allgemeine; the main subsidiaries and shareholdings of the insurance firm are: NATIONAL LEBENSVERSICHERUNGS AG, Lübeck (100%); KÖLNISCHE RÜCKVERSICHERUNGSGES, Cologne (43%); SAAR-RHEIN ALLGEMEINE VERSICHERUNGS AG, Saarbrücken (14%) and COLONIA KÖLNISCHE VERSICHERUNGS AG, Cologne (13.6%)

321/37 The trade mark "Ariadne", belonging to the Swedish firm BONDESSON & TEHLER, Halmstad (shop fitting) will be promoted in West Germany by a company formed for this purpose in Hamburg. It is ARIADNE-LADENEINRICHTUNGS GmbH (capital Dm 31,000) which will be managed by Herr Kurt Saatmann, Hamburg.

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