Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

THE WEEK IN THE COMMUNITY
July 14 - July 20, 1969

- 387 - Ref

July 24, 1969 — No 522

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

PUBLISHED ON BEHALF OF OPERA MUNDI BY EUROPEAN INTELLIGENCE LIMITED
EUROPA HOUSE ROYAL TUNBRIDGE WELLS KENT *TEL. 25202/4 TELEX 95114*

OPERA MUNDI EUROPE

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

EDITOR & PUBLISHER .. PAUL WINKLER
EXECUTIVE EDITOR .. CHARLES RONSAC
MANAGING EDITOR .... 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 EUROPEAN INTELLIGENCE LIMITED
at Europa House, Royal Tunbridge Wells, Kent, England

THE WEEK IN THE COMMUNITY

July 14 - July 20

FINANCE

Pulling Together At Last

The hopes of fresh progress for both the internal and external development of the Community were boosted last week when the Finance and Economics Ministers of the Six met in Brussels and agreed to measures which should bring about a considerable strengthening of monetary and economic cooperation amongst the Six. Although the measures are hardly bold or revolutionary, the fact that the Ministers were able to agree without too much difficulty is significant. There can however be little doubt that the monetary and economic events of the previous eighteen months have helped to clear many minds as to the course of action which should be followed in the future.

The Barre Plan put forward by the EEC Commissioner of the same name earlier this year played a considerable part in bringing about last week's agreement. Basically this involves short-term monetary aid ("mutual assistance") amongst the Six in the case of sudden crises allied to increased cooperation over economic policies. But full details as to how this will work have yet to be defined, a task which the Council of Ministers has given to the Governors of the Central Banks of the Six. They are expected to prepare their report as to how this should be applied and present this to the Ministers during the autumn. Dutch and Italian representatives at the meeting also want to ensure that this new mechanism will not interfere with existing monetary cooperation within the Group of Ten, especially the "swaps" system established between the European Central Banks and the Federal Reserve Bank in New York. The go-ahead for the new measures was achieved when Dr. Karl Schiller, the West German Economics Minister, proposed that the Council should only agree on the principles involved and that firm decisions should wait till later.

The Ministers first agreed that there should be a strengthening of short-term economic cooperation between the Six. This involves the following points:

1) Preliminary consultations take place with regard to short-term economic measures, which might have a noticeable effect on the economies of the other member states, or on the internal or external equilibrium of the member states involved, or which might result in a noticeable difference in a country's economic growth and the medium-term objectives which have been worked out on a joint basis. These consultations should also deal with overall budgetary policy and fiscal measures whose purpose is directly to influence external trade.

2) These consultations take place within the Monetary Committee of the Economic Policy Committee and the Budgetary Policy Committee.
All member states, ot the Commission, can in cases of special need request that

the consultations should take place within the Council (of Ministers), which in such cases will meet without delay.
The appropriate procedure for the consultations will be agreed by the Council on the basis of proposals from the Commission which will have received the opinion of the relevant Committees.

3) Any member state or the Commission can request consultations, in accordance with the procedure agreed above (2), if it is considered that economic developments in a member state might produce the effects set out above (1).

4) Member states should not put into effect the measures or decisions which are the object of consultations under (1) unless circumstances make this inevitable.

The ministers of the Six also agreed to increase coordination of medium-term economic policies by fixing objectives which all can agree to, thus taking into consideration their partners' views. The Six have decided to agree on these objectives in the autumn on the basis of proposals prepared by the Commission, and it is then that the true worth of this will become apparent.

The most important decision at the meeting in Brussels was the agreement to short-term monetary support, basically part of the monetary mechanism set out in the Barre Plan. This will provide for the use of automatic credit facilities - and they must be automatic to make them worthwhile - for use by a member state or states in balance of payments difficulties. The system will be based on the report prepared by the Governors of the Central Banks within the Six, who will also be responsible for its operation. Although the application of this system should make it easier for member states to maintain an economic policy, and not be blown off course, and also help to limit speculation within the Community, it does raise a number of questions which may yet prove difficult to resolve.

The governors are expected to meet in October and present their report during November. They will have to decide what credits each country will make available, in what currencies these may be drawn, and how risks will be covered, as well as the total amount which a country may have title to. At present, these "Community swaps" do not seem likely to expand the existing swap system very much, and the two may will merge to some extent. In any case, once a country has been granted this aid, consultations will have to start as to what measures it will need to take to remedy the situation it is faced with.

The ministers also adopted the Commission's proposals for controlling the present inflationary situation before it gets out of hand. These include a systematic mobilisation of available resources in order to raise the overall level of supply, especially through training and readaptation programmes for workers, and measures to slow down the growth in overall demand. This means the use of a much more rigorous budgetary policy rather than monetary measures, which have already been applied and whose effectiveness is in any case limited by international monetary and financial developments. Finally there will have to be consultations with both unions and employers if the Community is going to apply an effective and balanced economic policy which will ensure continued growth even if it means some sacrifices at the present time.

Some observers have already hailed the agreement reached last week as a major step forward. Certainly the ministers will have achieved something to be proud of if they continue to show the same willingness, and it is this which counts for most. The Belgian financial paper L'Echo de la Bourse said: "Thus the countries of the Six have begun to accept a supranational economic and monetary discipline. This is important and it cannot be repeated often enough". It also maintains that it will help the Six in assimilating Britain, if she is to join, by presenting a common front in this sphere, as well as showing the world that the Six are united.

It must be hoped that the ministers' agreement is not tested too strongly before they have time to define the details of its application. This is however a very real danger, and it could lead to a major summer crisis for the Six, despite their desire for progress. The uncertainty over what will happen in West Germany after the election on September 28, allied to the continued decline in French reserves, which seem to be drifting away despite the various measures which have been taken directly and indirectly must be a cause for concern both inside and outside the Common Market. Furthermore the discussions as to different possibilities for changes in parities through sliding margins, or floating rates does not make it any easier to plan ahead. The Six and especially the French and Germans must be hoping for a period of calm during the summer break, but whether they will get their wish is far from certain.

* * *

Commission's "Brussels Pursestrings" Plan

The EEC Commission has just forwarded to member states its proposals on the definitive financial regulation for the common agricultural policy. Up to the end of this year, there are but interim regulations to tide the Six over, but this may be as well, for the Commission has clearly taken this opportunity generally to seek the rationalisation of Community finances: it moves way beyond the scope of C.A.P. financing in fact and into the field of financial self-sufficiency for the Community ("ressources propres"). Such funds would be used not only for farm finance, but also other Community expenses like the Euratom research budget, the European Social Fund and the normal running expenses budget of the Communities.

As a beginning, however, what the Commission proposes is that the present temporary regulation should be extended up to January 1, 1971, even though this only provides for the channelling of about 90% of levies into FEOGA, the Agricultural

Guidance and Guarantee Fund, the Six's present farming exchequer. The Commission explains this proposal: the delay is made necessary by the fact that the creation of Community funds as such would require governmental ratification in certain member countries, always a lengthy process.

As from January 1, 1971, the definitive regulation would then come into force, and autonomous financing by the Community would gradually be established between this date and the deadline of January 1, 1974, according to the following schedule:

- January 1, 1971: all levies and two-thirds of all customs duties taken would be taken into the Community fund.
- January 1, 1972: three-quarters of customs duties so channelled.
- January 1, 1973: all levies and customs duties under Community control and disposal.

It is estimated that the amount of funds that the Community would gain title to in this way would be in the region of $2,300 million a year. Moreover, the cash received in this way would not be subject to a strict earmarking process, with specific revenue reserved for specific expenses: the spending hand would no longer know what the collecting hand was doing. Indeed, the signs are that expenditure requirements should rise to $3,000 million at least: $2,700 million for FEOGA expenditure; $120 million for Community running costs; $50 million for the Social Fund, and $80 million for Euratom. These are rock-bottom estimates, say the experts, and take no account at all of the possible cost of farm restructuring, for instance, or larger payouts from the Social Fund, not to mention any serious effort to get things humming in Euratom.

At the very least, therefore, we are by 1973 going to be casting about for another $700 million for the Six (possibly even more before that, as duties will not be functioning fully). This gap will of course have to be filled by the member states themselves, making contributions from their own budgets according to the breakdown of Community expenses that applies at present, i.e. the relative amounts found by each of the Six. They will in fact take the deficit between Community expenses overall and the amount taken in levies and duties, calculate the ratio between costs incurred by each of the four sectors (FEOGA, Euratom, Social Fund and running costs) and the deficit balance overall, and apply the six-way percentage contributions key to this amount.

Tortuous as it is, this system does have the virtue of political expediency to recommend it. Logically, to separate completely the costs and expenses sides of Community finance would have meant the simple application of just one contribution scale to the Community deficit, taking no account of the four different sectors. However, the Commission has realistically anticipated the Five, and their inevitable urge in such circumstances to "compensate" for the undoubted advantage that France would gain from farm finance: by covering sectors separately, this inequality is of course eliminated.

After January 1, 1974 - and this is a vital political step - the Commission maintains that all Community costs should be covered solely by its own funds. The implication is that all national budget contributions would then cease, and that fresh sources of autonomous Community finance would have to be found. No doubt, these would have to be fiscal in nature, and could be incorporated as the fiscal harmonisation programme of the Six goes ahead. Whatever else, says the Commission, there should be no question of these resources ever exceeding 1% of Community G.N.P.

The Commission, no doubt with the 1965 crisis very much in mind, has approached the whole question very gingerly, when it comes to the political side. As yet, with regard to the powers of the European Parliament, it has confined itself merely to stating that the powers of budgetary control devolving upon the Strasbourg assembly should be amplified, with such large sums of money about to move out of the control of the national parliaments. Beyond this, it makes no concrete suggestions, only saying that it wishes first to have further discussions with the European Assembly. Again, after 1974, says the Commission, the question of the legislative powers of the Parliament will come very much to the fore: it makes no mention of any possible extension of its own terms of reference, '

It is however as clear as day that if the Six allow these proposals to move into the implementation stage, then Community sovereignty will have to be extended, and with it the power of the Commission. Indeed, when we have the definitive version of the common farm finance regulation, then all agricultural expenditure will be through the agency of FEOGA, not just the "eligible" expenditure that is so channelled today, leaving certain items still under the governance of national treasuries. Again, this integral financial responsibility will mean that the role of the national intervention agencies will be reduced essentially to that of executors, acting on behalf of the Community. In turn, this presupposes some sort of control by Community agents. Another thing that integral responsibility would bring with it is a brief for the Commission to take steps against fraudulent practices, Community funds and the protection of the same then becoming its preserve.

These proposals are in general well balanced, and in fact should present no insurmountable problems, neither financial nor political. We can nonetheless expect a certain amount of kicking against the pricks from Italy, which we may recall is even now in debt to FEOGA to the tune of $200 million.

However, where we may expect to find the going less smooth is when it comes to the timing of this exercise. In its proposals the Commission rather blandly assumes that the year's extension of the interim farm finance regulation should not prevent the Six from moving the Community into its final phase on the last day of this year, as laid down in the Rome Treaty. This of course cuts across every stance adopted by the French Government in recent weeks. Again, there is the enlargement issue to be dealt with, and the extent to which the two exercises might mutually exclude one another. In fact, it would be true to say that the crunch point for the whole study is really ratification by national governments. As far as observers on the spot can see, it would be totally unrealistic to expect the French Government to enter into negotiations with London before the financial regulation is adopted by the Council, or indeed has been properly ratified by all the governments of fellow member states. This would be a very proper safeguard, especially when we recall that the Italian Government has not, even yet, ratified the decision taken in Council to step up contributions to FEOGA, and that it is now eight months or more since the Fund saw the colour of any Italian money.

* * *

INDUSTRY

The difference in the strength of the French and West German economies has given rise to a considerable amount of discussion both within the EEC and in third countries. One factor to take into account is the growth rate of various key sector, and the tables shown below help to illustrate one aspect of this question.

Table 1 - France: Industrial Growth Checklist - Key Sectors

	1962	1963	1964	1965	1966	1967	1968
Artificial textiles	14.0	16.3	9.0	- 6.1	16.1	- 3.0	13.9
Oil & Fuel	8.6	14.5	13.9	12.9	7.7	10.8	6.0
Vehicles	19.1	13.2	- 0.9	- 4.0	20.3	- 0.5	4.3
Electrical Engineering	12.8	9.4	11.2	8.1	8.1	5.2	11.2
Chemicals	9.8	9.6	10.4	9.8	10.9	8.5	9.0
All industry (except construction)	6.2	4.8	7.8	1.7	7.2	2.3	4.1

Source INSEE

Table 2 - Germany: Industrial Growth Checklist - Key Sectors

	1966	1968	1969 (est)
Artificial textiles	5.7	7	16
Oil & refineries	4.7	9	13
Vehicles	-14.9	10	12
Electrical Engineering	- 1.7	8	15
Chemicals	8.7	10	15
All industry (except construction)	- 2.2	5.5	10.2

EEC ECONOMY

Walking the Tightrope

Despite running at or very near capacity the Community has managed to record a continued growth in industrial production. This is one conclusion of the latest economic survey carried out by the EEC Commission. In many industries there is a heavy backlog of orders, and stocks of finished products have been running low. Delivery delays have been growing and the decline in the elasticity of supply has been particularly marked in Germany and France, while in Belgium and Luxembourg there is again very little slack left in the system, due to the rising demand from other countries and a growth of domestic demand. The rise in Dutch industrial production is put down to industries which have retained a high degree of flexibility, such as chemicals and natural gas, because of heavy investment in past years. Surprisingly the report states that in Italy industrial growth does not seem to have suffered from capacity shortages, though strikes have curbed the rate of expansion.

The output of the Community's metal products industries has continued to move upwards at a brisk rate, though the effects of a shortage of skilled labour, and capacity working are now making themselves felt. There has however been an increase in orders, and delivery periods are longer. In Germany domestic orders for capital goods were 44% higher in the period March-April this year than they were at the same time in 1968 and in the engineering industry, domestic books were even fuller. Tax arrangements in France encourage investment in equipment which helped to stimulate the metal products industry, whilst in the Benelux it was foreign orders, especially from other Common Market countries, which helped to push output upwards. Italian domestic and export demand continued to expand, although output was to some extent curbed by strikes.

The so-called "boom conditions" have helped to maintain a high demand for labour throughout the Common Market countries, and especially so in West Germany, France and the Netherlands. Because firms are working at or very near technical capacity, there has been a fall or at least a standstill in productivity growth. The pool of available labour has depleted, so that real problems are likely to arise in particular with regard to skilled labour. The lack of a sufficient workforce is already being sorely felt in the highly-industrialised areas of the Common Market.

During the period of April and May consumer prices continued to rise, due both to the effect of crop failures and some seasonal factors. Rents, as well as prices in general, have been moving upwards again. The vigorous expansion of private consumption and services allied to rising wage costs has resulted in a further deterioration of the price situation in Belgium, Italy and West Germany. In the Netherlands there was however a weakening in the upward trend of prices, partly as a result of the price freeze since early April. In France however managements have become more and more inclined to put up prices, as order-books have lengthened and delivery delays increased.

The temporary improvement in April in the Community's balance of trade has not been maintained. The stress of internal demand and the tightness of capacity has encouraged the trend towards higher imports of finished goods. Although exports to non-member countries have continued to rise and thus offset to some extent the growth of imports, purchases of raw materials and semi-manufactures from outside the Community have also been expanding rapidly. This latter trend is due not only to the expansion in the volume of production by also to efforts on the part of firms to cover their requirements of raw materials more rapidly, in view of the persistent boom on world commodity markets.

Share prices within the Common Market have continued to rise sharply during the past months, although a period of uncertainty seems to be appearing, due in part to the persistent rise in interest rates. Both the vigorous business situation and the unrest on the international monetary scene have helped to encourage the purchase of shares, while the restrictive credit policy measures adopted in all member countries have so far had little, if any, inhibiting influence on stock exchange optimism. The measures taken by the Italian government to deal with the flight of capital out of the country have helped to stimulate the purchase of Italian securities.

The continued rise in international interest rates has put increasing pressure on Community bond markets. In addition, almost all member countries tightened further their credit and monetary policies in the spring to stem the massive exports of capital and because of the danger of overheating in the economy. The rise in interest rates was also aimed at encouraging saving as there have been signs in some member countries of households cutting back on savings. In Belgium a governmnet loan bore the highest interest rate ever paid for such a loan. In Germany the volume of new loans floated by firms and public authorities was comparatively small, while foreign issuers, attracted by the low level of German interest compared with elsewhere, made increasing calls on the country's capital market. In the Netherlands, the flow of new issues was on the whole comparatively small, although there were heavy governmental demands for capital. In France capital market borrowers have displayed greater caution since May, while long-term interest rates showed little change in Italy, mainly because the Banca d'Italia was supporting the market.

* * *

INDUSTRY

Commission Blessing for C-O-P - Esperance-Longdoz Merger

The EEC Commission has taken a decision in principle to give the go-ahead to the merger of the two Belgian steel companies, Esperance-Longdoz and Cockerill-Ougree-Providence (see Euroflash, No 511), these having submitted to it, as prescribed in Article 66 of the Paris Treaty, a notification of their intentions. This move would result in a single steel-making group of an annual production capacity in the 5 - 6 million ton bracket, thus accounting for some 6% of Community production.

The merger will be implemented as follows: Societe Generale de Belgigue will buy up 40% of the equity of Esperance-Longdoz, these shares at present being in the hands of the financial group Evence Coppee & Cie. Since the Societe Generale already controls Cockerill-Ougree-Providence, this will suffice to effect a merger. Since the combined output of the two firms amounts to only 6% of ECSC production of steel, there can be no question of any such merger distoring the pattern of the market. Nevertheless, while the merger would account for only 6% of ECSC production, the fact remains that Societe Generale also controls a hefty stake in the Luxembourg steel group ARBED, its chief partner therein being the French Schneider group, via which it also dominates SIDMAR. Thus there is raised the issue of a possible "effective group", comprising the new Belgian steel combine, Arbed, Sidmar and all other companies coming under the control of these, either directly or indirectly. The Commission does not consider this a real threat, however, mainly because of the singular situation of Arbed, for the most part a Luxembourg company in its own right, and possessed of a considerable degree of autonomy, despite the firm grip upon it of Ste Generale and Schneider. However, to be sure the Commission is to lay down specific provisions in its authorisation that will serve to obviate any group effect between the Belgian combine on the one hand and the Arbed-Sidmar "axis" on the other.

*

A.K.U. - Zout-Organon: Holland's Fourth Giant

The boards of the Netherlands' fourth and fifth largest companies, Algemene Kunstzijde Unie (mainly fibres) and Koninklijke Zout-Organon (chemicals, pharmaceuticals and food), both of Arnhem, have just announced their intention to merge. No date has been set for the move, as the national and international implications have to be weighed on many different scales yet, but there is unlikely to be any major impediment to the operation, as it is essentially one of rationalisation and the pooling of complementary activities. The result would be a group with a 100,000 world payroll and a consolidated global turnover in the region of Fl 6,000 million, yielding profits of the order of Fl 300 million. Combined, the two groups would still rank No 4 in their own country, after Unilever, Royal Dutch-Shell and Philips, but would now be of true "European scale" when compared with the other chemical giants of Europe. The league table would be roughly as follows, in terms of French francs:

Imperial Chemical Industries	14,500 million
Montecatini-Edison	10,450
Farbenfabriken Bayer	10,000
Farbwerke Hoechst	9,400
B.A.S.F.	8,800
Rhone-Poulenc (P-S-G absorbed)	7 -10,000
A.K.U. - K.Z.O.	8,000

In 1968, Zout-Organon, created by the merger in 1967 of Kon. Zout-Ketjen with Kon. Zwanenberg-Organon (see Opera Mundi, No 417), turned over some Fl 2,000 million, employing some 26,500 people in four divisions: chemical products (44.3% of turnover); pharmaceuticals (19.5%); foodstuffs (18.8%) and household products (11.5%). It has world-wide interests, with both manufacturing and sales subsidiaries representing it.

Last year, A.K.U.'s consolidated turnover amounted to Fl 3,500 million with a total workforce of 71,000, and profits came to about Fl 140 million. The company has led the field in Europe for artificial fibres for many years: it started with production of rayon in 1911, and after the Second World War diversified into other fibres, either through licensing agreements (ICI for polyester and Du Pont for Nylon) or by buying up other companies - in particular there was last year's takeover of Fabelta, of the Union Chimique Belge, which provided it with a ready-made acrylic fibres manufacturing division (see No 510). Diversification fas also taken it much further down the textiles production cycle, to weaving, dyeing and even carpet-making processes, and through its major German subsidiary Glanztoff it has even entered the synthetic leather field. It has in all 47 mills and factories, in: Belgium, Italy, Austria, Switzerland, Spain, Northern Ireland, the United States (American Enka, with a 10,000 payroll), Mexico, the Argentine, Colombia and India.

Despite these concerted efforts, however, A.K.U. has until now remained far too heavily reliant upon the fibres sector for its income, with still no less than 80% of turnover accruing from this side of the business in 1968. True, it had managed to reduce its reliance upon the textiles industry as such for its outlet to only 50% of the fibres produced, but it was nevertheless finding itself far too prone to ups and downs in the world textiles market. This perhaps is the chief motive behind the move, apart from the economic and financial need for either partner in the venture to join a grouping of really international dimensions. In addition, however, much will be gained from the pooling of either company's research and development facilities, and from a complete overhaul and rationalisation of their international marketing and manufacturing networks.

* * *

E.C.S.C.

New Solution for Coking Coal

The Commission is preparing a draft decision to take over from decision 1/67 of the High Authority, which created a system of aid for coking coal and furnace coke used by the Community's steel industries. Decision 1/67 is due to expire on December 31 of this year and both the Council of Ministers and the Commission are agreed that it should not be renewed. The present aid system has enabled the Community coal producers to align their prices on coal imports from third countries, thus eliminating the discrimination which dictated Community steel producers' choice of either coking coal of Community origin, or imports. This will not simply be abolished, for the new decision which is now being prepared by the Commission's experts for approval by the Council during September is understood to retain the benefits which now exist for both Community coal and steel producers. Certain changes in the way it will be applied are therefore expected, and these will depend on the future common energy policy, the guidelines for which the Commission has already established.

*

New Technical Aid for the Coal Industry

The Commission has just approved seven new projects costing a total of $4,668 million, which will finance seven new research projects for the coal industry. These have still to be approved by the consultative committee and the Council of Ministers and are aimed at improving and hastening the introduction of automated coal extraction. It is expected that work on these will be carried out in close cooperation with the various coal research institutions in the Common Market countries.

*

Community Steel Production

January - June 1969

During the first six months of 1969 the Community produced some 54,132,000 tons of steel, an increase of 12.5% compared with 48,122,000 tons for the same period last year. For the same six months there was a 12.1% increase in production of cast iron from 35,106,000 tons in 1968 to 39,365,000 tons in 1969.

Steel and Cast Iron Production

January - June 1969

	Steel		Cast Iron	
	1968	1969	1968	1969
West Germany	19,997	22,107	14,675	16,290
Belgium	5,728	6,350	5,191	5,590
France	9,761	11,688	7,909	9,322
Italy	8,519	9,021	3,833	4,154
Luxembourg	2,331	2,691	2,082	2,367
Netherlands	1,786	2,275	1,416	1,642
Community	48,122	54,132	35,106	39,365

* * *

TRADE

Community Deficit in First Quarter

Recently released figures show that for the first time since 1966 the Community had a deficit in its trade balance with third countries in the first quarter of this year. The deficit amounted to $171 million compared with a surplus of $472 million in the first quarter of 1968.

Imports from induatrialised countries rose by 11% compared with the same period in 1968, although exports to the same rose by only 2%. The value increase in imports from these countries was $4,900 million, whilst the value of exports was $5,700 million and the trading surplus was therefore $737 million.

Imports from EFTA countries rose by 18% whilst exports increased by 10%. Imports from Britain went up by 15% and from Japan by 21%, although exports to both countries rose by only 3%. Imports from the United States fell by 3%, but exports also fell by 15%. However, Italy increased by 11% her sales to the United States, with the Belgium-Luxembourg economic union recording a 35% fall in U.S. imports and West Germany a 28% drop. Imports from developing countries were valued at $3,500 million and exports at $2,400 million. There was a 13% rise in imports whilst exports went up by 7%. Imports from Eastern Europe recorded an 8% rise and exports moved upwards by 2%, due mainly to a 7% fall in sales to the Soviet Union.

Italian imports from third countries rose by 24%, whilst exports went up by 11%. For West Germany the figures are 14% and 3%, for the BLEU 3 and 1%, for the Netherlands 5 and 0%, whilst France also had a nil increase in exports and a 10% rise in imports. The $563 million surplus achieved by West Germany only partially compensated for the deficit run up by its five partners in the Community.

During the first three months of 1969 intra-Community trade was valued at $8,500 million, a rise of $1,800 million over 1968. This increase of 27% is the largest since 1961. Both French and Italian trade with the other countries rose sharply, with French imports going up by 35% and Italian exports rising by 26%. Exports from France and Italy to their four partners in the Common Market rose by 28% and 21% respectively.

* * *

AGRICULTURE

After three days of long discussions in Brussels, the EEC Ministers of Agriculture last Thursday broke up without having come to any agreement as to milk and beef prices since April 1st, or as to what measures should be taken to remedy the situation for beef producers.

Strictly speaking, the Ministers have only got the next marathon session due for July 28-30, to come to a decision, although it is possible that we may see another bout of clock stopping. But even then they may not come to an agreement as most of the technical difficulties involved have been resolved and the problem is now a political one. In this context last week's meeting was admittedly complicated by the continuing lack of a government in Italy, and the Italian representative made it quite clear that in these circumstances he could not agree to any decision of a political nature.

What are the problems which need to be resolved and what are the possible solutions which may be adopted? Basically the choice is between reducing butter production or increasing its consumption without cutting farmers' incomes. From this angle the Commission's proposals that there should be a slight reduction in the price of butter and an increase in the price of powdered milk, would probably be the simplest answer and it is likely that the solution finally adopted will include measures along these lines. At the same time, however, there is a need to abolish national "correctives" in force in both Belgium and France with regard to other Community countries. To get over these, it has been suggested that Belgium should introduce fiscal measures when the TVA is introduced on August 1, 1970, while France could adopt a direct but selective aid system for producers.

This would, however, be insufficient and slaughtering premiums for dairy cows are also expected to be used. To complement this, M. Duhamel, the French Minister of Agriculture, wants to stimulate beef production through the use of premiums, and at the same time he has suggested that beef prices should be raised by 6% during the next 18 months, with a 3% rise coming into effect on August 1st of this year.

During the meeting, the Ministers also heard a report from Dr. Mansholt on the recent meeting in Washington of the major wheat exporting countries, and he criticised the American decision no longer to observe the prices arrived at under the international wheat agreement. At the same time, however, he considered that the EEC could reduce its pressure on Far Eastern cereal markets, as this caused problems for both the United States and Australia. He rejected the suggestion made by Australia at the conference, and previously put forward by the United States before the Kennedy Round, under which world markets would be shared out. In Dr. Mansholt's view this would be extremely dangerous for all concerned, as it would freeze the present situation, without providing any solution.

*

Dutch Farmers and the Mansholt Plan

The Dutch farmers' union, Het Landbouwschap, thought long and carefully before delivering its views on the memorandum on the reform of agricultural structure in the EEC drawn up by the vice-president Dr. Sicco Mansholt (himself a Dutchman). The result is a sober recognition that the agricultural population must indeed grow smaller and farms larger if a properly balanced market is to be secured, and that the task will be neither easily nor rapidly accomplished. The memorandum and its implications for the Netherlands was the main topic at the annual meeting of the Landbouwschap on June 25.

While agreeing that the agricultural population must be reduced, the Landbouwschap points out that this is not simply a matter of agricultural policy, since the farm workers displaced must have somewhere else to go. The operation must be carried out in a socially responsible manner, preferably with the European social fund extended to help with retraining those who want to change to other work. Procedure should be the same throughout the EEC (though not necessarily applied everywhere at the same time, as there will be differences in social climate), and should cover hired help as well as independent farms and retraining as well as retirement. It will be useful to direct rural education more towards general instruction, postponing the final choice of occupation to a later age than at present and making subsequent changes easier.

The memorandum is considered too rigid in the matter of farm sizes, acreage not being the sole measure of viability. Land mobility will be helped by subsidising consolidation and making grants towards the purchase or hire of extra land where holdings can be enlarged quickly in this way. The possibility of a land bank should be given serious consideration. Specific developments such as inter-farm cooperation might be encouraged by non-recurrent grants. The advantages of increased size can equally well be obtained by a group of small farms acting together to share machinery, supply services, and so on. The EEC Commission's assumption that the new style large farm will respond better to market conditions is challenged. The Landbouwschap believes that the larger farms will be worked as intensively as the smaller traditional farms, and may have so much invested in equipment for one particular product that they cannot switch to another as quickly as the state of market might require.

There is a broad connection between market and price policy on the one hand and structural policy on the other. The Dutch believe that price policy should be related to the structure prevailing at the time, and not the other way round. According to the Landbouwschap the main factors to be taken into account in establishing a price policy are: 1. production costs on rationally managed farms; 2. market conditions; 3. the product's contribution to agricultural returns. Instead of weighing these factors against each other, the EEC Commission puts most of the emphasis on market conditions.

Various ways of controlling output by a quota system have been considered. One possibility is the method used by the Dutch to control sugar production and proposed in West Germany for dairy produce. This is based on a fixed price for a fixed quantity; any production over the quota receives a lower price and the producer prices should equal the average of these two. This would mean the same reduced rate for excess production to growers in all parts of the Community; where the product is one that makes an essential contribution to farm incomes the lower producer price is unlikely to lead to a decline in production, though the growers will be worse off. The method should reduce the burden on the EEC agricultural fund FEOGA. Another possibility is national quotas, but that of course defeats the purpose of the Common Market. Alternatively quotas can be applied at the processing stage, but this only works for certain products - about a quarter of the EEC's milk output, for example, bypasses the dairies - and countries with a big processing industry would have to bear the brunt.

Bearing in mind that practically all the milk produced in the Netherlands goes to the dairies, the Dutch are not in favour of quotas at all. Rather than curb production they would like butter consumption to be encouraged by a cut in prices (financed by FEOGA) and exemption from added value tax. Meanwhile the same intervention price should apply throughout the Community, and to skimmed milk powder as well as butter.

The introduction of cow slaughter premiums will have the useful short term effect of checking the rise in milk production. The Landbouwschap has reservations about the value of fattening premiums on the grounds that they confuse the issue - essentially the reduction of milk supplies - and are less effective in encouraging beef production than a higher orientation price would be.

Land should not be taken out of production without considering the social and economic effects that may follow (such as the depopulation of whole areas). Nor should surplus land be allowed to turn to waste. There will be cases where only temporary withdrawal from agricultural use will be sufficient to control output. As for reclaiming land specifically for agriculture, the Dutch have already abandoned this in favour of non-agricultural uses in the later stages of the Ijsselmeer project. Where reclaimed land is made available for farming, its settlement should be used as a means of improving the structure of the existing farmland thus vacated.

On marketing of agricultural produce the Landbouwschap considers that the Mansholt plan does not go far enough. Too little thought seems to be given to the development of sales organisations (such as the powerful Dutch Productschappen), and more could be done in reducing legal obstacles and improving transport facilities. As for professional organisations, the memorandum deals with them too briefly for the Landbouwschap to have any comment to make.

The proposed tax on oilcake is criticised on the grounds that it will increase production costs without increasing returns in any way. In any case it would be technically almost impossible to control such a measure, given the variety of ingredients, home-grown and imported, that oilcake may include. A policy to increase the output of protein crops such as lucerne and the different pulses would be more useful.

The Landbouwschap agrees that market and price policies should continue to be financed by the Community through the guarantee section of the agricultural fund, and that structural development should be financed in part if not altogether from the guidance section. The common structural policy will not be fully effective unless further harmonisation can be achieved on social and fiscal matters, including support policy, and it is unfortunate that individual member states should be making progress in that direction when the EEC Commission has nothing definite to offer. Finally, the Landbouwschap urges the need for clarification of EEC policy with regard to trade with Eastern Europe, if possible before the transition period ends at the end of this year, and applauds the intention to find out how far the Community's milk production potential can be used to provide food aid for developing countries.

*

Self-Sufficienty Ratios

The Pisani report on the agricultural problems raised by British membership of the Community were discussed last week at some length. The table below which shows the degrees of self-sufficiency which might occur in an enlarged Community helps to clarify some of the problems which are involved.

Degree of self sufficiency

	EEC without UK a)	UK b)	EEC with UK a)
Wheat	103.9	48.4	91.6
Feed grain	72.5	65.7	72.7
Total grain	84.9	65.7	80
Sugar	100.2	32.3	78.8
Fresh vegetables	102.3	77.6	98.6
Fresh fruit excluding citrus	89.4	33.8	83.2
Wine	95.1	-	94.1
Beef and veal	84.7 and 93.2	87.2	85.7
Pigmeat	98.7	100.2	98.8
Poultrymeat	95.7	97.1	95.8
Whole milk	103.4	100	100
Eggs	97	98.8	96.9
Oils and fats	37.7	12.3	31.9

a) average for three year period 1954/65 to 1966/67; b) average 1965/66, 1966/67 and 1967/68.

* * *

EURATOM

U.S. - E.E.C. Enrichment Pact

The Euratom supply agency, which is responsible for the supply of nuclear fuels to Community nuclear consumers, signed an agreement on July 11th in Brussels with the United States Atomic Energy Commission on behalf of the West German nuclear power station at Stade. Under this the USAEC will enrich the natural uranium supply by Stade so that this can be used in the power station's reactor. The contract is due to terminate at the end of 1975.

*

The Commission has just decided to go ahead with a number of association contracts in the "controlled thermo-nuclear fusion" sector with the French C.E.A., the Italian C.N.E.N., the Dutch F.O.M., the West German Institut für Plamaphysik and Kernforschungsanlage, as well as with the Belgian Government. These contracts form part of the joint Community programmes in the fusion and plasma physics sector, and the Commission has decided on this step because of the considerable number of different problems surrounding research work in this sphere.

* * *

SHIPPING

The Year of the Container

The OECD survey of maritime transport in 1968 highlights the growth of container operations, especially across the Atlantic and adds that the first half of 1969 saw the introduction of container services from Europe to Australia. Further container routes are likely to start before the end of the year, during which total container capacity is expected to rise by some 40%. The report covers developments during 1968 as seen by the OECD's Maritime Transport Committee and also bears in consideration longer term trends. Flag discrimination is a special problem which has been under investigation.

The report summarises developments in the world freight market during 1968 and in the early months of 1969. It states that rates in the bulk cargo and oil trades have remained relatively stable owing to a good balance between supply and demand. Tanker rates reached an unusual summer peak, apparently because charterers had hoped to cover requirements at low summer rates and had consequently held back chartering in winter and spring. Another remarkable feature was the growing impact of combination carriers which help to alleviate separate fluctuations of the dry cargo and tanker markets. In the liner trades, increased handling costs have led in some cases to increased rates but the introduction of door-to-door transport by containers and other unit load systems may lead to a reduction in the future.

Turning to the demand for shipping services, it points out that 1967 had been marked by abnormally slow growth of world trade and as a result, dry cargo shipments increased by only 1%. The lengthening of certain routes after the closure of the Suez Canal and the switching into the oil trades of combination carriers and tankers in the grain trade nevertheless helped to sustain dry cargo shipping demand. The closure of the Canal together with a normal increase in oil shipments put a considerable strain on tanker demand in 1967. Figures for 1968 show a considerable increase of both dry cargo and oil shipments. Inter-regional oil shipments rose by 9% to reach one billion tons. Average tanker trading distances increased further because the Suez Canal remained closed throughout the year and tanker demand therefore grew at a record rate for the second consecutive year. Since no further increase in the average tanker trading distance can be anticipated in 1969, the growth of tanker demand is expected to slow down considerably. Preliminary figures of 1968 dry cargo shipments show an increase of 7.5% for the three major bulk commodities which account for roughly 35% of world dry cargo shipments.

The report states that the world fleet increased by almost 7% in 1968, the highest increase since 1958 and, by the end of the year, amounted to about 200 million gross registered tons. Notable increases have been in the Japanese, Liberian, Norwegian and USSR fleets. The total of ships under construction and on order is over 11% higher than in the previous year and is a record figure. The world order book for new vessels totalled 90 million d.w.t. in February 1969, of which about 65% were tankers and almost 25% bulk and combination carriers. Orders for container vessels were nearly as important as for conventional liner and tramp tonnage. The trend towards the construction of larger vessels continues; there are numerous orders for tankers of over 200,000 d.w.t. and, during 1968, two tankers of over 325,000 d.w.t. entered service.

A special section in the report deals with a pilot study being carried out in an attempt to provide better quantitative information regarding dry cargo demand. This describes dry cargo flows by origin and destination, covering two-thirds of world international movements, including shipments on all major intercontinental routes, and an attempt is made to distinguish between liner and bulk cargo movements. The report, it is hoped, will indicate a method for providing adequate statistical data for other than the main bulk trades, in particular for general cargo shipped by liners.

* * *

COMPETITION

Italian Fertilizers Cleared

A sales cartel linking several Italian producers of chemical fertilizers who together account for over 50% of national production, has been given a negative clearance by the Commission following a request to this end by the companies involved. These are shareholders in SEIFA, Milan, along with other companies, who although not shareholders, have appointed SEIFA as their agent for the sale of nitrate fertilizers.

Although when clearance was first requested the cartel followed practices which could distort the growth of fertilizer exports within the Community, these practices have been terminated following changes made by the companies involved after the Commission's intervention and the sales pact has thus been cleared. As a result of the decision, SEIFA will continue to sell fertilizers made by the companies involved within Italy and to market in third countries. It will, however, be unable to export fertilizers to other Community countries, for such exports will have to be the responsability of each company.

The decision is complementary to those taken at the end of last year by the Commission with regard to similar sales organisations for fertilizers in France and Belgium. It is now clear that the Commission's aim in this sector, which in the past has been notable for a lack of trade between the Six, is the protection of fertilizer users by a ban on obstacles, through which large groups might impede the establishment of an effective single market within the EEC.

*

Market Share is Important

The Community's Court of Justice has recently given its interpretation of an exclusive distribution agreement with absolute territorial protection, which was requested by the Munich Appeal Court, following an action by a small West German producer of washing machines, Herr Franz Völk, who had made an exclusive agreement with the Belgian company Ets. Vervaecke in Brussels, covering the distribution of 80 washing machines a month in Belgium and Luxembourg. The contract had been terminated by the Belgian company before it had run out on the grounds that such an exclusive agreement was contrary to Article 85, paragraph 1 of the Rome Treaty. The Court of Justice has, however, ruled that such an agreement does not fall within the scope of the Article if the share of the market in the territory in question held by the products is so small as to be insignificant.

* * *

SOCIAL

Wage Surveys for Services

For a number of years Community-wide studies on wage rates in industry have been carried out and the Commission now considers that the time has come to extend these surveys to other sectors which have been excluded, including retail trade and services.

It has therefore proposed to the Council that a partial survey covering certain specific activities should be carried out. These include retail trade, banks and insurance companies. Preliminary work has already been completed and everything is now ready for the survey itself, which will begin in 1971 on the basis of figures relating to 1970. The cost of this survey is expected to be $ 180,000.

* * *

DEVELOPING COUNTRIES

OECD Countries Aid: Fatter Purse, Smaller Handout

On July 16 at the Chateau de la Muette, headquarters of the Organisation for Economic Cooperation & Development, Mr. Edwin Martin, chairman of the Development Assistance Committee, made public the most recent figures that the OECD has produced on the development of aid from this organisation. The D.A.C. has seventeen members: the sixteen countries listed in the table below, and delegates from the EEC Commission. The total amount of aid accounted for by the D.A.C. comes to some 95% of all financial and technical aid received by the developing countries, and shows an increase from $ 11,200 million in 1967 to $ 12,900 in 1968. Despite this considerable increase, however, the fact is that the effort made by these advanced countries has generally declined: in terms of gross national product - GNP the fall has been from 0.96% of the combined GNP of the sixteen in 1961 to0.77%last year, and in terms of national income, from 1.2% in 1961 to 0.97% in 1968. The table below shows the relative values for the past nine years:

	1960	1961	1962	1963	1964	1965	1966	1967	1968
Total financing flows, net ($ 'ooo m.)	8.1	9.2	8.5	8.6	9.1	10.5	10.5	11.2	12.9
As percentage of national income	1.11	1.20	1.02	0.97	0.94	1.00	0.92	0.93	0.97
As percentage of gross national product	0.83	0.96	0.82	0.77	0.75	0.80	0.73	0.75	0.77

Despite the relative drop in the "coefficient of generosity", to coin a phrase, the improved aid total brought with it also more equable terms of credit last year. The terms of loans provided by official agencies to developing countries in 1968 eased considerably, with a drop in the average interest rate from 3.8% to 3.3%, while at the same time the average term of loan was extended from 23 years to 25 years.

Nevertheless, the overriding fact of the aid situation as it now stands is that the C.A.D. in particular has failed to reach its agreed target of 1% of the combined national incomes of all contributing countries. This was last achieved in 1965, and although the 1968 figure is better than those given for the two intervening years, it is far from satisfactory. This is hardly the way for the sixteen to achieve the still more difficult target they agreed to set themselves at the UNCTAD conference in New Delhi last year, when they undertook to make 1% of gross national product their aid objective - this being 25% higher than national income.

The table below gives a resume of the aid situation in terms of three annual totals of aid, in terms of millions of dollars, plus the country-by-country achievement in terms of percentage of GNP last year, then each country's share in the overall amount of aid granted, and the extent to which it has backed increases in aid since 1960:

	1960	1967	1968	1968 % of GNP	% Share 1968	% Increase 1960 - 68
Australia	59	192	187	0.67	*	*
Austria	6	48	74	0.66	*	*
Belgium	182	164	243	1.15	1.9	57
Canada	145	254	306	0.49	2.4	170
Denmark	38	25	74	0.55	*	*
France	1,325	1,341	1,483	1.24	11.5	8
West Germany	625	1,140	1,635	1.24	12.9	132
Italy	298	287	505	0.70	3.8	60
Japan	246	798	1,049	0.74	8.1	244
Netherlands	239	228	276	1.10	2.1	50
Norway	10	30	58	0.65	*	*
Portugal	37	78	74	1.45	*	*
Sweden	47	121	127	0.49	*	*
Switzerland	157	134	242	1.43	1.9	37
Britain	881	841	845	0.83	6.5	0.4
United States	3,818	5,565	5,676	0.65	44.0	34
	8,112	11,247	12,855	0.77	*	*

* Combined totals for these countries: 4.8% of total aid; + 176% improvement

Since 1960, the average rate of increase in D.A.C. aid has been about 49%, but France has shown an improvement of only 8%, while Britain comes easily lowest on the list, with an almost derisory 0.4%. Where there have been rises, however, these have in some cases been most striking: Japan - 244%; Canada - 170%; Germany - 132%;

Italy - 60%; Belgium - 57%, and the Netherlands - 50%. The United States remains impressive on both scores, improvement and volume, with a 34% rise since 1960, and a 44% coverage of all the C.A.D. aid disbursed last year.

*

EUROPEAN DEVELOPMENT FUND

Another $ 21 million Disbursed

At the end of June, the Commission gave the go-ahead for thirteen new financing decisions for grants from the Second EDF totalling some $ 21,040,000. These bring the total commitments of the Second EDF to $ 42,981,000 for 326 financing decisions.

1. Burundi: Around $ 2.806 million to repair and asphalt the road between Muramvya and Gitega, a distance of some 54 kms.
2. Chad: A further $ 906,000 towards a continuing programme aimed at rationalising and improving cotton production.
3. Ivory Coast: $ 365,000 to finance mobile units which form an essential part of the National Institute of Public Health.
4. Mauritania: $ 271,000 to finance ten irrigated rice plantations (35 hectares each) in the Senegal river-valley between Kaëdi and Boghe.
5. Niger: Some $ 1,620,000 to supply water to Tahoua, Filingue and Birni N'Konni. This will entail sinking wells, providing a water-tower and distribution network, and should enable the population and their cattle to have sufficient water until 1985.
6. Togo: $ 2,160,000 to finance the planting of some 3,000 hectares of palms in the southern Togo. The project includes the payment of costs of personnel, the construction of housing and sheds, and the supply of equipment.
7. Upper Volta: a) $ 3,229,000 to improve the first 100 km or so of the road from Ouagadougou to Koupela, an essential step to open up the south-eastern region of the country.
   b) $ 2,107,000 for an industrial slaughterhouse in Ouagadougou to cope with increased demand, and provide modern facilities. It will have an annual capacity of some 13,000 tons.
8. Bonaire, Netherlands Antilles: $ 1,220,000 for a wharf on Bonaire Island to promote the island tourist trade by providing for cruise shipping facilities.
9. Surinam: $ 4,413,000 to finance a considerable expansion in educational facilities, largely through the construction of new schools.

The remaining sums include $ 1,739,000 for the 1969-1970 scholarship programme for nationals of states, countries and overseas departments associated with the Community. There is also $ 54,000 to cover training programmes for officials from EEC associates, who will be trained in the Community departments, and

$ 150,000 for maintaining links between persons trained by the Community and general information facilities for other nationals of other African countries.

* * *

ENLARGEMENT

Progress or Ploy?

With the first meeting of the EEC Foreign Ministers since the new French government came to power, there was considerable speculation on Tuesday July 22 when this opened in Brussels. The Five, and the countries which have applied to join the Community as full members, were waiting to see whether Paris would continue to indicate a willingness to make positive gestures. Until now the French government has been playing its cards carefully, and although the various public statements which have been made have differed little from those made by former governments of the Fifth Republic, there has been a tendency to interpret them optimistically.

This tendency was encouraged by the Finance Minister, M. Giscard d'Estaing after last week's meeting with his fellow ministers in Brussels, when he said "There are no insurmountable financial or monetary obstacles to British membership, only problems which must be studies". On the same day, the Dutch Foreign Minister, Dr. Luns arrived in Paris from London and saw both M. Schumann, his newly-appointed counterpart, and the Prime Minister, M. Chaban-Delmas. He came away with the view that Paris no longer had objections in principle to the enlargement of the Common Market provided that this did not result in its being weakened. The French position could be summarised in three words: "completion, fulfilment and enlargement" and Dr. Luns said that he expected M. Schumann to propose a European summit conference at the meeting on Tuesday and Wednesday of this week. The following day, the President of the Commission, M. Jean Rey, arrived in Paris for a one day visit, and as well as meeting the Prime Minister and Foreign Minister, he also saw President Pompidou. After their discussions, M. Rey seemed to be optimistic as to future progress and said "We are on the threshold of great decisions. These will have to be taken before the end of the year, which marks the end of the transitional period for the Community. The Commission is very confident that a suitable and unanimous solution will be found".

The hopes raised by the new climate in Paris were borne out to some extend during the miniters' meeting in Brussels, even though suspicions of French intentions still linger, more or less, amongst her partners. As expected M. Schumann came up with a proposal for a summit conference of the Six later this year - probably November. This would tackle the completion of existing Common Market policies, the internal strengthening of the Community and its enlargement. M. Schumann also suggested that such summits should take place fairly regularly, and that on this occasion there should be no fixed agenda. The representatives of the Five, who agreed in principle to the summit, have reservations as to what Paris intends. The idea of regular meetings, apparently on an inter-governmental level and excluding the Commission, seems like a return to the Fouchet Plan of the early sixties, which the Five rejected. As at present defined, M. Schumann's idea implants the suspicion that it could be used to limit the scope of the Commission or merely as delaying tactics. Furthermore the three points, set out as France's guidelines in her dealings with the Community, can be linked in different ways. Does the completion of the Common Market, and especially agreement over the system for financing the Common Agricultural Policy take precedence over the other points? From France's own position this might be the best solution, but her partners will hardly allow the discussions over the CAP to ignore the fact of Britain's application for membership. Herr Brandt said there would have to be sacrifices over agricultural finance and he hoped that West Germany would not have to oppose these. Any decisions would have to be made on the hypothesis of a Community of six countries as at present or a larger Community. Since the basic facts in either case would be different, it would be important to know on which case the decisions for financing the CAP would be based.

On the subject of enlargement, M. Schumann repeated the Gaullist dictum that British entry was desirable provided it did not weaken the Community, but at the same time he made an important qualification when he said "It is by no means inevitable that British entry and than of the other candidates will in fact weaken the EEC". The Six should therefore hold a summit conference which will enable them to work out conditions to ensure that the Community is not weakened. Since he also repeated M. Chaban-Delmas' words that France was willing "to go as fast and as far as her partners" he has continued to ensure room for manoeuvre, and is perhaps preparing the ground for a more radical change later in the year.

Other decisions on enlargement by the Ministers seem to indicate that real progress is possible. The Commission has now been asked to update its report on enlargement, prepared in 1967, for presentation by the end of September. A certain amount of work along these lines has in fact already begun. Furthermore the permanent representatives are to cease their long-drawn out discussions as to possible trade links with the candidates, and instead start work on the question of negotiations for British entry. The ministers themselves will meet in September to prepare a work-programme for the rest of the year, and in particular the summit conference which is likely to be held in The Hague at M. Schumann's suggestion.

*

MONNET COMMITTEE

First and Fast

The resolution adopted after their two-day meeting in Brussels last week by the Monnet Committee, the Action Committee for a United States of Europe, calls for EEC governments to open talks with Britain by herself and conclude them quickly, leaving the details to be resolved once the main negotiations have been finalised. The reports which the Committee heard from its experts on agricultural, monetary, political and technological aspects of British entry led it to conclude that there were no insurmountable barriers. The Committee will continue to study these reports and the possible solutions to the various problems, and the progress made will be discussed at its next meeting on November 20 and 21.

The resolution adopted by the Committee calls on the Six to complete the Community's internal development and carry through the necessary measures for the strengthening of Europe. The Six should also decide to enlarge the Community, beginning with Britain alone, and should therefore adopt a joint attitude before starting negotiations. It calls on the Council to discuss the Commission's report on enlargement, prepared during 1967 and says "The negotiations should be limited to essential matters and conducted rapidly. Other problems can be dealt with afterwards within the framework of the institutions of the European Economic Community through an application of the Rome Treaties after Britain has become a member. The problems would then be common problems and no longer separate problems external to the Six". At the same time "the Six and Britain should indicate their willingness to commit themselves as soon as possible to the achievement of political unity".

It is doubtful whether all of the Six would welcome rapid British membership with solutions to the various problems worked out within the Community framework, although if Britain is to become a member this has the advantage of facilitating the application of Community rules, and thereby limiting the scope for special treatment. Again the suggestion that negotiations should concentrate on Britain, while leaving the other three candidates for full membership - Denmark, Ireland and Norway - somewhat aside for the time being, is unlikely to be well received, at least if this is taken at its face value. The Commission is not convinced that this would be the right way to tackle the enlargement question, but all depends on the degree of formal and informal contacts, which would be maintained with the other three during negotiations with Britain. In any case, their situation would have to be borne in consideration by the British negotiators.

The political aspects of the Monnet Committee's resolution, and the Hallstein report have caused a stir in British anti-market circles. Furthermore the Foreign Secretary's apparent support for supranational institutions seems to be stronger than that of Mr. Wilson. The uncertainty of British attitudes towards the political structure of Europe in the years ahead will help to fan the doubts amongst those in Europe and Britain who are opposed to entry. Mr. Wilson seems unwilling to commit himself to more than the political implications Britain would assume under the Treaty of Rome, "the structural and other prohibitions of the Treaty, which carry no implications in other forms". His pragmatic approach, allied to that of the Conservative Party on this matter may do more harm than good, for it seems to be increasingly plain, that some sort of federal and supranational structure will have to emerge in the next few years, if Western Europe is to make any effective progress.

* * *

VIEWPOINT

Leasing in Europe

by H. R. Voegeli

Director of the Swiss Bank, Zurich

The term "leasing" does not relate to hire purchase or credit sales, for there are important legal, and especially economic differences, between these and leasing. Basically leasing can be defined as a form of hire of goods for a fixed period of time by a physical or legal person. The purpose of leasing,moreover, is not defeated if instead of the producer an independent leasing company takes over responsibility for the operation.

The worldwide development of leasing is closely linked with overall technical progress which compels companies to invest ever-increasing amounts of capital at ever-shorter intervals; since their financial resources are often unequal to the task, leasing operations provide a fresh and additional answer to financing problems. As such leasing fills a gap between bank-loans, which are normally on a short-term basis, and long-term loans, raised on the capital market. Nevertheless there is a fundamental difference between leasing and traditional forms of financing, since its purpose is not to provide capital for the purchase of goods, but rather to allow the company to make use of the goods or equipment it needs.

Leasing first began in the United States, and today it has been calculated that leasing operations account for something between 5% and 15% of all American investments, depending on the exact definition of leasing. But in any case, it seems that considerable sums are at stake. In Europe, this form of finance is still in its infancy, and only France and Belgium have introduced specific forms of legislation to deal with leasing operations. In fact France was the country where the benefits of leasing were first recognised, and the impetus was maintained by the formation of companies whose main objective is to provide leasing services.

In other countries however the introduction of leasing services was not as simple, and the case of West Germany can illustrate this. Less than ten years ago there was a struggle between the representatives of leasing firms, trying to introduce this new system, who found themselves opposed both by the banks and by some economic and financial experts, maintaining that there was nothing very new about leasing. In the past five years however a good deal has changed, especially amongst their erstwhile opponents, as today most of the leading German banks now control their own leasing companies or at least have shareholdings in such concerns.

In Switzerland the situation at present is as follows. Four years ago the Swiss Bank Company formed Industrie-Leasing, which was the first company to offer its services to a wide public. A year ago, the Banque Populaire Suisse formed its own leasing company and other companies are expected to be established in the near future. There are around a dozen foreign leasing companies in Switzerland, although these are mainly holding companies with little direct business in Switzerland, since they have been formed to finance the investment projects of specific foreign groups.

Recently, American groups have set up several leasing companies, especially in the computer and data-processing sector. However most of these companies also operate on an international level, and take on considerable risks in the course of doing so. Normally however they have the good sense to insure themselves against such risks.

In practice, as a result of legal and business considerations, most leasing operations are carried out on a national basis. Contracts which involve several countries often run into fiscal difficulties, as well as legal problems raised by the question of ownership. If these risks are to be accepted, one must know with whom one is dealing. This is the reason why, from its establishment, Industrie-Leasing linked with the Interlease group in Luxembourg whose assistance makes it very much easier to deal with foreign clients.

There are a considerable number of leasing companies in Europe, and the majority of these operate on a national basis. Eleven of them are linked with Interlease, which is represented in Belgium, Denmark, France, West Germany, Britain, Italy, the Netherlands, Norway, Sweden, Spain and Switzerland. The Luxembourg group helps to coordinate their activities and provides them with mutual assistance. All of these companies have been formed, and are financed by leading banks in their own countries who thus control their growth. Since each company has such a solid sort of backing, it is reasonably easy to promote international operations with the assistance of Eurolease.

The scope, as well as the limitations, of using leasing operations as a source of finance in Europe depends to a considerable extent on the advantages and shortcomings of this new method. The biggest advantage is that the companies do not have to draw excessively on their resources to finance investments, even major projects. In fact under some conditions it is possible to impose tighter controls or plan the allocation of resources more effectively as a result of leasing operations, either because this is worthwhile at a given moment or because it will enable long-term projects requiring a greater degree of expenditure to be put into effect.

From a financial and budgetary planning angle, leasing has a considerable advantage, which becomes even more worthwhile for a company with diversified interests. For this reason it would seem that leasing will be taken increasingly into account when planning a company's financial prospects. It has the advantage of replacing traditional forms of finance, when these are unsuitable as a result of sudden modifications in the monetary sector or on the capital market. Leasing operations thus enable a company to open a line of fixed long-term credits. Since the monthly rates are known and fixed for years ahead, it is that much easier to establish profitability and cost forecasts. Furthermore, leasing operations provide a reasonable link between investment projects and their financing, as they eliminate the considerable risks often overlooked by companies, which tend to arise from financing long-term schemes through the use of short-term credits.

Other advantages offered by leasing services include the fact that companies are able to adapt their investment policies to technical progress more easily. Even newly-acquired plant can rapidly become a less attractive proposition from the profit angle, as a result of technical changes, but through leasing operations such plant can be replaced under more favourable conditions than if the company had owned the equipment in question. This is especially so when it is borne in mind that the replacement of equipment does not require any fresh investment, but only an increase in monthly payments or an increase in the duration of payments. Fiscal aspects of leasing operations enable companies to spread amortization costs, and although these can be considerable, they vary from case to case. Another advantage of leasing is that a company need only "pay" when the equipment is "paying its way"; like any other form of labour, a machine has a productive capability and its worth is a function of this capability. A labour force is paid weekly or monthly in return for work actually done. But when a company buys a machine it is paying for its work for many years to come, whereas leasing enables a company to pay for the machine on the basis of production potential exploited.

All in all, the advantages of leasing operations are that they free companies' resources, help with long-term financing problems and assist budgetary and financial planning. They also make amortization easier, encourage a better use of equipment and stimulate the process of technical development.

In Europe there are two main drawbacks to the use of leasing services. One is psychological, as a company often prefers to own rather than lease its production systems. The other is financial, for leasing is considered an expensive operation. In reality however there is no overwhelming need to own a production system, even if one uses it, as a machine will carry out its task regardless of whether it is owned or leased. And when it comes to the cost side of the question, many firms tend to decide that leasing is expensive, after only sketchy calculations, which fail to highlight the true value of leasing as a system of finance.

During the coming years there is bound to be a constant expansion in the provision of leasing services as a means of medium- and long-term financing. A rich harvest is there for the leasing companies, but the fruits for their customers, too, will be plentiful enough.

EUROFLASH - HEADLINES

BELGIUM	ELECTRONIC MEMORIES, merged with INDIANA GENERAL, sets up	E
	CHROMALLOY link with UNION MINIERE for medical E.D.P.	E
BRAZIL	B.A.S.F. takes over SUVINIL plastic dispersions	M
BRITAIN	ZOUT-ORGANON takes over OWBRIDGES through London subsidiary	M
	AMERICAN EXPRESS's subsidiary to start computer -reservations	Q
FRANCE	Canadian DENISON MINES forms sand and gravel extraction firm	B
	KALI-CHEMIE to cooperate, later absorb SOLVAY's LATEMA	D
	Swiss NESTLE group takes over GROSJEAN cheeses	I
	HENNESSY-CLICQUOT joint subsidiary becomes agency for TEACHERS	J
	B.P. group forms subsidiary to join C.F.P. in offshore drilling	K
GERMANY	British ELECTRONIC RENTALS forms COLORENT TV rental company	D
	MOTHERCARE (ZILKHA group) to buy up retail network	P
ITALY	ESSO-SOLPRENE agreement: aerosol propellant plant planned	L
LUXEMBOURG	KLEINWORT BENSON has KREDIETBANK set up Japanese securities firm	I
NETHERLANDS	COMMERCIAL UNION in crossed holdings pact with A.M.E.V.	J
	MOBIL, PETROFINA, GBAG join to expand Europoort oil terminals	L
TURKEY	FIRST NATIONAL CITY BANK buys up OTTOMAN BANK interests	I
U.S.A.	AIR LIQUIDE's $20 million takeover of INDUSTRIAL AIR PRODUCTS	C

CONTENTS

BUILDING & CIVIL ENGINEERING

** The Brussels property group CONSORTIUM DE PARKINGS SA (see No 508), which is headed by M. Charles de Pauw and whose minority shareholders are the BANQUE PICTET & CIE, Geneva, and M. Adolphe Blaton, the head of the Belgian BLATON civil engineering group (see No 514) have backed and taken a direct 5% stake in the formation of the car-park operating concern PARKING ROOSEVELT NV (capital Bf 5 m). Other stakes are held by the IMMOBILIERE GENERALE DES PARKINGS SA, Brussels (5%) and PARKING MEIR SA, Antwerp (20%) - whose president and managing director is M. Claude de Clercq - as well as by PARKING 58 SA (see No 359) and ANTWERP BOUW- & BETONBEDRIJF - A.B.E.B. NV, Antwerp.

** M. Jean Bodson, who is president of DENISON MINES (EUROPEAN) LTD (part of the DENISON MINES LTD group, Toronto - see No 509) has formed a Paris company to extract and sell sand, gravel and other similar products. Called COMPTOIR DES AGREGATS & MATERIAUX SA (capital F 120,000) the new company also has M. Bodson as president, and it will distribute materials extracted in the Val-de-Marne by C.F.A.M. - Cie Francaise d'Agregats & Materiaux SA, Champigny-sur-Marne (see No 481). It is also affiliated to Structures & Financement Sarl, Paris, managed by M. G. David and recently formed by the Union d'Entreprise & de Gestion Sarl and M. J. Branger. The latter took part in the formation during April 1969 - along with MM. Bodson and C. Ozannat (a director of C.F.A.M.) of Comptoir des Combustibles Nucleaires Sarl. This is the Paris representative of the Luxembourg, Nuclear Fuels Europe SA - N.F.E., whose president is also M. Bodson (see No 489).

** The Belgian SA RAMM BLOC of Liege (see No 428), which promotes prefabricated building modules, patented by the German Paul Ramm, has itself formed a company in Germany named M. RAMM-BLOC SYSTEMS GmbH INSTALLATIONSBLOECKE, Gundelbach, with Dm 500,000 capital and M. Jon Davies of Brussels as manager.

The Liege concern (capital Bf 10 m) is backed chiefly by Herr Ramm (33.3%); the Liege bank NAGELMACKERS FILS & CIE Scs (see No 504) - 15%; CHARBONNAGES DE WERISTER SA, Romsee (see No 505) - 10%, and SA DES USINES A CUIVRE & A ZINC DE LIEGE (see No 340) - 10% etc.

** The Austrian building and civil engineering concern TEIML & SPITZY BAU AG of Graz (capital Sch 7.8 m) has opened a West German branch at Freilassing, Bavaria.

** Two Dutch concerns, FERNHOUT NV, Zwolle (see No 514), whose fields are building materials, transport, ship lading etc, and GEBROEDERS LOMMERTS NV, Delfzijl (see No 492), leasing civil engineering plant and transport, have jointed 50-50 in forming ZAGRO NV in Groningen. This has Fl 500,000 capital, paid up in kind by the pooling of equipment, and Messrs Johannes Lommerts and Willem Fernhout as directors; it will trade in and manufacture equipment for civil and hydraulic engineering.

CHEMICALS

** The American group TREMCO MANUFACTURING CO, Cleveland, Ohio, has made an agreement in Paris with the French RIPOLIN GEORGET SA (see No 449) for the manufacture in France and sale in Europe of mastics and water-proofing sealing joints for the building industry. A joint subsidiary will be formed called RIPOLIN TREMCO Sarl, Paris (capital F 300,000) and it will be run by M. L. de Poix.

The founder has two Canadian factories (at Leasidale and Rexdale, Ontario) and a London affiliate, Stonehard-Tremco Ltd - in association with Berger, Jenson & Nicholson Ltd (see No 509) when its merger with British Paints (Holdings) Ltd is finalised (see No 501).

** The French group L'AIR LIQUIDE SA has extended its American stake by finalising negotiations (see No 518) to extend its interests in the welding and industrial gases sector at a cost of some $20 million. It has now acquired control of I.A.P. - INDUSTRIAL AIR PRODUCTS CO (liquid oxygen plants at Portland, Oregon and Anchorage, Alaska) through AMERICAN CRYOGENICS INC, Atlanta, Georgia (see No 482).

The latter has been an outright subsidiary of the CANADIAN LIQUID AIR LTD, Montreal since 1968, with its capital of $21.3 million controlled by the French group, and it recently gained control of another industrial gases firm, Dye Oxygen Co, Phoenix, Arizona - in which the New York subsidiary, American Air Liquide Inc already had an 18% stake. It has its own liquid oxygen processing installations in San Francisco, Los Angeles, Houston, Savannah and Decatur. The three companies controlled by the French group in the United States have an annual turnover of some $50 million, which is similar to its turnover in Canada (processing installations in Vancouver, Edmonton, St. John's, Newfoundland, Hamilton, Sydney and Montreal).

** The Chicago LAWTER CHEMICALS INC (printing inks, fluorescent pigments and synthetic resins) has formed a Frankfurt subsidiary LAWTER CHEMICALS GmbH (capital Dm 80,000) whose manager is Mr. Daniel Terra.

The American firm already has a Common Market manufacturing subsidiary LAWTER CHEMICALS NV, Lokeren formed in July 1963.

** By agreement, ELETTROCARBONIUM SpA of Milan (see No 487) is to become the agent in Italy of the German silica- and carbon-based high temperature electric furnace components (up to 1,600^{o} C), ELEKTROGERAETEBAU CESIWID GmbH, Erlangen.

The Milan concern is affiliated to SIGRI ELEKTROGRAPHIT GmbH of Meitingen b. Augsburg, which is parent company of the Erlangen firm (see No 395), being itself a joint subsidiary of the HOECHST and SIEMENS groups. It has Lire 2,000 million capital, and in 1968 turned over Lire 10,860 million.

** KALI-CHEMIE AG, Hanover (see No 490) has clinched an agreement in principle, whereby it will pool its manufacturing and selling interests with those of LABORATOIRES DE THERAPEUTIQUE MODERNE - LATEMA SA, Paris (see No 489), which in due course it may absorb completely.

The French concern has F 3.9 million capital, and is headed by M. Olivier Gaudin. The German company (capital Dm 55 m) is controlled by the Belgian SOLVAY & CIE SA group of Brussels (see No 520), through its Solingen-Ohligs subsidiary DEUTSCHE SOLVAY-WERKE. Last year its turnover reached Dm 400 million, and in April of this year it obtained from the European Investment Bank a Dm 6 million loan towards the construction at Nienburg, Weser of a washing powder enzyme plant.

CONSUMER GOODS

** The Swedish domestic appliances group A/B ELECTROLUX, Stockholm (see No 505) has strengthened its Dutch interests by acquiring the manufacturer of kitchen catering facilities, J.F. QUATFASS NV, Diemen. This is a family-owned concern with some 80 employees.

In early 1969, the Stockholm group decided on the closure of its freezer factory at Groningen, which was run by its subsidiary Electrolux (Nederland) Productie NV and this will be taken over by NV Philips' Gloeilampenfabrieken, Eindhoven (see No 519). The group still has a Rotterdam sales subsidiary Electrolux Verkoopmij NV.

** The British ELECTRONIC RENTALS & GENERAL HOLDINGS LTD, New Malden, Surrey (see No 470) has formed a subsidiary in Düsseldorf, for TV rentals (mainly colour). Taking the name COLORENT FERNSEHVERMIETUNG GmbH, and with Dm 1 million capital, this has Mr. Maurice Alec Fry as manager. The latter also chairs the subsidiary formed in Switzerland in March 1969, Electronic Rentals AG, Zug (capital Sf 1 m).

COSMETICS

** The Paris hairdressing sundries and hairpieces concern CAMAFLEX SA (factory at Francheville, Eure - see No 347) has formed an indirect subsidiary in Belgium named ROYALWIG SA, Brussels. This is to make and sell wigs, switches, hairpieces and hairdressers' sundries. 50% backing for the venture came from the Brussels Camaflex SA subsidiary, the managing director of which is M. Michel H.R. Berard of Paris, while the other half of the equity is in the hands of the Liechtenstein concern ETS ANFRA.

The French concern is already set up in West Germany with Creations de Paris Camaflex Vertriebs GmbH, Cologne (formerly in Frankfurt), and in Switzerland with Camflex SA, Geneva.

** The Swiss holding company HOLSEMA SA, Geneva, has underwritten the increase in capital from F 1.61 million to F 6.45 million of the Paris cosmetics concern DANA Sarl. The latter has manufacturing facilities at Evreux, Eure.

DATA PROCESSING

** The American ELECTRONIC MEMORIES INC, Hawthorne, California (data processing peripheral equipment) has formed a Belgian subsidiary in Antwerp called ELECTRONIC MEMORIES & MAGNETICS NV, Antwerp (capital Bf 1m) which will be run by Mr. Joseph Haens.

The founder has just carried through the merger decided upon during February 1969 with INDIANA GENERAL CORP, Valparaiso, Indiana (magnetic tapes etc - see No 423) its 16% affiliate, an operation which has resulted in the formation of ELECTRONIC MEMORIES & MAGNETICS CORP. For its part Indiana General, whose main subsidiaries are Steatite Research Corp and Indiana Steel Products Co of Canada Ltd acquired in 1968 the Amphenol Division (electronics and control systems) of the Bunker Ramo Corp. This was formed when the Amphenol Corp, Broadview, Chicago, Illinois took over Bunker Ramo (the first to bear the name) and then adopted the name of Bunker Ramo Corp itself.

** The UNION MINIERE SA, Brussels group (see No 518) has secured the know-how and technical assistance of the New York CHROMALLOY AMERICAN CORP (formerly Chromalloy Corp - see No 282) in the field of computerised medical data analysis, reciprocation taking the form of a 50% stake in Union Miniere's Brussels subsidiary CARDIONICS SA.

The latter was formed in April 1969 with Bf 50 million capital, a token holding being retained by the Centre d'Informatique Generale - C.I.G. SA, Brussels (see No 503). It will start operations in fact by forming a computer electro-cardiogram analysis centre in Brussels, to be followed by several more in leading European cities. A similar network of EDP services to the medical profession will also be set up in the United States by the American group's subsidiary CRO-MED BIONICS CORP.

** The American electronics group VARIAN ASSOCIATES INC, Palo Alto, California (see No 501) has streamlined its French interests by having VARIAN SA, Orsay, Essonne (formerly in Paris) absorb another subsidiary, VARIAN AEROGRAPH SA, of the same town (capital F 480,000 - assets of F 5,827,000) and thus raise its own capital from F 3.2 to 4.36 million.

The group recently decided to sell off its 49% stake in the French THOMSON-VARIAN SA, Paris, to its balance-holding partner in this venture, CIE FRANCAISE THOMSON-HOUSTON HOTCHKISS-BRANDT SA (see No 521). The latter plans to place it in turn under the control of its subsidiary Thomson - C.S.F. SA, thus enabling it to raise its stake therein to over 50%.

ELECTRICAL ENGINEERING

** FULTON MARINE ENGINEERING NV, Antwerp and Ruisbroek a.d. Rupel (metal - engineering and pipework, and ship repairs) has merged with the Malines group ELECTRISCHE CONSTRUCTIE PAUWELS NV. The latter, together with its local subsidiary Electro-Service NV, specialises in transformers, condensers, armatures and batteries. Result of the concentration is a new concern named Pauwels Fulton NV, Malines and Antwerp, which has Bf 180 million capital.

** FOXBORO DEUTSCHLAND GmbH (capital Dm 1 m) has just been formed in Düsseldorf under Mr. Frank Henriques, Copenhagen, to manufacture and sell control instruments of FOXBORO CO, Foxboro, Massachusetts (see No 384).

The founder has some 8,000 employees and had a 1968 turnover of $ 113 million. Its other Common Market subsidiaries include Foxboro France SA, Clichy, Hauts-de-Seine; Foxboro Italia SpA, Milan; and Foxboro Nederland NV, Soest.

** The West German company ELEKTRA TAILFINGEN, ELEK. SCHATGERAETE GmbH & CO KG, Tailfingen, Württemburg (switches and circuit-breakers) has formed an Austrian subsidiary. Called ET. SCHALTGERAETE-PRODUKTIONS- & HANDELS GmbH (capital Sch 100,000), this has its own director, Herr Kurt Schnieder as manager.

The founder has some 600 employees, and it is represented in France by Materiel Electro-Technique, Wissous, Essonne.

** The Swiss companies DIGITRON AG, Brügg, Berne and EISEN- & STAHLWERKE OEHLER & CO AG, Aarau, Argau (see No 361) have granted to the French concern TRAVAUX INDUSTRIELS POUR L'ELECTRICITE "TRINDEL" SA, Paris (see No 313) a licence for the construction, erection and maintenance in France of "Oehler-Digitron" automated warehousing systems.

Trindel (1968 pre-tax turnover F 180.5 m) also has a West German subsidiary Trindel Elektrobau GmbH, Offenbach, and the latter has a branch in Essen.

** The American electrical, electronic and mechanical equipment concern ZEKS INDUSTRIES INC, Malvern, Pennsylvania, has opened a branch in Antwerp under Mr. John B. Daniels.

** The Dutch NV J. MORELISSE, ELECTROTECHNISCHE FABRIEK-NEDERLANDSE KOOLBORSTELFABRIEK of Edam, headed by the Edam holding company MORELISSE HOLDING NV, has formed two new Fl 100,000 subsidiaries in Edam named Morelisse NV and Nederlandse Koolborstelfabriek NV (equity 20% paid-up in either case).

The parent company has also a subsidiary in West Germany named Morelisse GmbH, Essen, and another in Belgium, Morelisse NV of Drogenbos.

ELECTRONICS

** LENKURT ELECTRIC CO INC, San Carlo, California, which produces long distance communications equipment - short-wave radio etc - has formed a subsidiary in Frankfurt named Lenkurt Electric GmbH, with Dm 20,000 capital and Mr. James Tedrow as manager.

The parent company has some 3,000 people on its payroll, and forms part of the New York group GENERAL TELEPHONE & ELECTRONICS CORP (see No 511), which itself has a major West German subsidiary, SABA - Schwarzwälder Apparatebau-Anstalt August Schwer Söhne GmbH, Villingen, Schwarzwald (see No 507).

** WILHELM RUF oHG ELEKTROTECHNISCHE SPEZIALFABRIK, Höhenkirchen, Munich (1,100 employees - 1968 turnover Dm 22 m) which makes electrical and electronic components has formed an Austrian subsidiary. Called RUWIDO GmbH, Neumarkt am Wallersee (capital Sch 100,000) this has Herr Friedricf Ruf as manager.

ENGINEERING & METAL

** The West German engineering group DEMAG AG, Duisburg (see No 513) has rationalised its South African interests through a merger of two Johannesburg subsidiaries. DEMAG INDUSTRIAL EQUIPMENT (PTY) LTD has taken over a subsidiary formed in 1967, CRANES SOUTH AFRICA (PTY) LTD.

The Duisburg group (capital Dm 112 m) had a 1968 consolidated turnover of Dm 1,107 million.

** The Italian hydraulic equipment company DUPLOMATIC-MECCANICA APPLICAZIONI OLEODINAMICHE SpA, Busto Arsizio, Varese, has formed a Frankfurt subsidiary called DUPLOMATIC HYDRAULIK GmbH. With a capital of Dm 20,000, this has Sig Angelo Girola as manager.

The founder, which has a capital of Lire 400 million, formed a London subsidiary, Duplomatic (U.K.) Ltd, in January 1969 (see No 496).

** The West German machine tools firm WESTDEUTSCHE WERKZEUGMASCHINEN GmbH - WEWAG, Düsseldorf-Holthausen (see No 488) has appointed the Milan company PROMES - PROMOZIONE MATERIALI ESTERI Srl as its exclusive Italian representative. The latter has been the Italian agent since 1968 of the Rotterdam company Hunter Douglas v.o.f., which is a member, along with Wewag, of the Canadian group Hunter Douglas Ltd, Pointe-Claire, Quebec (see No 497). The Italian company is also the exclusive Italian representative for the Lloyd Motoren Werke, Bremen division of Wewag.

** STEMATEX SA (capital F 100,000) has been formed on the premises of MATERIEL & APPAREILLAGE MECANIQUE - M.A.M. SA, Trappes, Yvelines, as a result of an agreement between the latter and two Czechoslovak trading concerns, STROJEXPORT, Prague (see No 504) and UNICOVSKE STROJIIRNY, Unicov. This will deal in all types of manufactured products and equipment with the exception of those used in the car and cycle industry. Its president is M. Jean-Pierre Strager and it will be run by M. V. Stanek.

** The West German H. BRAUN-ANGOTT GmbH, Hagen (equipment and plant for industrial ovens) has formed a 60% Milan subsidiary called BRAUN-ANGOTT-OLIVO Srl (capital Lire 900,000). This will market and install its founder's equipment and the remaining 40% is shared equally by Sigs Mario Olivo and A. Perego, Milan.

The founder has around 100 employees and a manufacturing subsidiary in Hagen, H. Braun-Angott K.G. (turnover Dm 5 m+), which is run by Herren H. Braun Angott and K. Schröter.

** The American manufacturer of industrial washing machines NAMCO MACHINERY INC, Maspeth, New Jersey, has formed a Utrecht sales subsidiary called NAMCO INTERNATIONAL (NEDERLAND) NV. This has an authorised capital of Fl 50,000 (20% issued) and is run by Mr. G. C. M. van Erp.

** The Luxembourg company FRANAL SA has formed a Paris sales subsidiary to deal in products manufactured or used in the metal-working, transport, materials-handling and storage industries. This is called FRANAL Sarl, and has a capital of F 150,000.

FINANCE

** FINANCIAL CONSULTANTS INTERNATIONAL - F.C.F. LTD, Nassau, Bahamas (investment fund advisors - see No 496), which is a subsidiary of the American investment bank R. S. DICKSON & CO INC, Charlotte, North Carolina, has formed a Rome subsidiary of its own named FINANCIAL CONSULTANTS INTERNATIONAL ITALIA Srl. This has a capital of Lire 900,000 and with Mr. G.H. Henderson as president will be run by Mr. Vladimir Rose.

Since late 1966 F.C.F. has been represented in Brussels by a subsidiary whose capital has recently been raised to Bf 37.5 million. In 1968 it acquired a 50% shareholding in the Rome company Fiduciaria Flaminia SpA (see No 495), a subsidiary of the Rome finance group Flaminia Nuova SpA, whose capital is now being increased to Lire 500,000 million.

** The finance company GRAMCO SALES LTD, Nassau, Bahamas, has backed the formation in Munich of GRAMCO SALES (DEUTSCHLAND) GmbH (capital Dm 100,000), whose manager is Mr. Malvin Kaplan, London.

The founder formed a wholly-owned subsidiary in Luxembourg last February, Gramco Sales (Luxembourg) SA (capital $100,000). Since January 1968 it has had a London subsidiary, Gramco (UK) Ltd (capital £1,000).

** The Swiss holding company BERMOBAG AG, Zug (see No 511) has underwritten the increase in capital (from Bf 2 to Bf 15m) of STE BRUXELLOISE DE CREDIT SA, Ixelles-Brussels. The latter was recently re-named Cobeca - Cie Belge d'Assurances SA and is controlled by its affiliate Ominter - Omnium International SA, Luxembourg.

** Certificates in the Canadian investment fund FRONTIER GROWTH FUND LTD, Toronto, Ontario (formed in February 1969) will be marketed in West Germany by FRONTIER GROWTH FUND MARKETING GmbH, Frankfurt. This has just been formed with a capital of Dm 20,000 and has Herr Günter Lott as manager.

** BANQUE DE PARIS & DES PAYS-BAS NV, Amsterdam (see No 503 - a subsidiary of BANQUE DE PARIS & DES PAYS-BAS SA, Paris - see No 521) has formed an Amsterdam company called NV FINANCIERINGSMIJ VOOR ROLLEND MATERIEEL "FIROMA" (authorised capital Fl 5m - 20% issued). This will finance hire purchase contracts and is run by Mr Cornelis Ph. van Asselt.

The Amsterdam bank recently opened a second branch in The Hague in addition to that in Rotterdam. It also has a sister company, NV Beleggingsmij.van de Banque de Paris & des Pays-Bas, Amsterdam (authorised capital Fl 5m - 20% issued), which was formed in February 1968.

** The New York FIRST NATIONAL CITY BANK (see No 519) has acquired from OTTOMAN BANK - BANQUE OTTOMANE SA, London and Paris (see No 520) part of its banking interests in Turkey, which include a main office in Istanbul and 66 branches and agencies. The Ottoman Bank has Lord Latymer as chairman and it recently sold 60% of its stake in Ste Nouvelle de la Banque de Syrie & du Liban SA, Beirut (in which it still has 20%) to National Grindlay's Bank Ltd, London, which recently became a 40% affiliate of the American group.

** The London merchant bank KLEINWORT BENSON LTD, a member of the KLEINWORT, BENSON, LONSDALE group, whose main shareholders are Messrs Ivo M. Forde, Cyril H. Kleinwort and Ernest G. Kleinwort (see No 487) has made a Luxembourg finance company FINIMSA SA (a member of the KREDIETBANK NV, Brussels and Antwerp - see No 518) responsible for the formation in Luxembourg of a company dealing in Japanese securities, KLEINWORT BENSON (JAPAN) FUND SA.

This has an authorised capital of $5 million, and has a management subsidiary, K.B.J. REALISATIONS SA (capital $80,000) and its directors are Messrs I. Forde, M. Devas and G. Duthie.

FOOD AND DRINK

** The French cheese concern SAMOS FRANCE SA, Boulogne-Billancourt, Hauts-de-Seine, which recently raised its capital from F 1 to 1.3 million, has formed a German sales subsidiary called SAMOS FRANCE GmbH VERTRIEB VON MOLKEREIPRODUKTEN, Munich. With a capital of Dm 100,000, the manager is M. Pierre du Cailar, its own managing director.

** The Swiss group NESTLE ALIMENTANA SA, Vevey, Vaud and Cham, Zug (see No 520) in another move to expand its French dairy interests has gained a majority stake in the family concern FROMAGERIES GROSJEAN SA, Lons-le-Saunier, Jura (see No 500). In a previous move Nestle Alimentana acquired control of Fromageries Roustang SA, Loisey, Meuse (see No 512). Fromageries Grosjean has an annual turnover of around F 50 million from its soft cheeses ("La Vache Grosjean", "La Bonne Vache", "Grosjambon" and "Bonjura"), hard cheeses and derived products (cheese soups and grated cheese in packets).

** The French wine and spirits concern STE SAINT-RAPHAEL SA (a member of the Turin group MARTINI & ROSSI SpA - see No 507) has taken a shareholding in the brand distribution company ETS. CROVETTO SA, Paris. The main products the Paris company deals in are "Queen Anne" whisky, "Hunt" port and "Princes de Cognac" brandies (which are made by the Cognac Otard SA subsidiary of Saint-Raphael). Crovetto will remain controlled by DIEZ HERMANOS SA, Paris.

Saint-Raphael recently acquired a shareholding in the brandy concern Cognac Boulestin SA, Cognac, Charente, which is held directly by its subsidiary Cognac Otard. Sig Fabrice Mariotti sits on the board of Saint-Raphael as the representative of the beverages and spirits concern Ste Manor SA, Saint-Ouen, which is based on the premises of Ste Francaise Martini & Rossi SA.

** The Paris company S.I.E.R.P.A. Sarl, which is the joint subsidiary of the brandy concern JAS.HENNESSY & CO Sarl, Cognac, Charente, and the champagne VEUVE CLICQUOT-PONSARDIN SA, Rheims, Marne, whose products it distributes in the Paris region, will now import and distribute throughout France whiskies made by the Glasgow company TEACHER (DISTILLERS) LTD (see No 512). This will be carried out in conjunction with STE DISPA, Cognac, Charente. Teacher has long been linked with Hennessy, and it recently formed a sales subsidiary in Hamburg, Wm Teacher Verkaufs GmbH.

Veuve Clicquot exports around 75% of its production and in early 1969 it acquired a large shareholding in the calvados ("Pere Magloire") and spirits concern, Ets Debrise Dulac & Cie SA, Pont-L'Eveque, Calvados and La Plaine-St-Denis, Seine-St-Denis. The latter is the French distributor for "Ferreira" ports.

** The West German brewery group DORTMUNDER UNION-BRAUEREI AG, Dortmund (see No 482) intends to establish a French operations subsidiary in Paris. This will be run by M. Rene Remy.

The Dortmund group, whose annual capacity is around 3 million hectolitres, is linked in the mineral waters sector by cooperation agreements with the French Ste Generale des Eaux Minerales de Vittel SA, Vittel, Vosges (see No 518). It is also an affiliate of Henkel & Cie GmbH, Düsseldorf (see No 494) and H.F. & Ph. F. Reemtsma GmbH & Co KG, Hamburg (see No 512). There is a wholly-owned Belgian subsidiary near Antwerp, Dub-Import Belgien Pvba, Deurne, and another in London, Presta Overseas Ltd.

INSURANCE

** The London insurance group COMMERCIAL UNION ASSURANCE CO LTD (see No 506) has signed a new cooperation agreement involving the exchange of a minority interest with the Amsterdam group NV ALGEMENE MIJ. TOT EXPLOITATIE VAN VERZEKERINGSMIJEN A.M.E.V. (see No 506).

Similar agreements already link the British group with the Paris Les Assurances Generales de France SA and since the end of 1967 (see No 430) with the insurance holding company A.G.P. - Les Assurances de Groupe de Paris (Paternelle-

Prevoyance-Minerve-Unite) SA, as well as with the Munich groups Münchener Rückversicherungsgesellschaft AG and Allianz Versicherungs AG (since January 1964). The latter two groups are in turn linked through crossed shareholdings and cooperation agreements with A.M.E.V. and Royale Belge-Vie Accidents SA, Brussels (a member of the Ste Generale de Belgique SA group).

** ALLIANCE FRANCO-ALLEMANDE D'ASSURANCES Sarl, Versailles, Yvelines (capital F 20,000) has just been formed in France with M. Charles Fick as manager to act as an insurance brokerage concern. A 25% stake is held by Messrs Charles Fick and Jean Simon, with 20% going to Herr Friedrick Rich, 12.5% to Herr Klaus Bargten, Bremen, 5% to Herr von Eckertsberg and 12.5% to Asimex Sarl, Stiring-Wendel, Moselle.

The latter company also has an interest in Sloveniales France Sarl, Stiring-Wendel, a 55% subsidiary of the Yugoslav furnishings export concern Slovenijales, Ljubjana (see No 438).

OFFICE EQUIPMENT

** The West German office equipment concern ADLER WERKE VORM HEINRICH KLEYER AG, Frankfurt, intends to form a Dutch subsidiary called NEDERLANDSE ADLER FABRIEKEN NV, which will take over the production facilities (based in Leyden, Cuyk and Nieuwkoop - 1,150 employees) of the ROYAL TYPEWRITER CO division of LITTON BUSINESS SYSTEMS HOLLAND NV, Amsterdam (formerly Monroe International Holland NV). The new subsidiary will be run by Mr. G. Brinksma.

Litton Business Systems Holland is a subsidiary of the American conglomerate Litton Industries Inc, Beverly Hills, California (see No 505), which has controlled since late 1968 (see No 485) the West German concern, as well as Triumph Werke Nürnberg AG, Nuremberg, which it acquired from the Grundig-Werke GmbH, Fürth group. Before the acquisition of these two German companies, Litton Industries already accounted for some 30% of its turnover of $ 1,560 million from office equipment ("Monroe", "Sweda", "McBee" and "Royal" trade names).

OIL, GAS & PETROCHEMICALS

** The American seismic surveying and test-drilling concern HELMERICH & PAYNE INC, Tulsa, Oklahoma, has formed a Milan subsidiary called HELMERICH & PAYNE ITALIANA SpA (authorised capital Lire 50 m). This is directly controlled by the Wilmington firm, HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

** B.P. PETROLEUM DEVELOPMENT LTD and B.P. EXPLORATION CO LTD, both of London, and members of THE BRITISH PETROLEUM CO LTD group (see No 521) are the direct holders of the F 100,000 capital (95-5) of a new French subsidiary of the group, STE FRANCAISE DE DEVELOPPEMENT PETROLIER B.P. SA, situated at Courbevoie, Hauts-de-Seine. The main purpose of the new company is to hold the group's stake in a new offshore oil and gas exploration project just starting up (two test wells sunk so far) in the Gulf of Lions, off the French/Spanish East coast. It retains 35% of the rights to this concession, with a further 10% in the hands of B.P.'s main French subsidiary, STE FRANCAISE DES PETROLES B.P., Courbevoie (president M. Jean Chenevier), while the majority of 55% is controlled by the C.F.P. national group - CIE FRANCAISE DES PETROLES SA (see No 511).

** Three oil groups, PETROFINA SA, Brussels (see No 512), MOBIL OIL CO, New York (see No 511) and the West German GELSENKIRCHENER BERGWERKS AG, Essen (a 42.5% affiliate of the R.W.E. - RHEINISCH-WESTFALISCHES ELECTRICITATSWERK AG, Essen - see No 520) have linked in order to pool their off-loading, storage and transport facilities for crude oil at Rotterdam's Europoort.

The American firm will now spend some Fl 40 million on extending its terminal facilities in the Europoort, thus raising its total investment to Fl 66 million. When the planned extensions have been completed, the terminal will be able to handle two 200,000 tankers at the same time, and its storage capacity will be doubled to 1 million tons. Apart from supplying the Amsterdam refinery of MOBIL RAFFINADERIJ NV through the NEDERLANDSE PIJPLEIDING MIJ NV (control shared by the Dutch state and the municipality of Amsterdam), the terminal will also be linked at a future date to the pipeline operated by Rotterdam-Rijn Pijpleiding Mij NV. This will provide direct supplies for Gelsenberg's West German refineries, as well as the Antwerp refineries of the Belgian group once the Rotterdam-Antwerp pipeline is built.

** The Paris C.F.R. - CIE FRANCAISE DE RAFFINAGE SA (see No 520 - a member of the C.F.P. - CIE FRANCAISE DES PETROLES SA group) has decided to rationalise its Italian sales interests (see No 480) and thus strengthen the position of its Milan affiliate TOTALGAS ITALIANA SpA (formerly Flamina SpA - see No 354). This was acquired in 1962 through its subsidiary Total Italiana SpA, Milan, and will now take over several petroleum gas distribution companies: AUTOGAS LOMBARDA SpA, AUTOGAS TIRENNA SpA, AUTOGAS VENETA SpA, AUTOGAS MAREMMA SpA, AUTOGAS EMILIANA SpA, TIGAS SpA (represented since 1967 by a subsidiary with the same name at Stabio, Switzerland), PLURIGAS VENETA Srl and PLURIGAS ROMAGNOLA Srl.

Under M. J.L. Breuil-Jarrige, Total Italiana will soon raise its capital to Lire 23,000 million to finance the group's expansion in Italy, where there are several other affiliates and subsidiaries including: Total Mineraria SpA, Milan (formed in 1968 - see No 479), I.C.I.P. SpA, Milan and Mantua (see No 354), Raffineria di Roma SpA (see No 474), Aquila SpA, Trieste (see No 410), Dilca - Distribuzione Lombarda Carburanti SpA, Milan (see No 404), Centauto SpA, Milan, Milano Termica Publici SpA, Pero (see No 358) and Seram SpA, Parma.

** ESSO STANDARD ITALIANA SpA, Rome (see No 512 - a member of the STANDARD OIL CO OF NEW JERSEY group - see No 518) has signed a long-term agreement with the aerosol manufacturer SOLFRENE SpA, Buccinasco, Milan, giving it the right to distribute petroleum gas used for propellants.

With this aim in mind, Esso has constructed a 12,000 t.p.a. purification plant next to the Corsico installations of Solfrene.

PAPER AND PACKAGING

** The American paper group THE MEAD CORP, Dayton, Ohio (see No 494) has strengthened its Italian interests (see No 393) by taking a 26% stake in the print, packaging and writing paper (mainly education supplies) manufacturer CARTIERE PAOLO PIGNA SpA, Milan. This is headed by Sig D. Pesenti Pigna, and with a capital of Lire 1,500 million (annual turnover exceeding Lire 6,200m) employs around 1,000 persons in its factory at Alzano Lombardo, Bergamo.

The Dayton group has long been established in Milan through a subsidiary, Mead Packaging International (Italy) SpA, whose president is M. B. Dupre and which is run by Sig V. Puerari.

** The Austrian manufacturer of cellulose paper and card, WILFRED HEINZEL AG, Vienna, has formed a Milan sales subsidiary called WILFRED HEINZEL ITALIA Srl (capital Lire 900,000). This will be controlled directly by the Vienna company's new Swiss subsidiary Wilfred Heinzel AG, Zurich, and will be run by Herren E. Erb and Werner Neisser.

PHARMACEUTICALS

** The Dutch group KON. ZOUT-ORGANON NV, Arnhem (see Chemicals) has strengthened its pharmaceuticals interests by gaining control of the oldest established British cough syrup manufacturer, W.T. OWBRIDGE LTD, Hull. This will be directly controlled by the group's London subsidiary ORGANON LABORATORIES LTD (mainly known for its "Lyndiol" contraceptive pill), which is directly affiliated to Organon NV, Oss.

** ILE-DE-FRANCE PHARMACEUTIQUE (BUREAU D'ACHATS D'ASNIERES) SA, Asnieres, Hauts-de-Seine, has now taken over another pharmaceuticals distribution company, COMPTOIR PHARMACEUTIQUE MODERNE SA, Paris (capital F 460,000) following their 1968 agreement to merge (see No 466). As a result Ile-de-France Pharmaceutique will receive assets valued at F 3.48 million and will raise its capital to F 8.445 million.

PLASTICS

** The West German group B.A.S.F. - BADISCHE ANILIN & SODA-FABRIK AG, Ludwigshafen (see No 520) has strengthened its interests in Brazil by gaining a 60% control of SUVINIL SA INDUSTRIA & COMERCIO DE TINTOS, Sao Paulo (plastic dispersions - 1968 turnover equivalent to Dm 25m).

The focal point for the group's Brazilian interests is the subsidiary B.A.S.F. Brasiliera SA, Sao Paulo (see No 495), which directly controls Cia de Productos Chimicos Industriales M. Hamers, Rio-de-Janeiro.

** The Belgian FINAPLASTIC Sprl, Mouscron (furnishings, wall- and floor-coverings) will be represented on the French market by the newly-formed FINAPLASTIC-FRANCE SA, Paris. This has a capital of F 100,000 and M. Jean Debord is the president.

** The British W.C.B. CONTAINERS LTD, Audenshaw, Manchester and Stalybridge, Cheshire (boxes, trays, crates, pails and containers for materials-handling and industrial storage - see No 470) has made a franchising agreement with the Italian manufacturer of travel goods, PATTY SpA, Frosinone, Rome (handbags, briefcases, attache cases etc). The agreement is for an initial period of five years and may be renewed, and under it the Italian company will use the "WCB" trade name for the manufacture at Valle del Sacco of plastic containers and suitcases.

Patty, which is run by Sigs E. Camporesi, Forli, and B.M. Antinucci, is controlled by the Liechtenstein holding company Aratof, Eschen, and since late 1968, it has had a Rome sales subsidiary, Patty Commerciale SpA.

PRINTING & PUBLISHING

** STE D'IMPRESSIONS POUR L'INFORMATIQUE - S.I.I. SA, Paris (capital F 1.5 m) has just been formed to carry out all activities connected with printing and the supply of office equipment and materials. With M. Max Hermieu as president, this is an almost wholly-owned subsidiary of IMPRESSION DES DOCUMENTS MULTIPLES - I.D.M. SA, Paris, which is the leading French manufacturer of governmental and business forms. With a capital of F 2.912 million, this has made over to the new company assets valued at F 2.9 million, which include a Paris property site and its semi-automatic and manual binding equipment interests. The new company has also acquired the binding interests of Hermieu & Cie Snc, Paris (capital F 700,000) as well as the flexible plastic binders interests of Ste Typo-Lorraine Imprimerie Fremont SA, Verdun (capital F 350,000), which also have a token shareholding in S.I.I.

RUBBER

** The Milan group PIRELLI SpA (see No 512) has strengthened its West German interests by acquiring from the Silber-Bonz family its 25% stake in the tyre and industrial rubber concern VEITH-PIRELLI AG, Sandbach, Odenwald (see No 443), in which it now has a 75% stake.

The Italian group intends to increase its controlling stake in this company even further, with an offer to purchase the shares held by the remaining minority shareholders. Veith-Pirelli, which has a capital of Dm 24 million, achieves an annual turnover of Dm 151.8 million.

* * *

TEXTILES

** Mr. Meinrad G.M. Herkenhoff Konersmann, who heads the Amsterdam ready-mades CONFECTIEFABRIEK GEBR. KONERSMANN NV, is the manager of the newly-formed KONERSMANN-FRANCE Sarl (capital F 100,000). This was previously the Dutch company's branch dealing in garments, hides and fabric.

The Amsterdam concern has some 700 employees and facilities in Hilversum, Haarlem.Soestdijk, Amersfoort and Amsterdam. It also cooperates closely with another firm in the same sector, Confectiefabriek Janseen & Neumann NV, Amsterdam.

** FILATURES DU FLORIVAL SA, Guebwiller, Haut-Rhin (capital F 12m) has been established as a 74/26 subsidiary of two Guebwiller firms, UNION TEXTILE SA and FILATURES & TISSAGES F. & TH. FREY Sarl, which have made over to the new concern their respective spinning and twisting interests.

Union Textile (capital F 12m) has M. Gerard de Turckheim as president and the Omnium Textile Industriel & Commerciale - O.T.I.C. Sarl, Paris is represented on the board. It is a subsidiary of S.A. de l'Industrie Textile, Paris, another of whose subsidiaries S.A. d'Industrie Cotonniere (S.A.I.C.), Mulhouse, Rhin acquired late in 1968 (see No 497), the velvet dyeing, finishing and cutting facilities in Colmar belonging to Schaeffer Manutention SA, Pfastaat-le-Chateau, Haut-Rhin (part of the Ets Schaeffer SA group) in return for a minority shareholding.

** The London textile firm WM. SANG & CO LTD will be represented in West Germany by the newly-established WM. SANG & CO GmbH, Düsseldorf. With an initial capital of Dm 20,000, the manager is Herr Wilhem Rohe.

** The Italian manufacturer of mens' and youths' ready-made clothes FOREST Snc. Pisa, which is headed by Sigs. Foresto and Cirano Bargi, has formed a Paris sales subsidiary. Called FOREST FRANCE Sarl (capital F 20,000) this has Sig. C. Bargi as manager.

** The Paris textile concern STE GODDE, BEDIN SA (tergal net, furnishing fabrics - capital F 10.55m) has strengthened its control over STE DES VOILES & RIDEAUX MINET Sarl, Paris (capital F 30,000) and the latter's wholly-owned subsidiary TISSAGE DE BOURTZWILLER SA, Bourtzwiller-Mulhouse, following the acquisition of assets from the COMPTOIR D'EXPLOITATIONS TEXTILES INDUSTRIEL & COMMERCIAL SA, Paris (capital F 150,000).

Godde, Bedin is the 53.2% subsidiary of the RHONE-POULENC SA group (see No 521 - directly (20.1%) and with the remainder held through Ste Rhodiaceta SA, Paris - see No 504). It has an annual turnover of some F 50 million. For its part Tissage de Bourtzwiller, whose facilities in Mulhouse and Metzeral are operated by a 67% subsidiary, Ste Alsacienne d'Exploitation des Tissages de Boutzwiller Sarl, Mulhouse, has an annual turnover exceeding F 25 million.

** The British MOTHERCARE LTD, Watford, Herts (the expectant mothers', babies' and childrens' clothes and accessories company with a large mail-order business and over 100 retail outlets) intends to acquire a network of outlets in West Germany.

Mothercare is headed by Mr. Selim K. Zilkha, the brother of Mr. Ezra Zilkha (ZILKHA & SONS INC, New York - see No 433) and Mr. Maurice Zilka (Banque Europeenne de Financement SA, Paris - see No 509). The British company cooperated at the start with the French company operating in the same sector, Prenatal SA, Saint-Denis, Seine-St-Denis (see No 490). It has four retail outlets in Denmark, one in Sweden, and two in Switzerland run by Mothercare AG, Zurich (capital Sf 100,000 - formed in October 1968).

** The Dutch ready-made clothing group CONFECTIE - ATELIERS CHAS MACINTOSH NV, Stein, which recently gained control of the Amsterdam rain and sportswear company HOLLANDIA KATTENBURG NV (see No 508), is to merge this with its subsidiary ATELIERS VOOR REGEN- & SPORTKLEDING DE KIEVIT NV, Nymegen, within a new company being formed under the name of HOLLANDIA KIEVIT NV, Nymegen. This will have manufacturing facilities in Nymegen, Volendam, Tilburg and Ewijk, as well as a sales office in Amsterdam, whilst the facilities which Hollandia Kattenburg operated in Amsterdam will be transferred to Nymegen.

** The Dutch textile group KON. VEENENDAALSCHE STOOMSPINNERIJ & WEVERIJ (K.V.S.M.) NV, Veenendal, which is now a 95.8% interest of the London group STAFLEX INTERNATIONAL LTD following its unconditional bid for all outstanding shares (see No 505) intends to acquire control of the investment company BINDER HENGELO NV and at the same time raise its stake in NICOLON NV, Enschede (see No 499).

Binder Hengelo represents the interests of its shareholders K.V.S.W., Kon. Nederlandse Textiel-Unie NV, Enschede, in Firet NV (see No 482) in which it is linked with the British company Lantor Ltd, Bolton, Lancs (a subsidiary of the American company West Point-Pepperell Inc, West Point, and the British English Calico Ltd). For its part Nicolon is the joint subsidiary of K.V.S.W., Van Heek & Co. Kon. Textielfabrieken NV, Enschede, and Nijverdaal-Ten Cate.

TRADE

** The German chain store and mail order group GROSSVERSANDHAUS QUELLE GUSTAV SCHICKEDANZ, Fürth (see No 520) has expanded its interests by forming a subsidiary in Antwerp, QUELLE BELGIEN NV (capital Bf 2m), which will distribute from September 1969 a catalogue in both French and Flemish. The group's other foreign subsidiaries are in Austria, France, Italy, Luxembourg and Switzerland.

* * *

TOURISM

** The London company AM-EX EXPRESS RESERVATION SERVICES LTD (a member of the AMERICAN EXPRESS CO, New York group - see No 514) is preparing for the introduction of a computer reservation system covering the whole of Western Europe. This will operate through agencies in Amsterdam, Brussels, Copenhagen, Dublin, Frankfurt, Hamburg, Munich, Madrid, Paris, Rome, Vienna and Zurich. In West Germany the new network will include Atlantic Hotel GmbH, Hamburg (see No 401), a subsidiary of Hotelbetriebs GmbH, Berlin (see No 493).

** The Dutch travel agency REISBUREAU LISONNE-LINDEMAN NV, The Hague (see No 447) has negotiated the acquisition of the agencies in Delft, Rijswijk and The Hague belonging to DELFLAND REISBUREAU NV, Delft. Reisbureau Lisonne-Lindeman, which is already represented in Amsterdam, was one of the founders of two other agencies, Reiseorganisatie Railtour Holland NV and Airtour-Holland NV.

** STANDARD OIL CO OF NEW JERSEY (see this issue) will strengthen its Italian tourist interests (see No 453) when its subsidiary ESSO MOTOR HOTELS SpA, Florence, builds two new motels in Catagna and Bologna. This will represent an investment totalling some Lire 1,500 million.

Esso Motor Hotels has three existing Italian motels, a recently opened one in Florence, and in Brescia and Courmayeur.

TRANSPORT

** Herr Udo Hermann Gottschalk, who heads the Munich transport concern BÖHM & GOTTSCHALK, has a 90% interest in the newly-formed transport and despatch concern BÖHM & GOTTSCHALK NV, Rotterdam (authorised capital Fl 150,000 - 66.6% issued). This will take over the business of Böhm & Gottschalk, Rotterdam, and the remaining interest is held by Mme C. Anceps-Sweres.

** The New York CONEX INTERNATIONAL INC has formed a 50% subsidiary in Antwerp called CONEX INTERNATIONAL NV (capital Bf 200,000) with M. Andre Rooms as managing director. The remaining stake is held by Herr Viktor Bondarenko, Munich, and the new company will be involved in all types of transport operations.

The founder has been represented in West Germany since April 1969 through Conex International GmbH, Munich (capital Dm 100,000), whose manager is Herr Bernhard Schaal.

VARIOUS

** The Paris ETS. L.A. CHAIGNAUD Sarl (felt and canvas for the shoe industry and textile coatings for the building industry - capital F 8 m) has linked 50-50 with EUROCUIR Sarl, Marseilles, to form a joint Milan subsidiary called ASTORIA Srl (capital Lire 13 m). This will market skins, leathers and derived products and its directors are MM Andre Chaignaud, Paris, and S. Pariente, Marseilles.

** The West German company ZAHNFABRIK L. WILDE GmbH & CO KG, Niederwalluf, Rheingau (equipment for the dentures industry - around 300 employees) has backed the formation of a French subsidiary. Called WILDE FRANCE Sarl, Versailles, (capital F 50,000) the manager is Mme A. Djabadary.

INDEX TO MAIN COMPANIES NAMED

Union Miniere	E
Union Textile	O
Varian Associates	D
Veith-Pirelli	N
W.C.B. Containers	N
Werister, Charbonnages de	B
Wewag	G
Wilde, L, Zahnfabrik	R
Zagro	B
Zeks Industries	F
Zilkha & Sons	P
Zout Organon	M