419 [redacted]

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

AD mP

CONTENTS

September 23, 1965 No. 323

PUBLISHED BY **THE TIMES PUBLISHING CO. LTD.**

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

PUBLISHED ON BEHALF OF OPERA MUNDI BY THE TIMES PUBLISHING CO. LTD.
PRINTING HOUSE SQUARE LONDON E.C.4 *TEL: Central 2000*

OPERA MUNDI EUROPE

100 Avenue Raymond Poincaré - PARIS 16e
TEL: KLE 54-12 34-21 - CCP PARIS 3235-50

PUBLISHER & EDITOR .. **PAUL WINKLER**
EXECUTIVE EDITOR .. **CHARLES RONSAC**
EDITOR IN CHIEF .... **ANDRE GIRAUD**

SWITZERLAND

54 Rue Vermont GENEVA
TEL: 33 7693

ITALY

72 Corso di Porta Romana MILAN
TEL: 540.301 - 540.309

BENELUX

4 Boulevard Anspach BRUSSELS
TEL: 18-01-93

o

SUBSCRIPTION RATES

U.K. EIRE AND STERLING AREA £75 ONE YEAR £40 SIX MONTHS

U.S.A. AND CANADA $250 ONE YEAR $135 SIX MONTHS INCLUDING AIRMAIL

OTHER COUNTRIES AT LOCAL EQUIVALENT OF U.K. RATES

Printed and Published by THE TIMES PUBLISHING COMPANY LTD., at Printing House Square, in the Parish of St. Andrew-by-the-Wardrobe with St. Ann, Blackfriars, in the City of London, E.C.4, England.

FRANCE AND THE COMMUNITY CRISIS II

In his press conference of September 9, General de Gaulle made his bow to the Common Market Commission's authority, but he also made a number of references to the "Areopagus of stateless and irresponsible technocrats" and to "excessive encroachment" (on the powers of the national governments). Reports from sources close to the General confirm that he believes that the Six must agree on the role, power and prerogatives assigned to the Commission by the Treaty of Rome. He has made it plain that this is needed in addition to the two points set out in last week's article, before France would be willing to begin to cooperate fully with her partners in institutions. The ambiguous element in Article 155 of the Treaty covering the Commission's powers is obviously the phrase referring to the Commission having "power itself to take decisions". As this involves one of the key institutions of the Community, the French objection to this point is likely to cause more difficulty with the other member states than any other. As guardian of the Treaty, the Commission must not only carry out decisions which have already been made by the national governments, but must take the initiative in persuading them to decide on how to apply those provisions of the Treaty which are not yet being applied. This was exactly what the Commission was trying to do when it made its proposals on the Community budget and European Parliamentary control of it; even though the moment chosen may be open to criticism, the Commission's role was clear.

Such are the facts underlying what has been without doubt the Community's worst crisis to date.

But how is the crisis to be resolved? It is clear from the tone of his remarks that General de Gaulle is holding out for his various demands; when he wonders, for instance, whether "the policy of our five partners is going to adapt itself finally to the necessities of the situation which have been clearly demonstrated once again.." or when he says that "France is ready to take part in any discussions on the subject suggested by the other member governments" and adds that "France will be ready to renew the negotiations in Brussels as soon as the full common market for agriculture has been adopted and as soon as an end has been put to the demands arising from the misleading myths and chimeras which have taken the place of sound sense and reality", he is really saying once again France will not give in unless the other member states comply with her conditions. It is up to them to take the first steps towards a reconciliation, without the Commission. But this is in any case only a point of departure, and there is still some freedom of choice. And it would be quite easy, if the five took the initiative, to bring all the heads of government together to discuss ways of resolving the crisis, and no one would need to lose face, always an essential point in this sort of situation. (M. Paul Henri Spaak was no doubt referring to a move of this kind to take place in the near future, in his statement of last week.) The Commission, which never attends such summit meetings, could then take part again as soon as it became a question of reopening negotiations in Brussels. But all this is a matter of form and procedure not of essentials, and it will first be necessary to decide just what can be discussed with any hope of success. There are a few points which can be established with certainty.

1 However much importance he may place upon his own pet hobby-horses such as state sovereignty and national independence, General de Gaulle knows quite well what the consequences for French industry and agriculture would be if the Common Market came to an end. France already does 43% of her foreign trade with the other member states, and her trade with Germany alone represents 20%, which is the equivalent of the whole of her trade with the EFTA countries, Britain included. In spite of appearances, the General remains a firm supporter of the Common Market and is resolutely opposed to any return to the past, which is apparent from such remarks as "We have chosen to live in open competition... France has every reason to abandon her old protectionism".

2 General de Gaulle does not wish to revise the Treaty merely in order to change the voting procedure and the Commission's powers to fit in with his ideas. He would be prepared, according to people close to him, to accept a more flexible arrangement, provided it did not depend on a verbal agreement only: a way could be found, for instance, of modifying or re-interpreting certain clauses of the Treaty without actually revising it, as any full-scale revision would have to be ratified by all the national parliaments, and would be a long and politically difficult procedure.

The problem of the Commission's role in the Community is without doubt the most difficult to solve because it is very difficult to know how to approach it, let alone disentangle it. This is perhaps the only point on which the French demands may have to be given a definite form, in one way or another, because if the General means to reduce the role of the Commission to that of an office for registering and carrying out decisions made by the Council of Ministers - whether or not these are based on proposals made by the Commission in the first place - it will affect not only the letter but the spirit of the Treaty and even of the Community itself, changing its nature fundamentally.

The question of the voting procedure is much easier to settle. France was not the only country which hoped that an exception would be made during the transitional period to the majority ruling when any matter of vital national interest was involved. With the often decisive support of the Commission, the ministers of the Six have sat through more than one sleepless night trying to sort out the particular problems of each member state every time a "sensitive" part of their economy is at stake. There is no reason to believe this will alter in the future just because the voting procedure is changed. But it is evidently a question of confidence and it is clear that confidence is just what is most lacking now. France distrusts the Commission and the other member states and distrust only breeds more distrust.

3 This brings us to the third factor of the case. France having brought in her verdict, Germany holds the key to the solution because the fate of the Community

really lies in the hands of its two strongest members. Germany still does more trade with countries outside the Community than with the other member countries, and therefore in theory it is better placed, economically, to do without the Community than France, if it had no strong political reasons for wanting its survival. However, at one time, Chancellor Erhard was more in favour of an EFTA-type free trade area than of the Common Market, and it is a matter of conjecture how far he is willing to go now in supporting the Common Market, if the price involves Germany paying the bill for the recovery of French agriculture while at the same time abandoning some of the "myths (as General de Gaulle calls them) which Chancellor Adenauer used to persuade the German public that the Community was worth paying for. (These include the idea that European unity, involving West Germany, must be achieved at all costs.) Another unknown is what advice Germany will look for and receive from the Americans. Germany has been turning more and more towards the United States on the diplomatic and strategic side, particularly since some of the most influential Germans, Adenauer among the foremost, have come to believe that Germany also should become a nuclear power.

These are the basic questions of the present situation and De Gaulle and his ministers and advisers must be fully aware with what they are gambling. Chancellor Erhard has, of course, so far shown really remarkable restraint (which may reflect a certain amount of optimism on his part), in his reactions to the General's statements, and it seems unlikely at first glance that he will change his tactics if he becomes Chancellor again; it would not, however, be the first time that a candidate, once elected, has changed his tune.

The Imperative Compromise

The crisis, which blew up on June 30, really became worse on September 9. It now threatens to drag out for many more months, and will become much worse if a solution is not found before the end of the year, when the new Commission is supposed to meet and the Community is scheduled to enter the third stage. Nothing can be expected to happen before the return of the new German Government, and that really means before the end of October rather than September. However, it is to be hoped that between then and now, those members of the Commission, in spite of the attacks made on it and those members of the governments who have not resigned themselves to let the Community die without a struggle, may have thought of some solution. It is also to be hoped that the French will not continue with their "all or nothing" attitude and that by making their demands a little clearer, the other governments will be in a better position to suggest ways of thrashing out the issues as De Gaulle insists must be done.

The only good sign at present is the certainty that France will accept the new 10% tariff reduction due to come into effect, under the Treaty, next January 1. But this does not mean that the other Community members, Germany, Belgium and the Netherlands, for whom the Common External Tariff (CET) involves some increases, will necessarily accept the new move if France continues to boycott Community institutions. Also, already before De Gaulle's press conference, France was the only country except for Germany, which had taken steps to ratify the merger of the executives. The Dutch Government has announced that it will abstain from this as long as France continues her "empty chair" tactics. The Hague has given the signal for resistance to French demands.

Since the Commission's memorandum of July 20, the finance regulation of the agriculture policy can no longer be said to have any link with the scheme for a Community budget and the technical adjustments demanded by the Italians are no longer an obstacle to a settlement. Thus France is left as the only member country holding out for its claims, but even France cannot continue to do this without offering concessions in return to her partners. The psychological effects would go too much against her; some gesture is expected of her. Without prejudicing her chances of getting her demands accepted, she should resume her place in the Community's institutions as she is supposed to do by the Treaty. If she delays too long and continues obstinately to refuse a compromise, and to disregard or boycott the institutions without which the Community is meaningless, she risks starting a chain reaction which may prove impossible to control.

THE WEEK IN THE COMMUNITY
September 13 - 19, 1965
From Our Correspondents in Belgium and Luxembourg

* * *

THE COMMON MARKET

Community Crisis: The Situation Changes

Only ten days after General de Gaulle's press conference, the position has changed rapidly, for two principal reasons.

The first is that responsible people in the governments concerned are aware that the present uncertainty cannot last much longer without dangerously undermining the internal cohesion of the Community. General de Gaulle certainly spoke of there being a fairly long interval before there would be any chance of reaching agreement. Now, however, his partners think that time has become the enemy of reconciliation between the Six. Of course, they cannot avoid delay while the new West German Government is being formed, but this should not take them much beyond the middle of October, and they seem unlikely to await the outcome of the French presidential election before making a move. This is the Dutch and Belgian view. Under his present programme M. Spaak will leave on October 8, first for Washington, then for the United Nations, and then for Latin America, accompanying King Baudouin on an official visit. So far he has not abandoned the Latin American part of the journey, but as far as protocol is concerned, he could be replaced by another minister. M. Spaak may therefore return home before his programme is complete, to look after the Community crisis.

France's partners are afraid that the Community's institutions cannot stand very much more of the paralysis which has afflicted them for the last three months. The administrative budget question has been slightly eased since France used the written procedure for approving the Council of Ministers' draft budget, which will allow the Commission to draw up its budget for the institutions as a whole before the end of this month. This, however, is a limited gesture, which certainly does not necessarily imply eventual approval of the budgets; probably the institutions will have to live from hand to mouth, using monthly supply votes from January 1 onwards. (In Brussels they are saying that it is a good job the Rome Treaty's authors provided for these monthly votes, or the European civil service would have been reduced to begging.) The renewal of the Commission members' mandates remains to be decided, as mentioned last week. The Common Market's present lack of policy came as rather a shock at the GATT table on September 16. Mr. Theodore Hijzen, its representative, had no case to present and pleaded force majeure. The consequent damage can only get worse in the next few weeks, as one after another long standing date lines are reached and passed without the Community being able to take any decisions. For instance, the Medium Term Policy Committee, on which so many hopes for a coherent and coordinated European economic policy were based, had to meet last week without the French representative , M. Pierre Masse, who heads France's economic planning department, who was deeply involved in the committee's work. Contrary to the opinion widely held when the crisis was young, that the Community would benefit from a long holiday - there is a growing feeling that the long vacation has now lasted quite long enough.

The second main reason why things have moved more rapidly since De Gaulle's press conference is that his partners believe he may have to face stronger internal opposition than was expected. This is based in the first instance on the attitude expressed by the French agricultural organizations, the Patronat (employers' federation) and by businessmen generally. Secondly, M. Antoine Pinay no longer seems to be saying "No" quite so positively to the possibility of standing for President. On the government side, some of the statements made on September 9 are being interpreted as showing a dying fall. In this connection, particular interest has been aroused by the report that M. Alain Peyrefitte, the Minister of Information, gave of De Gaulle's statement to the Council of Ministers of September 15. Referring to the Common Market's agricultural difficulties, the General made no further reference to his political demands (although next day at Ghent M. Edgar Pisani returned to them), but instead he declared his readiness to continue his struggle until agriculture was "irreversibly" included in the Common Market. He added that he meant to do so, not only because French farmers could get help from the Community, "but also because the Common Market cannot endure unless the national economy and the farmers are included in it."

From these remarks France's partners may have gathered the impression:

1 that the General was acting as if he were the Common Market's champion, which would reflect the heavy pressure he was feeling from inside France, and

2 that he was presenting himself as the one person in the Community who was genuinely working for the irrevocable inclusion of agriculture in the Common Market system. If this is right, skilled tacticians in the five had better start working now; there is a feeling in the Community that French economists who favour the Common Market must be given support by their colleagues in the other member countries if those Gaullists who oppose the development of European integration are not finally to get the upper hand in the shaping of French policy.

Guarded Silence

One negative but undoubtedly significant sign of France's partners' will to make progress is the discretion which the Community and Government officials and politicians have shown in their statements. The General's remarks on September 9 fairly cried out for violent answers and it was tempting to rebut them systematically and indignantly; in the event it was really remarkable that nobody in an official position was guilty of any outburst. Even the Dutch authorities have kept their self-control. Mr. Sicco Mansholt, the Commission member least diffident in voicing his opinions, the most outspoken critic of "Europe of the Nations", and the European politician most willingly available to the press, has on this occasion refused all its requests for comments.

This discretion cannot be explained by the consternation felt by the other five countries and the Commission. After some days of sheer astonishment they recovered, and it is their sangfroid which has enabled them to remain so reserved. After Prof. Hallstein and his colleagues had considered De Gaulle's remarks, the Commission's spokesman read a statement to the press which is clear evidence of this state of mind. It was not a direct reply to the General. In substance it was confined to saying that the Commission will continue to carry out the duties given it by the Rome Treaty, so that the Community may suffer as little as possible from the effects of the present situation and so that "when the time arrives, the institution responsible for decisions may be able to take them" (that is the Council of Ministers): in fact the wording could hardly be more deferential towards the ministers and the Treaty.

It is still possible (especially if the crisis became more acute) that the Commission may reply more directly to the French criticisms. At the mid-October meeting of the European Parliament, President Hallstein and his colleagues on the Common Market Commission may be urged to take a firmer stand, but at the moment it is unlikely that they will make any retort to De Gaulle, preferring to give a solid demonstration of the Common Market's merits, of how much it has been worth to all its members, and of how firm the foundations of its institutions are. Fortunately, both the Commission and the five seem to be aware that firmness on the points at issue need not prevent a proper respect for procedure - a point which should be well taken in France, if anywhere.

Belgians and Dutch Closer

There is another, more important sign of progress: the decision of the Belgian and Dutch Governments, after the visit of two Belgian Ministers, M. Harmel and M. Spaak, to The Hague, to work out a "common position". Since June 30, the two countries had been slightly critical of each other, and the Dutch especially seemed to regard M. Spaak's attitude during the negotiations in July as a sort of betrayal, or, at any rate, as a regrettable lapse (see No. 315, p. 10). Their main source of contention was that, by being too anxious to retain his position as a possible arbitrator, he showed culpable weakness towards De Gaulle. This is now forgotten; and since September 15, harmony has been restored between Mr. Luns, Dutch Foreign Minister, said to be the toughest member of the five, and M. Spaak, reputed to be the most conciliatory towards the French. This gives the situation a new twist, for harmony between the Benelux countries is an essential condition of a common approach among France's partners. What could this common approach be? The Belgian and Dutch Governments have been especially discreet about their intentions, but their probable position can be guessed. First, on the question of procedure, there does not seem to be any great difficulty about whether negotiations should be reopened between the Governments directly or through the Community institutions. The distinction is in any case largely academic, because the dispute is now on so large a scale that only the Governments themselves can clear it up.

Besides, the five may be able to adopt a method uniting the two points of view.

1 M. Spaak would no longer have any reservations regarding separate meetings of the five in the Council of Ministers or other official organizations, in France's absence. He would therefore agree to hold a new session of the Council of Ministers, if it were called by the present president, Sig. Fanfani of Italy. According to latest reports, this session would take place on October 25, that is, after the new German Government has been completed and is able to take a full part. In the meantime, the Committee of Permanent Representatives to the Community would continue to meet regularly (without France) and the Belgian representative would now take a more active part in its operations, which are at present mainly concerned with the Commission's memorandum on the financing of the common agricultural policy (see No. 315, p. 7). The Permanent Representatives' meeting on September 16 was encouraging, and although the Commission was closely questioned on several aspects of its memorandum, the impression given was that as far as the five are concerned this document constitutes a serious basis for negotiation.

2 A Council of Ministers made up of the five might therefore ratify this memorandum at the end of October. Their conclusion would be sent to France by the Council secretariat, but, at the same time, the five governments would present the proposals to France directly, either together or through one of their number acting as intermediary. Since the Commission's new proposals largely take into account France's demands on the common agricultural policy itself, there is some hope that the French Government would respond to this method of approach.

What Does France Really Want?

Of course there is more than just agriculture at stake in this crisis; there are also the political questions raised by General de Gaulle. Can the five fall in with the General's demands? The question is considerably complicated by the contradictory interpretations put on the General's statements by various official commentators of the Fifth Republic, and there has been no diplomatic clarification between France and the five on the subject. The governments of these countries have had to rely on the newspapers and television for their guidance, - this offhand behaviour on the part of the French Government has had a cool reception in Europe -

while French ministers have blown now hot, now cold. Although it is thought that this may be deliberate policy on the part of the more responsible members of the French Government to soften the effects of the General's policy, the result, as one important Belgian official said, is more like "psychological warfare than diplomacy".

Another question the five are asking is what France really does want in the way of modifications to the Treaty of Rome. In the course of the next few days, they may attempt to gain a few definite answers to this through diplomatic channels, but if this should fail, they would still make overtures on the political front. What form can these be expected to take? There can be no question of sacrificing the Treaty of Rome or the Atlantic alliance to pacify France. M. Harmel and Mr. Cals, the Belgian and Dutch ministers, have stated that "the Belgian and Dutch Governments will support each other wholeheartedly." And M. Spaak has said: "It is with this in mind and within this framework that Belgian diplomacy will tackle the problem of finding a solution to this crisis"; at Ghent, in reply to M. Pisani's speech, M. d'Alcantara, Belgian minister for the Middle Class, pointed out politely but firmly that France, as much as any of the Six, is a signatory of the Treaty and would do well to show some respect for the rights it confers.

Given the agreement that now exists both in Bonn and Rome to negotiate only on condition that past undertakings are honoured, pessimists may think that the political impasse is here to stay; however, as far as the five at least are concerned, there is still every possibility of finding a way out, provided that De Gaulle is not really bent on breaking the Community. There are solutions at hand, once French aims have been pinned down:-

1 If France is going to such pains in order to defend herself against the time when majority votes in the Common Market Council will determine the future of the French people, it is a needless exercise. In the first place, the Treaty of Rome, which does not apply to all aspects of national life in any case, expressly lays down that a unanimous vote is necessary for all important political decisions. Secondly, it would be folly on the part of the five if they forced measures on a fellow member which would ruin it economically and denude it of sovereignty. Even the weakest country would be quick to secede. In reality, both the Commission and the Common Market Council have always done their utmost, even in relatively unimportant questions, to find a compromise acceptable to all. Recourse to majority voting (which has been applicable in certain cases since the beginning of the Common Market) has been extremely rare, and has even proved quite useful for countries finding themselves in the minority, as the governments concerned have been able to claim that they fought to the last to defend some sectional interest.

2 If, however, what France wants is to ensure that the other Community members do not change their minds about former undertakings and do not use majority voting in the Council to go back on former agreements, - particularly in the case of the common market for agriculture - the problem is altogether different.

Legally, French demands on these grounds can probably be justified. In practice, however, they spring from yet another French myth, that France is the only Common Market country interested in agriculture. In fact, the Belgians have much the same approach as the French to the agricultural common market and the Dutch too, have strong agricultural interests to defend. The idea that the five are going to go back on their word on farm policy is therefore extremely doubtful. Nevertheless, it would be possible to give added and more definite assurances to the French if that is what they want; for instance, it could be agreed that any revision of previous decisions affecting an important part of the economy of any member country could be made only after a unanimous vote by the Six. This would not involve a revision of the Rome Treaty, but could take the form of a declaration, added to it.

Should the Common Market Continue as Five?

At the moment, the five are sticking closely to the engagements entered into in 1957 in the Rome Treaty. They are still trying to meet the French halfway wherever their demands are reasonable and compatible with the Treaty, and the idea of continuing the Community with five members only and waiting for France to change her tactics of her own accord, has not yet been officially considered. When M. Spaak was asked about this, he told journalists that he absolutely refused to answer questions on the subject, "It is a premature suggestion" he said, "We have not yet reached that point. What we want to do is carry out the Treaty of Rome and the Treaty is signed by the Six. We cannot, of course, prevent other people from suggesting these ideas, but, on a government level, this kind of question is not being considered today."

In saying this, of course, M. Spaak has not ruled out the suggestion for good, but it seems to be regarded as a last resort, to be considered only if the General proves completely inflexible. Nevertheless, the policy of "carry on with five" has its supporters. Among the most distinguished is Baron Jean-Charles Snoy, former secretary-general of the Belgian ministry for economic affairs, who took a leading part in negotiations for the Treaty of Rome, and is now a Christian Socialist senator; he is also one of the main advisers to the Banque Lambert of the de Rothschild group. M. Snoy, whose opinion carries a good deal of weight, believes that French demands will reduce the European treaty to a cipher and destroy the Common Market with all the grave economic consequences that that implies; in this case, it would be better, he believes, to carry on without France than face total annihilation. This is perhaps an extreme view, but it shows that in Belgium anyway, reconciliation at any price is no longer the only solution considered.

* * *

Economic Situation: Expansion Comparatively Slow

Industrial production continued to expand in the Common Market at the beginning of the summer but remained sluggish, although slightly more lively than twelve months previously. In Italy and France the recovery was confirmed but still at a moderate rate; production remained steady in Belgium and Luxembourg, which benefitted from the relative firmness of the world steel market due to the war in Vietnam. Finally, expansion remains moderate in Germany and the Netherlands, not as a result of any slackening of demand but because of a sharp reduction in the elasticity of production due to excessive strains on the labour market.

This pressure is particularly strong in Germany where it has increased: in July the number of jobs offered was eight times the number of those unemployed. In the Netherlands and also in Belgium there was a very slight decline in the number of jobs being offered, but this was in no way sufficient to solve the problem of the shortage of manpower evident in all sectors of industry. In Italy, a decline in the building industry offset increased demand for labour in other sectors.

The rise in the level of consumer prices has continued in almost the whole of the Community. This is partly accounted for by the bad weather which affected the prices of fresh vegetables, potatoes and fruit, but there has also been an overall increase in prices in Germany and the Netherlands. On the other hand, Italy and France have been better able to withstand the pressure to increase prices.

The most striking feature of this monthly analysis is that the general improvement in the Common Market's trade balance has not continued during the middle part of the year; instead, it has shown some signs of deterioration. The reason for this recession is that German exports have slowed down, and Belgian and Luxembourg imports have greatly increased, while certain of their major exports (metals, machines, textiles) have fallen; Dutch imports also rose slightly. This development was not completely offset by the sustained improvement in the French and Italian trade balances.

* * *

European Bank Loan in the United States

The European Investment Bank (EIB) has just issued a debenture loan of $20 million on the New York market; it has been taken up and will be offered to the public by an international syndicate of 66 banks, including 48 European banks, headed by Kuhn, Loeb & Co Inc., The First Boston Corporation and Lazard Freres & Co. The bonds will carry an interest rate of 6% per annum over a period of 20 years, and the loan is redeemable at par from September 15, 1971, in 15 roughly equal yearly payments. Taking this issue into account, the consolidated debt of the EIB now stands at $183.2 millions.

ECSC

Coal Subsidies Permissible

Subsidies paid by the member governments to coal-mining industries are not a contradiction of the Community system laid down by the High Authority in its decision earlier this year, which was taken on the basis of the Energy Protocol of April 21 last year (see No. 293, p. 10). Nor are they in any way likely to interfere with the workings of the Coal and Steel Community. This has been confirmed by the High Authority in its report on all financial aid being given to the coal industry, details of which have been submitted by the governments of the coal-producing member countries. Certain of these subsidies (those other than welfare benefits) will need to be formally authorized by the High Authority, but an authorization of this kind requires the agreement of the Council of Ministers. As the French representatives have been forbidden to participate in the Community institutions, the "European Crisis" may hinder the creation of a subsidy system which is legally acceptable within the terms of the Paris Treaty. This was the aim of the Energy Protocol adopted by the six governments.

According to the High Authority's report, state aid to the coal industries varies considerably from one country to another, partly as a result of the differences in the social security systems of the coal-producing countries and partly as a result of the different situations in the Community's coal-mines - economic position, ownership, degree of integration with other industries, etc. Subsidies per metric ton of coal produced reach the following levels in the four producer countries (1965 figures):

In US Dollars

	Welfare Subsidies	Other Subsidies
Germany	4.6	0.2
Belgium	5.4	0.8
France	4.7	0.8
Netherlands	0.85	---

However, because of the varying situations in the different countries referred to above, it is impossible to draw conclusions about the coal industry's profitability in the various member countries, based on the total amount of the subsidies they receive.

EFTA

Area's Trade Vigorous Report Shows

The fifth annual report, published this week, shows that in the year ending June 30, 1965 EFTA members trade with each other grew by 17.5% and that their national products rose by between 5 and 7%. Meanwhile EFTA imports from the Common Market rose by 13.2% and exports to it by only 6.4%, and the report comments that "the much slower rate of growth...may indicate for the first time that the increasing tariff discrimination between the two groups is beginning to affect trade between them."

At the Vienna meeting last May, Ministers decided that urgent studies should be made into (a) the exploration of possible closer contacts with the Common Market, and (b) the prospects for EFTA's internal development. These studies are to be considered at the meeting to be held next month in Copenhagen.

Tariffs

The "time-table" reductions (down to 30% of the 1960 level) were duly made in December, but two months previously Britain imposed a 15% tax on most imports, whose effect was "broadly to nullify the tariff reductions Britain had made towards her EFTA partners". They protested strongly, and the charge was reduced from 15% to 10% in April this year.

EFTA is anxious to press on with the lowering of customs barriers under GATT arrangements (the "Kennedy Round"). Five members are prepared to cut all industrial tariffs by the full 50% if they obtained suitable reciprocal concessions from other parties to the Kennedy Round: the other two concerned, Britain and Finland, asked for few exceptions. (Portugal is in a separate category).

THE AMERICAN BANKING SYSTEM II

by Jean Rivoire, Credit Lyonnais, Paris

The Cost of Credit

This section refers to credit given by the commercial banks, but also to other forms of credit outside their scope, such as factoring, bonds and debentures.

1 Unsecured Loans

The banks publish the rate of interest ruling for business at prime rate. They do not make an agreement to fix the rate, for this would infringe the anti-trust law, but when one bank announces a change in its prime rate, the others generally follow a few days later. Between 1934 and 1947 the rate was extremely low (between 1.5 and 1.75%). Then it rose until it reached 5% in 1959, and at present it is 4.5%.

In principle, the prime rate is 1% higher than the re-discount rate fixed by the Federal Reserve Bank, but the link is not always exact (as re-discounting is not in practical use in the USA, fixing the rate is only an indicator). Recently when the discount rate was raised from 3.5% to 4% the banks maintained the prime rate at 4.5%, under pressure from the authorities.

The rates for short-term loans vary, according to credit rating, between 4% and 6% (a loan at a higher rate than 6% is usurious under the laws of the State of New York). On loans for a period exceeding a year interest rates are generally lifted by between 0.25% and 0.50%, up to a maximum of 6% (this limit has no practical effect, because loans for longer than a year are only given to very reliable concerns, which can borrow on short-term at 5.5% or less).

When a firm obtains a loan the bank immediately debits it with the full amount and makes it pay interest on it for the whole period of the loan. Against such a loan a sight deposit account for the full amount is then opened for the firm, which can draw cheques on it. (Thus, in bank balance sheets, loans appear as assets for their full amount, including the part which is not used; sight deposits appear as liabilities and include the unused part of the loans.)

In practice, the firm does not use the whole of the loan for the whole of the period agreed; part of it remains on sight deposit, at any rate for some of the time. Amounts thus remaining on deposit may be 100% of the loan, or nil, or 25% to 30%; the average, calculated over the period of the loan, may work out between 10% and 20%. But when the loan account is opened, it is specified what minimum percentage should be left in the account on average. The banks ask for 20%, but competition often induces them to agree to 10%.

Under the American system, therefore, the rate of 4, 5 or 6% is paid on the whole of the loan whether in use or not. Taking the minimum percentage into

Opera Mundi - Europe No. 323

account, the loan cannot be fully used all the time. The cost of getting credit is therefore considerably higher than it appears at first sight, for the amounts really used.

If a firm wishes to make sure of obtaining a loan for a certain sum at a future date, it pays a commitment commission of 0.25% to 0.50% until the day when the loan is actually made.

2 Secured Loans

Firms whose credit standing is not good enough to enable them to get an unsecured loan have recourse to loans on more onerous terms (the interest rate remains theoretically 6% but an extra service charge is made):

(a) Mortgage loans, on the same terms as private individuals (see below).

(b) Loans on accounts receivable, made by the commercial banks at interest rates of 7% to 10%.

(c) Loans against stocks or debtors, made by commercial and finance companies at interest rates which are at present between 8%and10%, but sometimes reach 13% (the finance houses themselves obtain funds from the commercial banks - unsecured loans, at interest rates of 4.5% to 5% - or on the money market by 90 or 100 day bonds, on which the rates of interest at present are between 4.25% and 4.5%).

3 Factoring

Factoring concerns (which buy trade debts, taking over the accounting and the risk of non-payment) charge a current interest rate of 7.2% minimum (that is, for top-ranking clients). Of course, the factor's rate is linked with the banker's prime rate:

Prime rate	Factor's rate
3.5%	6.0%
4 %	6.6%
4.5%	7.2%
5 %	7.8%

In New York the largest factoring concern is the Commercial Investment Trust, which is the specialized department of a finance house.

4 Secured Loans to Private Individuals

Loans against securities are granted by commercial banks at rates of 5.25% to 5.50%.

Loans for buying automobiles and household capital goods are granted by the commercial banks and the sales finance companies at an interest rate of about 4.5%, calculated on the original amount of the loan (taking monthly repayments into account, this is equivalent to a real rate of between 8 and 9%.)

Mortgage loans are made by savings banks, the commercial banks and the insurance companies at interest rates of between 5.25% and 6%, the latter rate referring to the largest proportion (90%) of the total cost of the goods and to the longest period of repayment (20 years).

Some small loan companies make loans on various securities, like jewellery and furniture, up to a maximum of $800 (in New York). Such loans often carry a rate of interest up to 24% - charged as 2% monthly.

5 Bonds and Debentures

The investment banks are at present putting bonds on the money market (generally for 5 years) and debentures (generally for 20 to 25 years), during the first 5 years of which no repayment is made. The rate of interest is now between 4.5 and 4.7% for bonds and debentures issued by the big American firms. (General Motor's balance sheet shows debentures at 3.25%, but they were issued at a time when money was cheaper than it is today.) It is raised by 1 to 2% for loans issued by governments or foreign firms (this additional rate shows how suspicious the Americans are of anything foreign). For small American businesses loans are privately placed among a small number of people and the rates of interest vary between 5 and 10%.

These rates apply to bonds and debentures issued and repaid at nominal value. If the issue price or the repayment price is different from the nominal value, the rate of interest is modified accordingly. For instance, when the investment bank in charge of an issue expects to place it with large investors or with firms, it will try to show a premium and reduce the interest rate in consequence. Rich individuals (who are taxed at 76% on the topmost slice of their incomes) and firms (which are taxed at 48%) prefer capital gains to additional income, because the capital gains tax is limited to 25%. Before the tax reforms of 1964, the rate of income tax rose to 91% for private individuals (on the highest slice) and 52% for firms.

Investment Department

In the United States there are many large investment portfolios, belonging to individuals, to foundations (universities, hospitals, charities) and to pension funds. Of the 27 million individual or corporate shareholders in the United States, about 500,000 are believed to have portfolios exceeding $200,000. The stock exchange value of all the securities quoted in New York exceeds $400,000, and it is estimated that nearly a quarter belongs to pension funds.

The commercial banks have special departments to manage these large portfolios. In the middle of 1965 the total value of the portfolios managed by the American commercial banks was about $50,000 million. The Chase Manhattan Bank does not accept portfolios of less than $200,000; the Bankers' Trust, which manages the largest portfolio in the country, requires a minimum of $500,000.

Investment management in the Bankers' Trust is divided into three sections:-

(a) "Pension accounts" (which manages pension funds, which are fed monthly by big concerns).

(b) Trust accounts (individual or corporate portfolios for which the Bankers' Trust acts as trustee).

(c) "Advisory accounts" (portfolios of businessmen who taken an interest in their management but cannot give it the necessary time). It is only for this last category that the Bankers' Trust agrees to take certain risks with the prior consent of the party concerned, for instance, buying "aerospace" shares, which depend greatly on politics.

Each bank's portfolio management relies on a very highly developed investment research department. At the Chase Manhattan Bank this department includes 70 people, 18 of whom are classified as officers, and it follows 465 American securities and 35 foreign - the number of foreign securities is relatively small, because Americans dislike the lack of documentation and consolidated balance sheets for these securities.

In the United States the principal means of valuing securities is the price-earnings ratio. Other methods of assessment such as dividends, nett assets, and cash flow are only used to supplement this, except in the case of the chemical industry, where special importance is attached to cash flow, because of the need for frequent renewal of plant.

The price-earnings ratio is calculated and published every week for all the shares quoted on the New York Stock Exchange. Since 1958 it has varied between 16 and 20, and this year it stands at around 19.

The ratio varies considerably from one business to another:

(a) It is between 10 and 15 for the large automobile and accessory manufacturers, for this industry fluctuates widely, and many investors are afraid that their present profit levels will not be maintained over the next few years.

(b) It is about 20 for businesses offering slow but sure growth prospects (large public utilities and food concerns).

(c) It is a good deal higher for businesses which the public expects to grow rapidly (25 for GEC, 35 for IBM, 45 for Xerox).

It is clear that the Stock Exchange valuation of a security depends on not only results, but also to a very large extent on the expectations of the public and of large investors. Thus the investment analysts aim not only to anticipate results but also to anticipate other peoples' expectations.

Analysts are divided among various industries and keep themselves well informed about anything which may affect their sector. For instance, they are in touch with the directors of firms (whom they go and see once or twice a year), and these directors talk more freely to commercial banks than to brokers because they know that the law prohibits publication of the information they give. The analysts assess the quality of management, follow the results and try to apply them to the current year, and if possible to the coming five years.

When technical problems arise they seek help from the bank's specialists (at the Chase Manhattan Bank the loan department includes engineers) or outside (in the Bankers' Trust the officer responsible for electronics and aerospace investments visits California from New York twice a year to consult the Stanford Research Institute).

The analysts express the result of their researches into various securities in the form of a double quotation: (a) by a letter (A, B, C, D, E) to show the quality of the concern, (b) by a figure (1, 2, 3, 4, 5) to show how attractive a share is, in the light of current prices. For instance, in both the investment analysis departments visits, General Motors and IBM had been allotted the code A.1 (first-class value, worth buying). Their information is kept constantly up to date and brought to the knowledge of the investment managers.

* * *

(To be continued)

EUROFLASH - CONTENTS

up LE GENIE OCEANOGRAPHIQUE (equipment for ocean exploration); COFALEX, Paris formed by TRIFIMETAUX and ETS CHARLES COQUILLARD. Italy: MASCHINENBAU PIEPER, Iserlohn sets up Milan company; EDGAR ALLEN & CO, Sheffield sets up Milan sales subsidiary; CUMMINS DIESEL SALES, Ohio sets up Milan company; MEKANPRODUKTER HANS HOLM, Stockholm sets up Milan company. LITTON INDUSTRIES, having taken over HEWITT-ROBINS, Connecticut, rationalizes its production through its Dutch company; BARKER POULTRY EQUIPMENT, Iowa backs new Dutch sales company. U.S.A: BARMER MASCHINENFABRIK sets up company at Charlotte, North Carolina. W.Germany: EBAUCHES, Neuchatel (watches) sets up DUROWE at Pforzheim to take over assets of DUROWE-DEUTSCHE-UHREN-ROHWERKE.

L	FINANCE	France: SOGRIM-STE DE GESTION DE GARANTIES IMMOBILIERES formed in Paris by BANQUE DE PARIS & DES PAYS BAS, two of its subsidiaries and several other French companies.
L	FOOD & DRINK	Italy & W.Germany: PEPSICO, New York sets up company in Naples and a property company at Offenbach am Main.
M	GLASS	France: SOGEVER-STE GENERALE POUR L'EXPANSION DES PRODUITS VERRIERS formed in Paris on premises of TECMAVER-OFFICE TECHNIQUE DES MATERIAUX VERRIERS.
M	INSURANCE	Italy: SAI-STA ASSICURATRICE INDUSTRIALE, Turin of the FIAT group, to absorb UNIVERSALE DI ASSICURAZIONI GENERALI, Rome. S.Africa: S. African subsidiary of NATIONALE NEDERLANDEN, Delft insurance group, to take over BASTION INSURANCE, Johannesburg.
N	OIL, GAS & PETRO-CHEMICALS	France: TENNCO-EUROPE, Brussels (lubricant wholesalers) opens Paris branch. Italy: AMOCO ITALIA of the STANDARD OIL CO OF INDIANA group to take over four oil distribution companies; STANDARD OIL OF INDIANA to raise loan in Europe; OMAR-OLII MINERALI AFFINI RAFFINERIA takes over another Milan oil distributing company. W.Germany: OMNIUM TECHNIQUE DES TRANSPORTS PAR PIPE-LINES (OTP) under contract to DEUTSCHE SHELL to build a pipe-line, sets up company at Düsseldorf.
O	OPTICAL & PHOTOGRAPHIC	W.Germany: FOTO-KINO STRIK, Hilversum sets up trading company at Berlin.
O	PAPER & PACKAGING	Belgium: A subsidiary of the WEYERHAEUSER paper group, Washington, opens branch in Brussels. Netherlands: Merger between NV CARTON- & PAPIERFABRIEK BRITTANIA and

		CARTON- & PAPIERFABRIEK DE KROON.
P	PRINTING & PUBLISHING	Austria: URBAN & SCHWARZENBERG VERLAG FUER MEDIZIN & NATURWISSENSCHAFTEN, Munich opens branch in Vienna. Italy: ETAS-KOMPASS-EDIZIONI PER L'INFOMAZIONE ECONOMICA takes over ETAS-EDITRICE TECNICA ARTISTICA SCIENTIFICA, Milan.
P	TEXTILES	France: CALZIFICIO MALERBA, Milan (knitwear) sets up Paris subsidiary. Italy: TESSITURA DI ALBATE, Milan takes over two other Italian textile companies.
P	TOBACCO	Belgium: SPIERER FRERES, Geneva backs tobacco import and sales company formed in Brussels. Netherlands: GALLAHER, Belfast increases its interests in Dutch companies. W. Germany: C. F. VOGELSANG, Bremen becomes a limited-liability company and is sold to MARTIN BRINKMANN, Bremen; PERANTARA set up at Bremen by Indonesian tobacco exporters.
Q	TRADE	Belgium: The PROPHET CO of Detroit, Michigan of the GREYHOUND group, and SA DES GRANDS MAGASINS "AU BON MARCHE" - ETS VAXELAIRE-CLAES, Brussels set up joint Belgian subsidiary, RESTAURA. France: A.G. LEVENTIS, Nigeria opens Paris branch; L. SAVON & CO, London is majority shareholder in SAGICO-STE AUXILIAIRE DE GESTION INDUSTRIELLE & COMMERCIALE, Paris.
R	VARIOUS	Austria: German company, FRITZ SCHAEFER sets up Austrian subsidiary. France: NORBERT BEYRARD-FRANCE formed as consultancy firm for French-speaking Africa. W. Germany: merger between STAATLICHE SALINE FRIEDRICHSHALL and STAATSSALINEN DUERRHEIM-RAPPENAU, two German salt firms; CHASALLA-SCHUHFABRIK, Kassel (footwear) goes into liquidation.

AUTOMOBILES

323/D The German automobile companies, VOLKSWAGENWERK AG, Wolfsburg (see No 321) and DAIMLER-BENZ AG, Stuttgart unter Turkheim (see No 310) have recently been forming closer links. Volkswagenwerk has already taken a 50% interest in the Daimler-Benz subsidiary AUTO-UNION, Ingolstadt (see No 276), and now the two companies are planning to set up a joint assembly plant in Mexico.

Volkswagen is already operating in Latin America. It has a company, VOLKSWAGEN DE MEXICO SA in Mexico and is building a factory at Puebla which is to produce 2,500 vehicles a month, involving an investment of $80 million. In Brazil, the group has an 80% subsidiary, VOLKSWAGEN DO BRASIL, INDUSTRIA & COMERCIO DE AUTOMOVEIS SA, Sao Bernardo de Campo, which will have invested about $25 million in 1965 to increase its production capacity from 350 to 600 vehicles a day.

323/D American manufacturer of commercial vehicles and trucks, KAISER JEEP CORP of Toledo, Ohio (formerly WILLY MOTORS INC), which is a wholly-owned subsidiary of KAISER INDUSTRIES CORP, Oakland, California, is increasing its interests in Italy where its Rome subsidiary, KAISER JEEP INTERNATIONAL CORP has tripled its capital to lire 15 million. This company was set up in 1961 under the name WILCO SpA, by Mr. J. and Mr. G. Manca.

The Toledo company (sales $255 million in 1964) set up a Swiss subsidiary in 1959 to coordinate its marketing and production in the West, particularly in Europe. This company KAISER JEEP OVERSEAS SA, Zug (capital Sf 8.5 million) was joined in 1960 by a general marketing company, KAISER JEEP SALES SA (capital Sf50,000 - see No 210) and in 1963 another sister company was set up, KAISER-PULLMAX SA to sell presses for corrugated-iron sheets. Kaiser Jeep has granted licences for its "Jeeps" and "Gladiators" in Europe, in Belgium, Italy, France, Spain, the Netherlands, Portugal Denmark, Turkey, etc.

BUILDING & CIVIL ENGINEERING

323/D The German building and civil engineering firm F.ALBERT BAU & BETON KG, Mannheim, and the Belgina firm ANTWERPSE BOUWWERKEN VERBEECK NV, Borgerhout, Antwerp have formed a 50-50 subsidiary at Borgerhout under the name of INTERBOUW-INTERNATIONALE BOUWONDERNEMING ALBERT & VERBEECK NV with a capital of Bf 1 million to carry out similar work.

The Swiss holding company, SIKA HOLDING AG, Glarus (capital recently increased from Sf 0.5 to 1 million) which heads the group of companies using "Sika" techniques for water-tight and other materials for civil engineering (see No 306) is expanding in Germany where it has subscribed the entire increase, from Dm 2 to 2.8 million, in the capital of PLASTIMENT GmbH FABRIK CHEM. TECHN. BAUSTOFFE, Karlsruhe.

Sika Holding recently set up a company called SIKA-BAU GmbH at Bludenz-Bings in Austria (capital, Sch 2.5 million ; manager, M. Antonio Peduzzi of Zurich and M.Robert Demmel of Vienna).

323/E The building firm TERRAPIN LTD, London has granted ENGELBERT REGNAUER KG, Bremen the right to manufacture under licence in West Germany light prefabricated parts for industrial and school buildings. It has similar agreements in several countries including France (with F.J. CARTOUX, Avignon), Denmark, Portugal, Union of South Africa etc.

323/E The Swiss holding company PIAN CALLES SA, Pontresina, Grisons has formed a Milan property management subsidiary DICOLOGE DI DAMLASSO GIOVANNI & Co Sas (original capital lire 6 million, later raised to lire 50 million).

CHEMICALS

323/E The New York group, UNION CARBIDE CORP, New York (see No 303) recently took complete control of the Antwerp company, COBENAM NV (see No 245) by buying the 50% interest in it held by PETROCHIM SA - STE CHIMIQUE DES DERIVES DU PETROLE, Antwerp (joint subsidiary of PHILLIPS PETROLEUM CO and PETROFINA SA (see No 315). Union Carbide is now expanding its business there by building a vast petrochemical complex on the left bank of the Scheldt. This will involve an investment of more than Bf 2,000 million and will raise the total production capacity of Cobenam to 200,000 tons a year. Its present production of low density polyethylene resins will be stepped up and it will also begin to manufacture other base products (ethylene oxide and derivatives and solvents) for synthetic fibres, anti-freeze, detergents, plastics, paints, antibiotics, foams etc.

Union Carbide also recently decided to double the capacity (to 50,000 tons a year) of the factory at Gothenburg belonging to UNIFOS KEMI A/B, a joint subsidiary of Union Carbide and the Stockholm company, SUPERFOSFAT FABRIKS A/B. Union Carbide has various other subsidiaries and affiliated companies in Europe including : TAMINO SA, Neuilly, Seine; CIE INDUSTRIELLE SAVOIE ACHESON SA, Paris ; VISCORA SA, Beauvais, Oise ; UNION CARBIDE EUROPEAN RESEARCH ASSOCIATES SA - ERA, Brussels ; UNION CARBIDE EUROPEAN HEADQUARTERS SA, Lausanne ; UCAR SA, Geneva ; UNION CARBIDE EUROPA SA, Geneva ; UNION CARBIDE LTD, London, CELENE SpA, Palermo ; PIRELLI PLAST SpA, Monze, Milan ; ELETTROGRAFITE DI FORNO ALLIONE SpA, Forno Allione, Milan etc.

323/E S.I.R-STA ITALIANA RESINE SpA, Milan (see No 317 - chemical and petro-chemical products) is backing the formation of a Paris sales company CIFRA-CIE ITALO FRANCAISE RESINES ET PRODUITS CHIMIQUES Sarl and holds 20% of its Ff 200,000 capital. The new firm is owned 80% by the German petro-chemical and plastic products company KUNSTOFFE HANDELSGES mbH, Frankfurt.

323/F ANDREW S. McGREATH & SON INC, Harrisburg, Pennsylvania (chemical, mineralogical and metallurgical analysis) has increased its European interests through its West German subsidiary ANDREW S. McGREATH & SON INC GmbH, Gelsenkirchen, which has formed ANDREW S. McGREATH & SON (HOLLAND) NV at Rotterdam. The Dutch company will operate throughout Benelux. 80% of the Fl 50,000 capital is held by the German company; 10% each is held by Mr Fred A. Pennington, president of the American firm, and Mr Martien X.C. Mayer, who is Dutch.

323/F As part of the sulphur industry's reorganization EDISON SpA, Milan is joining the public utility ENI-ENTE NAZIONALE IDROCARBURI SpA, Rome and the mixed public and private undertaking ENTE MINERARIO SICILIANO SpA in running a chemical complex at Gela. It will produce 120,000 tons of phosphoric acid and 33,000 tons of sulphuric acid a year. Nearly all the production will be taken by Edison and ANIC (ENI group) for their fertilizer factories.

323/F MINNESOTA VALLEY ENGINEERING INC, New Prague, Minnesota, which is about to open a Paris branch with a working capital of Ff 100,000, means to form a 60% subsidiary there called CRYOTECHNIQUE SA. The new company's capital will be Ff 500,000 and it will take over an industrial site and buildings which have been acquired at Lery, Eure. It will produce special American-designed containers under the "MVE" brand which have no European competition. They have been developed by UNION CARBIDE CORP, New York, which granted an exclusive licence to Minnesota Valley Engineering two years ago; their purpose is to keep organisms alive for indefinite periods.

The "MVE" containers are used in breeding for artificial insemination of cows. For the last two years they have been sold in France by SERSIA-STE D'ETUDES & DE RECHERCHES SCIENTIFIQUES SUR L'INSEMINATION ARTIFICIELLE Sarl, Paris, which will have approximately 11% in Cryotechnique. Sersia's main shareholder is U.N.C.E.I.A. - UNION NATIONALE DES COOPERATIVES D'ELEVAGE & D'INSEMINATION ARTIFICIELLE SC, directed by M. Andre Perault, Houlbee, Eure and M. Michel Parez (former founder and shareholder of Cryotechnique Sa) and Professor Rene Bize.

ELECTRICAL ENGINEERING

323/F CLAUDE SpA, Rome will be taking over CIA LAMPADE PASTELOR SpA, Milan (capital lire 150 million - see No 248), electric tube and lamp manufacturer and member of the French group L'AIR LIQUIDE SA - see No 315 - through its Milan subsidiary S.I.O.-SOC PER L'INDUSTRIA DELL'OSSIDENO & DI ALTRI GAS SpA.

Claude (capital raised in 1964 to lire 285 million) was formed in November 1963. Its president is M. Bernard Laplace and it belongs to the French group CLAUDE PAZ & VISSEAUX SA (whose largest shareholders are L'Air Liquide Sa with 10% and LEBON & CIE with 5%.

Recently Claude increased its Italian interests: it already held shares in CIA

LAMPADE PASTELOR (whose administrative director Sig Oddino Verdi is the managing director of Claude) and it gained control of the incandescent lamp manufacturer NITENS-FABRICA LAMPADE ELETTRICHE, Novo Ligure, Milan, whose business has been integrated with that of Claude SpA.

323/G FINACOR SA, the Paris finance house, recently helped to arrange an agreement (see No 322) between CIE THERMOR SA, Orleans (capital Ff 13,850,000) and STE DES PROCEDES SAUTER SA, Paris (capital Ff 9 million). The agreement should tend to strengthen the French household equipment industry; ir provides for pooling their production (the range of the two companies being the same) and also for rationalizing manufacture in their factory at Orleans Claye-Souilly, Seine & Marne, and Saint Louis, Haut Rhin.

Procedes Sauter is 72.2% controlled by the Paris group CGE-CIE GENERALE D'ELECTRICITE SA. The minority shareholders include FREDERIC SAUTER AG, Zurich and its subsidiary APPAREILS AUTOMATIQUES SAUTER Sarl, St Louis, which hold 2.8% and 1.4% respectively, and SALVE-STE ALSACIENNE & LORRAINE DE VALEURS & D'ENTREPRISES SA also holds some shares. Procedes Sauter has taken over Thermor (president M. Etienne Maure), which will be put into liquidation after transferring its liquid assets to a new company which will be formed. Cie Thermor will then become a holding company and put its manufacturing assets into the new company which will employ more than 3,000 people.

Through Sauter the CGE group made a reciprocal sales agreement during the summer of 1964 with the French subsidiary of the PHILIP's group. This relates to household equipment and Philips will sell part of Sauter's production of electric cookers under its own brand, while Sauter sells refrigerators (including those made in Italy by IGNIS - see No 311) imported by Philips under agreements made a few months ago.

323/G The German company G.BAUKNECHT GmbH, Stuttgart, manufacturer of electrical household appliances, which gained control (65%) of a manufacturer of cookers and heating equipment W.KREFFT AG, Gevelsberg, last June, is now beginning to reform the finances of this company (see No 311). A reduction of its capital from Dm 7.5 to 2.5 million made it possible to wipe out losses accumulating over several years, and now this capital has been increased to Dm 5.1 million, the increase being entirely subscribed by the Stuttgart company which now has a majority interest of 83%.

Its marketing has been considerably expanded by operations such as has been recently carried out in Switzerland where a new company, KREFFT AG was set up at Lenzburg, Aargau (capital Sf 50,000) to carry out distribution and after sales service. (The company has a Swiss director, Herr Ernst Büsser). This operation has completed the plans of Bauknecht, which itself recently set up a servicing company for its household appliances in Switzerland called BAUKNECHT SERVICE AG, Malwill, Aargau (see No 320).

323/H The French group, LA TELEMECANIQUE ELECTRIQUE SA, Nanterre, Seine, (remote controls, automatic and electrical equipment, contactors, electrical precision instruments), is concentrating its interests in Belgium. Its subsidiary, TELENOR - STE POUR LA DIFFUSION DU MATERIEL ELECTRIQUE & ELECTROMECANIQUE SA, Brussels, has been merged into LA TELEMECANIQUE ELECTRIQUE BELGE SA, Brussels and St Pieters Leeuw, bringing with it assets estimated at Bf 27.64 million. The Belgian La Telemecanique has thus increased its capital to Bf 20 million.

The French group has numerous marketing subsidiaries abroad: TELEMECANIQUE NV, The Hague, DEUTSCHE TELEMECANIQUE ELECTRIQUE GmbH, Rattingen (formerly TELEK INDUSTRIE SCHALTGERAETE, Düsseldorf), TELEMECANIQUE SpA, Turin (formed in 1961, agencies and branches in Milan, Padua, Rome, Genoa, Florence, Trieste, Perugia ect), and other companies in Spain, Morocco, Brazil, Japan, etc.

ELECTRONICS

323/H The American company, BELL AEROSPACE CORP, Buffalo, New York, which is part of the TEXTRON group of Providence, Rhode Island, (see No 289), has backed a new German company, BELL AEROSPACE GmbH formed at Bad Godesberg, as a service company for air navigation, (capital, Dm 20,000 ; manager, Mr. Stanley Martin).

The two main divisions of the Textron group, which employs about 37,000, are BELL AEROSYSTEMS (see No 234) which has factories at Wheatfield, New York, Cleveland, Ohio and Tucson, Arizona, and BELL HELICOPTER, which has a factory at Fort Worth, Texas. The group has large direct interests in Europe: TREBEL-WERK GmbH, Rattingen, (meters and controls) in Germany; LE PROGRES INDUSTRIEL JONES & LAMSON MACHINE SA, Lot (in which it raised its interest from 19% to 85% in January) in Belgium; and an interest in the British boat building company, DORSET MARINE LTD, Cowes, Isle of Wight, in which the other partner is CHARLES CHURCHILL & CO LTD, Birmingham (see No 233).

323/H DAVIDSON & HEMMENDINGER INC, Easton, Pennsylvania has backed the formation of a Brussels sales company DAVIDSON & HEMMENDINGER-BELGIUM Sprl (capital Bf 50,000). It will sell electronic equipment and instruments for measuring and controlling colours, and it will grant licences for them. It will be managed by M.J.L.R. Landry, Uccle, Brussels, who holds 50% of the capital.

323/H The Danish electronic appliance manufacturer REGNECENTRALEN A/S, Copenhagen is backing the formation of a Hanover company to sell its products on the German market. It will be called GIER ELECTRONICS GmbH (capital Dm 200,000) and it will be managed by Herr Reimar Sager, Herr Manfred Lux and Herr Norbert Schorn.

ENGINEERING & METAL

323/I The Italian firm PERMAFLEX DI A. FANTONI & G. POFFERI Srl, Bologna, producing spring-mattresses, beds, divans and car-seats has carried out its plan to enter France (see No 309) by setting up a company by the name of PERMAFLEX SA, Saint Cyr L'Ecole, Seine et Oise. The Italian firm is controlled by the Zurich holding company YOTAR AG (established in December 1961 with a capital of Ff 3 million. The new company (initial capital of Ff 1 million) will both manufacture and sell its products. M. Lucien Arcache, Saint Cloud, Seine et Oise will be chairman.

323/I MASCHINENBAU PIEPER ITALIANA Srl has been set up in Milan (capital lire 900,000) by MASCHINENBAU PIEPER GmbH, Iserlohn to carry out all kinds of engineering, industrial and trading operations connected with machinery and equipment for the steel and metal industries. Herr Erich Ernst Pieper, who owns the steel firm E.E. PIEPER, Iserlohn has been appointed to head the new firm.

Maschinenbau Pieper (headed by Herr Kurt F. Jepson and Mr Neil J. Ranney) was set up in June 1962 at Düsseldorf as the result of a partnership between E.E. PIEPER and the American firm PRODUCTION MACHINERY CORP, Mentor, Ohio. It was later transferred to Iserlohn under the name PRODUCTION MACHINERY GmbH. Its initial capital of Dm 20,000 was raised in 1963 to Dm 100,000.

323/I The British iron and steel firm EDGAR ALLEN & CO LTD, Sheffield, which is represented abroad by sales subsidiaries in Australia, Canada, Rhodesia and South Africa, and which is a minority shareholder in the French company ACIERIES DE PARIS & D'OUTREAU SA (see No 151), has formed a Milan sales subsidiary BRITISH INDUSTRIAL PRODUCTS SpA.

The new company will sell products of other British engineering and metallurgical companies as well as those of its parent company. It has already made an agreement in this sense with the hydraulic jack makers TANGYES LTD, Birmingham, who are represented in France by DOGA, Boulogne, Seine.

323/I TUNZINI SA, Paris (see No 291) which makes air control, dust removing and incinerating equipment, has opened a Brussels branch of which M. Eugene Rellier of Montmagny, Seine & Oise will be in charge.

The French group already has in Belgium a subsidiary TUNZINI BENELUX SA, Brussels and an associate SOTEC-RAY SA, Forest, Brussels. In 1964 Sotec joined RICHARD CRITTAL STRALINGSWARMTE LTD, Enfield, London and ITEC-STE INTERNATIONALE D'ETUDES & D'APPLICATIONS TECHNIQUES SA, Paris to form ITEC BELGIQUE SA, Saint-Gilles-Brussels (see No 265) a property planning firm.

323/I RENA-WARE DISTRIBUTORS INC, Spokane, Washington (see No 261), which deals in household articles such as casseroles, tableware etc has formed a Brussels sales subsidiary RENA-WARE DISTRIBUTORS SA (capital Bf 250,000). In June 1964 it took over entirely the company which it had formed 8 months previously at Berne in Switzerland.

323/J Sig Leonard Monacelli has been appointed a director of the new Milan subsidiary which has been formed by CUMMINS DIESEL SALES CORP, Colombus, Ohio under its own name to sell internal combustion engines and spare parts for diesel engines for goods vehicles. The American firm belongs to the CUMMINS ENGINE CO INC (see No 276) and has several European branches, including one at Gross Gerau, West Germany.

It recently joined JAGUAR CARS LTD, Coventry to form JAGUAR CUMMINS LTD (which equips "Daimler" and "Guy" buses and goods vehicles.) It also controls CUMMINS ENGINE LTD Darlington.

At Essen it has a subsidiary called CUMMINS DIESEL MOTOREN GmbH (see No 230) and it has sales agencies at Zurich and Schaerbeek, Brussels (CUMMINS DISTRIBUTOR-BELGE SA, Belgian controlled). In Paris it has a branch managed by M. J.P. Houdiniere and at Clichy, Seine it has S.O.V.I. SA. In Britain it owns CHRYSLER-CUMMINS LTD, Darlington 50-50 with CHRYSLER MOTORS LTD, Kew, Surrey.

323/J Some months ago, with a view to avoiding the Community's external tariff on watches (11%), the Swiss holding company, EBAUCHES SA, Neuchatel, which is at the head of the main part of the Swiss industry manufacturing watch castings, gained control of the German company, DUROWE-DEUTSCHE UHREN-ROHWERKE AG, Pforsheim, a large manufacturing firm which used to belong to TIMEX US TIME CORP, Waterbury, Connecticut (see No 301). Ebauches has just made over this company's assets to a new subsidiary, DUROWE GmbH, formed at Pforzheim (capital Dm 1 million) to be a production and marketing company.

Timex still has one wholly-owned subsidiary in Germany, LACO-LACHER & CO AG, Pforzheim, which makes wrist watches and which it acquired in 1959.

323/J The German holding company UNI-CARDAN AG, Lohmar, Rhineland, (32% owned by BIRFIELD LTD, London - see No 288) has obtained a 45% shareholding in the French universal joint firm GLAENZER-SPICER SA, Poissy, Seine & Oise. This is the result of negotiations which Birfield held with the Belgian group EMPAIN (through STE FRANCAISE DES DISTILLERIES DE L'INDOCHINE SA) in October 1946. (see No 275). Their object was to increase the former shareholding, which was a direct one of 21%.

Uni-Cardan has for several months been the holding company uniting the three largest German manufacturers of transmission gear, engin shafting, universal joints, etc. JEAN WALTERSHEID KG, Lohmar (33.8%) GELENKWELLBAU GmbH, Essen (17.1%) and LOHR & BROMKAMP GmbH, Offenbach (11.8%).

323/J L'AIR LIQUIDE SA Paris, is forming a company called LE GENIE OCEANOGRAPHIQUE SA, Paris (capital Ff 1 million). Its purpose will be to design and build equipment for ocean exploration (especially for off-shore oil prospecting, fishery, transport and meteorology).

323/K MEKANPRODUKTER HANS HOLM A/B, Stockholm (see No 320) is continuing to set up its overseas marketing network and has set up a subsidiary at Milan called MECMAN SpA (capital lire 3 million) to import and sell in Italy a whole range of engineering and metal products including hydraulic and pneumatic machinery, filters etc. Mr Hans Holm is president of the new company and Mr Herbert Vystavel and Mr Patrick O'Loughlin are its directors.

The Swedish group already has foreign subsidiaries at Oslo and London (both called Mecman) and recently in the Common Market, at Hamburg and Auderghem, Brussels.

323/K The German company BARMER MASCHINENFABRIK AG, Remscheid-Lennep (capital Dm 7.6 million), manufacturer of machinery for textiles and synthetic fibres, has entered the United States where it has set up a company called AMERICAN BARMAG CORP at Charlotte, North Carolina. This new company (capital $200,000) is to begin by distributing the products of the German parent company, which had a turnover of about Dm 100 million in 1964, 57% for export.

The German company is owned 31.2% by AKU-ALGEMENE KUNSTZIJDE UNIE, Arnhem and 68.8% by a company in which AKU is 75.7% majority shareholder, VER.GLANZSTOFF-FABRIKEN AG, Wuppertal-Elberfeld (see No 305). AKU already has a direct (55.3%) subsidiary in the United States, AMERICAN ENKA CORP, Asheville, North Carolina (capital $6.7 million), a production company acquired in 1928.

323/K The American company LITTON INDUSTRIES INC of Beverly Hills, California (see No 316) is rationalizing its interests in the manufacture of vibrating machines in Europe. This is following the take-over of HEWITT-ROBINS INC of Stamford, Connecticut which specializes in vibrating machines.

Litton Industries acquired control of Hewitt-Robins some months ago mainly by buying the 14% interest held by the DAVID BROWN CORP LTD, Huddersfield, England which has been trying in vain, for some time, to become majority shareholder (see No 316). Since then, Hewitt-Robins has become a Division of Litton Industries.

The rationalization of production in Europe is to be carried out through HEWITT ROBINS (HOLLAND) NV, Amsterdam. From the beginning of 1966 this company will control the group's entire European production of vibrating machinery through a new company formed under the name, HEWITT-ROBINS EUROPA NV which will merge with MACHINEFABRIEK VOORWAARTS NV, Amsterdam (see No 63).

Machinefabriek Voorwaarts is part of the BRONSWERK-FIJENOORD group of Amersfoort and Schiedam (see No 278). It specializes in mechanical separation (by percussion or vibration) of castings from the mould, furnace coal from the riddle etc., and has been working for and in close cooperation with Hewitt-Robins.

323/L A joint venture between TREFIMETAUX SA, Paris (see No. 312) and ETS CHARLES COQUILLARD SA, Froges, Isere (see No. 300) has resulted in a new company called COFALEX Sarl, Paris. It has a capital of Ff 10,000 and will export aluminium sheets with a maximum thickness of 2/10ths of a millimetre. Coquillard is more than 75% owned by PECHINEY - CIE DE PRODUITS CHIMIQUES & METALLURGIQUES SA of Paris (see No. 318).

323/L UNION FINANCIERE D'ANVERS-BUFA NV, Antwerp (see No. 310) has formed an almost wholly-owned subsidiary in Brussels, AFRICACIER SA (capital Bf 2 million) to sell industrial and metallurgical products in Africa, and particularly in the Congo. M. Georges Capouillez, Deurne, Antwerp, and M. G. Loscaux, Leopoldville, are president and managing director respectively.

323/L The American company BARKER POULTRY EQUIPMENT of Ottumwa, Iowa, has backed its new Dutch sales company, BARKER (NEDERLAND) NV through BARKER SA, Carouge (capital Sf 50,000), the Swiss subsidiary it acquired in November 1960 (see No. 81). The new Dutch company (capital Fl 100,000) has been set up at Oosterwolde.

FINANCE

323/L In conjunction with its Paris subsidiaries, COGEDIM - CIE GENERALE DE DEVELOPPEMENT IMMOBILIER SA (see No. 304) and CIE CENTRALE DE FINANCEMENT SA (formerly CAISSE CENTRALE DE CREDIT A MOYEN TERME - see No. 279), BANQUE DE PARIS & DES PAYS BAS SA (see No. 320) has backed a new Paris company, SOGRIM - STE DE GESTION DE GARANTIES IMMOBILIERES SA (capital Ff 500,000). The new company is to handle bids for underwriting financial guarantees to property building companies. Its president, M. Molin, is president of the Federation Francaise des Societes d'Assurances, and its director-general, M. Bernard Bonnet, is director of Banque de Paris & des Pays Bas. The other principal shareholders in the new company are CREDIT LYONNAIS SA (see No. 319), CAISSE GENERALE DE L'INDUSTRIE & DU BATIMENT SA, Paris, and a group of French insurance companies (L'ABEILLE I.A.R.D., LE PHENIX-VIE, LA POPULAIRE-VIE, CIE D'ASSURANCES GENERALES SUR LA VIE, etc..).

FOOD & DRINK

323/L The American food products and soft drinks group, PEPSICO of New York, is expanding its interests in the Common Market by setting up two new subsidiaries there. The first is PEPSI COLA ITALIA SpA, Naples, which has a capital of lire 1 million held 95% by PEPSI COLA CO, New York, and 5% by its subsidiary PEPSI COLA INTERNATIONAL LTD. The new company's board (president Mr. S.H. Desch) can increase the capital to lire 500 million. The second new subsidiary is a property company, PEPSI-COLA GRUNDSTUECKGESELLSCHAFT mbH, set up at Offenbach-am-Main (capital Dm 100,000; manager Mr. John J. Meckler, director-general of the group's other company in Offenbach, PEPSI-COLA GmbH).

Pepsico (president Mr. J.B. Somerall) is the result of the merger between Pepsi-Cola Co, New York, and FRITO-LAY INC (former president Mr. Herman W. Lay). The group has a large number of companies in Europe such as: PEPSI-COLA DE FRANCE Sarl, Paris; PEPSI-COLA (BELGIUM) SA, Brussels; PEPSI-COLA INTERNATIONAL LTD, Rome; PEPSI-COLA LTD, London, and PEPSI-COLA DE ESPANA SA, Barcelona. It has granted licences and bottling rights to numerous foreign companies, in Italy (at Milan, Busto Arsizio, Turin, Venice, Trieste, Rome, Cagliari, Bologna, Genoa, Naples, etc..), in Germany (at Moers-Duizburg, Munich, Würzburg, Stuttgart, Karlsruhe, Düsseldorf, Bonn, etc..).

GLASS

323/M SOGEVER - STE GENERALE POUR L'EXPANSION DES PRODUITS VERRIERS Sarl (capital Ff 100,000) has been formed in Paris on the premises of TECMAVER - OFFICE TECHNIQUE DES MATERIAUX VERRIERS SA, which was set up there in April 1964 with a capital of Ff 50,000. The new company's capital of Ff 100,000 is divided in almost exactly the same way: 47% each is held by CIE DE SAINT GOBAIN SA, Neuilly, Seine (see No. 321) and GLACES DE BOUSSOIS SA, Paris (see No. 304); STE DES VERRERIES DE LA GARE & A. BELOTTE REUNIES SA, Valenciennes, Nord (capital Ff 8,752,000) has 6%.

The Saint Gobain and Boussois groups already have a number of common interests in France: SOVIREL - SA DES VERRERIES INDUSTRIELLES REUNIES DU LOING (see No. 306) in which they have 46.18% and 20.4% respectively; SA DES MIROITERIES DE L'OUEST, Antwerp (49% and 45%); STE INDUSTRIELLE TRIPLEX Sarl, Paris (64% and 36%); STE DE VERRERIES INDUSTRIELLE & SCIENTIFIQUE (SOVIS) SA, Jouarre, Seine (80% and 20%); LES SOUDIERES REUNIES DE LA MADELEINE VARANGEVILLE SA, Paris (53.17% and 2.72%, of which 1% is direct and 1.72% through FINAVER - STE VERRIERE INDUSTRIELLE & FINANCIERE SA, Paris.

INSURANCE

323/M NAMSA - NED. ASSURANSIE MAATSKAPPY VAN SUID AFRIKA BEPERK, Johannesburg, the South African subsidiary of the Delft insurance group NATIONALE NEDERLANDEN NV (see No. 286), is negotiating to take over BASTION INSURANCE CO LTD at Johannesburg. This company has offices in the chief towns of South Africa and has premium monies invested to the value of some Fl 4 million.

The Delft group is the result of a merger between NATIONAL LEVENSVERZEKERING BANK NV, Rotterdam, and NV ASSURANTIE MIJ DE NEDERLANDEN VAN 1848, The Hague. It is closely linked with SCHWEIZERISCHE RUECKVERSICHERUNGSGES., Zurich (an 8.26% shareholder in it) and with ORION INSURANCE CO LTD, London, in which it has had a 45.4% shareholding since early 1964. The London firm only has a token shareholding in the Dutch group, but it owns large shareholdings in two of its subsidiaries - ASSOCIATED NATIONAL INSURANCE AUSTRALIA PTY LTD (33.3%) and HALIFAX INSURANCE-CANADA LTD (25%).

323/N SAI - STA ASSICURATRICE INDUSTRIALE SpA, Turin is going to absorb UNIVERSALE DI ASSICURAZIONI GENERALI SpA, Rome (capital lire 1,000 million) which it already controls. SAI (capital lire 3,200 million) of which Dr Umberto Agnelli is president, is a member of the FIAT SpA, Turin group, which holds 16.67% in it directly. It has no connexion with SAI-STA ASSICURATRICE ITALIANA SpA, Milan (see No 268 - capital lire 1,200 million) which is controlled by R.A.S. RIUNIONE ADRIATICA DI SECURTA SpA, Milan (see No 317).

OIL, GAS & PETROCHEMICALS

323/N AMOCO ITALIA SpA, Milan (capital lire 7,700 million - see No 303) is going to take over four oil distributing companies: D.I.O.M., Milan S.A.P.P., Padua, R.A.I., Milan and C.C.A., Asti.

Amoco Italia is a member of the group STANDARD OIL CO OF INDIANA, Chicago (through its New York subsidiary AMERICAN INTERNATIONAL OIL CO - see No 154). It was formerly in Rome, where it started its business in 1961. Its Cremona refinery is linked to Genoa by a pipe line 146 kilometers long and has an annual capacity of 5 million tons. It runs an organization of more than 360 service stations and points of sale and it has branches or depots at Rome, Bologna, Padua etc.

Standard Oil Company of Indiana is about to raise a loan in Europe of $25 million for 20 years with interest at 5.75%. In this respect it is following the example of other American companies such as MOBIL OIL HOLDING SA (SOCONY MOBIL OIL CO - see No 308 - group) and U.S. RUBBER UNIROYAL HOLDING SA (U.S. RUBBER CO group - see No 314), which have raised capital in Europe for the purposes of their investment there so as to ease American balance of payments difficulties. Standard Oil of Indiana will be raising its loan through a subsidiary which has been formed for this purpose in Luxembourg called AMOCO OIL HOLDING SA; it will be helped by a consortium headed by MORGAN STANLEY & CO, New York and including several issuing houses and banks in the United States, Britain, Luxembourg, Belgium, the Netherlands, Italy and West Germany.

323/N OMNIUM TECHNIQUE DES TRANSPORTS PAR PIPE-LINES (O.T.P) SA, Puteaux, Seine (capital of Ff 15 million) which has been awarded a contract by DEUTSCHE SHELL AG, Hamburg, for the construction of a pipe-line to supply the Godorf refinery near Ludwigshafen (its capacity will shortly be doubled to 8 million tons per annum) has now formed a subsidiary for this purpose at Düsseldorf. M. Jacques Villepelet, Paris, is the managing director of the new firm called OMNIUM TECHNIQUE DES TRANSPORTS PAR PIPE-LINES "O.T.P. DEUTSCHLAND" GmbH, which has a capital of Dm 20,000.

20% of the French company is owned by C.F.P.-CIE FRANCAISE DES PETROLES SA (15% directly and 5% through its 93.29% subsidiary OMNIUM FRANCAIS DES PETROLES SA - see No 318) and 40% each by OMNIUM TECHNIQUE DE L'HABITATION-O.T.H.SA of Paris (see No 311). It has an offshoot in Milan called O.T.P. - ITALIANA ORGANIZZAZIONE TECNICA PETROLIFERA SpA (see No 176) and is associated with the BECHTEL CORPORATION of San Francisco in O.T.P.-BECHTEL Sarl, Paris (see No 257).

323/O TENNCO-EUROPE SA has opened a Paris branch, which will be managed by M. Pierre Mikolajczac, Brussels. The Brussels firm, which wholesales lubricants, was formed in Brussels early in 1964 by private individuals from New Canaan, Connecticut, represented by the holding company TENNCO INTERNATIONAL LTD, Hamilton, Bermuda. It was originally called TENNANT EUROPE SA (see No 240).

323/O O.M.A.R. -OLII MINERALI AFFINI RAFFINERIA SpA has increased its capital to lire 120 million and taken over another Milan oil distributing company TICINELLI SpA.

OPTICAL & PHOTOGRAPHIC

323/O The Dutch wholesaler of photographic equipment and supplies FOTO-KINO STRIK NV, Hilversum has formed an international trading company at Berlin called IMFOTEX PHOTO GmbH (capital Dm 20,000). It will be managed by Mr. Jacques Strik, Hilversum and Mr. Michael Roelen, Berlin.

PAPER

323/O WEYERHAEUSER INTERNATIONAL SA, Caracas, Venesuela, part of the WEYERHAEUSER paper group of Tacoma, Washington (see No 243) has opened a branch in Brussels under the directorship of Mr. Robert Lewis.

Since 1962, the group has had a subsidiary in Brussels, WEYERHAEUSER BELGIUM SA which was set up to run a corrugated cardboard factory at Ghlin, Borinage, jointly with INTER MILLS SA, Brussels (see No 321).

In 1964, the group gained control of DROPSY SA, a French company manufacturing cardboard boxes and packing cases and its subsidiary, STE REMOISE DE PAPETERIE SA, but a few months ago it was refused permission by the French Finance Ministry to take an interest in PAPETERIES DE LA HAYE DESCARTES, CARTONNERIES MENIGAUD SA, Balesmes, Indre et Loire, which would have enabled that company to overcome some of its financial difficulties (it has four paper and cardboard factories).

At the beginning of 1965, the group set up a Spanish company, WEYERHAEUSER IBERO CARIBE INC which has taken an interest in IBERO AMERICANA DEL EMBALAJE SA, (subsidiary of CARIBBEAN CONTAINER CO), which has been running a packaging factory at San Vicente del Raspeig, Alicante since 1963.

323/O Two Dutch paper companies, NV CARTON- & PAPIERFABRIEK BRITTANNIA and CARTON- & PAPIERFABRIEK DE KROON NV, both at Onde Pekela and both specializing in the manufacture of strawboard, are about to merge in a holding company which will be formed under the name VERPAK - DE VERENIGDE PAPIER- & KARTONFABRIEKEN NV. The new paper company formed in this way will have nine paper-making machines in operation, seven of which will produce cardboard.

PRINTING & PUBLISHING

323/P ETAS-KOMPASS-EDIZIONI PER L'INFORMAZIONE ECONOMICA SpA (see No 313) has taken over another Milan publishing company ETAS-EDITRICE TECNICA ARTISTICA SCIENTIFICA SpA. Since 1963 the former has belonged to the group INTERNATIONAL PUBLISHING CORP LTD, London through one of its commercial and technical publishing subsidiaries KELLY-ILIFFE HOLDINGS LTD, which a few months ago took over RIVISTA DI MECCANICA SpA, the Milan publishing house for trade and technical journals.

323/P URBAN & SCHWARZENBERG VERLAG FUER MEDIZIN & NATURWISSENSCHAFTEN, Munich with a branch at Berlin-Charlottenburg (scientific and technical publishing) has opened a branch in Vienna. The firm is owned by Herr Heinz Urban, Munich and Herr Ernst Urban, Vienna, who manage URBAN & SCHWARZENBERG GmbH, Vienna, with a branch at Innsbruck.

TEXTILES

323/P The Italian producer of knitwear, stockings and outerwear CALZIFICIO MALERBA SpA (head office at Milan and factory at Varese) has established a Paris subsidiary, CICTEX- CIE INDUSTRIELLE & COMMERCIALE DES TEXTILES EUROPEENS Sarl. It will have a capital of Ff 50,000 of which 80% is held by the parent company and 10% by M. Philippe Simonin who will be managing director. It will sell (retail and wholesale) made-up and other textiles and articles of clothing in all types of materials.

323/P The Italian textile firms FILATURE & TESSITURE COSTA SpA, Genoa and DUCA VISCONTI DI MODRONE VELVIS, Milan have been taken over by TESSITURA DI ALBATE SpA, Milan, whose capital has been raised to lire 350 million.

TOBACCO

323/P SPIERER FRERES & CIE SA, Geneva (raw and leaf tobacco) is backing the formation of a Brussels company which will import, buy and sell manufactured or semi-manufactured tobacco, especially from the East. It will be called SPIERER & CO SA and its president will be M. Simon Spierer, managing director of the parent company. Its own managing director will be Mr. Charles Happe, Waterloo who holds 38% of the initial capital of Bf 100,000. The rest of the capital is held by the directors of the Swiss company - in particular, M. Simon Spiere, M.L.M. Maier and M.V. Halperin each with 15%.

323/P To prepare for expansion, the German company, C.F. VOGELSANG, Bremen, (tobacco, cigarettes and cigars) has become a limited liability Company under the name, GES FUER TABAKVERARBEITUNG C.F. VOGELSANG mbH, (capital of Dm 100,000 ; manager, Herr Helmut Kannengiesser). See also p. Q.

323/Q GALLAHER LTD, Belfast, which manufactures tobacco, cigarettes, cigars and smokers' articles, has increased its Dutch interests through its holding company, GALLAHER INTERNATIONAL NV, The Hague (a direct subsidiary of GALLAHER INTERNATIONAL LTD, London). The London company already holds 25% in THEODORUS NIEMEIJER NV, Groningen (see No. 267) and has obtained a similar shareholding in GEBR. VAN SCHUPPEN'S RITMEESTER SIGARENFABRIEKEN NV, Veenendaal, which makes "Panter" cigars: in this way Gallaher International, London, also has an indirect interest in Gebr. van Schuppen's almost wholly-owned subsidiary in the same town, GRAAF EGBERT SIGARENFABRIEKEN NV, Veenendaal.

Before coming into the Netherlands two years ago, Gallaher Ltd, Belfast, only had one direct subsidiary abroad, GALLAHER (DUBLIN) LTD. Theodorus Niemeijer also has indirect links with the Belfast group because it owns JOHN COTTON INTERNATIONAL NV, Amsterdam, 50-50 with JOHN COTTON LTD, London.

323/Q Mr. Helmut Kannengiesser, who owns two Bremen cigar and cigarette manufacturers, GEBR. DIETERLE KG and C.F. VOGELSANG KG, has sold the latter to MARTIN BRINKMANN AG, Bremen (see No. 305). C.F. Vogelsang will carry on its business as before, but change its name to GES. FUER TABACVERARBEITUNG C.F. VOGELSANG mbH (capital Dm 100,000).

As a result of this transaction, Martin Brinkmann joins the leading German companies in the industry, with about 70% of the home market. It is a majority shareholder in DOBBELMANN GmbH, Rees (tobacco and pipes), CIGARETTENFABRIK MURATTI AG, Berlin (cigarettes) and HERMANN FABER GmbH KAFFEEGROSSROESTEREI, Bremen (coffee roasters).

323/Q The Indonesian tobacco exporters are intensifying their export drive to Germany by setting up PERANTARA GmbH at Bremen. This has followed the recent creation of another company, "TEMINDO-BADAN" TEMBAKAU INDONESIA-TABAK GmbH, also at Bremen - a joint subsidiary of the Bremen companies, DEUTSCH INDONESISCHE TABAKHANDELS GmbH & CO KG and TABAKGES. JAPASAN PERRIN GmbH, of the Indonesian Government and of 37 private Indonesian firms exporting tobacco (see No. 322).

TRADE

323/Q Negotiations have been going on now for some months between the PROPHET CO of Detroit, Michigan, which is part of the GREYHOUND group, Chicago, and SA DES GRANDS MAGASINS "AU BON MARCHE" - ETS VAXELAIRE-CLAES, Brussels, with a view to setting up a "Catering" division along American lines in Belgium (see No. 295). The negotiations have resulted in the formation of a joint and equally-owned subsidiary, RESTAURA SA at Brussels.

The new company (president le Comte Yves du Monceau de Bergendal; director Mr. Peter Laursen) will run a restaurant and catering service, and will specialize in providing pre-cooked meals and drinks by contract to industrial establishments, offices, schools, factories, etc. Its capital, Bf 3 million, is held on the Belgian side by Grands Magasins "Au Bon Marche" and its subsidiary, SABOMA - STE AUXILIAIRE DES GRANDS MAGASINS AU

BON MARCHE SA, Brussels, and on the American side, by The Prophet Co and GREYHOUND FOOD MANAGEMENT INC, Detroit.

323/R A.G. LEVENTIS & CO (Nigeria) LTD (capital £2 million) has opened a Paris branch, which will be managed by M. Nicolas Nomidi. The president will be an Englishman, Mr. Anastarios G. Leventis, who lives in Paris. The Lagos company is in the Nigerian import-export trade and it also exports to Africa all kinds of goods, generally of French or British origin: the company has offices in London.

TRANSPORT

323/R L. SAVON & CO LTD (whose head office has just been moved from Tangiers to London) now holds the majority of the shares in the transport, commission and freight agency, SAGICO - STE AUXILIAIRE DE GESTION INDUSTRIELLE & COMMERCIALE SA, Paris, having subscribed the whole of the increase in its capital from Ff 350,000 to Ff 760,000. The minority shareholders include STE MARSEILLAISE DE HOUILLES & AGGLOMERES and STE COMMERCIALE SAVON FRERES, Marseilles.

L. Savon & Co is a member of the French group ETS SAVON FRERES SA, Marseilles (coal merchants), which sold its heating and kitchen division in 1960 (see No. 77) to SURMELEC SA, Paris (since absorbed by HOTCHKISS-BRANDT SA - see No. 297). The French group fills the presidency of the supervisory board of CHARSAC-MARSEILLE Sarl, Marseilles (see No. 254), in which its partners are STE CHARBONNIERE LA MURE SA, Grenoble, Isere (which belongs to the group LA MURE SA, Paris), STE NOUVELLE DES CHARBONS LONG & DE PRODUITS METALLURGIQUES Sarl, Marseilles, and STE COMMERCIALE CHARBONNIERE DU GARD Sarl, Alès, Gard.

VARIOUS

323/R Two salt production companies, STAATLICHE SALINE FRIEDRICHSHALL, Bad Friedrichshall-Jagstfeld, and STAATSSALINEN DUERRHEIM-RAPPENAU AG, Bad Rappenau, which both belong to the Land of Württemberg, have become holding companies. Their mining and industrial assets (which consist of a salt mine at Bad Friedrichshall-Kochendorf, and salt works at Bad Friedrichshall-Jagstfeld, Bad Dürrheim, Bad Rappenau and Wilhelmshall, Rottweil-Altstadt) have been taken over by a joint subsidiary formed for the purpose, called SUEDWESTDEUTSCHE SALINEN GmbH, Bad Friedrichshall. The new company will have an annual production of about 1 million tons of salt (about 20% of Germany's national production) and an annual turnover of Dm 30 million.

323/R The German company FRITZ SCHAEFER GmbH, Neunkirchen, Kr. Siegen, agency for stores under the name of "Fix-System", has formed an Austrian subsidiary called SCHAEFER GmbH, Wels. Its capital is Sch 100,000 and it is to be managed by Herr Adolf Petri, Neunkirchen.

323/S The German company, CHASALLA-SCHUHFABRIK GmbH & CO KG, Kassel, which employs about 150 workmen making sport and orthopaedic footwear, has had difficulty obtaining labour in the region round Kassel. It has therefore decided to cease its activities from next November. The company will be put into liquidation and its production programme will be handed over to another sport and orthopaedic footwear manufacturer, SOLIDSCHUHWERK GmbH, Tuttlingen. Its factories will be taken over by KOMPASS-ANTENNEN HANS SCHAEFER KG, Kassel, which will use them to produce television aerials and other accessories.

323/S M. Norbert Beyrard, Paris, an engineer and economic and financial consultant, has formed a research company in Paris called NORBERT BEYRARD-FRANCE Sarl and holds 75% of its Ff 1 million capital. His consultancy mainly concerns French-speaking Africa and the planning of economic and social development; he is president of STE NATIONALE DE FINANCEMENT, Abidjan, Ivory Coast.

M. Beyrard is known in the world of science as the inventor of a process for oxydising hydro-carbons, which is used by STE DE SYNTHESE & D'OXYDATION SYNOXY SA, Paris (capital Ff 10 million), and also of a process for separating lithium isotopes (in which COMMISSARIAT A L'ENERGIE ATOMIQUE is interested).