OM0164

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

November 7, 1968 — No 486

COMMENT.

The Changing Balance of World Economic Power

By E.W. Mommsen, Chairman of Thyssen Rohrenwerke, Dusseldorf

The gradual erosion of Britain's world position shows how a great country can slowly lose its hold. Although devaluation helped to focus attention on the trend, the first signs began to appear a long time ago, and whilst changes in the structure of the world economy have no doubt played a part, Britain's trauma really shows how careless is our interpretation of these changes.

In 1967, the German economy too had warning signals, and although any immediate danger now seems over, it is worth looking more closely at them. Even if the danger was mainly economic, it is nevertheless true that Germany - like other industrialised nations, since all are closely interwoven within the world economy - must prepare herself for structural changes. Thus it behoves us right now to carry out research into forecasting the major options likely to face the German economy. Furthermore, these studies, if they are to carry weight, must take stock of developments in other leading industrialised nations, as well as in those countries which are likely to play a decisive role on the international economic scene.

Before the First World War, Europe had already lost some of its privileges as leader of the world economy. This trend was confirmed by the Second World War, and the United States then took over as leader from Europe. The formation of the European Community was intended to go some way towards redressing the balance, but given the present state of the Common Market, one cannot be certain that it will be successful. The technological gap between Europe and the United States is now considerable, and although it has shown some signs of narrowing recently, there will have to be a very rapid acceleration in the pace of intra-European cooperation, if in absolute terms it is not to widen further. Above all, we could profitably cease to regard the "gap" as an absolute difference between the various economies, since technology is an ever-changing rather than a static factor. The relative position of each technology is always changing within each economy, so that it is necessary to pinpoint the basic drift of technology, and once this is done we can begin to distil out a pattern.

It seems that there are three factors in the technological sector which can help to account for Europe's lag: 1) insufficient resources allocated to research and development, thus creating a technological gap; 2) insufficient training, especially for executives in government and business, with a resultant management gap, and 3) markets of insufficient scale.

The lead taken by the United States is mainly in the aerospace and computer industries. Admittedly in these sectors, it is the State which provides both the stimulus and the cash through the National Aeronautics and Space Administration - NASA and through Defence projects. The NASA has an annual budget of $ 10,000 million for its moon-landing programme alone, whilst West Germany spends no more than $ 100 million (1% of the American figure) on space research. But despite this, the amount of cash used to finance fundamental research does not in itself explain the American achievement.

A factor which is just as important is the private sector's willingness to take risks, and often to invest considerable sums of money in applied research. It is the whole system here that benefits, since the money thus spent boosts the national economy through the advances made by new branches of industrial activity (technology "spin-off"). This has the result of making the technological gap widest in those sectors, where the pace of progress is most rapid. By the same token, these sectors become the spearheads of economic growth, although such growth is not possible without the added stimulus of some of the world's most dynamic and efficient administration.

It would be wrong however to look to the United States alone. Since the launching ten years ago of the first Sputnik, it has become clear that the Soviet Union is a country in which the application of modern technologies is carefully and thoroughly fostered.

There is also another world economic power, Japan, whose progress since Hiroshima can only be described as phenomenal - and Japan has followed the pattern of the United States. The effort accomplished by Japan is all the more laudable when examined closely: a country with 100 million inhabitants, hardly larger than East and West Germany put together, it also has large mountainous areas. Yet ranked by GNP it is third in the world behind the United States and West Germany, and likely soon to move into second place. Since 1964 it has replaced West Germany as the third steel producer behind the USA and the USSR; within fifteen years its steel production has risen ten times from 4.8 million tons p.a. to 48 million tons p.a. In shipbuilding the Japanese have left all their competitors well behind: in 1966 production stood at 6.7 million gross dwt or 47% of world production, so that one out of every new two ships was built in Japan. Similar growth has taken place in the domestic appliances and consumer durables sectors.

The facts speak for themselves, and soon put paid to the story that the Japanese are only able to copy products made elsewhere. Their firms would never have been able to have such success, if they had done no more than borrow their competitors' ideas. Today Japanese industry has reached such a stage that its technological balance of payments is likely to be continually growing, and in Japan as in the United States, the explosive growth of the economy has been possible only through the existence of high-quality management, both at the administrative and executive levels. The Japanese have realised much more quickly than Europeans that there is a considerable advantage in tackling the problems facing a national economy on a systematic basis, taking into account all the special factors that exist, rather than working to no set plan. In those sectors where Japan is a major world power, it is noticeable that in general the production units are very much larger in scale than those found either in Europe or the United States. Specific examples are the steel and ship-building industries, as well as the energy sector.

Even in those areas where such large units have not come into existence, companies whilst keeping their independence have tried to regroup with the aim of achieving fixed objectives as rapidly and as easily as possible. Take for example the role played by JETRO - Japanese External Trade Organisation: this is a private body - not to be confused with the monopolistic representatives of State trade countries - whose aim is to boost Japanese external trade through 16 centres based in key positions of the world economy. Another example is the formation of a body with similar objectives to the West German "Rationalisation of the Economy" Commission, but whilst this is backed solely by State funds, in Japan it is supported by private finance. Again Japanese industry has backed the creation of an organisation to centralise and collate new research developments, so as to make the most rational use of new discoveries. The success of these different forms of collective action lies in the Japanese mind, and the sense of discipline which prevails there. If Europeans were willing to adapt the example of Japan to the context of Western Europe, they might well gain.

The information so far available on cooperation between the Soviet Union and Japan in industrialising Siberia is of great economic and political interest, and it would be a serious mistake to underate what is going to take place in that part of the world. It is more than likely that the development of this new growth centre will modify the whole economic situation of the Far East. (A temporary slowdown in this cooperation is likely after the invasion of Czechoslovakia).

The Soviet leaders are faced, as are all other leaders of industrialised nations, with the long-term problems created by the growth of their economy. But since these same problems occur at a time when the revolutionary scientific and technical changes taking place on a world-wide scale can only be mastered through new techniques, Soviet economic planning has had to undergo a reappraisal. Despite the handicap of bureaucratic planning, the Soviet Union has a considerable rate of industrial growth. A move towards a market economy has been officially approved and in differing ways this has also been followed in other socialist states.

Nevertheless it remains clear that no one intends to give a predominant role once again to private companies: a planned economy will remain the basic model, and it would be mistaken to believe that Eastern and Western Europe can converge in the near future. The hints made along these lines, often with reference to French planning methods, have no firm foundation: the same terms may well be used, but with totally different meanings.

A factor which is worthy of attention is the importance attached in the Socialist countries to industrial and business training. Today it is clear for all to see that no industrialised nation can afford to treat this as a secondary problem, for ever faster economic change will require more and more multi-skill technicians. In particular this means people who have been educated with a well-balanced knowledge of natural sciences and mathematics, coupled with broad practical experience and overall understanding. This is the only way to build up the essential reserve of multi-task specialists, able to adapt themselves to the imminent structural changes precipitated by the tremendous technical developments with which the industrialised nations are coping.

Every profession without exception will be faced with the need for continual apprenticeship, so that the division of life into two periods, training and work will rapidly become out-dated. That this is the way of the future is clearly shown by the example of the United States and the American management training system. If Europe is unwilling to devote sufficient funds to the requirement for almost continuous training, then the technological gap will assume the preportions of a structural deficiency. Any industrial nation which is not aware today of this challenge, will find it difficult in the future to discover valid reasons for complaining, when its economic, and therefore political, decline begins to become apparent.

THE WEEK IN THE COMMUNITY

October 28 - November 3

THE COMMON MARKET

France Stages a Comeback

"I am satisfied from the point of view of our own national and European policies" were the words used by the French Foreign Minister, M Debre to describe the results of the two day meeting of the EEC Council of Ministers on Monday and Tuesday of this week. M. Debre was in particular referring to the discussions on his nine-point plan for strengthening the Community internally. This also provides for possible cooperation with other European countries who might wish to participate.

M. Debre's remarks reflect the decision made on Tuesday that his proposals, which as far as links with non-member countries are concerned cover technology and trade, would now go before the Permanent Representatives of the Six and the Commission's experts for closer examination. However, earlier suggestions for closer links (the Benelux Plan and the Italian Memorandum), will also be included in the examination which may be completed in time for the next meeting of the Foreign Ministers on December 9 and 10.

In more detail, the French proposals for links would establish a 30% tariff cut on industrial goods spread over 4 years, one year more than envisaged under the earlier Brandt compromise proposals. This would involve two 5% cuts followed by two 10% cuts. There would also be cooperation in limited technological sectors between the Six and interested European countries, such as Britain, or Sweden, as well as in the establishment of a European patent system, although the latter two sectors also form part of the plan for strengthening the Community internally. The West German Foreign Minister is said to be moderately pleased with the French suggestions, which take up some of his own proposals, but both the Netherlands and Italy are opposed to any watering down of the Brandt plan.

However the question of what M.Debre's long term aims are, still have to be resolved. For France, the internal development of the Community is "certain and immediate" whilst enlargement is "uncertain and longterm" as she rejects the attempt to establish a parallel between internal growth and the membership of other countries. This parallel is accepted by her partners to varying extents, and it is this insistance that she would like to remove. The fact that M. Debre has been able to win some support from West Germany serves to weaken the Five and to undermine other projects for cooperation between those of the Six and the candidate countries, who would be prepared to establish closer links between each oth[illegible] ieres not covered by the Rome Treaty, such as the Harmel Plan, with its emphasis on foreign policy and defence. Again both the suggestions made by the French Foreign Minister for technological and patent cooperation would appear to depend on the Six reaching agreement on these matters amongst themselves to start with, before other states would be invited to take part, whilst both the Italians and Dutch would like to see the non-member countries participating actively from the beginning. Furthermore, in the all -important matter of creating a European company, France has made no suggestions for cooperation with third countries, although this is a matter over which the Dutch are blocking progress within the Community because of the French attitude towards British membership.

France has once again managed to gain time by having the matter taken up for examination, and this has probably been privately, if not publically welcomed in Bonn, as it means that West Germany can continue her balancing act between the Four (Belgium, Luxembourg, the Netherlands and Italy) and Paris. Even if the examination should receive the approval of all the Common Market countries, which in the present strained climate is far from certain, Britain and the other states would still have to accept the proposals. Apart from the scope offered during negotiations for delaying tactics, the benefits which the proposals might bring are far from certain. Firstly any interested European country could take part, thus giving no special preference to the candidate countries, but creating a more united Europe economically, as well, probably, as lessening pressure on the EEC's own internal development. Apart from the fact that the candidates would have no formal say in internal Community matters under such an arrangement, there are at least two drawbacks. Firstly, if any country accepted such negotiations all the indications are that France would use this as an argument to block any suggestion of discussing full membership until the period envisaged for the tariff cuts had been completed. Secondly, under the GATT regulations, the trade agreement suggested by France could only be legitimised by its integration into moves towards a free trade area or towards a customs union, neither of which would appear to be acceptable to France at present.

Another factor contributing to the appearance of the Debre Plan is the apparent determination of the Four, as seen during past weeks, to establish links outside the Community framework. Their decision to accept discussion of the nine-point plan, may well be aimed at proving that in practice France is unwilling to make worthwhile concessions over enlargement. The new French proposals, with their apparent promise of a more moderate attitude, may help to keep West Germany from joining the Four as well as lessening the impact of the Harmel Plan and the second European Congress to be held in The Hague later this week (see No 484). Furthermore, if a better climate can be created within the Community by the proposals and the fact that France is again willing to discuss links with the candidate countries, then the internal development of the Common Market could start to pick up once again. If however the present stagnation continues, the future of the Common Market and its eventual aims may well be in jeopardy.

*

EEC Budget: Commission criticised for unauthorised expenditure

The State Secretaries of Finance in the Common Market countries met last week in Luxembourg to adopt the Communities' 1969 Budget. The operating estimates for the main institutions, the Council, Commission, Court of Justice and European Parliament stand at

$116 million, an increase of 10% over 1968. The Commission tops the list with an estimate of $96 m compared with $ 87 m in the current year. The other budget estimates approved were those for FEOGA ($2,400 m) and for the European Social Fund ($33 m); as regards FEOGA there was no real discussion despite its considerable increase, since the agricultural financing system was agreed upon by the Council in May 1966. However Herr Walter Grund, a State Secretary in the Bonn Finance Ministry made it clear that West Germany is unwilling to see further massive increases in agricultural expenditure. In some quarters this has been taken to indicate that the Mansholt plan for the structural reform of the EEC's agriculture may run into German opposition.

The adoption of the budgetary estimates did not however pass off without any incidents. Normally the estimates are voted on a majority basis, and France has not objected to this procedure. However this year there were two main headings for expenditure which the French objected to. The first was the organisation by the Commission of discussions with groups of European farm-workers, trade unions and youth organisations. Paris considered that the Commission was assuming powers beyond its terms of reference, and that before the expenditure was agreed, the principles involved should be established. Although the French did not attack the majority rule for purely financial questions, they wanted unanimity for other matters. The Dutch delegation attacked this restrictive interpretation of the Commission's powers, but the representatives of the other states requested that they should be informed beforehand of the Commission's public relations promotions.

The other matter in which there was a clash came as a result of the Commission's inclusion of $1.5 m for the construction of a Community pavilion at the 1970 Osaka International Fair in Japan. Here again Paris thought that the Commission was annexing powers it did not have, and that it should be up to each country to organise its own representation at the Fair. No solution was reached on this point, and it will be taken up again at the Council of Ministers meeting this week.

The meeting also produced a clash over the use of new Community offices at the Rond-Point Robert Schumann. The Commission wants the offices for its own use, whilst the Council of Ministers would like to install its own staff there as well. The Commission's President, M. Rey is against this idea on both administrative and political grounds, for in his view the "separation of powers" should be seen to exist. The Belgian permanent representative, M. Vandermeulen came up with a compromise proposal that his government should spend a further sum at the Centre Berlaimont in order to emphasize the difference between the two institutions.

These quarrels have not however helped to improve the atmosphere within the Community. The French believe that the Commission and several members are trying to use the budget to get around the unanimity rule. On the other hand, France's partners are beginning to wonder whether Paris is not trying to renounce gradually her earlier concession in this field, and reintroduce unanimity in budgetary debates. If this development actually took place, it might well bear the seeds of the most serious crisis the Community has yet seen.

FISCAL HARMONISATION

Industrial Concentration and the Tax Man

One of the many fields in which the Six's varying tax laws prevent the achievement of a completely open industrial and commercial pattern in the Community is that of fiscal legislation governing mergers, concentration and the purchase of holdings in other companies. In many cases, moves of this kind are inhibited, rendered more costly or even prevented altogether because of the degree of double taxation that can result, and considerations of this kind can by the same token persuade a company to make such a move not in the country that suits its purposes best economically and commercially, but in that which offers the least stringent fiscal regime. Such forms of distortion are clearly in breach of the principles of the Rome Treaty, and in pursuance of Articles 100 - 102 (Approximation of laws), the EEC Commission is now presenting the Council with proposals concerning the fiscal anomolies in this sphere.

The main aim of these proposals is to stimulate concentration by reducing the cost of such operations; this demands not only the palliative of tax concessions on concentration moves but also easing the fiscal burden on profits achieved by companies' permanent establishments in other countries, i.e. the long-term fiscal charges that any firm planning a merger or similar move must take into account.

Easing the tax burden at the time of the move itself can be effected, says the Commission, in five particulars: appreciation of the assets provided by the company taken over; untaxed funds or reserves amassed by the latter; tax on assets; tax on turnover, and the receipt by shareholders of the company absorbed of holdings in the company taking over....

1) As far as the first is concerned, i.e. appreciation of assets, or the difference between the real and book value of the goods received from the company taken over, the Commission suggests that all tax on such assets, released at the time of a takeover, be carried over and the full sum calculated only when they are fully realised by the takeover company. Evasion would be obviated by having the latter calculate all appreciation, depreciation and amortisation at the fiscal values declared in the balance-sheet of the company taken over. This virtually is the system now applied nationally by the member states, but lest these should lose a certain amount of revenue, any appreciable goods would be accountable at the permanent premises surviving the takeover, even though certain of these goods (patents, shares, business accounts etc, as distinct from plant and equipment) would in effect have been transferred to the takeover firm.

2) The Commission suggests similar treatment for the funds and reserves amassed free of tax by the firm taken over. In other words, these would continue to be accounted for at the permanent premises surviving the merger, and thus would continue free from fiscal liability.

3) In general taxes on assets would be covered by the Community directive already issued for the harmonisation of these, as this includes a provision that in cases of mergers or concentration the rate should be reduced. Also to be taken into account here, however, is the member states' present right to impose transfer duty on immovables, and the Commission recommends that this right be terminated.

4) There should be no overall problem with turnover tax in the Community, as this again is covered by existing plans for harmonisation, the principle behind which is that tax already paid shall be deducted from that levied from the company in its country of origin. However, there is a loophole, and this occurs where a merger is complicated by existing crossed shareholdings. Where this is the case, goods appreciated by the move may be taxed twice over, and the Commission recommends again that tax on these assets should be lifted, as normally happens in national legislation.

5) When investors in the company taken over receive shares in the new parent firm, the Commission contends that there is no capital gain, and that therefore there should be no tax imposed, as this would be a disincentive to investors as far as the possible merger is concerned.

This brings us on to the question of tax on the profits of companies having permanent premises on the soil of other member states. Here, the Commission has been constrained to put forward interim proposals, as its aim is to dispense with the present national taxation concept of "territoriality", whereby tax on profits is always levied in the country containing the permanent premises of the firm. Were the Commission to introduce now its principle of centralising all tax on profits, such that these would be levied only at the company's head office, the incomplete state of harmonisation would conduce to distortion, in that firms would gravitate to those member countries offering the least stringent profits tax regimes. Its interim suggestion therefore is that a concept of "global profits" should be adopted. Under this, the state on whose soil the company's headquarters are situated would levy all tax on profits accrued within the Community, with profits made in third countries discounted. The loophole in this system, however, would be stopped by the following device: all the permanent premises of a company would be subject to the system, and it would moreover be binding for a period of five years, such that a company would not be tempted to request taxation under the system (it would be a voluntary one) only at those times and in those countries where its permanent premises were running at a deficit or a loss. The system has the virtue that it would allow companies to deduct from their taxable revenue losses contracted by its permanent premises in any member states.

The final section of the Commission's recommendations covers not mergers, but simply the purchase of holdings in other companies by EEC firms. Here at present there is a factor inhibiting concentration, in that companies may be dissuaded from making such moves on the grounds that as parent companies they may be compelled to pay over again taxes already paid on the profits of their potential new affiliates. To remove the danger of double taxation, however, it not enough in the opinion of the Commission, and a regime of real "fiscal neutrality" must be brought in for the appropriation of dividends. This quite simply means that the parent company should be treated as though it had directly realised the profits accrued by its affiliate or subsidiary, and that means should be found of discouraging companies from redistributing profits around their affiliates, as happens under existing systems. To this end, the dividends that a company receives from its affiliate should not be inscribed with its taxable profits (in cases of holdings of 20% and over), neither should those that an affiliate transmits to the company holding shares in it be subject to deductions at source (except in Germany, where a two-tier rate of company tax obtains). Where the holding is large, however (i.e. close on 50%), the system should be akin to the "global profits" scheme, whereby companies so grouped would consolidate profits, and the parent and its affiliates would be treated as a single taxable entity.

* * *

E.C.S.C.

Coal Miners & the Common Energy Policy
from our Brussels correspondent.

Early in December the European Commission is to hold an extraordinary meeting to draft a memorandum to the Council defining "the Community's concept of a common energy policy", preparatory studies for which have already been completed by the Commission's corps in Brussels. If all goes well therefore, the ministers should before the end of this year have the recommendations in their hands, and be able to place these with the permanent representatives, to get discussions under way on this problem. The prime importance of the issue has been underlined recently by the fact of its inclusion in the nine-point "Debre Plan" of the French Government (see No 485) for the internal reinforcement of the Community.

The memorandum will be devoted chiefly to presenting the political options that will have to be faced with regard to the C.E.P. We have in these pages already commented on one of the two documents that anticipated this one (see Nos 473, 480), and which as it were "photographs" the present situation in the Community's energy sector, while the second, which has just been ratified by the Industrial Problems Group, outlines the problems and scope of any energy policy. It gives pride of place to one of the problems that has predominated in this field over the past few years, namely the social implications of the coal problem. Here, the experts have offered suggestions as to common courses of action, that may be integrated without difficulty into those already embarked upon, be they reconversion aid to the coal-mining areas in member states readaptation aid for those made redundant, or direct subsidising of the declining industry itself.

Indeed, whilst it is vital to the C.E.P. when it materialises to maintain the running-down of the coalmining industry, the necessity will nonetheless remain for some years yet of retaining quite a sizeable labour force, in order to keep up the level of coal production that is still felt to be needed by the Community. Thus a fair degree of recruitment to the sector will still be needed, coupled with rationalisation, concentration and modernisation to boost productivity, and steadily convert this from a labour intensive into a highly mechanised industry.

It follows that labour will have to become increasingly skilled in coal-mining. Quite apart from his ability as a miner, the underground worker will have to be competent in the supervision and maintenance of the new plant and equipment, which is now beginning to call for operatives skilled in electrical as well as mechanical engineering, control and regulation technology, hydraulics, and remote control systems.

The point made by the Commission's experts here is that with such a pattern emerging in the coal sector, a stable labour force is going to be needed, and efforts must be made to slow down the rapid labour rotation rate that now exists in this industry. This means settling the miner's qualms as to health risks, and so to order his working life as to assure him that he will not be constantly and indefinitely exposed to the hazards of the calling: by implication this means that limited careers in the mines might now need to be promised.

In practical terms, the following provisions are called for:

1) Promising miners working and pay conditions more attractive than those offered in other sectors.

2) Granting miners a special premium on top of the normal wages, as it were to single the job out as one of special importance.

3) Offering them the chance of quitting the industry before the life begins to take its toll of their health. The duration of such a career might be say 10-15 years, but with this provision would have to be coupled:

4) The assurance of subsequent retraining, plus a new job and either a pension increment in respect of work in the mines or a lump-sum payment related to years of service on leaving mining.

The Commission's experts maintain that advantages like this are justified not only by the exceptionally difficult and unpleasant working conditions that obtain in coal-mining, but also by the relative attractions, as against mining, that are offered by other occupations. Again, potential miners are deterred by uncertainty as to the future of the industry, whilst traditional sources of migrant labour are beginning to dwindle, and alternatives are proving less and less adaptable, as they have to be recruited in areas that get steadily more different in all respects to those where the work has to be done.

U.S. Steel Import Limit Threat.

The possibility of retaliation by the United States against the continuing upsurge of steel imports, from both the Common Market countries and Japan has led to discussions as to how measures might be taken to avoid direct American action. The figures for U.S. steel imports during the first nine months of 1968 stand at 13.9 m tons, an increase of 64% over the same period last year, and for the whole of the present year it is estimated that imports into the United States will reach somewhere between 17 m. and 18 m. tons, (around 18% of the domestic market) compared with a total of 11.9 m. tons in 1967. One reason for the increase was the fear earlier in the year of a steel strike in the U.S. industry resulting in the build-up of stockpiles. Another is that the Japanese self-imposed limit of 3.5 m. tons on exports to the United States, now looks like failing; and a figure of 6.7 m. tons is likely to be reached.

The pressure from American steel interests for action aimed at reducing imports has been growing and it 's expected to infensify once the Presidential election result is known. The largest domestic producer, the U.S. Steel Company, has filed countervailing duty complaints against each member state of the Community, and as a result the Treasury has announced an investigation into reports that Italian steel imports are subsidized. But the TVA tax system, which allows rebates on exports, has been approved by GATT, so that the principle as such is difficult to attack. If this were proved, the introduction of duties to compensate for the subsidies might well be introduced, but the American steel industry would still prefer a limitation of imports as such.

The fear of this direct action led Herr Gunther Sohl, chairman of the International Iron and Steel Institute to suggest publically that European exporters might follow the Japanese example - but with greater discipline - and impose a voluntary limit on their sales to the United States. European producers feel that there is a case for trying to get some order into the world market as well as into the American market itself.

If any voluntary limit is going to be accepted by exporters to the United States market, it will need to be in consultation with the Japanese, and this has already begun in the case of a few producers. But European firms will also need to work out a common position amongst themselves, and this gives rise to the difficulty that there does not really exist any suitable body able to negotiate or speak for the Community's producers as a whole. Furthermore if any agreement is to be effective, it will also need to include Britain. The task confronting the steel producers from Japan and Europe, as well as those in America will require a capacity for compromise as well as a desire to succeed, but if it can be achieved the world outlook for a regulated steel market might well improve.

* * *

AGRICULTURE

The Common Market For Oils and Fats

Last week the agricultural ministers of the Six reached agreement on the price of olive oil for the current season, which started on November 1. The discussion was not an easy one and it lasted twelve hours, which is a long time for a sector, which in monetary terms at least, represents only a minor part of total Community agricultural production.

On this occasion in fact the six member countries were meant to have tackled the general problems of the fats sector within the Community and to have taken steps towards the reorganisation of the common agricultural policy's financial regulations. The decision taken last week goes far beyond the limited needs of the olive oil sector.

Olive oil production within the Community is organised according to a system of deficiency payments. The farmers receive as a result a subsidy which is reviewed annually. But olive oil production is coming more and more under pressure from other oils, such as soya, ground nut, copra and palm oil, whose world prices are constantly falling and which are not subject to taxes (or only very small taxes) on entry into the Common Market. Thus this year the subsidies to the olive oil producers which already stand at the considerable figure of $ 140 million will have to be increased by a further $30 million. Obviously this solution which was put forward by the Commission was little more than a stop-gap measure. And it won't necessarily end here; next year the Community might easily be called upon to increase the subsidies again in order to keep up with prices of the other oils.

This is the line taken by a number of delegations, and by the French one in particular, in that they have decided to give their approval to the Commission's proposals only on condition that the Commission adopts their suggestions for the stabilisation of prices for fatty substances between now and December 15. This, it appears, can only happen if minimum prices are imposed on goods from third countries at the frontiers of the Community, and in addition, by negotiating with the GATT countries, since the members of the Community will than be forced to go back on agreements they made in the past. This arrangement was however completely unsuited to the needs of the Netherlands, which seeks at all times to protect the interests of its margarine producers who get their supplies at very low prices from the world market. If The Hague has finally come round to the opinion shared by the other members of the Community, it still must nurture a secret hope that the Commission's proposals will not be translated into Council decisions immediately. There is however no doubt that several countries, Belgium and France in particular, will take upon themselves the task of seeing that the decisions are pushed through as quickly as possible. To the extent that protection against imports of fats from third countries on a Community level could possibly bring about a rise in the price of margarine, the butter market might easily find itself in a better position. But at the moment the situation is not a happy one: stocks have risen to 340,000 tons (metric) and taking winter conditions and the Commission's new measures (low sales price, distribution to large-scale companies etc) into account, this stock pile ought to be reduced appreciably by the Spring. But what then? Certain statistics put out by the Commission speak of an increase in butter production such that the Community could find themselves sitting on a million ton pile of butter by 1972. In the face of such a threat, no short term measure is really enough; it is the very structures of the production function that must be revised.

The Council has however gone somewhat further when it comes to the olive oil sector. It has decided that joint financial responsibility can only be counted upon in the case of annual production in excess of 385 million tons, that is to say a production figure which would impose a financial burden of 165.5 million dollars. Beyond this level, the Council would have to meet so as to decide how expenditure would be covered, that is to say who would pay for what. This is exactly the same solution in effect as that worked out for the problem of dairy products last July. This threshold level (or rather the estimate of this expenditure) has been settled at $640 million. At the time everyone agreed in thinking that beyond this, the countries which would be responsible for the excess payments would find themselves unduly weighed down by the excess expenditure. In reply to the wishes of several countries, the Community authorities seem to have taken a more or less clear stand as regards expenditure on market support. It is even more than likely that the debate on the renewal of FEOGA will be a pretty dispassionate affair when it comes up next year, unless the Council decides to apply the estimation method to other sectors; the first of these could easily be the sugar sector. Thus FEOGA would not really have a ceiling placed on it. Instead there would be joint financial responsibility imposing limitations on the partners, limitations which would aim at discouraging overproduction, unless of course the states do not wish to assume the extra costs.

*

Fishery Policy Takes Shape.

During its special Luxembourg meeting on October 24 and 25, the European Parliament adopted three proposals put forward by the Commission dealing with the establishment of a common fisheries policy. These covered a common structural policy, a common market organisation and the suspension of the CET - Common External Tariff for certain fish.

Structural policy: The regulation proposed by the Commission is intended to promote the harmonious development of sea-fishing and encourage rational exploitation of resources. It is recommended that all ships based in the Community should have equal fishing rights in Community waters, as well as making it necessary for any member state to inform its partners and the Commission before introducing changes which might affect the fishing industry.

Under Article 13 of the regulation a Permanent Structural Committee comprising representatives from each of the member states, with a representative of the Commission in the chair would be formed. The committee would enable the member states to consult each other and adopt a common attitude towards international agreements, as well as facilitating the co-ordination of their own policies. Another task for the committee would be to enable the member states to work out a common approach towards the question of structural improvements.

The same regulation also envisages the participation of the "Guidance" section of the FEOGA. The aids thus obtained could be used to build, improve and equip new vessels in the search for new fishing grounds, as well as for training and re-training those working in the fishing industry. There might also be cases where FEOGA could grant aids to specific types of fishing.

Common Market Organisation: The proposed regulation put forward by the Commission is based largely on those already established for fruit and vegetables. Its main points are as follows.

1) That quality and size norms should be introduced: the Parliament would like to see this achieved by December 31, 1969 at the latest;

2) Producer organisations should be established: the governments could make special grants to encourage their formation and facilitate their operation;

3) The institution of a price system with a guidance and intervention price: the guidance price would be based on the average of the prices recorded during the three previous fishing seasons, but would also take into account the general guidelines behind the Community's fishery policy. A withdrawal price for unsold fish belonging to their members could be introduced by the producer organisations, and an indemnity would be paid for unsold fish. Financial compensation would be paid by the member states to those producer organisations willing to undertake steps aimed at improving the market.

4) As regards trade with third countries, the CET applies to all fish products and any imports need an import certificate. With the aim of preventing market distortion by imports offered for sale at abnormally low prices, it is proposed that reference prices (the intervention price + 15%) valid for the whole Community and fixed annually should be used. A floor price would be established for both frozen and canned fish products.

CET suspension. The proposals for the suspension of the CET cover herrings, tuna, cod and cod fillets. This is to enable the Community's processing industries to acquire their supplies under conditions comparable to their counterparts in non-member countries.

* * *

TRADE

Returns for January-June 1968

Internal trade in the Community reached a volume of $ 13,200 million during the first half of this year, an increase of 10% over the same period for 1967, although the trend in external trade was in fact downward, such that the surplus with third countries rose by only $ 55 million over the first quarter to $ 528 million (the figure for the whole of 1967 was $ 860 million).

Rising German and Benelux imports continued through the whole of the half-year period, although the trend was slackening towards the end, giving overall increases as follows: Germany - 15%; Netherlands - 10%; BLEU - 8%. For the same three countries, purchases from other member states rose by 9%, 15% and 12% respectively. Italy's exports to the other five also rose, by 15%, while her imports from the Community rose by only 2%. For France, the adverse effects of the May-June crisis were more than offset, for both exports and imports by the growth in her trade with the Five achieved in February-April: her returns for the first quarter against the same period last year show an increase in purchases of 9% and in sales of 7%.

While Germany's trade surplus in the first half of 1967 was up to $637 million, the figure this year has dropped to $471 million. On the other hand, the BLEU's surplus has risen from $250 to 371 million. The deficit suffered by the Netherlands, by the same token, has been pruned from $311 to 257 million. In the middle comes Italy, which has managed to swing from last year's first six months' $ 41 million deficit to a $170 million surplus. The only place where the balance deteriorated, not surprisingly, was France, whose deficit in fact increased by $81 million from $404 to 485 million.

The gross figures for the Six's trade with third countries show imports to the value of $16,200 million for the period in question, against $16,700 worth of exports, although as we have seen, the April-June period added relatively little to the surplus accrued in the first quarter. Both imports and exports for the period rose by about the same volume over last year - 6% and 7% respectively. The BLEU's and Germany's above-average increases in imports (15% and 12%) atoned for France's cutting-down of imports by 4%, and the very modest rise of 2% in Italian purchases from third countries. On the exports side, the BLEU and Italy had the best returns, with increases of 10% and 11%, while both the Netherlands and West Germany, with 7% and 8% were hovering above the mean improvement level over last year, against Frnace's slender improvement of only 1%.

Taking the figures by broad trading blocs, the pattern is much the same as in the first six months of 1967, with 55% of imports coming from industrialised countries in the West, 38% from developing countries and about 7% from the East Bloc. Even breaking down the three groups, if we exclude western Asia and the African Mediterranean states, whose shares rose from 8.6% to 10.1% and from 4.4% to 5.4%, we only find slight deviations, mainly away from central and south America, whose share dropped from 9.2% for the first half of 1967 to 8.2% for this year.

Again with exports, the scatter was much the same, with 62% going to the industrialised West, 26% to the developing countries and 8% to the East. Within this pattern, only the proportion destined for EFTA countries and others in West Europe have dwindled, by 1% in either case, whilst exports to the USA rose by 3.3%.

Moreover, the Six's exports to the United States rose by 35% compared with the first half of last year, due mainly to the achievements of Germany (+ 45%) and the BLEU (+ 37%). At the same time, overall EEC imports from the USA rose in the period by only 2% o ver last year's first half figure. In trade with the third world, the decline in French and German imports (-5% and -3%) was counterbalanced by increases in the BLEU - 17%, the Netherlands - 10%, and Italy - 6%. The deficit in the Six's trade balance with the USA fell from $ 972 million in the first half of 1967 to $ 308 million this year.

*

Commission calls for end to French safeguards.

Last week the Commission stated that there is no reason why the French Government should prolong after January 1, 1969 the safeguards introduced as a result of the May-June crisis. The measures then taken included import quotas for cars, electrical goods, some textiles and steel, as well as certain financial aids for French exporters.

The Commission's statement said that it had been carrying out a study of the French economy since October 16 with regard to the sectors subject to the special measures, as well to present trends and future prospects. It is pleased to note the favourable trend of the French economy and considers that the conditions are already established for the termination of "the safeguard measures imposed or authorized by its decisions of July 6 and 23, without prejudice to any easing of the restrictions at present in force, that the French government on its own initiative might meanwhile apply". The favourable trend of the French economy in the Commission's view "must lead to a complete normalization of the situation as from January 1, 1969, particularly with regard to the conclusion of delivery contracts taking effect on that date".

Paris has in fact kept part of its bargain as regards the lifting of the safeguard measures by doing away on November 1 with import quotas for vehicles and reducing slightly the offset arrangements for higher wages on export orders. However it has decided to keep the rediscount rate for export credit at 2% and will only raise it to 3.5% on January 1. The remaining measures are quotas on textiles, steel and electrical domestic appliances which are due for abolition at the end of December, whilst the export subsidy is due finally to go by the end of January. The French government intends to comply with this programme, but may bring it forward in the light of the Commission's remarks.

Belgium and West Germany would like to have seen France lift her textile and steel quotas sooner than planned because of the effect on their industries. Although this is now unlikely, any moves by Paris to extend the safeguard measures would provoke strong opposition from her partners in the EEC and from outside. But if these measures were well-founded, they would probably in the end be accepted, with possible modifications. The examination of the situation of the French economy will continue, and it will be one of the focal points of the discussion on the economic outlook for the Common Market, when this is dealt with by the Council of Ministers in late November.

* * *

REGIONAL POLICY

No More Aid "Under the Counter"

The difficult problem of achieving some form of unity throughout the Community as regards regional aids granted by member states is once again under discussion. The Commission has invited the Six to delegate experts to a meeting, to try and work out a system under which all projects or decisions involving the granting of State aids equal to or exceeding $ 500,000 would be subject to prior examination, and thus control.

The problem is a serious one for the different forms of State aids aimed at encouraging industrialisation and boosting investments in the regions can affect both competition and the harmonious development of the Community itself. Part of the present difficulties are due to the fact that most regional aid is introduced under outline laws or "lois-cadres". These are already submitted to the Commission which gives its views, but the concrete measures taken under the outline laws, i.e. the sums granted in each case, escape prior examination by the Community.

The new system proposed would aim at preventing member states from vying with one another in this sector and outbidding each other in offering aid to attract investments to their own territories. A case-by-case control on a Community basis would also ensure that aid was channelled into those areas where it was not needed.

The member states have reacted to these proposals in different ways. France objects to the suggested procedure. According to Paris, notification to the Commission beforehand would render aid less effective in the case of major industrial projects. However it is willing to supply limited information afterwards as regards the operation in general of aid systems. The Italians consider that whilst the Commission can comment on the outline laws, it can only give its opinion in a particular case once the decision has been taken. The attitude of the Bonn government to the Commission's proposals is basically favourable, but it would like to see the aids which have to be submitted to the Commission determined on different factors from those put forward by Brussels. The West Germans back the adoption of the following guidelines: 1) Notification of aid exceeding $500,000, where this represents 15% of the total investment; 2) Notification where the aids in question reach 40% or more of the total investment.

The position of the Benelux countries on the proposals is not yet agreed. Overall reaction in the Netherlands is favourable, whilst Belgium and Luxembourg are reserving their comments until they have had further information.

* * *

ASSOCIATION:

Turks want Faster Progress

Reports from Turkey indicate that Ankara would now welcome the preparation of negotiations aimed at instituting the transitional stage of its association agreement with the Community, following the completion next year of its first five year preparatory stage. Both sides emphasize that moves in this direction will depend upon the state of the Turkish economy, and the willingness of both to fulfil their obligations. A report by a member of the Turkish Grand Assembly states that, instead of improving, the country's trading position with regard to the EEC countries has in fact worsened. Exports to the EEC fell in 1967 to 33.8 % compared with 34.9 % in 1966, whilst imports from the Six rose from 32.9 % in 1966 to 34.7 % in 1967.

The Commission has set out the Community's view with regard to the introduction of the transitional period, lasting for up to 12 years, which is due to be followed by the creation of a customs union similar to that in force between the Common Market and Greece. According to the Commission it would not be necessary for the time being to fix the exact date for customs union. Cuts of between 40 and 60 % by Turkey would probably be sufficient, with the time-table for the remainder to be worked out later.

For its part the Community may decide to grant Turkey free access for its manufactured products and improved terms for its agricultural goods, which account for a large proportion of Turkish exports. Special terms would also be introduced to implement large quotas. Every effort should be made to stimulate and diversify Turkish exports to the Six, and attention should be paid to harmonising - where possible - internal Community developments and Turkish economic plans.

* * *

TRADE AGREEMENTS

Yugoslavia's Links with the Community.

At the Foreign Ministers' Meeting held on Monday under the chairmanship of Sig. Giuseppe Medici, the Italian Foreign Minister, one of the main topics of discussion was the commercial arrangement between Yugoslavia and the Community. The ministers agreed that the time had come to reach an agreement with Yugoslavia, especially given its exposed position in Eastern Europe and the fluidity of the situation in the Russian satellites. The Commission is then to draw up proposals for a more complete negotiating mandate, the results of which will be talked over at the Council's next meeting on December 9 and 10.

Italy is strongly backing the Yugoslav case in the light of recent events in Eastern Europe and feels that Yugoslavia should have special consideration on political grounds. The Yugoslavs are keen to continue negotiations in Belgrade in January, but the limited nature of the present mandate is sure to act as a barrier to progress. With this in mind the Commission urged the Ministers to come to agreement on the matter as soon as possible so that its mandate could be widened.

The major point of disagreement is the agricultural sector and this is going to be the key to the whole deal. Unless the Community makes concessions on Yugoslav agricultural products which account for 45% of all their exports to the EEC (mostly beef), there is likely to be deadlock. But as yet the Commission has no mandate on agricultural concessions, because of French opposition to the scheme, and in Monday's meeting the French delegate was still adamant that any agreement with Yugoslavia should not contain a reference to beef. The ball is now in the Commission's court, for it is this body which must make suggestions as to how the new mandate can be formulated, taking this problem into account.

*

Things Looking Up for Spain

The Commission has recommended the Council of Ministers to improve on the offers it has so far made to Spain regarding some form of reciprocal trade agreement with the Community, in order that future talks may proceed with more promise (see Nos 448, 459). The present preferential trade agreement was hammered out last April, but apparently not to the complete satisfaction of Spain, which was prepared to expose herself to a very large extent to the Community, in return for improved access to the EEC's industrial markets. The whole problem is fraught with objections from various quarters; the threat of agricultural export competition to Italy, the matter of reconciling Spanish agricultural systems with the CAP and political reservations in particular. Nevertheless, seeing the arrangement as of benefit to all seven parties, the Commission now suggests that the Six should increase their offer of a 60% reduction in tariffs on industrial goods over six years to 70% over only three years, and at the same time delete all total exceptions from the list and many of the partial exceptions.

With this, the Commission recommends complete acceptance of Spain's generous offer regarding her own duties on imports of Community manufactures, whereby she would cancel duty altogether on the first $ 82 million worth imported, reduce it to 40% on the next $370 million, and to 30% on the next $ 310 million. However, while the Commission is here requiting Spain's readiness to "drop her guard", nothing at this time has been said of the sector in which Spanish interest is really focussed: her exports of agricultural produce. Although the Commission's present proposals, if ratified by the Council, will be a tempting sop to Madrid, it may be some time yet before the more formidable issue of agricultural exchanges is resolved.

VIEWPOINT

BUSINESS AND FINANCIAL TRENDS IN EUROPE

By F.W.Schulthess, Chairman, Swiss Credit Bank, Zurich

As a banker, I am wary of figures. Too much can, when it's least suitable, be proved or disproved with them. I am, therefore, not going to juggle with all sorts of pretentious statistics in an attempt to forecast the economic weather of Europe, although I am fairly convinced that with a touch of imagination and oratory skill it would be easy to make believe that statistics definitely prove one thing - or the contrary. Having always preferred to be guided by "horse sense" and practical experience rather than by scholarly theory, I have thoroughly neglected to polish whatever gifts of prophecy I may have been blessed with.

Furthermore, I do not think that a multitude of figures must necessarily improve the worth of an economic analysis. Even at the risk of being considered by some to be hopelessly backward, I stick to the belief, based on experience, that economic and financial problems cannot always, nor even often, be solved by scientific means. I feel that Man in his complex behaviour, with his prejudices, his moods and sentiments is after all - and fortunately so - a much more important and decisive element than bare facts and figures.

Perhaps this is particularly so in Europe and may partially account for the fact that U.S. corporations sometimes misunderstand and misjudge European situations and problems. It just does not do to simply transplant American reasoning and procedures to the European scene; consequently, it can be bad policy to rely more on fact-and-figure thinking than on the sober advice of European business friends. I may revert to these thoughts in the course of my remarks, but first I will do my duty and comment on European business and financial trends.

The Americanization of Europe

Let us assume a space hero was shot to Mars some five years ago and returns to Earth today. He would no doubt find a lot of things changed in Europe. Thus he would be impressed by the advanced so-called Americanization of the European economy and also of many individuals, including those of my country. I do not only have in mind the numerous American corporations and products which have crossed the Atlantic and found open doors and ready markets over here, but also some ways of life and consumers' habits which have been adopted to varying degrees by Europeans. Increased efficiency and advanced modernization of the economic mechanism are part of this picture. Indeed, there can be no doubt that the new and the old world have greatly benefited by the deepening of reciprocal relations and contacts. The fact that Americans and Europeans have become much better acquainted with each other is, so I feel, most welcome and full of promise.

Our space traveller will, alas, also find out soon enough that he has not been alone in the game of sky-rocketing and that he has had stout competition from an inflationary trend that has sent the cost of living sky - or even Mars-high'. Since the average wage level has in most countries risen much more than prices, the European standard of living has visibly imporved. If you desire drastic proof of this claim, just look at the number of new automobiles cramming our towns and roads or at the dense forests of television aerials delicately enhancing the beauty of European scenery.

Apart from outward features of this kind, the space hero will be struck by the complete change of climate in economic philosophy. The gospel of economic growth has lost its followers. You will remember that not so long ago sales managers and engineers were deciding future capital expenditures all by themselves without giving much thought to cost and sources of money. Today they are ruefully listening to the men in charge of finance expounding the difficulties in raising the funds required.

This brings me to the subject fore-most in the banker's mind these days: Why is capital scarce, and what are the implications and consequences for business? Both are most complex questions, good for fat volumes of economic prose. You will understand that I can only touch upon them in a fragmentary manner.

Scarcity of Capital

First a word about the scarcity of capital. One major reason is the long duration of the economic boom bred by high rearmament expenses, but considerable contributions to so-called development areas, and most particularly by rapid technical progress necessitating replacement of equipment at a much faster rate than in the past. Constantly increasing buying power and liberal spending by the masses further kindled the boom. Now, basically, a boom is nothing to complain about, were it not for the fact that the gravy train sooner or later free-wheels into an economic danger zone. It generally leads to the fatal fashion of spending today what won't be earned until tomorrow.

No wonder the inflationary climate grows hotter and hotter. Inflation is a highly contagious disease. It knows no political boundaries, but hops shift-wise from country to country. Once this game gets really going, business finds it hard to resist the challenge of the race against rising prices by speeding up expenditures and incurring an unconventionally high volume of indebtedness. Some people feel that heaping up debts is the best way of making money.

This seductive philosophy naturally lends additional momentum to booms and creates excessive production capacity which later, once inflation slows down or even comes to a standstill, may turn out to be a lethal boomerang. The boomerang is no mere threat: it can be triggered by government restrictions or by capital scarcity. The latter is a near-certainty when governments and private enterprise try to beat rising prices by recklessly incurring debts.

Europe slid into this phase, which is now past, over two and a half years ago, and the United States now appears to be in the same situation. It may be worth our while to examine why Europe's fall came earlier. I would say Europe was first mainly because of some of the consequences of the struggle for the much heralded European economic integration, which at the outset had evoked great expectations on both sides of the Atlantic. A hectic race had set in in a multitude of areas; everybody lined up for the heyday of the integrated all-European supermarket. Quite a few American corporations plunged headlong into Europe, building up new organizations or purchasing existing European ones. At the same time, small and medium-size corporations were stricken by merger-fever, just like kids catching the measles. The outcome was often disappointing; some of the merged superfirms turned out to be oversized to a degree leaving them open to justified doubt as to their economic soundness and manageability.

The U.S. Balance of Payments.

The progress of American affiliates in Europe was marked by successive waves of newcomers accompanied by an adequate inflow of dollars fertilizing European capital markets. While it is true that the dollar flood generated many genuine economic achievements on the one hand, it is also true that there also appeared some less encouraging aspects, ignored by many observers at the time. A substantial portion of the bewitching prosperity was borrowed, and therefore numerous weak spots began to show. It was only much later, when the U.S. balance of payments had begun to be something of a headache, that people started worrying about the future.

When the so-called Johnson Measures were introduced, the European scene changed quickly and relentlessly. Domestic capital markets now had to carry the burden almost alone and were expected to supply not only the needs of the thriving native European economy but also those of American affiliates cut off from home base. Many Americans in Europe were suddenly caught in a vicious pinch, having been hit by U.S. restrictions at a time when their European projects were well on their way and could not simply be abandoned. Thus the question of where and how to raise the funds to take care of current and end financing became a major worry. As a result, the European finance markets were sorely strained; and to make things worse, lack of co-ordination and short-sighted practices in the field of public bond issues threatened for a time to cripple the markets and to undermine investors' confidence.

However, since many countries made a genuine effort to apply reasonable standards, and projects were more realistically shaped and better adjusted to practical possibilities, an actual breakdown of the capital market was successfully avoided and the overall climate in Europe definitely improved. Unfortunately, however, the U.S. balance of payments problem has still not been solved, with the result that the uniform gold market has had to be scrificed and the plague of international monetary unrest continues to afflict our world.

Rules of Behaviour

I shall now touch on those problems which seem to me to be of particular importance to American corporations doing business in Europe. I need hardly emphasize that American and European corporations alike will today be well advised to do their financing along conventional lines. He who finances long-term capital investments with short-term "Euro-money" - and there are many examples of such unorthodox practice - risks ruining his business. "Short for long" is one of the seven deadly sins not only of the banker but of every businessman.

Likewise, it is important to remember that in a situation such as today's the maintenance of sound profit margins securing a satisfactory cash flow is of prime importance as against the more or less blind pushing of growth at any price. Finally, it is highly advisable to plan capital investments and production programs more selectively, more carefully and more rationally than before. Mistakes in this respect will now be costlier than ever.

The element of time - if I may tell my American friends so - has quite another status in Europe than in the United States. Surely, time is money also in Europe, but over here everything requires more time and more patience than in America. Please don't ask me for a logical explanation. There are things - again I say fortunately - which cannot be explained by mere logic. The social, economic and political web of Europe is a product of generations; should we try to modify it over night, we would run the risk of tearing it to shreds. As an illustration I may point out that to Europeans the general climate created by the various components of human life is often much more important than material gain.

Two Philosophies

History has moulded a European philosophy as it has moulded an American philosophy. There is, quite naturally, a gap, but it seems to me that it narrows as we march side by side into a common future. European philosophy, as I see it, has clearly left its imprint on the stony path of integration: a step forward is often quickly countered by a setback.

I admit that I am - as some of you will have noticed - riding an old hobby-horse of mine. Historical processes such as an integration of European nations cannot be forced on the people, and it is quite useless to resort to endless artificial devices, as long as substantial percentages of the people lack the conviction that integration is desirable, let alone necessary. The same applies to the individual partners in the economy: how mu h more important is it for them to create sound business foundations than to race for integration by pushing premature artificial projects'.

Some Recommendations

I et us now look at these matters with regard to Americans who have established their business in Europe and who wish to continue operating here successfully. Firstly, I would recommend that European conditions and their possibilities be studied and examined as carefully as possible before decisions are taken.

Secondly, I would point out that the outlook for the first two or three years is much less important than the estimated profit in ten years' time. Some American corporations delegate executives of the money-maker type to Europe on short-term assignments to produce immediate profits. This does not always turn out to be the right kind of approach. Quick gains do not assure long-range success. The latter will more easily come to those who cautiously and patiently reshape their operations to fit the European scene and who do not insist on transplanting American methods on foreign soil without carefully reviewing them. European business methods may appear to many Americans to be antiquated or even queer, but still they are right for Europe. It is most difficult to arrive at a proper synthesis in this problem, and much patient co-ordination based on mutual understanding and good will is needed.

This leads us to the question of how to staff American affiliates in Europe. I must confess that it is not easy and therefore somewhat pretentious to offer advice, particularly considering that even if we theoretically know what kind of associates we need, we may not know where and how to get hold of them. International business calls for cosmopolitan-minded personnel, men who are at least somewhat at home in foreign languages and who have a liberal approach to foreign mentalities and philosophies.

It stands to reason that an American newcomer in Europe must employ managerial personnel already familiar with the business, as a rule American citizens who can contribute all specialized knowledge and know-how and who - if they do not wish to stay overseas for the rest of their career - have the gift of training their own successors to be recruited from the ranks of promising and willing Europeans.

Reverting to the linguistic angle, it is highly desirable that American staff members have some working knowledge of the language of the country in which they are operating. Take the converse case of Europeans doing business in the United States. What chances of success could they possibly expect if they tried to get along with German, Italian or what have you? Languages are more significant than many of us think. In some countries nationals feel very strongly about the presence or lack of knowledge of their language on the part of a foreigner. In Spain, for example, a few words of Spanish from a foreigner's lips are appreciated as a courtesy and may open doors that would otherwise remain shut.

In winding up my remarks, I express the hope that we may witness continued progress in American-European economic cooperation. Our Western world will some day need all the strength and prestige flowing from sound transatlantic partnership.

* * *

STUDIES AND TRENDS

"Le Defi Italien"

Part I

The Italians, for a long while considered junior partners in the European Community, seem now to have become a threat to European industrialists, in both the EEC and EFTA. Even though they are still contending with their own problems, the question is beginning to nag, as these problems seem only to have the slightest incidence on their dynamism and costs. Examples of their 'leap forward' abound, and can be found throughout the whole spectrum of the economy. Amongst these, two have received a great amount of publicity and justly so - the motor and the domestic appliances industries. There are two more that are less well-known (except by specialists), the radio and television industries.

In the automobile sector one example is sufficient to show the great swing in the economic power axis. If, only five or so years ago, the possibility of a take-over of Citroen by Fiat had been put forward, it would have been considered out of the question by most serious economists. In 1962, Fiat produced about 809,000 vehicles whilst Volkswagen produced 1,112,000 and Citroen 426,000. In 1967 Citroen manufactured 500,000 vehicles, Volkswagen 1,162,000, but Fiat had climbed up to an amazing figure of 1,333,000 to become the fourth biggest manufacturer of cars in the world, after the three giants of North America, General Motors, Ford and Chrysler. The absurdity of 1962 has now become reality and leading European manufacturers must now rethink their positions.

In the domestic appliances industry the Italian offensive has been on two fronts - refrigerators and washing machines. If we consider just the first example, which in any case is the most explosive one, it appears that in 1967 the Italians, with a production of 3,205,000 units, have completely swept the European board. The opposition is meagre: the Germans produced 1,752,000 units, the British 920,000 and the French 750,000 over the same period. But this is not the most important fact. During the course of 1967 the Italians exported some 2,170,000 refrigerators, that is to say 70% of their production.

The biggest market for these Italian refrigerators was France which took some 473,000 units (compared with a mere 177,000 in 1963), and it is here where the repercussions have been most noticeable. Under pressure from French industry since 1965, the French government has been able to get authorisation from the Commission to take certain safeguard measures to protect the home industry. Paris had the impression that if the French refrigerator industry were given a brief respite from Italy's driving competition, it would be able to re-structure and reach the necessary level of competitiveness. This expectation has since proved ill-founded, and in July of this year it was found necessary to introduce an import quota on all "domestic electrical appliances using compressors". Although the quota covers a wide and indistinct sector, it is obvious that it was designed specifically to cover imports of Italian refrigerators. In 1967 the annual turnover of the French refrigerator industry was 40% of what it had been in 1964, due to the decrease in unit price(which fell to an index of 66 on a 1959 base of 100) and to the increasingly fierce competition from Italy.

The case of the French refrigerator industry may be striking on account of the high figures involved, but it is certainly not the only one. In 1963 West Germany imported 51,000 refrigerators, most of which came from Italy, but by 1967 this figure had moved up to 270,000. Over the same period imports of refrigerators into Britain jumped from 28,000 to 202,000, most of these being of Italian origin. The situation has become so serious that the British government has decided to impose a countervailing customs duty (24/3d per cwt) on all refrigerators manufactured in Italy.

Italian inroads into the radio sector have been somewhat less spectacular than those into the refrigerator sector, but the lesson is still there. The penetration varies from one country to another; in Britain it is almost negligible, a mere 8[illegible] out of a total of 2,400,000 imported during the course of 1967 compared with 1,60[illegible]00 imported from Hong Kong, and the Japanese trailing behind with 400,000. In West Germany, where imports from Japan are, as in Britain, not subject to import quotas, the Japanese take pride of place with 1,360,000 of the total 2,100,000 imported receivers, Hong Kong following with 300,000 and the Italians in third place with 136,000.

In France the penetration is much greater, yet it is difficult to pin down the cause, although the heavy quota restrictions on receivers from Japan must have an effect. According to the Franco-Japanese agreement on quotas of March 30, 1968, only 50,000 radio receivers and 13,000 televisions may be imported to France from Japan every year. Thus over the past few years there has been a commensurate increase in imports from Italy; for the year ending July 1967 France imported 1,073,000 units, 400,000 of which - i.e. 40% or so came from Italy. Here, as with refrigerators, the price of an Italian radio is much lower than any of its European competitors. In 1967 the price of a given Italian receiver was F 40 (f.o.b.) compared with F 160 for a comparable set made in Germany. It is true however, that the majority of Italian sets sold on the French market are only two waveband transistor portables (long and medium waves) and that unlike German models they have no provision for VHF.

It is then undeniable that the Italians have carved out a significant portion of the French market for themselves and this has made the French very chary about the Italians' plans for television, which is an especially vulnerable market in this case.

At the biennial Radio and Television Trade Fair in September, representatives of the French radio and television industry and trade seemed to be more optimistic about the whole thing, following the aftermath of the 'evenements' of May and June. Indeed, they decided to launch a major sales campaign for both colour and black-and-white television in conjunction with the ORTF. The campaign certainly aims high: an average increase in radio and television sales of 20% and a fivefold increase in the total number of colour receivers in service at present (20,000) by January 1, 1969, an overall increase in the size of the radio and television market, sales of the former rising to 3,200,000 per annum and sales of the latter to 1,500,000. But according to the ORTF's statistics, the number of sets now in service in France is 8,932,000 (July 31, 1968) which compares badly with both Britain and West Germany which with comparable populations have some 15 million sets each. Moreover sales are stagnating: for the last four years the average level of sales has been 1,250,000 p.a. for televisions and 2,300,000 for radios.

The campaign is now under way and it has a number of points in its favour. If the authorities are holding back on their decision to reduce the AVT on these items - even though the tax is at the present time higher for televisions than for caviar - they seem on the other hand quite open to the idea of prolonging the repayment time for sets bought on hire purchase. The ORTF for its part has taken great pains to improve and extend its programmes. both in monochrome and in colour. Finally, French manufacturers seem to be abandoning the original ideas on colour television - luxury presentation, big screen (25 and 27 inch screens) and big price. Several makes are now less than F 4000 for the 25 inch screen, such as Philips, Schneider, Radiola at between F 3,600 and 3,700. In the medium size range (19 to 22 inch screen) the current price is between F 3,300 and 3,500, whilst in the smaller sizes, many firms are following the lead given by Pizon Bros. who are offering a set with a 15 inch screen for F 2,850. These price reductions also take into account reductions in the retail price of up to 25%. Happily these reductions are becoming more and more general in the colour sector, whereas in the monochrome sector little has changed. Inclusive of the reduction the 23 inch dual standard television (819 and 625 lines) now costs between F 1,200 and F 1,500, and one with an 11 inch screen is often less than F 1000 and sometimes as low as F 800 to 900.

What the Italians are doing to move into this market and their plans for the future will be the subject of our next article in this series.

- To Be Continued -

EUROFLASH - HEADLINES

BELGIUM	CHEVRON and TEXACO's CALTEX links reorganised	K
	ARGYLE MEDICAL INDUSTRIES opens sales branch in Brussels	L
CZECHOSLOVAKIA	HOECHST subsidiary UHDE, and local firms, to build plant	F
FRANCE	CITROEN-FIAT cooperation: two holding companies formed	B
	RENAULT-PEUGEOT association: joint engine company set up	B
	COLGATE-PALMOLIVE link with biscuit and cereals interests	M
GERMANY	SIEMENS, AEG-TELEFUNKEN to pool turbine, generator interests	C
	LITTON INDUSTRIES takes over TRIUMPH, ADLER from GRUNDIG	D
	TRANE CO air conditioning forms project studies company	F
ITALY	SNAM PROGETTI in France, Spain, Mexico, Oporto, S.Africa	K
JAPAN	OTTO VERSAND sets up buying office and market study company	O
NETHERLANDS	MONTECATINI-ICI-USINOR link for Fl 100 m. urea plant	C
	CINDU-KEY & KRAMER, FIGEE and HOLEC join TURNKEY group	G
	HEINEKEN acquires Seven-Up, Pepsi-Cola etc.franchise from TIMS	J
	TRIUMPH INTERNATIONAL foundation garment takes over VAN DE WAAL	M
SOUTH AFRICA	Belgian GLAVERBEL takes 33% in SAFEGUARD SAFETY GLASS	K

CONTENTS

AUTOMOBILES

** The cooperation agreement signed between CITROEN SA, Paris and FIAT SpA, Turin, may later be extended to cover other European car firms. The deal revolves around two companies, the first of which will be run on a 50-50 basis with alternating presidents. The second is a French holding company controlling: 1) Fiat's 15% stake in Citroen (whose capital is shortly to be raised); 2) the interests of the Michelin group (around 62% compared with 44.8% at the end of 1967) and of the Berliet family in Citroen.

The latter has an option to take a 15% stake in Fiat, through their joint subsidiary. Fiat is the 25% affiliate of I.F.I. - Istituto Finanziare Italiano SpA, as well as being a 5.57% affiliate of I.F.I.'s 32.9% subsidiary S.A.I. - Sta Assicuratrice Industriale.

** The West German heavy engineering group KLOECKNER HUMBOLDT-DEUTZ AG, Deutz, Cologne (see No 462) has signed an agreement with the Austrian firm GRAEF & STIFT AUTOMOBILFABRIK AG, Vienna, covering the construction of 20 to 57 seat coaches and buses. These will be launched in the spring of 1969 under the name of "Gräf-Deutz", chiefly in the EFTA countries. The German firm will supply the engines and the Vienna firm the chassis and bodywork.

Gräft & Stift Automobilfabrik (capital Sch 10 m. - 84% held by the Gräf family) is the exclusive Austrian distributor of coaches, lorries, etc made by Automobiles M. Berliet SA, Lyons (see No 481) which is controlled by Citroen SA, Paris.

** The links between the French state car firm R.N.U.R.-REGIE NATIONALE DES USINES RENAULT SA, Boulogne-Billancourt (see No 481) and AUTOMOBILES PEUGEOT SA, Paris (see No 473) will be further strengthened with the formation of their first 50-50 manufacturing subsidiary.

With the status of a partnership (Societe en nom collectif) this will run a factory at Douvrin-la-Bassee, Pas-de-Calais making engines for both founders. With an annual capacity of some 2 million units, it is due to open in 1971 and will be in addition to Renault's own plants at Billancourt and Cleon, and those of Peugeot at Sochaux and Lille.

BUILDING & CIVIL ENGINEERING

** Negotiations are taking place between the Paris finance house CIE FINANCIERE LE LINORD SA (controlled by the UNION DES PARTICIPATIONS SA - headed by M. Alexis de Gunzburg - see No 481) and the property development and construction company MANERA SA (see No 485) with the aim of enabling Linord to join Manera in the property development links it has with the Hamburg group "NEUE HEIMAT". The latter has linked 50-50 with Manera in Ste Immobiliere Franco-Allemande-Ifra SA (capital F 100,000) in which its shareholding is held (as it is in Socofa -Ste de Construction Franco-Allemande SA - see No 265) by its subsidiary "Neue Heimat International "Wohnungs - & Siedling GmbH.

Linord's property development and financing interests are concentrated in U.C.P.I.- Union de Constructions & de Placements Immobiliers (see No 474) which for several years now has been linked 50-50 with Manera in I.F.F.-Immobiliere & Fonciere de France SA, (taken over last year by Simco-Ste d'Investissements Immobiliers & de Constructions SA, Paris - see No 416).

CHEMICALS

** DEGUSSA ANTWERPEN NV, Antwerp (capital Bf 50 m.) has just been formed to run the high-dispersion cyanide and metallic oxides plant which the Frankfurt group DEGUSSA-DEUTSCHE GOLD - & SILBERSCHEIDEANSTALT VORM ROESSLER AG decided to build in May 1968 (see No 460). Five of the latter's subsidiaries have token shareholdings in the new concern: DEGUSSA ITALIA SpA, Milan, LEUKON AG, Zurich, SCHOENES ESSAIEER - INRICHTING & HANDEL IN EDELE METALEN VN, Amsterdam, DR. L.C. MARQUARDT GmbH, Bevel, Rheinland and CHEMISCHE FABRIK GRUENAU GmbH, Illertissen, Allgäu.

** CIE NEERLANDAISE DE L'AZOTE SA, Ixelles-Brussels (see No 483) the 65.5 % Belgian subsidiary of the Milan group MONTECATINI-EDISON SpA (see No 485) and an affiliate of I.C.I.-Imperial Chemical Industries Ltd (25 %) and USINOR SA Paris, intends to boost its Dutch manufacturing capacity. It will therefore spend some Fl 100 million on building a 900 tons per day urea plant and an ammonia plant with 100 tons per day out put. The new production units are due to come on stream in the course of 1970, and the company's total production capacity will then stand at 1,500 tons daily of urea and 1,100 tons daily of ammonia. Its existing Dutch capacity is a chemical complex at Sluiskil.

Needlandaise de l'Azote recently linked in the Netherlands with the State concern, Nederlandsche Staatsmijnen NV, Heerlen in taking over control of the chemical products and fertiliser concern, Zwartsenburg Kunstmest NV, Groningen.

ELECTRICAL ENGINEERING

** The cooperation agreement recently made between the two leading West German electrical groups (see No 479) SIEMENS AG, Berlin and Munich and AEG-TELEFUNKEN, Berlin (see No 484) is now to result in the formation of two 50-50 subsidiaries to take over both groups' turbine, turbo-generator and transformer interests. The two new concerns will control around 10% of the world market and with some 13,000 employees have a turnover around Dm 1,000 million. Siemens will make over turbine and generator plants at Mülheim, and a transformer factory at Nuremberg; AEG-Telefunken will give the new concerns its plants in Berlin (turbines), Mülheim (generators) Stuttgart and Kirchheim (transformers) as well as the transformer assets of its wholly-owned Berlin subsidiary Volta-Werke Elektricitäts GmbH (capital Dm 3 m - 600 employees).

The two groups have already a considerable history of cooperation in bidding for international contracts. Up till now their joint subsidiaries were Osram GmbH, Berlin and Munich (electric lights and bulbs) and Debeg-Deutsche Betriebsgesellschaft Für Drahtlose Telegrafie mbH, Berlin (radio-telegraphy and direction-finding).

**

The U.S. conglomerate LITTON INDUSTRIES INC, Beverly Hills, California (see No 471) has acquired from GRUNDIG-WERKE GmbH, Fürth (see No 478) two office equipment subsidiaries TRIUMPH WERKE NURNBERG AG, Nuremberg and ADLER WERKE VORM. HEINRICH KLEYER AG, Frankfurt (see No 419). Triumph (capital Dm 16 m) had a 1967 turnover of Dm 108 m, with some 4,500 persons on its payroll. Adler (capital Dm 15 m) had a 1967 turnover of Dm 74 million with some 3,200 on its payroll.

The U.S. group is already well-established in West German through its subsidiaries: Litton Industries GmbH, Bonn, Deutsche Endoskop Gesellschaft Sass, Wolff & Co GmbH, Berlin, Deutsche Monroe-Sweda GmbH, Dusseldorf, Georg A. Hemke. Friburg; Fritz Hellige & Co GmbH, Tüttlingen. Grundig makes radios, television sets, sound-recording equipment, etc. It recently strengthened its foreign links with the establishment in August of a subsidiary in Vienna, Grundig GmbH (capital Sch 100,000).

**

An association agreement concluded between the Dutch companies TECHNISCHE UNIE NV, Amsterdam (formerly Heybroek-Zelander NV) and NV HANDELMIJ. v/h JOH. H. VAN DER MEIDEN, Amersfoort, has brought about the formation in Utrecht of a new company called NEDERLANDSE ONDERHOUDS- & REPARATIEMIJ.- N.O.R.M. NV. This has an authorised capital of Fl 1 million (30 % issued) and will maintain electrical machines and equipment.

**

M. Leopold Meinrath who is president and majority shareholder in UNICARD-BELGIQUE -UNICARD SA, Schaerbeek-Brussels (punched cards, magnetic tapes etc for computers - capital Bf 5 m) has almost complete control of the newly formed Paris company UNICARD FRANCE SA. With a capital of F 100,000 this will deal in electrical and electronic office equipment.

**

An agreement in Belgium between CONTIGEA-EAU, GAZ, ELECTRICITE & APPLICATIONS SA, Uccle-Brussels (see No 336) and AUTOMATIC ELECTRIC - A.T.E.A. SA, Berchem, Antwerp has resulted in the formation of CONTIGEA-ATEA Snc, Brussels. With the name of COBEMET, this will market the counters made by its founders.

Contigea (1,600 on payroll) specialises in water, gas and electricity meters, measuring equipment, wall-heaters, and water-heaters. Its main shareholders are Electrobel SA, Brussels (37.64 %), Cie des Compteurs SA, Paris (22.28 ½), Continentale & Garnier SA, Paris (a 16.6 % affiliate of the previous company and 23 % affiliated to C.G.E. - Cie Generale d'Electricite SA) and Imperial Continental Gas Association Ltd, London. Atea is the wholly-owned subsidiary of the New York group, General Telephone & Electronics Corp (see No 485). There are some [illegible]0 persons on its payroll making telecommunications equipment, measuring equipment, electricity meters, road-signals, selectors and command systems.

ELECTRONICS

**

PHILIPS" GLOEILAMPENFABRIEKEN NV, Eindhoven (see No 484) is rationalising its French interests around STE D'ETUDES & DE REALISATIONS NUCLEAIRES-SODERN SA, Suresnes, Hauts-de-Seine, who will receive a F 5 million shareholding in the company HYPERELEC SA, Brive, Correze (formerly at Paris -see No 294). As a result of this change, Sodern (manufacturer of high performance tubes) will raise its capital from F 2 to 3 million, and will have the donor firm as a shareholder, as well as T.R.T. Telecommunications radioelectriques & Telephones SA, Paris, L.E.P. Laboratoires D'Electronique & De Physique Appliquees SA and La Radio Technique SA, Suresnes, Hauts-de-Seine.

Hyperelec is directly controlled by Cie Francaise Philips SA, Paris and Radiotechnique SA, and it specialises in materials for the trade: aerials, electronic tubes etc.

** The French manufacturer of magnetic tapes (for computers in particular) PYRAL SA, Creteil, Val-de-Marne, has formed a sales company in West Germany called PYRA GmbH MAGNETVERBAND, Essen. This has a capital of Dm 20,000 and Herr Heinz Mohr as manager. The French company, headed by M. Francois Barbier St-Hilaire (capital F 2,98 million) has two factories - at head office and at Nangis, Seine et Marne; its 1967 turnover amounted to some F 30 million.

** SYMA SA, Aubervilliers, Seine-St-Denis, (electronic equipment and accessories, car-radio aerials and amplifiers) has formed a sales subsidiary in Düsseldorf called SYMA ELECTRONIC GmbH, with a capital of Dm 20,000) and M. Clement Levy as manager.

The French founder (capital F 1.5 m) is affiliated to the LEBON & CIE Sca group of Paris (see No 472) through Radio-Belvu SA, Malakoff, Hauts-de-Seine, and Soptein - Ste De Participations Aux Techniques Nouvelles SA, Paris. It has two foreign subsidiaries Syma International SA, Brussels and Syma Italiana Elettronica Srl, Milan, founded in 1968 (see No 464).

** The Paris based CIE GENERALE D'ELECTRONIQUE INDUSTRIELLE LEPAUTE SA (relays and oscillators - see No 337) has signed a cooperation and technical exchange agreement covering variable frequency generators with SA CES ATELIERS DE SECHERON, Geneva (see No 462).

The French company (capital F 3.4 m) employs around 400 persons and it is the 78.9 % subsidiary of CITEL-Cie Pour L'Information & Les Techniques Electroniques de Controle SA, Paris (see No 466), itself the 50-50 holding company of the C.G.E.-Cie Generale d'Electricite, Paris (see No 472) and the C.S.F.-Cie Generale de T.S.F.SA, in which the Thomson-Houston-Hotchkiss-Brandt group is acquiring a 46 % stake (see No 484).

ENGINEERING & METAL

** The Essen company GOTTFRIED BISCHOFF KG (plant construction for water treatment, refrigeration and dust removal) is to form a Spanish subsidiary in Madrid called BISCHOFF ESPANOLA SA.

The German firm has some 400 employees and in 1966 had a turnover of around Dm 20 million. In France it is represented by Ste d'Exploitation Des Procedes Bischoff Sarl, Cateau, Nord (formerly Ste De Mecanique & De Construction.

** A cooperation and technical assistance agreement has been signed between the West German plant construction company UHDE GmbH (see No 477) and the Czech state firms CHEPOS, Brno and POLYTECHNA, Prague. This covers the construction of a chemical and animal feeding stuffs plant.

The West German company (capital Dm 30 m. - 2,100 on payroll - 1966 turnover Dm 293 m.) is a 77.5 % subsidiary of the Frankfurt group Farbwerke Hoechst AG (see No 484). The remainder is held by Dr. Friedrich Uhde.

** The raising of the Paris company FORECREU SA's capital from F 240,000 to F 460,000 and the improvement in its financial position has resulted in STE COMMENTRYENNE DES ACIERS FINS VANADIUM SA, Paris taking a one-third interest.

The latter makes special and constructional steels and refractory alloys. Its main shareholders include Vasco Metals Corp (through its Vanac International, Latrobe, Pennyslvania division) and C.A.F.L. - Cie Des Forges & Ateliers de la Loire SA, Paris, (a member of the Cie Des Forges & Ateliers De La Marine, De Firminy & De Saint-Etienne SA group, soon to be called Marine Firminy SA - see No 483). C.A.F.L. controls its stake directly and through its subsidiaries and affiliates Hauts Fourneaux & Forges De Ria SA and Ste Miniere & Industrielle de Souvigny SA, both of which are Paris-based.

** The American company TRANE CO, La Crosse, Wisconsin (air-conditioning equipment, aluminium heat exchangers and sound-proofing equipment) has formed a West German project study subsidiary called TRANE KUMA- & KALTE TECHNISCHES BUERO GmbH Hauting, Munich, (capital Dm 20,000) with Herr Hanns Roggenkamp as manager.

The group's main German subsidiary is Trane Technisches Büro Frankfurt GmbH, Frankfurt which has recently founded Trane Technisches Büro Frankfurt GmbH & Co KG, Dörnigheim, (see No 475). The group also has technical offices in Hamburg, Cologne and Stuttgart.

** EMERSON & CUMING INC, Canton, Massachusetts (ceramics and plastics for electronic components - see No 415) has formed a direct Paris sales subsidiary called EMERSON & CUMING FRANCE SA (capital F 100,000) with M. Yves Le Noc'h as manager.

The American firm was until now represented in France by S.D.E.E. - Ste de Diffusion D'Equipements Electroniques SA, Boulogne-Hauts-de-Seine, which was formed in late 1962 by Ets Davey, Bickford, Smith & Cie SA, Rouen (see No 278). There are already three European subsidiaries, which each have a token shareholding in the new company: Emerson & Cuming NV, Oevel, Belgium; Emerson & Cuming GmbH, Echterdingen; Emerson & Cuming (U.K.) Ltd, Wembley.

** The French engineering group HEURTEY SA (see No 485 - a member of the Banque de Paris & des Pays-Bas group) has strengthened its Spanish interests by raising to 44 % its stake in the Madrid concern CALIQUA ESPANOLA SA (urban heating installations and industrial boiler equipment). The Spanish concern also deals in air-conditioning processes of Heurtey's "Bergeon" department, and it is a subsidiary of the French company, COFONCA - Commerciale & Fonciere Caliqua Sarl, Puteaux, Hauts-de-Seine. This was formerly Caliqua Sarl (capital F 5.12 m) and is linked to the Swiss group Sulzer Freres SA, Wintherthur, which recently made over its manufacturing assets, branches and offices in Bourges, Cher; Wattrelos, Nord; Marseilles; Roubaix; Villeurbanne, Rhone. Strasbourg (gross assets F 27.93 m) to Fluitherma Sarl, Paris. This has now been changed to Ste Nouvelle d'Installation Le Chauffage-Fluitherma Sarl (affiliated to Ste Generale Commerciale & Financiere SA - see No 345).

The Heurtey group is represented in Spain by a Madrid subsidiary, Heurtey Iberica SA, which has a branch in Bilbao. There is also an affilate HYGAS SA-Hornos & Gasogenos SA, Bilbao, which specialises in thermal equipment.

** BEKUM-BERLINER KUNSTSTOFF VERARBEITUNG GmbH, Berlin (manufacturers of packing and processing equipment), which is headed by Herr Horst Mehnert, has set up a subsidiary in Vienna BEKUM MASCHINENFABRIK GmbH, with a capital of Sch. 1 million and Herren Horst and Gottfried Nehnert as managers.

The founder employs some 1,100 persons, in its factories in Berlin and Bodenteich, Ulzen, and its annual turnover is around Dm 40 million. Its sales are handled by two subsidiaries - Bekum Maschinen Vertreib Mehnert & Co KG, Berlin for the national market, and Bekum Maschinen Export GmbH, Hanover, for exports.

** The French group PNEUMATIQUES, CAOUTCHOUC MANUFACTURE & PLASTIQUES KLEBER COLOMBES SA, Colombes, Hauts-de-Seine (see No 466) has given 32% backing (directly and through its Levallois-Perret, Hauts-de-Seine subsidiary Ste Industrielle de transmissions SA) to the formation of STE THERMIQUE INDUSTRIELLE TOULOISE - S.T.I.T. SA. This has F 600,000 capital, and is to build and run a compressed air, high temperature fluids and cryogenics plant, and distribute these items.

The other backers are: 1) 29% - CIE DE PRODUCTION THERMIQUE & DE DISTRIBUTION - C.P.T.D. SA, Puteaux, Hauts-de-Seine (on the premises of which the new firm will be sited), which has F 3.6 million capital, being an affiliate of Ste Lyonnaise des Eaux & de l'Eclairage SA (33% - see No 484) and S.C.A.C. - Ste Commerciale d'Affretements & de Combustibles SA, Puteaux, Hauts-de-Seine (see No 473); 2) 29% - STE GENERALE DE DISTRIBUTION DE CHALEUR - DISTRICALOR SA, Nancy, which will be represented by M. Pierre Bergerat, chairman of the Strasbourg firm of Ste d'Exploitation Thermique de l'Esplanade - S.E.T.E. SA, and 3) 10% - STE FINANCIERE POUR LE DEVELOPPEMENT DES EQUIPEMENTS COLLECTIFS - FINEC SA, Paris, the latter was formed in March 1967 by Cie de Pont-a-Mousson SA (of which it is a 15% affiliate through l'Union Bancaire & Industrielle - U.B.I.) and by B.N.P. - Banque Nationale de Paris SA and the Societe Generale SA, while its shareholders include many other banks, since it raised its capital in June 1967 from F 60,000 to 10 million) - Credit Lyonnais, Credit Industriel & Commercial, B.U.P., C.F.C.B. etc.

** TURNKEY-HOLLAND NV, which was formed in Amsterdam in March by fourteen Dutch companies to supply fully-equipped factories, has admitted three new backers: 1) CINDU-KEY & KRAMER NV, The Hague (see No 481), which was formed by the recent merger of Key & Kramer NV, Maasluis, with CINDU - Chemische Industrie

Uithoorn NV, Uithoorn; 2) MACHINEFABRIEK FIGEE NV, Haarlem (see No 432), and 3) SAMENWERKENDE ELECTROTECHNISCHE FABRIEKEN HOLEC NV, Hengelo. The last-named heads two export companies, NV Fabriek Van Electrische Apparaten v/h F. Hazemeyer & Co, Hengelo, and Heemaf NV, Hengelo, each of which has interests abroad: the French Appareillage Electrique Hazemeyer SA, St.-Quentin, Aisne (88.32%), and the German Heemaf Ska Motoren Werk AG, Dortmund, with the Belgian J. Kamps & Co SA, Brussels (21.9%).

Turnkey-Holland cooperates closely with the finance houses, Algemene Bank Nederland NV, Amsterdam (see No 481), De Nationale Investeringsbank - Herstelbank NV, The Hague, and NV Export - Financieringmij, The Hague. It recently admitted a number of new participants, in particular Technische Handelsonderneming Hulsen NV, Haarlem; Aaneming-Mij "De Kondor" NV, Amsterdam; Wiener & Co NV, Amsterdam, and Ingenieursbureau Jongen NV, Vlaardingen.

** The French shipbuilding and plastics firm DUBIGEON-NORMANDIE SA, Nantes (see No 447) has closed down its subsidiary ETS PAUL JOUET & CIE SA, Satrouville, Yvelines (capital F 700,000) and M. Raymond Crenn will finalise the operation.

Dubigeon-Normandie is a 72% interest of Cie Industrielle & Financiere des Ateliers & Chantiers de la Loire SA, Paris and a 20% interest of Cie Industrielle & Financiere des Chantiers & Ateliers de Saint-Nazaire (Penhoet) SA, Paris (also an 18 % stakeholder in Chantiers de la Loire). In December 1967, Dubigeon made over its ship repair interests to SA Des Ateliers & Forges de l'Ouest, St. Nazaire, which has since become Ateliers Francais de l'Ouest. More recently it backed - through Paul Jouet - the formation in Paris of Yachting-France SA, which was formed to sell the pleasure craft made by its three founders. The two others were Lucien Lanaverre SA, Bordeax and the "Shipbuilding" division of Ste Des Moteurs Couach SA, Arcachon, Gironde.

Dubigeon-Normandie is about to receive the shipbuilding activities warships, cargo and fishing vessels) of Ste Financiere & Industrielle des Ateliers & Chantiers de Bretagne SA, Nantes (affiliated to Banque de Paris & des Pays-Bas). As a result of this move, Chantiers de Bretagne will be left with engineering and boiler interests employing some 1,300 persons. Its capital will be raised to F 15 million and Dubigeon-Normandie will become a shareholder.

** With the aim of establishing an integrated Dutch aluminium industry (see No 458) the two engineering and metal groups BILLITON MIJ NV, The Hague (see No 482) and KON. NED. HOOGOVENS & STAALFABRIEKEN, Ijmuiden (see No 481) have agreed in principle to form a joint subsidiary, which will be run by Mr. H.E. Moeckel.

The new concern will receive from its founders who have recently begun to cooperate within the STICHTING ONTWIKKELING ALUMINIUM, their mining, production and processing interests : 1) a prospection licence in Australia in the region of Kimberley in association with the New York, American Metal Climax Co, but excluding the activities of Billiton Mij. Suriname NV; 2) the assets of Aluminium Delfzijl NV, Delfzijl, the 16.66/50 subsidiary of the founders (with the remainder held by the Swiss group Schweizerische Aluminium AG, Zurich and Chippis, Valais) and those of Verkcopkantor Aluminium Hoogovens-Billiton "Alumined" the 25/75 subsidary of the founders and responsible for marketing Aluminium Delfzijl's products; 3) assets of NV Aluminium Industrie Vaassen, Vaassen, the subsidiary of Hoogovens which specialises in the production of aluminium sheet and plate.

FINANCE

** S.I.G.E.-SOC.ITALIANA PER IMPRESE & GESTIONI SpA, Rome (see No 412), portfolio company and member of the state group, I.M.I. ISTITUTO MOBILARE ITALIANO SpA, Rome (see No 480), has formed a finance and portfolio administration company in Luxembourg, INTERFUND SA (authorised capital $ 20 m), in which it shares initial control (90/10) with the Zurich company, HYDROCARBONS INTERNATIONAL HOLDING CO. SA (see Oil, Gas and Petrochemicals), a member of the Rome group, E.N.I. -ENTE NAZIONALE IDROCARBURI.

Interfund, under the presidency of Sig. Silvio Borri (the I.M.I. representative), has on its board representatives of E.N.I. (Sig. G. Corsi), Morgan Guaranty International Finance Co., New York (Mr. Watson K. Blair), S.I.G.E. (Sig. Achille Brizzi), I.F.I. -Istituto Finanziario Industrale SpA, Turin (Sig. Gaetano Furlotti), Euramerica Finanziaria Internationale SpA, Rome (Sig. Nicola Caiola) and Banco di Sicilia SpA, Rome (Sig. Ciro de Martino). Soon after its formation Interfund formed a link with the Rome investment advisory firm, Italfinanziaria Internazionale SpA, which was itself formed in July 1968 at the same time as Interfondo - Fondo Investimenti Internazionali SpA (president Sig. S. Borri), with an authorised capital of Lire 12,000 million andSig. Stefano Siglienti as president.

** The BANQUE DE PARIS & DES PAYS-BAS group (see No 485) has formed a Luxembourg investment company called PARIBAS TRUST CO SA (capital Lux F. 1 m.) directly under the control of its local subsidiary BANQUE DE PARIS & DES PAYS-BAS POUR LE GRAND DUCHE DE LUXEMBOURG SA (see No 448). The Paris group is linked on an equal basis with Banca Commerciale Italiana SpA, Milan, in the "closed-end" investment trust dealing in American and Canadian stocks, Mad International Fund SA (see No 483).

The latter ($ 10 m.) was recently formed in Luxembourg at the same time as two other finance and management companies: 1) Mad International Fund Holding SA (capital $ 100,000) the wholly-owned subsidiary of the French bank; 2) Mad International Fund Advisory Co SA (capital $ 100,000) the 50/50 subsidiary of the French and Italian banks.

** As a result of the merger of the two Amsterdam commercial banks H. OYENS & ZONEN NV and BANKIERHUIS VAN EEGHEN NV, a new company has been formed under the name of OYENS & VAN EEGHEN NV.

Oyens, which has branches in Haarlem, The Hague, Roermond and Zutphen and an annual turnover of more than Fl. 60 million, also has several subsidiaries in the Netherlands: Administratiekantor v/h de Wetstein Pfister & Co NV, The Hague, Gleichman & Van Heemstra, Hoerchner & Goetzen NV and de Marez & Co NV (all in Amsterdam).

Van Eeghen has had a financial subsidiary in Amsterdam since July 1966 - Beleggingsmij. Amstel Invest NV, which has a capital of Fl. 50,000.

** BELEGGINGSPOLIS VAN DE 7 has been formed by the link-up in the Netherlands of three banks and four insurance groups to organise savings schemes using investment fund subscriptions coupled with life-insurance cover for the participants.

The backers are NEDERLANDSE MIDDENSTANDSBANK NV, Amsterdam (third largest Dutch bank, with its largest shareholder the state - see No 434); COOPERATIEVE CENTRALE RAIFFEISENBANK, Utrecht, and COOPERATIEVE CENTRALE BOERENLEEN BANK, Eindhoven, on the banking side. The four insurance companies concerned are : 1) NV ALGEMENE MIJ TOT EXPLOITATIE VAN VERZEKERINGSMIJNEN - A.M.E.V., Amsterdam (through its subsidiaries in the "Life" sector, NV Levensversekering Mij Utrecht NV, NV Levensverzekering Mij Hav Bank and NV Verenigde Versekering Mijnen - V.V.M); 2) AGO, a group formed recently between Algemene Friesche Levensverzekering - Mij NV, Groot-Nordhollandsche de 1845 NV and Olveh de 1879 NV; 3)NEDERLANDSCHE LLOYD NV, Amsterdam (through its subsidiaries NV Levensverzekering Mij Aurora NV), and 4) NV LEVENSVERZEKERINGMIJ B.T.L.

FOOD & DRINK

** The French wine-producing company A.LIGERET, Nuits-St-Georges (capital F 100,000) has opened a branch in the Federal Republic. This has taken over the activities of the Mainz firm DEHREN MUELLER-GASTELL & CO KG.

** The merger which has been agreed between the two Dutch fruit and vegetable cooperatives COOPERATIEVE GROENTE- & FRUITVEILING ZWOLLE - IJSSELMEERPOLDERS, Zwolle and COOPERATIVE FRUITVEILING NOORDOOSTPOLDER, Kraggenburg, will result in the formation of a new company COOPERATIEVE GROENTE- & FRUITVEILING ZWOLLE-IJSSELMERPOLDERS, Zwolle.

** The Amsterdam brewery group HEINEKEN'S BIERBROUWEIJ MIJ. NV (see No 485) intends to gain control - through its 90% subsidiary VRUMONA NV, Bunnik (see No 477) - of the Rotterdam soft drink firm HANDELMIJ. v/h J.C.TIMS. The latter is a family concern (100 on the payroll) and owns the "Royal Club Tonic" soda and is the licensee of THE SEVEN-UP CO, St Louis, Missouri, in the Rotterdam area. It has long cooperated with Vrumona, the leading Dutch manufacturer of soft-drinks which makes under licence or through franchising agreements a number of well-known products: "Pepsi-Cola", "Si-Si", "Seven-Up", "Polar", "Sunkist", "Fosco" and "B-3" (fruit juices).

** The 50/50 link-up between the American company BUD ANTLE INC, Salines, California, and Belgian interests represented by M. Fritz Marschal, Kraainem, has resulted in the formation of HOUSE OF BUD SA, Woluwe-St-Pierre, Brussels (capital Bf 5 m.). With Mr. Lester V. Antle as president, this will produce, process, package and distribute fruit, vegetables, foodstuffs and related equipment and machinery. The American company has token shareholders in its 50% stake, Transcontinental Leasing Corp, Chicago, Illinois; Bud's Investment Corp, Salinas, California; Klemark Inc, Salinas, California and Tires Investment Corp, Gilroy, California.

GLASS

** The Belgian group GLAVERBEL SA, Watermael-Boitsfort (see No 476) has negotiated the acquisition of a 33.3% stake in the South African company SAFEGUARD SAFETY GLASS MANUFACTURERS (PTY) LTD. This latter is a member of the Johannesburg group WIRE INDUSTRIES STEEL PRODUCTS & ENGINEERING CO LTD which will keep an interest through its subsidiary ATLANTIC GLASS INDUSTRIES LTD.

The Glaverbel group is affiliated to a number of other groups:- Boel, B.S.N.-Boussois Souchon Neuvesel SA, Glaceries De Saint-Roch SA and Verreries de Mariemont. It has manufacturing interests in numerous countries, including the Netherlands, Italy, the Argentine, Brazil, Canada and the United States.

OIL, GAS & PETROCHEMICALS

** The mo e which was begun last year to reorganise the Benelux interests of CALTEX-CALIFORNIA TEXAS OIL CORP, New York (see Nos 416 and 448) has resulted in a number of assets (valued at Bf 45.7 m.) beloning to CHEVRON PETROLEUM CO NV, Brussels, being made over to TEXAS PETROLEUM NV, Brussels, As a result, the latter has increased its capital to Bf 50.74 million. Chevron Petroleum is an almost wholly-owned subsidiary of Standard Oil Co of California (through Chevron Oil Europe Inc, New York - see No 474). Texas Petroleum is controlled by the Texaco Operations (Europe) Ltd, Dover Delaware subsidiary of the New York group Texaco Inc (see No 481).

** The Italian oil and chemical plant construction concern SNAM PROGETTI SpA, Milan (see No 482), which is a member of the State oil group E.N.I.-ENTE NAZIONALE IDROCARBURI SpA, Roem, has strengthened its foreign interests with the opening of branches in Johannesburg, Oporto and Freeport, Bahamas.

Snam Progetti has recently been awarded three contracts in France, Mexico and Spain: 1) Snam Progetti France Sarl, Paris (capital F 1 m. - controlled directly and through the Zurich investment company Hydrocarbons International Holding Co - see No 335) is to build part of the Alsace-Vosges methane gas pipeline for the Gaz de France between Avrima and Raon-l'Etape carrying natural gas from Groningen in the Netherlands; 2) the Italian company will build a urea factory at Minatitlan, Vera Cruz on behalf of Guanos & Fertilizantes de Mexico SA; 3) it will build a chemical complex at Calvo Sotelo in Spain. In another move Snam Progetti recently brought into operation a gas pipeline in Algeria between Hassi-R'Mel and Skikda with an annual capacity of 6 billion cubic metres p.a. on behalf of the State concern Sonatrach SA, Algiers.

** The American oil group THE SUPERIOR OIL CO (see No 449) has closed down its Paris subsidiary SUPERIOR OIL FRANCAISE SA (capital F 20,000) which has remained inactive since it was formed in 1962. Mr. Howard B. Keck, Los Angeles, will be responsible for finalising the move. The latter is already president of the Milan company Superior Oil Italina SpA, (formed in early 1968 - capital Lire 1 m.) which has sister companies in Düsseldorf, Frankfurt, Brussels and Amsterdam.

PAPER & PACKAGING

** The SCOTT PAPER CO, Philadelphia, (see No 448) will strengthen its Belgian interests by taking control of MIDE EUROPE SA, Tisselt (formerly PAPETERIES DE TISSELT SA - see No 436). With a capital of Bf 40 million, the latter makes paper for household use, and until now it was controlled 50/50 by American interests represented by The Mead Corp, Dayton, Ohio and Belgian interests represented by Union Financiere d'Anvers-Bufa NV (see No 473).

The Philadelphia group already has two Belgian manufacturing subsidiaries Scott Continental SA, Brussels (see No 408) and Kivar NV, Bornem, (the direct subsidiary of The Plastic Coating Corp, Holyoke, Massachusetts - see No 278) which was acquired by the group in 1965.

** The Norwegian paper manufacturer ELOPAK A/S, Oslo, is continuing to build up its Common Market sales network with the decision to form a subsidiary bearing its name in Düsseldorf.

The founder recently established a Dutch manufacturing subsidiary called Elopak Nederland NV, Terneuzen.

PHARMACEUTICALS

** ARGYLE MEDICAL INDUSTRIES (U.K.) LTD, Feltham, Middlesex (medical, dentistry hospital and veterinary equipment and supplies) has opened a sales branch in Uccle - Brussels. This will be under M. Paul Mawet.

PLASTICS

** The leading European manufacturer of plastic tumblers BELLAPLAST HELLER & CO KG, Wiesbaden (over 1,000 m. units in 1967) has signed a technical cooperation with the Czechoslovak ZAPADOCESKE PAPIRNY covering the installation of a tumbler production line at Susice in Bohemia. This will have an output capacity of 100 million units p.a., and is later expected to export to other Eastern European countries.

One of the West German firm's most recent moves has been the formation of a Dutch subsidiary, Bellaplast Nederland NV, Zwanenberg (see No 439) in November 1967.

PRINTING AND PUBLISHING

** Close cooperation links, which could possibly lead to a complete merger, have been forged between the two Dutch publishing companies, UITGEVERIJ NIJGH & VAN DITMAR NV of The Hague and Rotterdam and LEOPOLDS UITGEVERS MIJ. (15 or so on the payroll).

The first of these is a subsidiary of the Rotterdam advertising and publishing concern, NIJGH & VAN DITMAR NV (see No 297), which is a 20% affiliate of the NED. PARTICIPATIE MIJ. NV, of Amsterdam (member of the De Nationale Investeringsbank-Herstelbank of The Hague - see No 481). With a capital of Fl 1.2 million and a payroll of 250, this group has an annual turnover in the region of Fl 20 million, most of which is accounted for by its advertising subsidiaries, Nijgh & van Ditmar Reclame & Marketing NV, Rotterdam, Amsterdam and The Hague, as well as its publishing affiliates and subsidiaries, NV Universitaire Pers Rotterdam, Rotterdam, Pamco NV, Voorburg, Algemene Boekhandels Associatie NV etc.

SERVICES

** The Dutch engineering consultants NV PETROGAS INGENIEURSBUREAU & CONSTRUCTIEBED RIJF, Rotterdam (for chemical, gas and water-control plant and equipment) has formed a Dusseldorf subsidiary called POETTER PETROGAS GmbH (capital Dm 20,000). This has Mr. Gheorge Popovici, Rotterdam and Herr Heinrich Marks, Dusseldorf as managers.

The founder (capital Fl 500,000) has just formed a London subsidiary called TECHNOGAS (U.K.) LTD (see No 478). Since early 1968 it has had an Antwerp subsidiary, Technogas NV (see No 446).

** STE DES ENTREPOTS DU NORD-SEGNOR Sarl, Bobigny, Seine-St-Denis has just been formed with a capital of F 20,000 as an almost wholly-owned subsidiary of the STE INTERPROFESSIONNELLE D'EXPLOITATION & DE CONTROLE-SINTEC SA, Paris. This will carry out research and studies relating to the storage, warehousing, handling and carriage of goods by firms. A token shareholding in the new venture is held by COLGATE PALMOLIVE SA, Courbevoie, Hauts-de-Seine.

Sintec was formed in 1965 by five French food companies including BN-Biscuiterie Nantaise - P. Cosse A. Lotz & Cie SA, Nantes- Biscuiterie Alsacienne SA and Heudebert SA (taken over Alsacienne, which is now called Ceraliment SA), Ste des Produits du Mais SA, Clamart, Hauts-de-Seine (a member of the New York, Corn Products Co group - see No 446). Colgate Palmolive SA is a member of the New York group with the same name (see No 405), which also controls in France the pasta and canned foods concern Ets Barbier & Dauphin SA, Aix-en-Provence, B uches-du-Rhone (factory at Meyraques, Bouches-du-Rhone). In early 1967 Colgate-Palmolive began talks with the National Buscuit Co on the possibility of merger, but these fell through.

TEXTILES

** TRIUMPH INTERNATIONAL AG, Munich, the leading European corsetry manufacturer (see No 386), has gained control of a Dutch firm in the same sector, NV KONINKLIJKE MANUFACTUUR INDUSTRIE M.J. VAN DE WAAL & CO, Amsterdam (see No 261). Until now, this was owned by the Klatte family and it employs around 1,000 persons. Foreign subsidiaries include Walenco (France) Sarl (formerly Waalenco France Sarl) and Waalenco SA, Anderlecht-Brussels (formerly at Schaerbeek).

The Munich group (directly controlled by Triumph International Holding GmbH, Munich) had a turnover of some Dm 500 million during the last financial year, with 16,000 employees. It already has a Dutch sales subsidiary Triumph International NV, Amsterdam (capital Fl 500,000) and is well-established elsewhere in the Common Market, where its interests along with those in the rest of Europe are controlled directly through Triumph Universa GmbH, Berne: 1) an Italian manufacturing and sales subsidiary, Triumph International Roma SpA, Milan and Rome (capital recently raised to Lire 600 m); 2) a Belgian sales subsidiary, Triumph International SA, Groot Bijgaarden (capital Bf 6 m); 3) a French manufacturing subsidiary Triumph International Sarl (capital F 5 m), a Paris sales subsidiary Triumph International Distribution Sarl (capital F 2 m) and three property companies, Paris-Intertriumph SA, Paris, Investex Sarl, Paris and Triumph International SA, Strasbourg.

** A 50-50 association has been formed between the two German textured fibres concerns, J.F. ADOLFF AG, Backnang (see No 471) and ACKERMANN-GOEGGINGEN AG, Munich and this is to result in the setting up of a new company in Crailsheim called AGA GARN GmbH. With an annual production of 5,000 metric tons, the new company's turnover will be in the region of Dm 100 million p.a.

J.F. Adolff (1967 consolidated turnover Dm 256 m) has links with the London group, Courtaulds Ltd (see No 480) to manufacture and distribute the British company's "Courtelle" fibres in West Germany under the name, "Adolff-Courtelle". Its partner (capital Dm 18 m) manufactures "Helanca" goods, which are the products of the Swiss group, Heberlein Holding AG, Wattwill, St-Gall (see No 474); with a payroll of 2,000, it turn over some Dm 110 million annually.

** The Paris group DOLLFUS-MIEG & CIE SA (see Nos 447, 481) is continuing the diversification and expansion of its interests and has signed an agreement with the sheeting and woollen cloth firm LECLERQ-DUPIRE SA, Roubaix, Nord (see No 412). This should result in the complete integration of both partners and the creation of a wide-ranging European-scale textile group employing some 11,000 persons in 48 factories (16 outside Franc With around fifty subsidiaries, the new group will have an annual turnover exceeding F 500 million (30% accounted for by Leclerq-Dupire). Thread production accounts for some 45% of output, with other major sectors including weaving and dyeing.

Leclerq-Dupire (factories at Wattrelos; Python, Nord; Cyssing, Nord; Aubenton, Aisne, and Lyons) controls Filature de L'Arsenal SA, Ypres, Belgium (see No 477) and Toua Linings Ltd, South Africa. It is linked with Pricel SA (a member of the Gillet group - see No 485) within Intissel Sarl, Roubaix (unwoven cloth) and Cursel SA, Wattrelos (fibre table-cloths using the Spanish Albareda process)

** The West German group EMSDETTER BAUMWOLL-INDUSTRIE RUED, SCHMITZ & Co KG, Emsdetten (furnishings, textiles for making-up) has formed a new Belgian company, GARDISETTE Pvba, Diegem (Bf 3m) which will trade in natural and artifical textiles. The direct founders are Herr Rudolf J. Jühne, president of the group's Zug holding company Gardisette GmbH and Herr Hans Rott. The manager, M. Francois Matton, holds a similar position in Bureau d'Etudes Rahier.

The group has had a Belgian branch office to its Dutch subsidiary Gardisette (Utrecht) NV, Utrecht since 1950. The latter is directly controlled by the Zug holding concern. Recently a Madrid sales company called Gardisette Iberica SA (capital Pts 2m) was formed, in which the group has a 50 % stake through Gardisette GmbH.

TRADE

** Recently formed in Paris to promote Irish goods, through advertising and the provision of an information service, IRELAND SHOP HOUSE Sarl (capital F 20,000), directed by Mrs. Fitzgerald, is a wholly-owned subsidiary of Ireland House Shop Ltd of Dublin.

** The Swedish company trading in chemical, engineering, food and paper raw materials and finished products, SISCOL A/B, Norrköpping has formed a West German subsidiary called DEUTSCHE SISCOL GmbH, Kronberg, Taunus (capital Dm 20,000) Herr I. Neimeyer, Kronberg and Mr. Julian Hayes (general manager of the Swedish company) are the managers.

** The German mail order concern, OTTO-VERSAND KGaA, Hamburg has opened a new branch in Tokyo. This will act as a central buying office for Japanese goods (expenditure of up to Dm 10 m as from this year). At a later stage it is to sound out the possibilities of selling the parent compan y's goods on the Japanese market.

Otto Versand (capital Dm 60 m) belongs 50% to Herr Werner Otto, who has a 15% associate in Gesellschaft fur Handelsbeteiligungen mbH, Hamburg (which is a member of the Zurich group Schweizerische Kreditanstalt AG - see No 471). Since 1967, the company has been number two in the German mail order league, its Dm 665 million annual turnover putting it behind Grossversandhaus Quelle Gustav Schickedanz AG, Fürth, but ahead of Neckermann Versand KGaA, Frankfurt. The most recent move of the firm in West Germany has been the formation of Post-Shop Versand GmbH in Hamburg, which specialises in selling to young people of between 15 and 25 years (see No 481).

TRANSPORT

** Four European shipping firms have linked to form a bulk transport group in Norway. Called GEARBULK, Bergen this will start with a fleet of 6 ships, which are now being built, and it will be headed by Mr. K.G. Jebsen of Bergen.

The founders are: 1) the Paris group, LOUIS DREYFUS & CIE SA (see No 480); 2) the London company BURIES MARKES LTD, a subsidiary of Louis Dreyfus & Co Ltd, London, itself an associate of the French group; 3) J. LUDWIG MOWINCHELS REDERI A/S, and 4) KRISTIAN GERHARD JEBSEN SKIPREDERI A/S, both of which are based in Bergen.

** The West German warehousing and international transport firm L.W. CRETSCHMAR KG SCHIFFAHRTS & SPEDITION, Düsseldorf has formed a Madrid subsidiary called L.W. CRETSCHMAR ESPANOLA SA (capital Pts 2 m.) in association with Spanish interests. In West Germany, the firm has branches in Bremen, Hamburg, Neuss, Wüppertal etc.

** The Swiss international transport company, INTERTANK SA, Mendrisio, Ticino (capital Sf 250,000) whose president is Sig. Walter Pedrini, has founded a new concern in Karlsruhe called INTERFREIGHT GmbH. With a capital of Dm 100,000 the company's directors are Herren Werner Leuschner of Karlruhe and Ernst Heller of Mendrisio.

* * *

INDEX TO MAIN COMPANIES NAMED