Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

September 18 - 24, 1967

STRASBOURG

Rey's Snowball

The latest developments both in and around the Common Market not only promise a very brisk period for the Six and the Commission up to and beyond the end of the year, but more than bear out Jean Rey's undertaking, when he first assumed responsibility as Commission president, that in its unified form it would become a prime motive force in the progress of Europe. As we reported last week, M. Rey has been giving a dramatic build-up to the presentation of the Commission's report on the enlargement of the Community on September 30. He has now followed up his unequivocal statement on the question in Brussels ("it would be unforgiveable of us not to find a means" of opening the door to the four candidates) by further affirmations, first in his inaugural speech at the European Parliament, and then before the Consultative Assembly of the Council of Europe, that the report would be in favour of opening negotiations, and that his fellow commissioners were completely behind him in this. At this stage, he is obviously interpreting the "political" role he has set the Commission as that of the persuader, using the diplomatic means at its disposal to evince constructive action from member countries, and to instill a real disposition in them for progress. This is sought through the sort of "no beating about the bush" statement that he made on this last occasion, when he insisted that "the time for unilateral studies is past".

Clearly, it is not for M. Rey to take sides on such issues as that of enlargement, but he is obviously bent, without naming names, on removing all artifical delaying tactics from the debate: there can be no uncertainty over the target for a remark like: "We do not believe that the enumeration of the difficulties should bring discouragement. In no case will the dynamism and power of the Community be weakened by its enlargement". He has studiously avoided "leaking" any of the specific findings of the report in all this, but the storm of comment from all quarters (except the Elysee Palace) bears witness to the success of his tactics: the "Stallers'" bluff is being called, and those for immediate negotiations must have been encouraged. The general effect has been to create a sort of snowball, with Rey's moves gathering weight and momentum, and attracting the enthusiasm and interest of the parties concerned.

This does not solve the basic problem, however, as Paris remains withdrawn from the verbal fray, and all the speeches and publicity could yet fail to distract France from the sort of delaying action that is generally expected of her. It is known that the French Government has prepared detailed briefs on nearly all the issues involved, which it may well insist on having discussed before negotiations begin, and the main topic here is the position of sterling (the strain on Europe of having to support it etc), on which it seems that Paris hopes to enlist the support of Germany. Again, M. Couve de Murville is to become chairman of the Council of Ministers on January 1, 1968, and if negotiations are held off until then the delay could be extended still further, although this could mean that France will be drawn into a veritable veto, which she has been at such pains to disclaim. It just remains to be seen whether, under the pressure of "Rey's snowball," France will still be able to resist her partner's desire to get talks going.

To assume that all the other Five are on tenterhooks over the opening of negotiations, however, is an over-simplification, for even between them there are divergent views. Despite the fact that Bonn's support has swung somewhat from Paris to London, for instance, there is the possibility that it may take the French line over sterling, added to the fact that it is not eager to prejudice the harmony of the EEC over the enlargement question, and that Chancellor Kiesinger has also given the impression that perhaps other issues in the Community are of more concern to him, for instance that of the merger of the Communities. Again, Secretary of State Rolf Lahr has been briefed to seek another summit of the Six before the end of the year, as was agreed in Rome, and the plan here could be to restore a more happy atmosphere among the Six, and get a decision on talks with Britain at the highest level.

Of the remaining four members, however, we see quite a different line taken by The Hague, as was illustrated by Queen Juliana's speech to the States General last week (see Community, 427), in which no mention was made of a "summit", even though the Netherlands would be the host country. The Dutch are far more concerned with securing the admission of the four candidate countries to the EEC. Belgium and Luxembourg are behind the Dutch in this, though Italy, apparently would be amenable to the idea of a summit. Luxembourg may well be rather less ardent about the whole thing than the Netherlands, but her position is probably similar to that of Belgium which is much concerned with the question of Benelux co-operation (alluded to and welcomed in Queen Juliana's speech - and already reinforced by their trilateral talks on non-proliferation), and would probably line up with the Dutch in this cause, if in no other.

Belgium's main concern, however, seems to be to get the Community out of its present vicious circle, the clash between the two factions of "No Britain without a summit" and "No summit without Britain" that have developed in the Community. The Belgians are working from the communique issued after the Rome Summit in May (see No 411), where it was stated: "Member states are agreed that means should be studied of forging closer political links by methods and procedures appropriate to experience and circumstance. The foreign ministers are charged with making further examinations in this direction". The Belgians feel it would be better, perhaps, to work in this direction than in that of a summit, especially as the latter would require preparation, which would presumably fall into the type of activity covered by the communique. When all the foreign ministers gather on October 22 and 23, it could well be the occasion for a move of this sort.

This idea is further recommended by the fact that the Council's decision on enlargement, based on the Commission's report, should appear at about that time, but doubt could be cast on this idea while common political spirit and mutual confidence still seem to be lacking among the Six.

* * *

Lord Chalfont: "We shall not give up".

Lord Chalfont, the British minister in charge of day-to-day negotiations with the Common Market made another major speech on Tuesday, September 26 during which he continued to expound the reasons for British membership of the European Economic Community.

Addressing the Consultative Assembly of the Council of Europe, in Strasburg he made it quite clear that this time Britain would not be put off by those who still maintained that she was not sufficiently European:

"If we are kept out for the sake of a false view of the destiny of our Continent, we shall not give up and go away. We shall persist until more imaginative counsels prevail. We shall, as the Prime Minister has said, not take no for an answer."

Moreover in a press conference after his speech, Lord Chalfont indicated that his recent Paris visit led him to believe that France did not intend to veto the opening of negotiations or even their conclusion.

Britain was only interested in full membership, since even during a transitional period she should be able to take part in the decisions of the Community. He knew that there were difficulties, but believed that these could be solved during negotiations, which he hoped would begin after the meeting of the Council of Ministers in October.

A major aspect of his speech was the detail with which he covered the technological advantages for Europe in having Britain within the Common Market.

"Europe still has the inventive genius which helped to make it the first major industrialised area of the world. Even United States experts calculate that since 1945 nearly 60 per cent of all major technological innovations originated in Europe. Half of these were made in Britain".

But an enlargement of the Community by itself would not achieve this. Governments would have to work together to set up the necessary framework to achieve a variable and positive joint technological base for Europe. If the Common Market were extended to include new members, Britain would help towards establishing common industrial standards, and would seek to develop a "European patent" with European companies backed by a European scientific and technical data service. A common nuclear and energy programme would be helped through British membership, and the problem could be tackled on a much larger scale than before.

The establishment of a European aviation industry, based on a common co-ordinated demand from the civil and defence sectors would be a major aim of an enlarged Community. There should be a pooling of research, development, design and manufacturing capacity. Hovercraft could be another field for co-operation, especially between France and Britain in the joint development of the hovertrain principle. An attempt should be made by both governments and industries to agree to common computer specifications and requirements for the next decade. The national data processing service soon to be set up in Britain by the Post Office could serve as the basis for a European system. He also believed that there could be a European development of process control engineering techniques. Lord Chalfont concluded:

"What is at issue is nothing more or less than European independence ... and the logic of a European technology demands a European political community within which industry can operate efficiently for the common good."

Britain was willing to play its full part in creating a stronger, and more influential Europe.

There is no reason to suppose that Lord Chalfont's speech will suddenly change the attitude taken up by the French Government. However, coming as it does just before the handing over of the Commission's report to the Council of Ministers, it should help to strengthen the resolve of those in favour of Britain's Common Market bid. Furthermore there is always the hope that the detailed technological advantages set out in his speech might carry some weight in Paris.

* * *

BRUSSELS

A Work-Schedule for the Commission

Enlarging the Communities is only one of the many problems now facing the Six, and Jean Rey made this quite clear during his "inaugural" speech to the European Parliament in Strasbourg on September 20. Despite the scale of the problems the new single Commission has inherited, the concentration of the authority of the former three executives into one body has given the single Commission new scope for action. Without in any way yielding its responsibilities, it will pursue a policy of close co-operation with the Council of Ministers and member governments, since this is essential for any progress.

Problems facing the Community: M. Rey began his discussion of the main problems facing the Community with coal. He believed that considerable efforts would have to be made if the situation was to be restored. The merger of the executives provided a better chance of finding a solution, since there would be a single body able to co-ordinate the common energy and regional policies, which would also cover the reconversion of mining areas. But there was no easy solution, as the former separation of the executives was scarcely the only reason why the Six's attempts to formulate a common energy policy went awry. He also tackled the question of Euratom, when members' divergent views and interests are a major drawback.

Problems besetting the transition from a customs union to an economic union were also raised, as was the need for speeding up the achievement of both the common social and transport policies, already lagging behind others. The merger of the executives should facilitate a more concrete approach to the Community's industrial and research policies.

The problem of the mergers: The merger of the executives demands rationalisation of the Commission's administrative organisation. Jean Rey was reasonably optimistic about this, since the problems are smaller than those caused by the merger of the Communities. As the latter question should in principle be settled by mid-1970, it cannot be put aside, especially as a number of member governments are showing a great deal of interest in it. The Commission is therefore to prepare a report on this during the coming months.

The role of the Commission: These are the main problems facing the Six. The new President stressed that there were two main ways in which the Commission intends to shoulder its responsibilities in this regard:

1) Stronger institutions: Firstly the institutions must be strengthened, especially if the Community acquires new members. The Commission has no intention of giving up any of its rights or powers, since the existence and dynamic functionning of the institutions is essential to Community progress. The example of the Benelux union shows what will happen if the institutions are inadequate. When M. Rey announced

that the Commission favoured the opening of negotiations with Britain, he was also stressing its independence, which in his own words is "not only the administrator but also the driving-force of Europe".

2) Co-operation with the governments: Secondly the Community could only progress through close co-operation between the governments and the Commission. The conclusion of the common agricultural policy and the Kennedy Round were evidence of the success of such methods. Common sense dictated a similar approach in the future. However, some Socialist deputies did point out that such a method might weaken the Community's institutional system.

The Aim of the Commission: Basically, the whole question hinges on how one interprets co-operation with the governments, and most are willing to rely on Jean Rey himself over this point. Because of the seriousness of the problems facing the Six and their somewhat strained circumstances, the Commission's main objective should be to keep the Community functioning efficiently rather than stress its own prerogatives.

* * *

The EEC Economy: Promising Signs

Industrial production within the Common Market appears to have picked up since the beginning of the summer, according to the latest monthly economic survey carried out by the Community. In Italy and West Germany the long-term trends seem to be favourable, although in the other countries, the picture is not quite so bright. In France output has been picking up since June, but the longer-term upward trend is very weak.

Unemployment trends do not appear to have changed greatly, although there are signs of an improvement taking place in West Germany and the Netherlands. In France unemployment is rising at a slightly faster rate than normal for the time of year.

The upward move in consumer prices, which had slowed in previous months, seemed to return mainly as a result of the Middle East crisis. In Belgium and the Netherlands the overall index fell, due to lower food prices, whilst in France and West Germany there was little movement. However in Italy lower fruit and vegetable production resulted in a rise in food prices. Throughout the Community wage increase rates levelled off somewhat.

Retail sales seem to have grown at much the same rate as in the first quarter. Sales rose in June and this may have helped to keep them low during July in addition to the fact that summer sales in stores were in August.

Wholesale prices remained virtually stationary or even fell. This was due to seasonal lows in agricultural prices and keener international competition from major world trading countries. Although oil costs have gone up, world market prices for raw materials and semi-finished goods continue to decline.

The Community's visible trade balance remained positive and was some \$200 million above the deficit figure recorded at the same time last year. However the upward trend has weakened, and it is thought it may even have stopped. France has been mustering surpluses after some time with deficits, but West German surpluses have become smaller. This was probably due to cyclical trends and special factors both within and outside the Community. Exports to other industrial countries appear to be slackening. Imports at the end of the second quarter rose largely as a result of special factors, such as heavy Dutch vehicle imports and increased purchases of supplies, resulting from the Middle East crisis. But exports to Italy have declined after a slow-down in stockbuilding, whilst the weakness in French imports is probably due to the country's general economic slackening.

The Community's terms of trade appear to have deteriorated for both seasonal and other reasons, although no appreciable effects of the Middle East crisis are yet noticeable. The average values of imports remained constant, whilst the average values of exports decreased, in those member countries, for which statistics are available.

* * *

EURATOM

Non-Proliferation and Research Problems

During its time off from dealing with the report on enlarging the Community, the new single Commission has tackled the various problems arising with Euratom. It reached agreement on the wording of two documents which have been forwarded for consideration to member countries.

The first of these dealt with the vexed question of the nuclear non-proliferation treaty. Although it did not vary greatly from the previous letter sent by the former Euratom Commission last April, it did take rather more account of the French position, as France refuses to take part in the Geneva talks. The Commission would like those members who intend to sign the treaty to adopt a common stand, and recalled the criticisms of the Soviet-American draft. There would be discrimination between member, states, since France, as the sole nuclear power in the military field, would have a special position, and for the time being the international control system envisaged under the draft could not replace or override that now carried out under the Euratom Treaty. At the end of this first letter the Commission stressed that its previous points were only remarks and that it could only give a definite view once a member state had decided to sign the treaty and asked the Commission for its opinion. There is reason to believe that if this happens a serious crisis within the Community could result. When the permanent representatives studied the letter, the French delegate made it clear that Paris had not changed its position. It was not a Community matter until one of the Six had signed the Treaty, and if the Five wished to discuss it before then, he could only take part as a spectator.

The other document dealt with the question of Euratom's research budget. After five long years of squabbles and disagreement, Euratom's Second Research Programme comes to an end on December 31, 1967. The Six have to work out how they intend to co-operate in the nuclear field during the coming years, but the Commission is faced with the divergent attitudes of the member states, ranging from that of France, unwilling to sacrifice a great deal to the European interest, to that of the Dutch who believe in complete European co-operation. Thus it has proposed that the 1968 budget should remain at $90 million, to pay for work agreed on and in progress, but that at least $50 million should be advanced to pay for work in the first six months of next year. This is merely a stop-gap measure, aimed at keeping Euratom going, and will probably be accepted by the Six, although some governments might want the figure for expenditure reduced.

* * *

ECSC: A new investment loan

The ECSC announced on September 19 that it is floating a $20 million loan on the international capital market. This is for 20 years at $6^5/8$% and the consortium issuing the loan includes S. G. Warburg & Co, London; Lazard Freres & Co, New York; Banca Commerciale Italiana, Milan; Societe Generale de Banque SA, Brussels, and the Banque Internationale a Luxembourg SA. It will be used for financing ECSC investments.

* * *

ASSOCIATION

Spain and the EEC: A Hopeful Start

Preliminary talks opened in Brussels last week between Spain and the EEC. The aim of the negotiations is a trade agreement between the two sides, which may eventually lead to association or a free trade area, with possible further developments at a later stage. The Spanish delegation was headed by the ambassador to the Communities, Senor Ullastres Calvo - a former Finance Minister - and concentrated during the two days of "cordial" talks on explaining the principles governing Madrid's attitude to the negotiations. These are that the agreement should further the development and modernisation of the Spanish economy and provide short and long-term advantages for both sides. It should also help to reduce Spain's growing trade deficit with the Community, especially through increased investment in Spain.

The Six have proposed an initial six-year trade agreement during which they will cut their tariff by 60% on Spanish manufactured products, whilst in return Spain would reduce her tariff on Community manufactured products by 40%. The advantages to Spanish agriculture are not very great since for the products of special interest to Spain, such as citrus fruits, apricots, plums and tinned produce, the Community in unwilling to reduce its tariffs. Madrid will continue to press for improved offers from the Six, when the next meeting is held in early November.

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EUROPEAN INVESTMENT BANK

Another "Community-interest" Loan

Just after the EIB loan for the Ottmarsheim fertiliser plant (see No 427), the Bank has signed a 12 year $8 million loan contract (approximately Ff 40 million) at 6½% to help towards the cost of building the Saar-Lorraine petrochemical complex. This is being built jointly by Charbonnages de France-CDF, the Houilleres du Bassin de Lorraine and Saarbergwerke AG. The project includes a synthezised ammonia plant at Carling, Moselle with a daily output capacity of 1,000 tons and a urea factory with a daily output capacity of 540 tons at Perl, Saar.

The EIB again points out that the new scheme has a considerable interest, as it is based on close co-operation between the French and West German mining firms involved, in the shape of joint subsidiaries and an exchange of technical knowledge and experience. Furthermore the extension of the chemical interests of the groups concerned helps to readapt the economies of both Lorraine and the Saar, which have undergone considerable difficulties because of pit-closures.

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New EIB loan issue

On September 25, the EIB floated an 18-year Ff 200 million loan in Paris for public subscription. At 6¼% the 400,000 bonds of Ff 500 will be offered at 99.85%. It will be repaid in three year stages starting in October 1970, whilst the EIB will be able to repay all or part of the loan from October 1977 onwards. The loan issue is being handled by a group of French banks including the Credit Lyonnais, the Banque Nationale de Paris and the Banque de Paris et des Pays-Bas.

* * *

SOCIAL MATTERS

Treadmill Treatment for European Wives

A report to be laid before the Parliamentary Assembly of the Council of Europe this week by its Social Committee produces evidence of housewives in Europe, who also have jobs, working up to 100 hours per week.

Married women throughout Europe suffered from having to work a "double duty", as the report puts it. European women spend on average at least 27 hours per week on housework if there are no children; with three children, 44½ hours per week are spent on household duties.

In addition to this housework, working wives put in as much as 40 or 50 hours per week in an office, factory or shop, plus the time taken to travel between the home and the place of work. The report concludes that it is not surprising that women have little time for such activities as politics, trade union work, or any social life.

In an interesting chapter on discrimination, a certain French chain store is mentioned where 90% of the staff are women, and 95% of the management are men.

This harsh fact, the less glamorous aspect of emancipation, is in fact showing signs of undermining the very principle of female equality: in a number of countries, the proportion of female members of parliament has declines, after a period of intitial "enthusiasm". In France, for example, the number of women deputies has decreased from 38 in 1946, to a mere 8 in 1959. West Germany has suffered from a similar decline; the total of 48 women Members in 1957 has fallen to 36. Even in Sweden, the acknowledged leader of social reform in Europe, the number of women Members has recently been reduced from 33 to 31.

The inherent conservatism of female voters is in part responsible for this, as well as the tendency of the female elecorate to swing elections "in favour of conservative or moderate candidates".

* * *

BRITAIN AND THE EEC

Callaghan: A common European currency

In a long article published in Le Monde on September 25, the Chancellor of the Exchequer stresses the need for the acceptance of the new Special Drawing Rights scheme, which is up for approval at the IMF meeting at Rio de Janeiro (see Comment). It is essential to devise a new way of increasing liquidity, and this should be done on a rational basis rather than be left to chance.

Coming to the question of sterling and Britain's EEC bid, Mr. Callaghan states that "the great majority of informed observers in the Community and those who are familiar with our affairs" do not consider "that the position of sterling as international currency creates a problem". However the British government has no rigid psoition on the role of sterling, since this has evolved through time and will continue to do so. He goes on: "We are always ready to discuss these matters with the EEC" and "are ready for change". In a reference to those who think that this might mean devaluation, he stresses that the interests of sterling holders must be safeguarded. "It would be unreasonable to require them to accept changes which altered the character or liquidity of the assets which they hold without their consent".

Britain is "not attached to the present role of sterling as a matter of prestige. It is a practical matter which should be considered in the context of the smooth functioning of the world monetary system as a whole, in which all countries are interested".

If the Common Market were enlarged it "would be in a position to follow policies, which will establish Europe's monetary strength and increase her influence in the world. Such policies might, for example, eventually allow the creation of a common European currency in which all our currencies, including sterling would be subsumed. Certainly, we in the U.K. are ready to make our contribution to the closest possible European co-operation in these matters, which can bring nothing but good to all our peoples".

Le Monde asks whether Mr Callaghan's views are just a pleasant academic thought, or whether they represent the acceptance in advance by Britain of the economic and financial disciplines which such a currency would imply, in exchange for an assurance that the Six will underwrite the British currency. It should be added that statements in recent weeks by British ministers connected with the Common Market bid have indicated that Britain might be preparing to take a more flexible line over sterling's role in any discussion on this question during the negotiations in Brussels.

* * *

UK

The Other Side of the Coin: An Argument Against British Membership

In a series of three important articles in the "Guardian" last week, Mr. Douglas Jay, the former President of the Board of Trade who was dismissed in the last government reshuffle, examines the reasons why Britain should not join the EEC. Mr. Jay's contribution to the discussion is important because, as a member of the government, he has presumably had access to some of the information on which the decision was taken to apply, and has also had the opportunity to take part in the debates which must have taken place within the Labour Party on the subject.

His first article examines the state of the British economy generally, without particular reference to the Common Market. His main conclusions are that internal demand should be kept up to the point needed for full use of our resources and held there as far as possible; and that direct control should be exercised over imports to prevent them endangering the balance of payments. From this attitude on import control spring his main objections to Britain's membership of the Common Market.

The C.A.P: He launches his main attack on the Common Agricultural Policy, the impact of which on the British economy he considers would be disastrous. The higher cost of food and the cost of the levies we would have to pay on imports from non-EEC countries would lift living costs and with them money wages and thus export prices; the increase in the latter he puts at between 1 and $1\frac{3}{4}$ per cent. The second great danger that he sees is the dismantling of exchange controls, with the resulting risk of uncontrolled capital outflow. The estimated extra burden on capital and current account, which, he maintains, the government now accept as being of the order of £600 millions a year, would be intolerable and even this, Mr Jay thinks, is an underestimate; he puts it at nearer £1,000 millions than £500 millions. No possible economies of scale in industrial production resulting from an enlarged market for British exports could offset a burden of this magnitude, maintains Mr Jay. In any case these advantages are "illusory or highly speculative"; what matters, he argues, is not the amount of exports to a tariff-free market, but the volume that a firm can export to the world as a whole, and there is a danger that this would be restricted rather than expanded owing to the loss of Commonwealth preference and the reduction of our trade with EFTA. Adherence to the EEC on these terms, he concludes would "gravely and lastingly damage the UK balance of payments and deprive us of the ability to meet the deficit thus almost certainly created".

The Political Argument: From this point he proceeds to examine the political consequences and comes to equally gloomy conclusions. "The biggest single effect of joining the EEC on the wrong terms would be the weakening of our political strength in the world caused by the damage to our balance of payments". Nor is this all, for Mr Jay then goes on to develop the unfamiliar thesis that this weakness would lead to our subordination to Germany and condemn us to a future "as a subordinate member of a restricted "European" bloc, with our world links weakened". Mr Jay's other major political objection to Britain's membership is the "undemocratic" situation in the EEC; according to him the Commission has the powers to legislate for the internal affairs of member countries, with only imperfect control by the Council of Ministers and scarcely any at all by the European Parliament, And if democratic procedures are introduced into the EEC this can only mean political federation and a further widening of the gap between Britain and the rest of the world outside the Community.

These arguments lead to the proposal for a type of association as being the only suitable relationship between Britain and the Common Market. This would take the form of ourselves and our EFTA partners entering an enlarged industrial free trade group but opting out of the common agricultural policy and the undemocratic aspects of the Rome Treaty. Mr Jay thinks that there are signs that France might even welcome an association on these lines, but Mr. Wilson and other senior members of the government have made it abundantly clear on many occasions that this would not be acceptable to Britain herself.

* * *

THE COMMONWEALTH

On Tuesday, September 26, Mr Hugh Shearer the Jamaican Prime Minister held talks with Mr Wilson covering Britain's bid to join the EEC. These included the question of a regional approach by the Caribbean states to the EEC, with the aim of becoming associate countries, as well as the difficult problem of sugar. In a press conference afterwards, he said that "considerable damage" could be done to Jamaica's economy and long-term development if Britain joined the Common Market and no special arrangements were made. Mr. Shearer is also going to France, the Netherlands and West Germany when Britain's EEC bid will again be the major point in his discussions.

COUNCIL OF EUROPE

Pirate Radio Restrictions Increased

The Council of Europe's agreement banning pirate radio stations comes into force in Denmark, Sweden and Belgium on October 19, following Belgium's ratification of the Convention at the beginning of last week. Belgium's ratification, being the third, means that there is now sufficient consensus for the Act to be implemented in those three countries. They have thereby agreed to prosecute not only those who set up and operate pirate stations, but also those who "collaborate".

Persons of any nationality who collaborate in any way with the pirates may be prosecuted if the offence takes place within the national territories of the three countries. Collaboration, too, covers a multitude of sins: "the supply, maintenance, or repair of material, supply and transport of provisions and people, ordering or producing of radio programmes, including publicity."

The agreement awaits ratification by the countries of the Council, who have as yet only "signed" the agreement. Putting one's signature to an agreement merely denotes approval, and not an active desire to stamp out the abuse by legislation. Surprisingly, Britain, in company with France, Germany, Greece, Ireland, Italy, the Netherlands and Norway, has so far failed to ratify the Convention, but this must surely come in the near future.

Radio Caroline's buoyancy is suffering under these new restrictions. She can no longer obtain advertising revenue from four major European countries, with the strong possibility of this number increasing in the near future. Mr. Ronan O'Rahilly, the man behind Radio Caroline, was last week in Spain and Switzerland, seeking out advertisers and supplies. As far as these two countries are concerned, he will suffer from no restrictions, for Spain is not a member of the Council, and Switzerland has not signed the Convention. Mr. O'Rahilly also thought that it was highly unlikely that either the United States or Canada, where most of her financial support comes or will come, would ever legislate against pirate stations. It is, however, unlikely that Britain in particular, or the Council in general, will be able to put up with this particular thorn in its side for much longer.

ASSOCIATED AFRICAN STATES

THE INDUSTRIAL DEVELOPMENT OF THE YAOUNDE COUNTRIES

The EEC Commission recently conducted a survey of industrialisation prospects in the Association of African States and Madagascar (AASM). This survey, begun in September 1965, was completed in January 1967, and the results have just been published. In the under-developed nations, of which the Yaounde Convention countries are a prime example, the main path to economic growth and thus to social progress, will be through industrialisation. As industry expands, so individual incomes rise. This in turn brings about the reorientation of the countries' economy. Thus present primary production, and especially that of agriculture, will gradually take a secondary position - vis-a-vis industrial goods.

The Situation at Present: At the moment, the developing nations' economies are enslaved within the primary sector - agriculture, mining and forestry. Developing countries, by and large, lack capital investment, and are therefore obliged to rely heavily on those sectors of the economy that provide ready incomes without much capital outlay. This in turn limits the countries' economic growth to the rate of growth of exports from this primary sector, mainly to the developed countries. Unfortunately, the demand for these primary goods by the advanced nations is not growing very rapidly, and is at best unpredictable. Dependence on this sector of the economy has been the bane of many of the emergent African Nations (e.g. Ghana's dependence on the world cocoa market, and the Congo's dependence on the world price of copper).

Thus, in order to wrest themselves from dependence on world commodity prices in an already tight market, the emergent countries must diversify their production, particularly by expanding industrial activities. These can be geared either to exports or to replacing imported products. Industrialisation must not, however, be looked upon as a panacea for all economic ills in countries still heavily dependent on agriculture. Economic growth cannot take place without the parallel rationalisation of agriculture.

The AASM

Since the African associates of the EEC number amongst the most under-developed of the Third World, these general considerations are particularly relevant to them. Most of their Governments are particularly keen to industrialise, and thus to improve the adverse balance of trade caused by their heavy import bill.

The Yaounde Convention therefore expressly mentions as one of its prime objectives, the economic diversification and industrialisation of the Associated States. The European Development Fund and European Investment Bank can grant up to $120 million in loans on normal or special terms for productive operations, including industrial schemes.

The association system, if it is to be at all viable, demands the economic growth, and, a fortiori, industrial development of the 18 states; for this reason, in Articles 6 and 9 (paragraph C) of Protocol No 5 to the Yaounde Convention, the Commission outlined the industrial prospects in the 18 States in question. The survey covered the following fields:

1) Substitution of Consumer Goods for Imports

The prime objective of the scheme is to replace consumer imports with home produced equivalents, thus stemming the tide of incoming goods. Having done this, industries can then be set up for the export trade, this being the final aim of the policy. The survey covered only durable and non-durable consumer goods, where the need is most pressing and the return most rapid. Textiles and foodstuffs, packaging and assembly work are therefore the most important items. Only as the economy grows can the range of products be extended to include intermediate products and capital goods.

2) Industrial Development Concerted at Multi-national Level

Substitution has never been entirely spontaneous. Governments must therefore be responsible for directing substitution policy from above. Substitution policy has taken one particular recognisable form, the grouping of markets by means of multi-national medium-term programmes covering a range of specific investment projects, and by the simultaneous organisation of joint trading systems (free trade areas, customs unions).

The limitations of the individual countries' markets, a result of low per capita incomes and small populations, is the chief obstacle to any rapid economic growth in the Yaounde countries. Unless there is some consolidation of these markets, the scope for profitable and competitive investment will tend to dwindle in the years to come, despite the fact that new investments help to develop domestic demand, and there would inevitable be wastage and industrial overlapping, increasing endeavours by the different nations to out-bid their rivals, and a growing tendency to over-production by certain local firms.

Steady Programmes

The Commission's experts divided the countries into three multi-national regions, listing imports by industries already established, industrial projects already in hand and those seriously planned. Using this as a system of analysis, they went on to:

(I) define the scope of medium-term industrial development policy by outlining specific viable investment programmes which can be implemented over the next ten years, especially those which would be profitable on the supranational scale, and

(II) ensure for all the regional projects a satisfactory geographical and economic balance, thus foreshadowing the multi-national industrial development programmes.

As a result of the survey, a total of 109 substitution investment schemes, profitable at the regional level, were formulated, to be carried out over the next ten years. Some of these, however, cannot be put into effect at the moment, but only towards 1975, on the basis of forecasts made. As market conditions in the developing countries are so fluid, no hard and fast predictions can really be made. Investment plans for 1975 will inevitably be dependent upon the effectiveness of the shorter term substitution investment schemes.

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HEADLINES

CONTENTS

ADVERTISING

** Further to its agreements with the Swiss advertising agency, TRIO ADVERTISING SA, Lausanne, the London group OGILVY & MATHER INTERNATIONAL LTD, has raised the capital of its Milan subsidiary Ogilvy & Mather SpA to Lire 80 million: this firm has just absorbed the Turin agency, Trio Advertising SpA (see No 356). The latter was formed in 1961 with Lire 5 million capital by Editions Scriptar SA, Lausanne, which later became Trio Advertising, and it will retain its name in the amended style of Trio Ogilvy & Mather.

** The New York group GARDNER ADVERTISING CO INC has opened a Brussels branch called Intergard Europe on the premises of the Ixelles-Brussels agency, PLANS - PUBLICITE & COMMUNICATIONS SA, with which it has also formed a 50-50 joint subsidiary called Intergard Belgium SA (capital Bf 100,000 - see No 354).

The new company extends Gardner's European network in the international marketing field. In Europe, it already has a Dutch subsidiary called Intergardner Holland NV, formed 50-50 with a local agency (see No 332), in addition to which it is associated with French, German, Italian, British and Spanish agencies. The Ixelles firm (capital and reserves of Bf 1.76 million - directed by MM. H. Nyssen and M. Obozinski, who hold token interests in the new company) covers all activities in marketing, advertising, merchandising, communications, etc.

AUTOMOBILES

** An agreement has been signed between the FRIED. KRUPP group's commercial division FRIED. KRUPP MOTOREN- & KRAFTWAGENFABRIKEN, Essen (see No 426), and the leading Italian vehicle builder, FIAT SpA, Turin (see No 426). As a result, Fiat will be able to use Krupp's well-established sales network for boosting sales of its commercial vehicles. This division of Krupp has been working at a loss recently, using less than half of its capacity (5,000 vehicles), and the move will probably reduce its financial losses. Most West German commercial vehicle producers have been faced with difficulties this year, as production up to the end of July fell by 24.2% to 92,966 (1966 total: 242,745).

Fiat, which to date has sold only vans and lorries up to 7 tons, will now be able to expand its West German interests, based on Deutsche Fiat AG, Heilbronn (capital DM 30 million). This company also controls Neckar Automobilwerke AG, Marchia Kreditvermittlungs GmbH, Transcommerciale Handelsgesellschaft für Warenverkehr GmbH, Fiat Leasing GmbH and Fiat Unterstützungsgesellschaft GmbH, all based in Heilbronn, as well as Fiat Automobilvertrieb GmbH, Berlin, and Karrosseriewerke Weinsberg GmbH, Weinsberg. The Turin group is taking over a sister company acquired before the last war, OM SpA, Milan, which makes smaller commercial vehicles: together they control 95% of the Italian market for this type of vehicle (1966 total: 71,616). Through OM, Fiat is linked with the heavy engineering group Büssing Automobilwerke AG, Brunswick (especially buses), in Büssing-OM-Vertriebs GmbH, Munich. The Brunswick group is in turn controlled by the West German state group Salzgitter AG, Berlin.

BUILDING & CIVIL ENGINEERING

** The Berlin asbestos cement group ETERNIT AG (see No 256) has taken over DEPLANIT GmbH & CO KG, Hagelstadt, wherein Herr Robert Pickl retains his minority interest.

Eternit's main shareholders (it has DM 60 million capital) are Ste Financiere Eternit SA, Brussels (see No 397) - 23.8%; Amiantus AG, Heerbrugg, Switzerland - 29.1%; Allgemeine Bank Gesellschaft AG, Frankfurt - 17.6%; Johns Manville Corp, New York (see No 424) - 10%, and Mannesmann AG (see No 395), Düsseldorf - 3.9%. The company has some 6,000 on its payroll and has an annual turnover in excess of DM 310 million. In Germany, it holds shares in Eternit GmbH, Vorm Vossen & Co, Neuss, Rhineland, and Eternit GmbH, Vorm. Carl Streckfuss, Neuershausen, Baden. Since 1964, it has held a 2.8% interest in the Luxembourg firm Team SA (see No 256), along with several other European companies and the American Johns Manville group and the British Turner & Newall Ltd, Manchester.

** The 46% London subsidiary of the Paris group CIMENTS LAFARGE SA (see No 404) LAFARGE ORGANISATION LTD, (formerly Lafarge Aluminous Cement Co Ltd) has increased from 52% to 76% its interest in the Edinburgh firm SCOTTISH CONSTRUCTION CO LTD, which makes "Scotcon" products. The latter's factories are at the head office and Dundee.

Headed by Mr J. G. Beevor, the London company (authorised capital £1.5 million) also has factories at Northwich, Cheshire and West Turrock. Its other British subsidiaries include True Flue Ltd, London as well as Durasteel Ltd, and Code Designs Ltd, both at Greenford, Middlesex. The French group, whose capital is soon to be raised from Ff 172.68 million to Ff 383.73 million, recently took the initiative in linking with another major French firm in the same sector, Lambert Freres & Cie Scs, Cormeilles-en-Parisis, Val d'Oise (see No 412) to build a cement works at Le Havre with an annual capacity of 1 million tons. This will be run by a joint subsidiary.

CHEMICALS

** Further to agreements made in 1964 for the exploitation of the French Feyzin steam-cracking plant, (where they have interests of 28% and 17% respectively), SOLVAY & CIE SA, Brussels, (see No 420) and S.N.P.A.-STE NATIONALE DES PETROLES D'AQUITAINE SA, Paris (see No 421), have decided to co-operate in exploiting the "Solvay" process for the production of low-density polyethylene. A subsidiary, formed on a 50-50 basis to this end at Balan, Ain, and supplied by the Feyzin steam-cracking plant will be complementary to the present high compression plant (developed by S.N.P.A.), which belongs to Aquitaine-Organico SA, Paris, the firm co-ordinating the chemical activities of the French group.

The Belgian group is already exploiting the process in Italy at a factory situated at Rossignano through its subsidiary Solvay & Co., Milan, (see No 391).

** The French state group CHARBONNAGES DE FRANCE - whose fertiliser subsidiary, Ammonia SA, Paris, is in the process of merging with Ste de Produits Chimiques d'Auby SA, Neuilly (see No 427) - is about to form an administrative company responsible for all its chemical interests, whether controlled directly or through subsidiaries. It will hold a direct 38% interest in the capital of the future STE CHIMIQUE DES CHARBONNAGES SA, along with the coal mining companies concerned with chemicals production; Houilleres du Bassin du Nord & du Pas-de-Calais (37%), Houilleres du Bassin de Lorraine (24%), and Houilleres du Bassin d'Aquitaine (1%). Since 1966, the group has had a sales subsidiary, whose interests lie solely in the chemicals sector, CDF Chimie SA, Paris (see No 359). This will now start to sell ABS resins ("Norsoran" and "Lopox" epoxide resins).

CDF's share of French chemical production in 1966 was as follows: polyethylene (86%), styrene (73%), cyclohexane (61%), synthesized ammonia (44%), and methanol (42%). Its main French interests, both direct and indirect, where it is linked with the private sector, include Huiles, Goudrons & Derives SA, Ethylene-Plastique SA, Ste des Produits Chimiques Courrieres-Kuhlmann SA, l'Ammoniaque de Lievin SA, Ste des Produits Chimiques Marles-Kuhlmann SA, etc... Abroad it has interests in two West German companies, Saarland Raffinerie GmbH, Klarenthal, and Harnstoff Düngemittelfabrik Saar-Lothringen GmbH, Perl.

** S.I.P.M.A.A.-STE D'INVESTISSEMENT DES PRODUCTEURS DE MATIERES ALCOOLIGENES & D'ALCOOL SA has negotiated the acquisition of a 47% interest in SFECI-STE FRANCAISE D'EXPANSION COMMERCIALE & INDUSTRIELLE, Paris (see No 361), as the latter has just raised its capital from Ff 1.1 million to Ff 6.05 million. The remainder will be covered by a company now being formed, PIERRE MARIOTTE SA (capital Ff 1.6 million), to promote the development of SFECI, and it will take over the latter's 50% shareholding in SOFECIA-Ste Financiere d'Entreposage & de Commerce International de l'Alcool (held jointly with the Paris group Louis Dreyfus & Cie SA, Paris - see No 419).

SFECI has M. Pierre Mariotte as president, and trades on an international basis in distillation products. It has considerable interests in the Spanish ISTAMEL-Sdad Internacional de Stockajes de Alcoholes & Melazas SA, Cadiz (president M. Mariotte), and the Italian SODEVEA-Sta Deposito & Vendita Alcool Srl, Trieste (director M. Mariotte). He is also backer and vice-president of SODES-Ste d'Ethanol de Synthese SA, Paris (see No 419), in which SFECI has a 25% shareholding, and the Louis Dreyfus group indirect interests.

** The need for reorganising the potash fertilizers industry has induced the French Government to regroup the public companies, O.N.I.A.-OFFICE NATIONAL INDUSTRIEL DE L'AZOTE SA, Paris (see No 424) and M.D.P.A.-MINES DOMANIALES DE POTASSES D'ALSACE SA, Mulhouse (see No 427), and place them under a holding company called ENTREPRISE MINIERE & CHIMIQUE SA. This will become operative in 1968, and will co-ordinate the current activities of the two (about Ff 1,400 million combined turnover and 16,000 employed) through three subsidiaries, yet to be formed, two of which will be manufacturing firms (fertilizers and mining) and the third for sales.

Mines Domaniales is linked 50-50 with the German WINTERSHALL AG, Celle, in a plan for a fertilizer factory at Ottmarsheim, Haut Rhin (to be implemented by Produits Chimiques & Engrais du Rhin-Pec-Rhin SA - see No 427), and has widespread foreign interests. In Belgium, it has direct and indirect holdings in Produits Chimiques de Tessenderloo SA, Tessenderloo; Produits Chimiques du Limbourg SA, Kraadmechelen; Sobipar SA, Brussels and SA De Pont Brule, Vilvorde. In the Netherlands, it holds shares in Rembours- & Industriebank NV, Amsterdam (see No 413); in Canada in the potassium mining concern Alwinsal Ltd (50%); in Congo Brazzaville in Cie de Potasses du Congo SA (50%), and in Morocco in Cie des Zemmours SA (47%). ONIA has numerous interests in the Franc Zone countries: Produits Chimiques & Engrais d'Algerie SA; Ste Industrielle d'Engrais du Senegal SA, Dakar, Senegal; Ste Tropicale d'Engrais & de Produits Chimiques SA, Abidjan, Ivory Coast; Engrais & de Produits Chimiques SA, Abidjan, Ivory Coast; Engrais & Produits Chimiques de Megrine SA, Tunisia; Engrias & Produits Chimiques d'Afrique Equatoriale SA, Cameroon etc.

** The MINNESOTA MINING & MANUFACTURING CO, Saint-Paul, Minnesota (see No 404) has again extended its Italian interests through its chemical and photographic subsidiary FERRANIA SpA, Milan (see No 421). At Caserte (office also at Milan) the latter has set up POLYSUD SpA (authorised capital Lire 1,200 million - Lire 1 million paid-up) which, with its own head Signor Piero Stucchi Prinetti as president will manufacture and market polyester resins.

The American group has only just rationalised its Italian interests, with Ferrania taking over several of its other Milan subsidiaries. It has also opened a Munich branch to its Düsseldorf subsidiary, Minnesota Mining & Manufacturing GmbH.

** The Paris group L'AIR LIQUIDE SA (see No 424) has backed the raising of the capital of its Düsseldorf subsidiary DEUTSCHE L'AIR LIQUIDE EDELGAS GmbH, from DM 250,000 to DM 1 million and has thereby strengthened its control. Since 1966, Edelgas has been the West German representative for welding equipment and products made by La Soudure Autogene Francaise SA, Paris. The move will also enable the Düsseldorf firm to strengthen its marketing network. It was formed in 1962 as Edelgas GmbH Für Gewinnung & Vertrieb Von Edel & Industrie Gasen (capital DM 20,000) by Signor Lino Terzoli, Brebia, to market specialised liquid gas products for welding and laboratories.

In West Germany, the French group also controls the Düsseldorf sales firm Galco Gesellschaft Für Industrielle Fertigungen der Chemie & Physik mbH (formed in 1955 - capital DM 100,000).

** COOPER, McDOUGALL & ROBERTSON LTD, Berkhamsted, Herts (see No 369), a member of the London chemicals and pharmaceuticals group THE WELLCOME FOUNDATION LTD (see No 413), has made its Paris branch an almost wholly-owned subsidiary called Cooper France SA (capital Ff 100,000). This is the British firm's third Common Market subsidiary, and it has M. Michael-Leon Lis as president. It will make and sell non-toxic insecticides and preparations for veterinary, stock-rearing and horticultural use.

** The New York group TRANSAMMONIA INC has formed a Milan sales subsidiary, TRANSAMMONIA Srl (capital Lire 800,000). The minority shareholder in the new firm is its holding company TRANSAMMONIA INTERNATIONAL LTD, Nassau, Bahamas. Mr. R. P. Stanton of New York is president of the Milan concern, and the directors are Signor S. Uzielli de Mari, Florence, and Mr. Charat Ram, New Delhi. It will be involved in marketing mineral products, fertilisers, basic chemicals and bonemeal.

ELECTRONICS

** THE TINTOMETER LTD, Salisbury, Wilts (scientific and optical instruments, especially chromatographs), has formed a West German sales subsidiary, Tintometer Gerätehandels GmbH, Dortmund (capital DM 20,000 - managers Messrs Sidney and Peter Fawcett.

The parent company has about 100 people on its payroll, and is represented in the USA by Hayes G. Shimp Inc, Long Island, New York, and Salisbury Industries Inc, New York.

** The BANQUE INTERNATIONALE A LUXEMBOURG SA (see No 421) has taken a 76% interest in the formation of a Luxembourg holding company called INTERNATIONAL RADIO & TELEVISION CORP. LUXEMBOURG SA (authorosed capital Sf 30 million). The new company is directed by MM. A. Colas, R. Hemes, and J. Nilles, and its main function will be to form and run radio and TV companies, and to handle patents and licenses.

** The two French groups, C.S.F.-CIE GENERALE DE T.S.F. SA, Paris, and THOMSON-HOUSTON HOTCHKISS-BRANDT, (See No 427) - re semi-conductors - are negotiating with STE INDUSTRIELLE DE LIAISONS ELECTRIQUES-SILEC SA, Paris (see No 395), which raised its capital in 1966 from Ff 18.81 to 30.096 million. These talks have already led to the formation (see No 362) of a company formed 50-50 with a CSF subsidiary, Ste Commerciale des Semi-Conducteurs Cosem-Silec SA.

The talks with SILEC have nothing to do with recent decisions for CSF and Thomson-Houston Hotchkiss-Brandt to forge closer links: these will give rise to the formation of a new joint subsidiary, and will give Thomson-Houston Hotchkiss-Brandt effective and minority control of the former, after receipt of the shares held in it by the BANQUE DE PARIS & DES PAYS-BAS SA.

** The Dutch group NV PHILIPS' GLOEILAMPENFABRIEKEN, Eindhoven (see No 422), which is already linked in West Germany with SIEMAG-SIEGENER MASCHINENBAU GmbH, Dahlbrunch Kr. Siegen (see No 341), mainly in Siemag Feinmechanische Werke, GmbH, Eiserfeld, Sieg, has, through its London subsidiary PHILIPS' ELECTRICAL INDUSTRIES LTD, forged a further link with this firm for EDP equipment. As a first step, this subsidiary has absorbed Logabox Ltd, London, which has exclusive British distribution rights for "Logabox" analytical calculators, "Supertyper" automatic typewriters and calculators, and "Siemag" computers (especially the new "Data 5000").

In West Germany, these machines are sold by the Frankfurt subsidiary Siemag Datentechnik Frankfurt GmbH, which was formed a year ago with DM 240,000 capital.

ENGINEERING & METAL

** Headed by the German/Swiss firm METALLGESELLSCHAFT AG, Frankfurt, the LURGI plant construction group (see No 426) has formed a Brussels subsidiary, LURGI BENELUX SA (capital Bf 1 million) through LURGI APPARATEBAU GmbH, Frankfurt. Six of its Frankfurt sister companies have taken shares in the new firm. These are Lurgi Gesellschaft für Chemie & Hüttenwesen mbH, Lurgi Gesellschaft für Wärme- & Chemitechnik mbH, Lurgi Gesellschaft für Mineralöltechnik mbH, Lurgi Verwaltung GmbH, Lurgi Werkstätten GmbH, and Lurgi Technik GmbH. The Metallgesellschaft group has itself a direct Belgian interest through its shareholding in Eurochemic-Ste Europeenne pour le Traitement des Combustibles Irradies SA, Mol.

** The German brass and alloy foundry R. & G. SCHMOELE METALLWERKE KG, Menden, Saverl., has taken a 44% interest in the formation of the Barcelona company RIBERA & SCHMOLE SA (capital Pts 3.75 million). It is linked in this foundry with the local firm of METALES & PLATERIA RIBERA SA (capital Pts 125 million).

The German company (capital DM 18 million) employs around 2,000 people, and has a turnover of DM 120 million. Its West German subsidiaries include: Elektroheiz- & Widerstands GmbH & Co KG, Hotelbetriebs GmbH and Bertram & Co GmbH, Berlin.

** AERONCA INC, Middletown, Ohio, has made a manufacturing and sales agreement with the Italian air-conditioning, heating, ventilation and refrigeration concern OFFICINE DI SEVESO SpA, Milan (see No 338). The latter will now make and sell throughout Europe, North Africa, and the Middle East, equipment developed by the New York subsidiary of the former, BUENSOD-STACEY CORP (see No 311).

The latter is already linked 10-45 with the Milan concern in Seveso Air Conditioning International SpA, where the balance of the capital is held by Andrew Air Conditioning Ltd, London.

** The West German brakes and shock absorbers manufacturer, JURID WERKE GmbH, Glinde, Hamburg, has granted a manufacturing licence to the Spanish firm DRIM SA, Prat de Llobregat. The Hamburg company (capital DM 10.6 million) is controlled by Bohlen Industrie GmbH, Glinde (see No 412). It also has two Benelux subsidiaries, Jurid Handel Mij. NV, Rotterdam, and Jurid SA, Brussels.

** EVER-READY PERSONNA, London ("Personna", "Gem", and "Pal" razors and razor-blades), since 1965 a division of PHILIP MORRIS & CO LTD, London (wholly-owned subsidiary of the New York group PHILIP MORRIS INC - see No 305), has made a distribution agreement covering Italy with ITAL-AMERTEC SpA, Milan and L. MANETTI-H. ROBERTS & CO, Florence. The latter, which is a joint Italian and British venture, makes and imports pharmaceuticals, toiletries, cosmetics and household goods.

** A manufacturing and sales co-operation agreement between four machine-tool manufacturers will shortly result in the establishment of the Stuttgart firm PROTORNA-VEREINIGUNG VON DREHAUTOMATENHERSTELLERN GmbH. The four founders will keep their independence. Together they employ around 3,000 persons and have an total annual turnover approaching DM 120 million.

There is one Swiss founder, FABRIQUE DE MACHINES TAREX SA, Geneva (capital Sf 2 million - see No 287), which already has a Stuttgart subsidiary, Tarex Deutschland GmbH, as well as Tarex France SA, Paris, and Tarex England Ltd, London.

The first German founder, TRAUB MASCHINENFABRIK KG, Reichenbach, Fils (see No 392), also has numerous foreign subsidiaries: Misal-Präzision Werkzeug-Maschinen AG, Roveredo, Ticino, Traub Maschinenfabrik GmbH, Dielsdorf, Zurich, Traub France Sarl, Chilly-Mazarin, Essonne (capital recently reduced from Ff 1.5 million to Ff 900,000), A/B Traubautomat, Gothenburg, Sweden, Traub Strohm Corp, Plainvieux, Long Island, Traubomatic Industria & Comercio Ltda, Sao Paulo, Brazil, and Traub India Private Ltd, Poona, India. The third, ALFRED H. SCHUETTE KG, Cologne-Deutz (capital DM 11 million), is West German representative for several American machine-tool firms, including Cincinnati Shaper Co, Cincinnati, Ohio, Giddings & Lewis Machine Tool Co, Fond du Lac, Wisconsin, Kearney & Trecker Corp, Milwaukee, Wisconsin, The Lodge & Shipley Co, Cincinnati, and Warner & Swasey Co, Cleveland, Ohio, etc... The remaining backer of the new concern is AUGUST STEINHAUESER KG, Stuttgart-Feuerbach.

** The German plant manufacturing concern, WAFIOS MASCHINENFABRIK WAGNER, FICKER & SCHMID, Reutlingen (see No 419), which has two French subsidiaries (Wafios-France Sarl, and Famo Sarl, Paris - see No 272), has now formed a subsidiary in Italy called SIMEA-STA ITALIANA MACCHINE & AFFINI Srl, Milan, as a sister company to Wafios Italiana SpA, Milan (capital Lire 6 million). The new company has Lire 900,000 initial capital and is managed by M. Wilhem Harter, Reutlingen, who is already president of the first Italian subsidiary. Like this, the new company is to trade in plant for the engineering and metal industries.

** As part of its diversification programme, the Brussels group, COMINIERE SA-CIE COMMERCIALE & MINIERE DU CONGO, (see No 352) has taken over the French concern SOVI SA, Clichy, Hauts-de-Seine, (see No 407). This move secures for it the distribution rights for diesel engines, lorries and engines produced by the two American groups, CUMMINS ENGINE CO INC, Columbus, Indiana (which recently opened up a branch of its subsidiary, Cummins Diesel Sales Corp, Columbus, in Brussels - see No 335) and the WHITE MOTOR COMPANY, Cleveland, (see No 395). The Belgian group, through its new French subsidiary, becomes an associate of a number of Brussels subsidiaries, Belectric-Cie Belge de Participations & de Gestion d'Entreprises Electriques, Industrielles & Commerciales, (formerly Colelectric - Cie Congolaise d'Electricite) Matermaco-Belgique SA, (see No 414) and Matermaco-Congo SA Materiels & Materiaux au Congo.

Recently, Cominiere has been trading in the following fields: motor car imports, (Novarobel SA - see No 329), civil engineering plant, (L. W. Manufacturing SA), processing and packaging of potatoes, (Belgian Food Industry - Belfood SA, see No 350) etc.

** Association agreements between the French group LE NICKEL, Paris, and the American KAISER ALUMINIUM & CHEMICAL CORP, Oakland, California, concluded in December 1965 (see No 365), for the production of nickel in New Caledonia and its sale in the United States, have received the blessing of the French Government. Two subsidiary companies, formed on a 50-50 basis, are being created for this purpose, STE NEO-CALEDONIENNE DU NICKEL SA andKAISER-LE NICKEL CORP. The first-mentioned company will soon start on the construction of a ferro-nickel production plant in New Caledonia; the initial capacity of this plant will be 15,000 tons a year.

** The German engineering consultancy firm of KIENBAUM BERATUNGEN GmbH, Gummersbach (headed by M. Gerhard Kienbaum) has formed a subsidiary in its own name in Vienna. It has been co-operating closely since 1966 with the Heidelberg engineering company KRAFTANLAGEN AG (see No 352), a member of the Berlin group Berliner Handelsgesellschaft (see No 422), through Allgemeine Lokalbahn- & Kraftwerke AG, Frankfurt.

** The Dutch FLAMCO NV, Gouda (oil heating, gas purification, etc - see No 361) has set up a West German sales subsidiary under the name of Flame Co GmbH, Cologne (capital DM 20,000; manager M. Jan Koppenall, Waddinxveen).

The Gouda firm, which has about 200 on its payroll, is a member of the Rotterdam finance group Internatio-NV. Internationale Crediet & Handelsvereeniging Rotterdam (through L. A. Van Eijle & Co's Technische Handel Mij. NV). It is linked 55/45 with the American Eclipse Fuel Engineering Co, Rockford, Illinois in Flameco NV, Gouda (capital Fl 1.5 million).

FINANCE

** THE SINGER CO, New York, has improved the financial position of UNIVERSAL KREDIT BANK GmbH, Frankfurt (agreed for capital equipment purchases), by raising its capital from DM 4 to 9 million. It gained control of this firm in April of this year (see No 407).

The German company was formed in August 1960 by the New York C.I.T. Financial Corp, through its Swiss holding company Unifinanz AG, Zug.

** The New York FIRST NATIONAL CITY BANK (see No 416) has opened a second Paris branch, which, like its predecessor, will be headed by M. Jean-Pierre Sudrot.

The move is the American bank's sixteenth foreign operation during 1967, and it strengthens an international network which includes 209 subsidiaries and branches in 61 countries. Recently, First National City Bank has been extending its services.

** B.E.C.-BANQUE EUROPEENNE DE CREDIT A MOYEN TERME SA, which was recently formed in Brussels by five European banks (two British, one Belgian, one Dutch and one West German - see No 419), is about to form an Amsterdam subsidiary, specialising in medium-term credit operations. The new company will have an authorised capital of Fl 50 million, with 20% paid-up.

Three other European banks, Credit Lyonnais SA, Paris (see No 415), Ste Generale SA, Paris (see No 367), and Banca Commerciale Italiana SpA, Milan (see No 421), are also about to become shareholders in B.E.C.

** The Belgian bank O. DE SCHAETZEN & CIE Scs, Liege (see No 420), has formed a specialised subsidiary to deal with mortgage and property loans, WONING- & GRONDKREDIET NV. Based at Brasschaat, the new company has a capital of Bf 5 million.

FOOD & DRINK

** European investors, led by the French cattle slaughter firm, STE MAINE-SOCOPA S.I.C.A., Evron, Mayenne, a limited liability agricultural collective (variable capital and board - formerly Socopa Maine Viande), have formed EURO-SOCOPA SA, Anderlecht, Belgium. This company was founded with Bf 10.05 million capital for the cattle trade - the rearing, slaughtering, stocking and canning of meat, fish and shell-fish, poultry, fruit and vegetables. The other principal founders of the firm are the Belgian company Cobelvi-Vie Belge des Viandes SA, Soignies, Hainault, and the Italian Cadeo Carni SpA, Roveleto di Cadeo, the Dutch Schlachthuis Van Aalter, Aalter, and the Irish International Meat Packers Ltd, Dublin.

** The French pasta and ready cooked foods firm ETS. MILLIAT FRERES SA, Nanterre, Hauts-de-Seine (see No 338), has made a subsidiary of the Schweppes group, Ingram & Royal Ltd, London its British agent. Milliat Freres produces such foods as spaghetti, ravioli, canneloni, pizza and quiche-Lorraine.

This agreement extends the range of products distributed by the British firm. Ingram & Royal already has the exclusive distribution rights to various French brands of pasta, mineral waters and specialities, and also distributes the products of its sister companies Wm. Moorhouse & Sons Ltd, Leeds, (confectionery) and Harvey's Belgravia Foods Ltd, (tinned meat and poultry), a small business taken over by the Schweppes group in 1966.

** The second French biscuit producer BN-BISCUITERIE NANTAISE, Nantes, Loire-Atlantique, (see No 416) has been taken over by the American GENERAL MILLS group. The latter was reported to have bid $2,400,000 when the deal which was first discussed several months ago. However, no firm decision could be taken without approval from the Foreign Investments Committee in Paris. BN has an annual turnover of Ff 85 million compared with the Ff 120 million of the leading biscuit group BELIN-GONDOLO acquired some years ago by the NATIONAL BISCUIT COMPANY (see No 421).

Under the new arrangement, BN's headquarters remain in Nantes with M. George Cosse as president. All the existing staff will be maintained, and a research laboratory is to be set up, which will work in close co-operation with Nantes University.

** Recent reports that the American food group PILLSBURY CO was having negotiations with the French biscuit producer ETS BROSSARD SA, St-Jean d'Angely, Charente-Maritime aimed at acquiring a controlling interest have now been confirmed. The French company, (president M. G. L. A. Brossard, headed by M. J. C. Doris - capital Ff 3.4 million - turnover Ff 40 million p.a.) has told its clients and suppliers that it has accepted the offer made by Pillsbury.

However, the offer still requires a go-ahead from the French government's Foreign Investments Committee and this may present some difficulties, since a large part of the French biscuit industry appears to be falling under American control.

OPTICAL & PHOTOGRAPHIC

** The West German optical equipment and precision engineering group CARL ZEISS, Oberkoche, Württembury (see No 416), has made a co-operation agreement with the otpcial and electronic instrumentation firm RSV PRAEZISIONSMESSGERAETE, DR. H. RITZL & DR. R. SEITNEW oHG, Hechendorf, Pilsensee, and at the same time has acquired a shareholding in the latter.

Headed by the holding company Carl Zeiss Stiftung, Heidenheim, the group recently increased to over 90% of its shareholding in the Stuttgart Zeiss-Ikon AG (capital DM 15 million), which is West Germany's leading manufacturer of photographic equipment.

PAPER & PACKAGING

** The merger between the two Dutch packaging firms PAPIERFABRIEK SCHUT NV, Eerbeek, and SUPERIEUR VERPAKKINGEN NV, Etten (formerly PAPIERINDUSTRIE SUPERIEUR NV) has resulted in the formation of SCHUTSUPERIEUR NV, Eerbeek and Etten N.B. The first mentioned company has been a family concern since its formation in 1886, and employs some 400 workers in manufacturing cardboard and paper packaging for industrial purposes. The other company was formed in 1932, and has some 350 people on its payroll. It manufactures aluminium foil, cellulose sheets, adhesive and impregnated papers and synthetic packaging, such as polythene. In 1962 it backed the formation of Supertape-Industrie Van Zelfklevende Materialen NV, Etten, to manufacture self-adhesive products.

** The Dutch packing and wrapping firm INVERPAK-INDUSTRIELE VERPAKKINGS-MIDDELEN NV, Rotterdam, (capital Fl 1 million), directed by Mr. Hans Wodrada, has set up an 80% Belgian subsidiary called INVERPAK Sprl, Anderlecht, (capital Fb 250,000). With Mr Wodrada as managing director, this company will be concerned primarily with the production and sale of glues, cloth and paper binding tape, packaging materials, and packaging machinery.

PHARMACEUTICALS

** The Swiss chemicals and pharmaceuticals group SANDOZ AG, Basle is to exchange shares with the DR. A. WANDER AG group, Berne and increase its capital, and this is generally seen as a takeover bid. Both are international companies with Wander only employing 1,270 in Switzerland out of a total of 6,440 whilst Sandoz employs but a third of its 17,200 employees in its home country.

Nearly half of Wander's 1966 Sf 400 million turnover came from food preparations ("Ovaltine") and sales of pharmaceuticals are becoming increasingly important. It also has 34 factories throughout the world. Sandoz had a 1966 turnover of Sf 1,400 million (pharmaceuticals accounted for 55%) and it also makes dyestuffs and chemicals.

The new move will strengthen the research position of both partners, as they are heavy spenders for their size in this sector. Last year Sandoz spent 11.4% of its turnover from pharmaceuticals sales on research. Both companies will be able to co-operate in marketing their wide range of human and animal health products.

** The take-over of COOPPAL & CIE, POUDRERIE ROYALE DE WETTEREN SA, Brussels, (see No 417) by POUDRERIES REUNIES DE BELGIQUE SA, Brussels, (part of Societe Generale de Belgique) has resulted in a Bf. 140 million increase in the latter's capital. This step has increased what was previously a 50-50 holding in their subsidiary, Eurofoam SA, set up in 1966 in Brussels to a majority holding.

The last-named company, the capital of which has increased to Bf. 140 million recently, produces in its Wetteren factories both rigid and flexible polyurethane foam under licence from the Philadelphia SCOTT PAPER CO. Scott has an industrial and commercial subsidiary, Eurofoam Gesellschaft fur Kunst-stofferzeugnisse mbH, (capital Dm. 300,000). Cie de Saint-Gobain SA, Neuilly-sur-Seine is responsible for the distribution of its textured foam in France.

PHARMACEUTICALS

** Having gained control of similar companies in Germany, Italy, and the Netherlands, the Swedish pharmaceuticals group ASTRA APOTEKARNES KEMISKA FABRIKER A/B, Sodertalje (see No 365) has now taken over the French company LABORATOIRES LEMATTE & BOINOT Sarl, Paris.

The latter, the capital of which was increased from Ff. 840,000 to Ff. 2.4 million during 1966, is linked with Ste. Francaise de Recherches Biochimiques H. Besson & Cie SA, Paris, in the management and investment company Sofilab Sarl (capital of Ff. 1.1 million). This backed the formation in Brussels of Laboratoires Lematte & Boinot S.A.B. SA.

PRINTING & PUBLISHING

** The British FINE ART DEVELOPMENTS LTD, Halesowen, Birmingham (see No 373) has set up in the Common Market by forming an 80% Paris subsidiary under the name of EDITIONS IVOIRE Sarl, mainly for greetings cards and Christmas novelties.

The Birmingham group (Chairman Mr. F.R. Kerry) embraces the following British companies: Collisons Ltd (greetings cards), Findel Stores Ltd (mail-order Christmas novelties), the Foxhill Group (producing greetings cards), Miller Greetings (Great Britain) Ltd, Studio Cards Ltd (mail-order Christmas cards) and T.E. Webb & Co.

TEXTILES

** The West German shirt-making firm H. HAGMUELLER & CO KG, FABRIK FEINER HERRENWAESCHE, Lindau (headed by Herr Heinrich Hagmüller) has extended its interests to Austria by acquiring a shareholding in ARMIN BOESCH & SOHN oHG, Lustenau, Vorarlberg which has become its Austrian representative. The Lindau firms specialises in "Säntis" sports shirts, and with its 60 employees had a 1966 turnover of Dm. 5 million.

** The London group STAFLEX INTERNATIONAL LTD (formerly Staflex Interlinings Ltd), which specialises in heat-adhesive fabrics, has negotiated the acquisition of a near-50% interest in the Dutch textiles group KON. VEENENDAAL-SCHE STOOMSPINNERIJ & WEVERIJ. NV, Veenendaal (see No 281), with which it already owns two joint subsidiaries, Staflex Nederland NV, Veenendaal, and Staffex-Service GmbH, Düsseldorf. The latter is the former Induha-Industries & Handels GmbH, Aachen, and was the British group's West German agent, which was acquired in 1960 and became Staffex Fixierbare Einlagestoffe GmbH in 1964, before this was changed recently to its existing name.

The British group already has considerable continental interests through its other subsidiaries. These include Staflex (France) SA, Paris (capital Ff 10,000), Staflex (Belgium) SA, Brussels, Staflex (Italy) SpA, Milan, Staflex Verkoopmij. Holland NV, Amsterdam, and Staffex Textilwaren Handels GmbH, Vienna. In German-speaking countries, the name "Staflex" was unavailable, and therefore the West German and Austrian had to use "Staffex". During 1966 it formed Staflex Research Ltd, London (Capital £100).

The Dutch group will provide complementary interests to those of its new shareholder (furnishing, strengthening and processing adhesive cloth, both natural and artificial): through its joint association since 1964 with the London group DUNLOP RUBBER CO LTD (see No 398) in VEENENDAAL RUBBER NV (see No 260).

** The New York CELANESE CORP group (see No 388) is increasing its West German interests and has opened negotiations with a view to acquiring a large stake in the Kelheim synthetic textiles concern SUDDEUTSCHE CHEMIEFASER AG.

The latter failed recently to forge closer links with the Frankfurt group Farbwerke Hoechst AG (see No 418), in an effort to survive the crisis at present affecting the German artificial fibres industries. Its main shareholders are the two Munich Banks, Bayerische Vereinsbank AG (about 30%) and Bayerische Versicherungs-bank AG (10%). It employs about 2,000 people, and one of its main activities is the exploitation of the "Dolan" fibres trademark; its annual turnover is in the region of DM 160 million.

TOBACCO

** The German tobacco and cigarette manufacturing concern MARTIN BRINKMANN AG, Bremen (see No 423), has increased its capital, and the South African group REMBRANDT TOBACCO CORP. SA (Stellenbosch), has now gained an interest of over 30% in this firm. Brinkmann still remains, however, under the majority control of Herr Wolfgang Ritter.

The German firm (with a turnover of DM 1,447 million in 1966) recently set up three new companies to promote its brands abroad, Privileg Cigarettentabak GmbH (see No 398), Batavia Rauchtabak GmbH (see No 405) and Rothmans Cigarettenmanufakturn GmbH (see No 423). The South African group has in its turn set up a new subsidiary in Luxembourg to look after its European interests, International Tobacco Advisory Services Ltd, SA (see No 418).

** The Dutch carpets and floor coverings concern TAPIJTFABRIEK H. DESSEAUX NV, Oss (see No 367), which recently formed a French sales company, Desso-France Sarl, Paris (see No 426), is about to boost Belgian sales by forming Verkoopmij. Desso-Belgie NV, Waasmunster. It holds almost all the Bf 100,000 capital of this new company, though a token shareholding is retained by M. Jansen, who also holds a few shares in the French subsidiary. The new Belgian firm is a sister company to Tapijtfabriek H. Desseaux-Belgie NV, St-Gilles-Dendermonde, the capital of which was raised to Bf 67.5 million after its merger with Anc. Ets. Van Hoorick & Co, Waasmunster.

TRADE

** STE D'ETUDES POUR LE DEVELOPPEMENT A L'ETRANGE-SEDE, Luxembourg, has backed the formation of a new Luxembourg investment and management concern, INTERNATIONAL STORES SA (authorised capital $200,000). Since 1966 the Paris bank Neuflize, Schlumberger, Mallet & Cie Snc has been running Sede.

TRANSPORT

** An Anglo-Dutch link-up aimed at co-ordinating rail-road-sea transport between Britain and the Continent has resulted in the formation of FREIGHTWAYS INTERNATIONAL. Its founders are THE BULLENS ORGANISATION LTD, London, and FURNESS SCHEERVAART- & AGENTUREN MIJ. NV, Rotterdam (see No 393), whilst its agent for Scandinavia is the Swedish firm WILSON & CO A/B.

The British partner - a member of the London group Giltspur Investments Ltd, (see No 365) through Arthur E. Bullen, Borehamwood, Hertfordshire, and New England & General Trust Ltd - has two British subsidiaries, Channelflow Freight Services Ltd, and Hewson Bros. Ltd (agencies in London, Leith, Hull, Newcastle, Howden, etc.). The Dutch founder recently acquired an interest in the shipping firm Onderwater Transport NV, Schiedam, Vierhout Transport NV, Nunspeet (formed in July 1965 by M. Vierhout - capital Fl 1 million) and Channelflow Freight Services Holland NV, Rotterdam (formed in late 1963 as the result of moves by Arthur E. Bullen).

VARIOUS

** The French skis and winter sports equipment manufacturer ETS ABEL ROSSIGNOL Sarl, Voiron, Isere (see No 351), has taken a 50% interest in the increase from DM 20,000 to 60,000 in the capital of its West German sales affiliate, ROSSAL SPORTARTIKEL GmbH, Munich. The remainder of the increase was subscribed by the Geneva firm HOLDING STUDIA SA (capital Sf 50,000).

The French company (capital Ff 3 million) has since 1965 held an interest in the Swiss firm of Haldemann Rossignol AG, Hergiswill, Lucerne.

** The Belgian SA DES ETS. VICTOR DAMBOIS, Liege which already holds the Belgian rights for "Ramm bloc" prefabricated toilets and bathrooms with integral plumbing used in industrial building schemes, has now formally established SA RAMM BLOC BELGE. The original patents are held by the West German industrialist Herr Paul Ramm, and when he takes up his interest in the new company's capital, this will be raised from Bf 6.67 million to Bf 10 million. Other shareholders in the new firm are the bank Nagelmackers Fils & Cie Scs (see No 420), the engineering concern SA des Usines A Cuivre & Zinc de Liege (see No 340), Charbonnages de Werister SA (now being closed down), and its managing director is M. Alain Coumans, chairman of the founder. It will exploit a factory being built at Rocourt, Liege, which is due to begin work early in 1968 to produce 15 prefabricated sections daily.

CORRECTION

TRIEFUS & CO (418, p.E)

Should read: The London group TRIEFUS & CO LTD (see No 253) has extended its indirect Common Market interests by forming DIAMOND APPLICATIONS (CARRARA) SpA, Milan (Lire 10 million authorised capital - almost 100% held by the French subsidiary Applications Industrielles du Diamant - S.T.I. SA, Paris). The new venture (president Mr R. D.P. Triefus, managing director D. H. G. Prowse) will be operating initially at Dogana di Ortonovo, and will market in Italy diamond-headed saw blades and other abrasive tools, and diamond powder for marble cutting and other industrial applications.

The French subsidiary (President and general manager, M. P. P. Loridan, who holds a directorship in the new Italian company) stems from the amalgamation in 1961 of SODIAM SA with Triefus Industries (France) SA, Boulogne-Billancourt, to form Sodiam Triefus Industries SA. In 1964, the British group had near-outright control of this firm, and it was then merged with an existing Triefus subsidiary, Applications Industrielles du Diamant SA. Applications Industrielles du Diamant - S.T.I. SA, the headquarters of which are at Chartres, trades under the name of Triefus France.

LATE FLASHES

ADVERTISING: The Panama holding company INTERNATIONAL CORP FOR ADVERTISING & PARTICIPATIONS-ICAP SA has formed a Paris advertising agency under the name of PROSPECTIVE & PUBLICITE Sarl with MM. Raymond Mery of Paris and Maurice Pichon of Lausanne as managers and Ff 140,000 capital. ICAP's interest stands at 92.8%, and the balance is held by the Paris firm of REPRESENTATIONS INTERNATIONALES DE PUBLICITE-RIPSA SA (capital Ff 100,000).

PAPER & PACKAGING: The American GARDEN STATE PAPER CO, Newark, New Jersey, has taken an interest in forming DESENPA-STE DE DESENCRAGE DE VIEUX PAPIERS SA, Paris (capital Ff 100,000), which it has given a licence covering the whole of the EEC, for the use of its "Scudder" process for removing ink from waste paper for reprocessing.

The American firm's associates in the venture are LA CELLULOSE DU PIN SA, Paris (member of the SAINT GOBAIN group - see No 424) and its 69.8% subsidiary, PAPETERIE DE LA SEINE SA, Nanterre (see No 297).

TRANSPORT: A Marseilles subsidiary of the commission agency and transport concern, RUYS EN CO NV, Rotterdam (see No 373), RUYS & CO SA (capital Ff 264,000), has set up a new concern, in which it holds a 50% interest, called Euroma-Ste Europeenne de Manutentions SA (capital Ff 1.2 million). Michel Joubert is the managing director of this new firm, where the remaining 50% interest is held by the shipping concern, Compagnie Charles le Borgne SA, Paris (capital Ff 1.5 million).

The Dutch company has a subsidiary in Rotterdam, NV Mij Tot Exploitatie Van Gebouwen Insulinde, which in turn controls the Belgian firm Ruys & Co NV, Antwerp.

INDEX OF MAIN COMPANIES NAMED