

Opera Mundi **EUROPE**

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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March 13, 1969.

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THE WEEK IN THE COMMUNITY

March 3 - March 9, 1969

THE COMMON MARKET

The Groundwork of Change

Though no dramatic action is likely to arise out of the various meetings and discussions held during the past week, the groundswell behind the fresh desire to rid Western Europe of the political and economic stagnation with which it has been faced, is now growing stronger. All the signs point to the possibility of new and serious efforts being made during the months ahead, and the call by Mr. George Brown for a European political community is perhaps an indication of the way in which a number of influential European personalities are thinking.

There have been suggestions during the past few weeks of a change in the West German attitude towards the question of enlarging the European Communities and the establishment of regular political consultations within the framework of the Western European Union. These should not be taken as meaning that Bonn has decided to sacrifice its relationship with Paris in exchange for Britain, but rather that the West German government, and in particular the Christian Democrats, faced with the elections for the Bundestag in the autumn, have chosen to back what might be a more profitable line electorally. When President de Gaulle meets Chancellor Kiesinger in Paris this Thursday for the first of the present year's meetings held under the Treaty of Friendship signed between France and West Germany in 1963, they will have a number of differences of opinion to discuss, despite M. Debre's Bonn visit on Monday to clarify matters. And it is quite possible that behind the official statements put out after their meeting, there will be an agreement to disagree. Although the German Chancellor has for long played the role of mediator between France and her partners, it is reliably reported in Bonn that he was more than disconcerted by the Soames affair, and the views which the General is stated to have expressed. Regarding the WEU, the Chancellor believes this is a useful instrument for political cooperation, and in fact the West Germans seem to be willing to use it as such, but he is not greatly in favour of the creation of new organisations that would exist alongside the EEC. It is unlikely that the visit by the West German government to Paris will have been made easier by the statement made by the Economics Minister, Dr. Karl Schiller - a member of the Social Democrats, along with Willy Brandt - during the visit to Rome that he agreed with the Italians that "strengthening and widening" of the Community should be pursued at the same time.

Dr. Schiller will be in Paris for the talks, and his French opposite numbers will no doubt take the opportunity to express their concern about the growing economic strength of West Germany within the Community. The Germans have taken considerable pains to allay such fears, but their attitude towards France before the

emergency meeting in Bonn to deal with the November crisis, did not win them any votes in Paris. The different approach to the C.F.P. - G.B.A.G. affair by both countries did not improve relations between them, although the West German government is reported as being willing to mollify Paris by buying oil from C.F.P. on a long-term basis. For its part Bonn has doubts about a possible change in French policy, as some German observers believe Paris is trying to reforge closer links between the victors of the Second World War at the expense of Germany. The uncertainty about Germany has been advanced as a possible reason for the French President being willing to change his approach to Britain, so that the latter could act as a counter-balance, but since France might also suffer from such a move, it is uncertain about how much weight should be attached to this particular argument. There was however one event last week which produced an outcome pleasing to President de Gaulle, the election of Dr. Gustav Heinemann as the new President of the Federal Republic. If his rival, Gerhard Schroder had been elected it might well have been the cause of even more strained relations between Paris and Bonn, as Dr. Schroder's views on NATO and the role of Germany are noticeably different from those of the French President.

When the Action Committee for a United States of Europe met in London for the first time on Tuesday March 11th with M. Jean Monnet, one of the founders of the Common Market in the chair, it was attended by representatives of all three British political parties, as well as leading political figures from the Six. The West German Foreign Minister, Herr Willy Brandt was there, along with representatives of the Christian Democrats and the German Socialists, and members of the French opposition parties. These included Jacques Duhamel of Progres & Democratie Moderne, Maurice Faure of the Radical Socialists, Guy Mollet (S.F.I.O.) and Antoine Pinay, whilst the Italians were represented by the Secretary-General of the Socialist Party, Mauro Ferri and the Christian Democrats' Secretary-General, Flaminio Piccoli. The British delegates, who were attending for the first time since they joined last October included the Foreign Secretary, Mr. Stewart, Mr. Walter Padley, and George Brown for the Labour Party, Sir Alec Douglas Home, Mr. Maudling and Mr. Selwyn Lloyd for the Conservatives, whilst the Liberals were represented by their leader Mr. Jeremy Thorpe. The Committee agreed that it was essential for Britain to join the Common Market and that solutions should be found without delay to this problem. Furthermore British entry would strengthen the material and democratic foundations of Europe and help to establish Europe's rightful place in the world.

In its efforts to find solutions to the problem of Britain's entry, the Committee will be helped by a group of five "wise men" who will study the main problems which have to be tackled. For agricultural problems, this will be M. Edgar Pisani, the former French Agricultural Minister; for monetary questions, the Governor of the Bank of Italy, Signor Guido Carli, for institutional matters, Prof. Hallstein, the former head of the European Commission, and for technological questions Prof Karl Winnacker of Hoechst and Lord Plowden, president of Tube Investments. The Committee will meet in Hamburg on May 22 to hear interim reports from the five "wise men" and it is hoped to finalise their conclusions at a meeting in Brussels on July 15. It is also intended to look into ways of

integrating Europe in the political and defence spheres.

A proposal that a new "Messina Conference" should be called to see if a European Political Community could be established was made last week by Mr. George Brown following his visits to a number of European capitals. Although Deputy Leader of the Labour Party, Mr. Brown made it clear that he was not formally committing anyone except those who had taken part. He suggested there should be a return to the original concept, whereby the establishment of political unity would be followed by economic integration. In its present state "Britain and the other countries can be little more than pawns in the chess game played between the super-powers" and he described General de Gaulle's approach to European unity as reflecting "an attitude that can never be a basis for the building of Europe" and since there were fundamental political reasons for the French veto "he will keep the door shut for as long as he has the power so to do; and in every institution where he can - the WEU as well as the EEC". Whilst Britain was right to maintain her application to join the Community, if she and the rest of Europe were content to wait for the French President's departure, it might be found "that the EEC is too weak a foundation on which the construction of Europe can start again; and all belief in the possibility of starting again may be lost".

Mr. Brown suggested that since there were many important areas of political union not touched upon by the existing Community, especially in the defence and foreign policy spheres "common action in these directions would in no way cut across the work of the EEC". But such an organisation would have to avoid the veto system and should accept the North Atlantic Alliance. It could also deal with some subjects not altogether excluded from the Rome Treaties, but which the EEC had been unable to deal with effectively because of the veto system. These could include international monetary policy, advanced technology, and the establishment of a European Arms Production Board.

The former Foreign Secretary made it clear that the new organisation would not only be open to all European states, but would not be aimed at replacing the EEC. "It would not, repeat not, be intended to exclude any member of the EEC..... A place should be left open for France if other countries show themselves determined to go ahead the French will not be slow to join in. The proposed Political Community must have 'an unchallengeably democratic base' and in addition to a Council of Ministers without a national power of veto it would need an executive arm - a Commission with stature and authority, controlled by the Council and Parliament".

This new Community, in Mr. Brown's view, could contribute towards the policy of detente with Eastern Europe and the Middle East question. It might eventually help to find a solution to the German problem, and would provide for France "the only realistic hope of a more equal relationship with the United States". For the smaller democratic countries of Europe, it would offer the only way to avoid dependence on one or other of the Continent's larger powers: France today, Germany almost certainly tomorrow.

Whether or not Mr. Brown's proposals are translated into action along the lines he envisages will be shown during the coming months and years. Nevertheless it is certain that fresh moves towards political integration, launched from either the Continent or Britain are virtually certain this year. Although a supra-national body seems most likely at present, those opposed to this approach may find themselves given renewed arguments if France decides to put forward, as it has been suggested, a revamped version of the Fouchet Plan which she first came up with during the early sixties.

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CAPITAL MARKET

Commission Urges Cautious Improvements

The EEC Commission has just forwarded to member states a memorandum containing its views on ways of improving the European capital market, a field in which virtually no progress has been made since 1962, and where continuing inaction could jeopardise the stable economic expansion of the Community. The memorandum falls into two parts, the first prepared by M. Barre's team, on obstacles to fluid capital movements between member states, and the second drafted by Hans von der Groeben, on various dividend taxes, in particular withholding taxes, where double taxation is a problem. In this instance, the Commission is pedalling softly, and has taken a line of approaching the problems from the economic standpoint, while offering only moderate, limited suggestions, so as to avoid putting too ambitious a programme before the Council. As far as the suppression of fiscal barriers is concerned, the Commission has two main proposals:

- a) The relaxation of rules governing "institutional investors" (savings and insurance groups etc). It is thought that, below a certain ceiling, these should be allowed to invest their capital on the other markets in the Community
- b) Company information: shareholders should be better informed about the state and activities of their companies, according to criteria that would be standard throughout the Community.

Regarding fiscal harmonisation as such, the Commission at this stage has left the problem of dividends aside, and concentrated on interest-bearing bonds. Here it calls for the abolition of withholding taxes in member states (which range between 30% in Italy and nil in the Netherlands), having long considered the introduction of a single tax rate in this sector for the whole of the EEC, of 10%. Taking stock of the economic and psychological implications of this, it was finally decided to go for complete abolition of the retention of interest in the country of origin. The aim here is to stimulate more and more competition from the Six against the international issuing market, in particular the Euro-dollar market, which is not hampered by any such form of taxation. Community issues in 1968 in fact accounted for only 17% of the capital raised in the Six, while of the remainder the vast majority was probably European capital raised on these unencumbered markets.

AGRICULTURE

Dairy Produce Debate Resumes

The intractable problem of surplus milk and dairy produce is again being discussed by the EEC ministers of agriculture on March 10 and 11. One new element has been introduced by the West Germans, who have formally submitted a proposal to Brussels; this has been discussed by the agricultural committee and used as a working document in exchanges between Brussels and the member governments. The proposal envisages a global Community production quota for milk, which would be allocated to existing dairies; the dairies would then be free to decide, in agreement with the milk producers, whether to restrict deliveries or to impose a lower price, either for all deliveries or for the excess only. The previous German suggestion had been that there should be a general deduction from the milk cheque of up to 10 per cent of the target price, the funds thus raised being transferred to the Community's agricultural fund. There was something of an uproar among agricultural organisations when the Bonn government's plan became known and the German ministry of agriculture was induced to alter its original proposals. Not that the second version seems likely to be any more acceptable to member countries than the first.

In the first place the Commission maintains its opposition to any system of production quotas. These, it thinks, will tend to ossify the present unsatisfactory structure of the milk producing and processing industry and prevent those changes being made which are a condition of a rationalisation of the dairy produce markets. Further, quotas would have to be fixed on the basis of past production figures, and these no longer reflect the true position in view of the rapid changes taking place in the industry and will become even less realistic as time goes on. The final objection is that much milk consumed fresh in the Community never passes through a dairy at all. Thus the quota system would be incomplete, unless the sale of milk except through a dairy were banned, and this, in turn, would lead to further undesirable consequences. All this was stated in a recent written parliamentary reply given by the Commission. In addition the assistant director of the agricultural directorate in the Commission, M. Heringa, addressed a meeting of experts from the dairy and cattle organisations at which he said that the only solution to the problem of dairy surpluses was a reduction in prices.

The quota system is also unpopular with other member states, especially the Italians. They point out, with some justice, that Italy produces less milk than she consumes and if her producers were taxed on non-quota deliveries they would in fact only be paying for over-production in other countries. This argument, however, overlooks the fact that they are indirectly doing so anyway, through the European agricultural fund. Italy also raises the point of milk sales other than through dairies escaping the whole mechanism.

The Dutch were at first very hostile to the German ideas, which they said would be administratively impossible to put into practice; instead they wanted the average producer price in the Community reduced. Later, however, they changed their attitude

and supported the idea of a tax. The French were also in favour, pointing out that they had been operating a similar system for cereals for a long time. But they are believed to be preparing to suggest that any such solution must be conditional on the imposition of a tax on fats in feedingstuffs and the raw materials for margarine and also on the introduction of measures for the encouragement of beef production.

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Mansholt Plan under Attack

The reactions by the EEC farmers' organisations to the Mansholt Plan were carried a step further last week when the COPA, which represents all the national farming organisations, made known its views. The doubts which farmers in the Common Market have regarding the effectiveness of the Mansholt Plan were expressed by the COPA's president M. Jean Deleau. Major points of criticism include the fact that the Mansholt Plan makes no mention of any overall trade plan for agricultural products, despite suggestions by the Commission during the Kennedy Round negotiations that there should be world agreements for a number of agricultural products. Furthermore the Commission's attempts to achieve an acceptable balance between production and internal demand seemed to have been worked out without taking into account export possibilities. The COPA was strongly critical of this attitude which appeared to them to indicate that the Commission was less willing - unlike the United States - to protect the traditional markets of its farmers. This meant that third countries might well be able to carve themselves out a share of the EEC agricultural market.

Another area where the COPA criticised what it considered to be the over-optimistic views of the Mansholt Plan concern the question of farmers leaving the land, and their resettlement. The Commission's proposals claimed that a 3% economic growth rate would create sufficient new jobs, whilst for the COPA, M. Deleau claimed that an OECD study had shown that even a 6% growth rate would not produce new jobs in industry. Furthermore the COPA maintained that the Commission's proposals did not cover the social investments which would be required if all the farmers who left the land were to be rehoused satisfactorily. Although accepting that the general pattern of farming would probably evolve along the lines indicated in the Mansholt Plan, the COPA criticised the Commission for trying, through its guidelines and proposed financial incentives, to "pre-determine" the shape of EEC agriculture in the years ahead.

On Wednesday afternoon the European Parliament, which is meeting in Strasbourg will discuss the proposals for beef and dairy products during the coming season, and it seems that they will take an anti-Mansholt line, at least for the time being.

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EEC Grain Aid

The EEC countries have now decided on the 1968/69 allocation of the 1.035 m tons of grain which they are committed to supply to developing countries under the agreement reached in the Kennedy Round of GATT negotiations. These decisions were reached at a meeting of the foreign ministers in the first week of March. Of the total tonnage 300,000 tons will be found by the Community as a whole from stocks bought in under intervention purchases. The remainder will be supplied by individual member countries on a bilateral basis. There will be common rules governing these bilateral deals and the methods of financing them. Only the choice of recipients and the quantities supplied will be at the discretion of national governments.

The allocations under direct Community control will be distributed as follows: India - 80,000 tons; Indonesia - 56,000; Pakistan - 50,000; Turkey - 50,000 (this has already been supplied); Tunisia - 20,000; Sudan - 20,000. A further 25,000 tons will be supplied as emergency aid to the "Biafran peoples" with the express provision that this consignment is to be destined for those people living in Biafran-held territory. A request for 30 to 40,000 tons was received from Senegal while the ministerial council was sitting. This is needed to feed refugees from Spanish Guinea (Fernando Po etc); it seems likely that the ministers will agree to this consignment which would then also come out of the Community supplies. South Korea has also asked for assistance, but this will probably not be granted.

Some indications have been given of the bilateral deliveries by individual countries; France has announced that she will deliver 60,000 tons to the Arab Union, about 35,000 tons each to India and Indonesia and 30,000 tons to Tunisia; there will also be some smaller shipments to countries such as Ceylon. One difficulty is to avoid upsetting trade by giving free supplies to countries which might otherwise have found the money to buy grain in the normal commercial way. This difficulty becomes more acute if, as seems likely in this case, certain countries - Tunisia and Egypt are examples - receive aid from more than one source among the Six.

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E.C.S.C.

A Balanced Coal Market in 1969

The Community's internal energy requirements increased by some 5.9% in 1968, while with industrial production expected to increase by around 8% this year a rise in total energy needs in 1969 of about 5% can be expected, bringing total energy consumption

in the EEC to 713 million tons of coal equivalent. As in past years, of course, this rise will be accompanied by a fall in the relative consumption role of coal and coke, to 27.7% in 1969 as against 29.8% last year and 32% in 1967. Correspondingly, hydrocarbons will continue to cover a larger proportion of energy requirements, with oil going up to 52.6% (from 51.6% in 1968) and natural gas up to 8.4% from 6.9% in 1968 and only 5.3% in 1967. With production of natural gas rising so fast - especially in the Netherlands, it is now increasing in consumption faster even than oil.

Nevertheless, coal consumption in gross terms will fall off by only 0.4% in the Community this year (0.8% last year), which means that it will still be topping the 200 million ton mark. This relative levelling-off of needs, on the one hand, and the continuing pit closure programme on the other are expected between them to have the effect of restoring the market to equilibrium. In its provisional report on the coal situation in the Community, therefore, the Commission concludes that "the situation by the end of 1969 should be much improved, at least in terms of tonnages, with stocks reduced to levels that will no longer place an inordinate burden on the coal companies. This does not however obviate the economic and financial problems, with both direct and social in " " on subsidies still increasing, and with most coal undertakings still not in a position to set their financial house in order".

At least with productivity at the coal face continuing to rise last year it was possible to achieve slightly lower break-even prices, with wage costs rising slightly less than production, but returns fell twice as quickly as these prices, except in the Netherlands, where a drastic closure programme yielded an increase of 1.3% in receipts per ton.

The table below shows the pattern of cost prices and receipts in the various member countries, in terms of percentage variation between 1967 and 1968:

| | <u>Cost Price</u> | <u>Receipts</u> |
|-------------|-------------------|-----------------|
| Belgium | + 5.0% | - 1.8% |
| France | + 7.0% | - 0.9% |
| Germany | - 5.0% | - 2.7% |
| Netherlands | + 3.0% | + 1.3% |
| | <hr/> | <hr/> |
| Community | - 1.0% | - 2.0% |

*

Danger of Under-Capacity in Coking Plant

The Dutch Socialist Mr Oele, calling to witness various press reports, has sent a written question to the Commission expressing his concern over what seems to be a threat of shortage of coking capacity in the Community, and a danger therefore to the steel

industries of the Six. There is indeed real concern over this for the current year in West Germany (bearing in mind the rapid development of steel production), where a coking shortfall of between one and two million tons is feared. Underlying this situation is the fact that when pits close in the Community they tend naturally to close down their pithead coking plants also, such that at times coking capacity in fact dwindles faster than that of coal extraction, doubtless because prices of coking by-products are dropping so badly.

The Commission now has in hand the preparation of a study in depth on the question of supplies of furnace coke and coking coal to the Community steel industry, and chances are that the experts concerned will be at pains to stress this same question of coking plant capacity, for in almost all instances coking plants in the Community are now working at well nigh full capacity. The history of the situation is this: in 1960 the Community reached peak coking capacity level, at 84 million tons p.a., whereas coke production at that time stood at only 74.5 million tons. Five years later, coke production still stood at the same level, but coking capacity had fallen to only 78.3 million tons, not only by way of reconciling supply with demand, but also to cope with the coking plants' deteriorating balance sheets. In 1969, coking capacity for the whole of the Community will drop to something like 70 million tons, for what looks like being a gross coke production figure of 66 million tons. Thus for the Community overall, capacity will be well able to cover total domestic needs and those of exporters, although some withdrawals from stocks will be called for.

As far as coking supplies in the Community are concerned, even in the long term there seems little likelihood of this becoming a problem quantitatively, although the experts do feel that if the Community's steelmakers show any sign of calling more heavily upon capacity (and with them those of other producer countries like Japan), it may prove necessary to increase coking fines import prices. At present, the Community's coking sector takes some 88% of its supplies from Community coal sources, but there is quite some variation between the member states. The Dutch plants for instance take 44% of their fines from third countries (mainly the U.S.A.), while in Italy this proportion runs as high as 65%.

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Six Million Ton Belgian Steel Merger.

It was announced on Saturday morning that two of the leading Belgian steel producers, Cockerill-Ougree-Providence and Esperance-Longdoz have at last agreed on what is intended to be the first step towards their eventual merger and the creation of a group controlling some 60% of Belgian steel production and ranking amongst the top steel firms within the Common Market. Cockerill will begin by buying the majority stake in Esperance held by Evence-Coppee.

The idea of such a merger is not new, but the decision to go ahead will play an important part in the survival of the Belgian steel industry. Cockerill-Ougree is controlled

by the Societe Generale de Belgique, it employs some 34,000 persons making 4.2 million tons of steel annually, including 5% of French steel. Esperance-Longdoz is somewhat smaller with production totalling 1.5 million tons annually and has 12,700 employees.

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THE EUROPEAN COMPANY

Members of the Economic and Social Committee have been meeting to discuss their views on the proposed European company, a subject which has under consideration for a long time within the Community. A number of conclusions have been drawn up by M. de Precigout, the rapporteur for this particular study. Broadly these are as follows.

Although attempts have been made - in accordance with the Rome Treaty - to harmonise the laws and regulations in the different member countries, there has been little real progress, so that the creation of a European company law statute would in no way invalidate these efforts at harmonisation. At the same time, it would help to stimulate the atmosphere of a European "community" and could help firms wishing to raise funds or establish themselves in different countries, form subsidiaries or research subsidiaries and holding companies in other member states. Again it would mean that companies could merge with one another even if their head offices were in different countries, and would avoid the present necessity for companies to go into liquidation when such mergers occur.

It is also felt that the status of "European company" should be open to most applicants. There might have to be some restrictions, but these should not be severe and in particular medium-sized concerns should be able to become European companies. The members dealing with this problem also feel that it would be legally very difficult - and probably difficult politically - to try to prevent non-Community interests forming such companies. But if it was felt that despite the need to achieve the establishment of European companies as soon as possible some limits should be placed on what companies might be included. However it would be essential to ensure that companies interested in regrouping firms operating from several Community countries would be included from the start.

As far as bearer shares are concerned it is felt that any limitation on Euro-firms to issue shares to bearer, and in particular the effect of Italian legislation on this point, would greatly reduce the economic advantage of having Euro-firms. Until the Italian legislation on this matter is changed, the Economic and Social Committee feels that it would be best to use a pragmatic transitional solution.

Turning to the fashionable, but time-worn question of participation there was a clash of views between the different members. Some felt that there should be special rules

governing workers' participation and trade union representation; in their opinion this would mean ensuring a common solution for all European companies as well as taking care to avoid any basic rights won by workers being compromised. Others believe however that although there should be a uniform approach for all European firms, it would be best to keep the question of participation separate, as well as trade union representation, for fear of complicating even further an already difficult problem.

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PATENTS

The proposal by the meeting of the EEC Council of Ministers that a European patent convention should be established, which would cover other countries in addition to the present members of the Common Market, was welcomed last week by Britain.

A spokesman from the Foreign and Commonwealth Office said "We welcome any positive move towards harmonisation in the field of patents and look forward to receiving any invitation from the Six to participate in the negotiation of a European patents convention as a full and equal member".

* * *

TRANSPORT

Road Haulage rates

The EEC Commission has recently adopted a regulation fixing the conditions and procedures for the publication of such rates for road haulage between the Six as differ from published tariffs.

The regulation is a follow-up to the adoption by the Council on 30 July 1968 of a regulation on the introduction of a system of bracket rates applicable to road haulage between the Member States (see No 471). Article 5 of the Council Regulation permits hauliers to conclude special contracts, in certain circumstances, charging prices outside the brackets. The rates and terms of such special contracts must be given enough publicity to ensure that participants in the transport market have adequate knowledge of market conditions. The basic principles concerned are laid down in the Council Regulation, but it was for the Commission to specify procedures and conditions of application, and this is the object of the regulation just published.

There are two stages of publicity:

- (i) Immediate publication of special contracts in the country of departure: This involves notices being posted so as to provide rapid information on rates and conditions at the place of origin with the haulier's identity also to be disclosed.
- (ii) Monthly publicity by publication in a specialized bulletin in the country of origin and in the country of destination; this will supply general information on the road haulage market and on market trends.

At both stages, publicity will be handled by the member countries who are required to designate or set up ad hoc agencies and to demarcate their territorial jurisdictions.

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CUSTOMS AND TARIFFS

France Counter-Attacks on Export Aids

The latest move in the clash between the French government and the EEC authorities over the maintenance of the French preferential export discount credit came last week when it was announced that Paris had filed a suit against the Commission. The French action has been launched under the Treaty of Paris, which established the European Coal and Steel Community, and it asks the European Court of Justice to annul the decision taken by the Commission last December calling upon the French government to revoke its special export rebates for sales to other Common Market countries. When France took no action to abolish the export credit at the end of January, the Commission itself filed a suit against the French government.

The counter-move by Paris is limited to steel products, for only under the ECSC Treaty can the Commission take action, instead of being limited to recommendations as happens under the Rome Treaty. The French decision to file a counter-suit also has the effect of preventing the Commission imposing sanctions, which would have to be approved by a two-thirds majority of the Council of Ministers. Other steps which the Commission could decide on include suspension of Community aids to the French coal and steel industries or the granting of authorisations for the other member states of the Community to impose measures which would have the effect of nullifying the special French export credits.

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COMPETITION

No Insulation for Cables

An investigation by the Commission into the restriction on competition arising out of policies followed by the International Cable Development Corporation (I.C.D.C.) has resulted in the companies involved agreeing "to stop restrictive practices in the sale of insulated cables within the European Community". According to the reports of the investigation carried out by the Commission's competition section, the various national groups and companies involved had operated a cartel, and thus contravened the terms of the Rome Treaty (Article 85).

The practices criticised included the reciprocal protection of national markets through a number of measures, such as a ban on investment or the acquisition of shares, and the refusal to supply purchasers in other countries belonging to the organisation or a refusal to sell to such purchasers, except on the same terms as the companies already established there. There was also an agreement that advertising should be limited to each firm's own territory.

Although the Commission has now suspended its investigations into the operations of the I.C.D.C., it will maintain a careful watch on the insulated cable market to ensure that attempts are not made to revive the malpractices in question.

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FISCAL HARMONISATION

Unravelling Tobacco Taxation

The European Parliament's finance and budgetary Commission has just approved the EEC Commission's draft proposals on taxes on manufactured tobaccos (other than turnover tax) and its proposed resolution concerning excise on the same.

The Commission feels that not only the structures but also the levels of taxation on these products in the Community are in need of harmonisation, and it in fact quarrels with the Brussels Commission's suggestions on one score: that in their present form they would so reduce member states' income from tobacco tax as to place at least one of them in severe budgetary difficulties. Indeed, even where there is not a state monopoly, it could well be that the measures as proposed would pose all manner of problems for the private tobacco industry, having wide-ranging social and economic effects. The Parliamentary Commission therefore suggests that in amending the proposals, the

following criteria should be borne in mind:

- 1) The fiscal system should have nil effects on competition.
- 2) It should stimulate market interpenetration
- 3) It should tend to optimise the collection of revenue.
- 4) It should in no way shrink the price range of manufactured tobaccos offered by producers.

When it comes to harmonisation, a first step should be to bring in a cigarettes and tobacco tax system having upper and lower threshold prices. Under the lower threshold, a minimum tax should be applicable, equal to the amount achieved by applying a rate proportional to the excise rate payable on the maximum retail price of a cigarette, the selling price of which is equal to the lower threshold laid down. Between the two thresholds, the rate of progression would be 40% of that part of the price by which the lower threshold is exceeded.

Member states should determine the thresholds as follows:

- a) The lower between \$ 2.25 and \$ 4.75.
- b) The upper at not less than \$ 0.5 and not more than \$ 2.0 over the lower.

The Parliamentary Commission also maintains that there is a case for absolving snuff and chewing tobaccos from excise, and for modifying the levels at which reduced rates come in for manufactured tobaccos other than cigarettes. It also hopes that the EEC Commission will make provision for the harmonisation of various taxes on consumption, such that for all member states a balance will be struck between what increases and what decreases in tax revenue are likely to result from these proposed measures.

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STUDIES AND TRENDS

The Development of Retail Shares in the Common Market

by Ph. Desirant,

Eurosyndicat Investment Research Bureau, Luxembourg.

Part II.

Inconsistent Margins: In large-scale retail distribution concerns, net profit margins of less than 2% are not unusual, although in German department stores the ratio is frequently much higher than this, probably because of their streamlined central buying systems, and their cooperation sponsored by the banks that hold shares in them. More important still is the fact that general running costs tend to be much lower with them than with say French firms, although with the latter the turnover per sales employee tends to be greater, and it is better to examine their consolidated accounts, which in most cases have to be estimated. When we do this, we find in the latter a general tendency for profitability to decline, notably in the cases of Paris-France, Lafayette and Le Printemps, although with the last two there were exceptional factors involved (see part I).

Similarly, an appreciable narrowing of margins is to be found with the mail order companies (La Redoute and Neckermann), and this continued into 1968. La Redoute seems to have escaped this trend longer than most, however, and still enjoys far more advantageous margins than its main competitor.

In general, the other companies under consideration have been able to maintain, even widen their margins since 1962. With the loss of profits after the gutting of its head office store by fire, of course the Belgian Innovation suffered a narrowing of margins in the 1967-8 financial year, and this was aggravated by a distinct decline in its competitive standing.

Accounts: Very Varied: The financial standing of these companies, even within the same country, varies widely from one to another. Thus Karstadt is unusually strong, whereas Neckermann is heavily indebted, even though the ratio of its investment efforts to turnover is far lower. In Italy again we find Magazzini Standa with its accounts virtually in balance - it is certainly free from long-term debts - while La Rinascente is struggling. One cannot take too much stock of the balance sheets of the French companies, however, as for the most part these are not consolidated. Just the same, we cannot fail to see how well La Redoute stands, and Paris-France even more so, although the latter's low-gear investment programme does go some way towards explaining this.

The financial situation of the other French concerns - Nouvelles Galeries, Lafayette and Printemps - is characterised by the relatively narrow margin by which they cover short-term liabilities, although in the case of the last two this is offset to some

extent by a fairly modest long-term indebtedness. Nevertheless, since 1962 Lafayette and Printemps have been finding themselves constrained to bring in outside capital to a far greater extent (in terms of the ratio to total equity) than the big German retailers, even though they have been investing less towards the end of the period.

Finally we have the high long-term liabilities of the Dutch companies, although one should point out that for Heijn this is more a matter of inheritance from the 60s, while for Bijenkorf the main factor is a heavy growth rate, which between 1963 and 1968 accounted for some 55.7% of all the capital raised.

Good Short-term Prospects: Because these companies are so closely bound to the pattern of development for private consumer expenditure in the EEC, we have to take care and bear this in mind when assessing their future prospects. For instance, 1969 is election year in Germany, wherein we are less likely to see the government imposing squeeze-type measures. This being so, family savings, which are still running at a high rate, are likely to drop off gradually, the more so because individual incomes are by the same token likely to show a climbing rate of increase.

The big German stores - one thinks in particular of Karstadt and Kaufhof - stand to gain from this situation; their returns should also be favourably influenced by their considerable expenditure on rationalisation in recent years, and by the steady rise to profitability of the large-scale sales outlets they opened in 1967.

In France, the boost to private consumption that we might justly have expected after the considerable rise in liquidity following the Grenelle agreements has to a large extent been offset by the deflationary measures brought in by the French Government, and by the adverse effects on individual spending power that rising prices have brought. Nevertheless, those companies that operate in the provinces will still be reaping the benefit, because of the paucity of retail facilities that still exists there. In particular we have Nouvelles Galeries, which unlike Paris-France has been busily engaged in increasing its provincial sales coverage.

With Printemps and Galeries Lafayette, whose activities are shared between the metropolis and the provinces, we may in the long term expect the first to gain from an acceleration of its investment activities, and the second to benefit from the financial rehabilitation of its mail order division and its Inno-France subsidiary. La Redoute has promising expansion prospects, but these are tempered with the likelihood of keener competition, and its margins too in the short term are likely to be impaired by increasing tariffs on the S.N.C.F. and the postal services in France.

In Italy, after the slackening-off of 1968, we may expect to see some rise in private consumption. Moreover, there is still considerable scope for expansion for the major distributive undertakings like La Rinascente and Magazzini Standa, bearing in mind

the very low level of market penetration achieved by integrated retailers in Italy (3 to 4% compared with 20% in France and some 25% in the Netherlands and Germany). Standa should indeed be in a position to expand rather more rapidly, having invested heavily in establishing itself in the supermarket sector.

The high profitability record of G.B. Entreprises, Delhaize and Heijn again stems from the vigorous enlargement of sales points in the food and groceries sector. Such interests are well aware that in Belgium especially still only a very modest share of this market is covered by major firms, and all three have set about accelerating the opening of new branches, which should duly be reflected in their returns.

However, competition here could well get rather out of hand, as regards both the quest for new sales outlets and of course prices. G.B. Entreprises is specially well placed here, as it has been engaged on a strenuous diversification campaign, and now only achieves some 40% of total turnover from trade in its established major department stores.

Each retailing system has its future, because each is tailored to a specific environment and a specific clientele. Where we have intensive trading, city-centre stores will be more than able to maintain their position, if only they continue to widen their services and ranges, and provide essential amenities such as parking. Expansion for these concerns, however, is rather a different question, and the example of the Belgian Bon Marche is a case in point. This is attempting to couple efforts to secure the continuation of its city-centre business with association to other retail interests to the end of establishing new shopping centres to meet fresh demand as population increase and overspill create this.

Note: This is an abridged version of an extensive financial analysis carried out by the Eurosyndicat Investment Research Bureau, Luxembourg subsidiary of the Brussels international economic and financial studies concern, Eurosyndicat.

| TABLE I | | <u>Development of Turnover</u> | | |
|---------------------------------|----|---|---------|---------------|
| Company | | 5 Years 1962-67 (yearly average) | 1967 | 1968 |
| Karstadt | NC | 7.4 | 3.4 | 7.8 |
| | C | n.d. | 2.9 | 8.0 |
| Kaufhof | NC | 6.6 | 5.0 | 13.0 Estimate |
| | C | n.d. | 3.7 | 10.0 |
| Neckermann | NC | 14.3 | 8.2 | 7.0 Estimate |
| | C | n.d. | n.d. | n.d. |
| La Redoute | NC | 29.9 | 22.4 | 25.0 Estimate |
| Nouvelles Galeries | | 12.8 | 6.9 | (13.0 |
| + Magasins Modernes | | 11.8 | 7.6 | (|
| Printemps : | | | | |
| - Hausmann + Filiales Nouveaute | | 9.8 | 5.1 | 3-4 Estimate |
| - Groupe Prisunic | | 10.0 | 4.8 | 10.0 Estimate |
| Galeries Lafayette | NC | | 2.8 | 0.7 |
| Paris-France | C | 13.2 | 6.6 | 3.3 |
| La Rinascente | NC | 10.7 | 7.1 | 7.0 Estimate |
| Magazzini Standa | NC | 13.1 | 8.7 | 10.0 Estimate |
| Innovation (a) | NC | 6.9 | 6.5 (b) | 6.8 (a/b) |
| Bon Marche (a) | NC | 6.2 | - 1.3 | 7.9 (a) |
| GB Entreprises | NC | 18.6 | 22.6 | 25.0 Estimate |
| Delhaize | NC | 12.4 | 10.6 | 17.0 |
| A.Heijn | C | 15.7 | 19.2 | 20.0 Estimate |
| Bijenkorf | | n. a. | n. a. | n. a. |

Note: Figures for companies whose financial year ends in January or February 1969 are quoted in the 1968 column.

(a) = year ending July 31, 1968; (b) = Development of stores outside Brussels; C = consolidated;

NC = not consolidated

| TABLE II | | Profit Margins* | | | | | |
|---|----|-----------------|--------|--------|--------|--------|--------|
| Company | | Gross | | | Net | | |
| | | 1961 | 1966 | 1967 | 1962 | 1966 | 1967 |
| Karstadt | NC | 4.6 | 5.5 | 6.6 | 2.7 | 2.8 | 3.1 |
| | C | n.a. | n.a. | 6.0 | n.a. | 1.9 | 2.7 |
| Kaufhof | NC | 5.7 | 5.9 | 6.3 | 2.7 | 3.7 | 3.1 |
| | C | n.a. | 4.6 | 5.4 | n.a. | n.a. | 2.2 |
| Neckermann | NC | - | - | - | - | - | - |
| | C | 2.4(b) | 2.2 | 1.9 | 1.4(b) | 1.3 | 0.9 |
| La Redoute | NC | 1.3 | 4.0 | 3.8 | 0.8 | 3.4 | 3.0 |
| Nouvelles Galeries + Magasins Modernes | | - | 3.7 C | 3.5 C | - | 1.2 C | 1.3 C |
| Printemps | | 3.6 NC | 3.9 NC | 4.1 NC | 2.1 NC | 2.1 NC | 2.2 NC |
| - Hausmann + Filiales Nouv. | | | 3.2 C | 3.1 C | - | 1.2 C | 1.1 C |
| - Groupe Prisunic | | | | | | | |
| Galleries Lafayette | NC | 2.2 | (c) | (c) | 0.8 | (c) | (c) |
| Paris-France | C | n.a. | 3.3 | 3.3 | n.d. | 2.2 | 2.1 |
| La Rinascente | NC | 1.9 | 2.6 | 2.6 | 1.3 | 1.8 | 1.7 |
| Magazzini Standa | NC | 2.5 | 3.5 | 3.3 | 1.3 | 1.5 | 1.4 |
| Innovation (a) | NC | 5.7 | 5.2 | 4.5 | 2.7 | 2.0 | 1.3 |
| Bon Marche (a) | NC | 4.7 | 4.6 | 4.4 | 2.3 | 2.3 | 2.2 |
| GB Entreprises | NC | 2.1 | 2.4 | 3.0 | 0.6 | 0.9 | 1.6 |
| Delhaize | NC | 2.3 | 2.3 | 2.4 | 0.8 | 0.7 | 0.7 |
| A. Heijn | C | 3.4 | 3.8 | 3.7 | 0.9 | 1.7 | 1.6 |
| Bijenkorf | | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

* Gross Margins = cash earnings to turnover
 Net Margins = earnings to turnover
 C = consolidated; NC = not consolidated

(a) = Years ending July 1968
 (b) = 1963
 (c) = Not applicable, company running at a loss

March 13, 1969.

A

EUROFLASH - HEADLINES

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| BELGIUM | ENFIELD PROPERTIES takes 15% in forming INCON building | B |
| | WESTINGHOUSE to form transport refrigeration subsidiary | F |
| | GLENOIT MILLS (BOTANY group) forms textiles subsidiary | R |
| BRITAIN | WHITBREAD-HEINEKEN alliance: new brewery for Dutch lager | M |
| FRANCE | THOMSON-HOUSTON and ALSPI make over assets to ALSTHOM | E |
| | MONTAGU buys SUEZ group's 20% stake in CREDIT VENDOME | K |
| | SAINT-GOBAIN and PILKINGTON to pool insulator business | M |
| | AGACHE-WILLOT and BELLE JARDINIERE textiles semi-merger | Q |
| | Shipping: C.G.T. moves towards NAVIGATION MIXTE absorption | T |
| | American GRUEN links with BALMAIN for luxury watches | U |
| GERMANY | VOLKSWAGEN-N.S.U. takeover: AUDI-NSU-AUTO-UNION planned | B |
| | HONEYWELL and DIENES sister companies under one holding | F |
| | DEGUSSA and METALLGESELLSCHAFT buy Dunkel out of LEYBOLDG | G |
| | METAL INDUSTRIES, Glasgow takes over SCHWELM HYDRAULIK | J |
| ITALY | FAIRCHILD forms subsidiary to market electronic components | G |
| LUXEMBOURG | 20 European savings banks form INTERSPAR HOLDING | L |
| JAPAN | BAYER and SUMITOMO link for polyurethane foam plant | B |
| NETHERLANDS | ACHESON and RIMROCK to link for base plastics project | E |
| | S.K.F., diversifying, to link with CAJA for alloy wheels | J |
| | DEXTER CORP to set up Fl 40 m. natural fibres plant | R |
| | PHILIP MORRIS to buy up MIGNOT & DE BLOCK tobacco | R |
| | BRITAIN BENELUX LINE, STOOMBOTMIJ Liverpool-Amsterdam link | T |
| U.S.A. | WACKER CHEMIE forms home subsidiary for Los Angeles plant | E |

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| AEROSPACE |
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** SNECMA - STE NATIONALE D'ETUDE & DE CONSTRUCTION DE MOTEURS D'AVIATION SA, Paris (see No 489) and ROLLS ROYCE LTD, Derby (through its subsidiary BRISTOL SIDDELEY ENGINES LTD - see No 501), which are linked with SUD-AVIATION and B.A.C. for the building of the "Olympus 953" engines for Concorde, have formed a joint subsidiary named CONCORDE ENGINES SUPPORT ORGANISATION LTD to promote this commercially. The new firm is chaired by M. Langendoor of Snecma, and Mr. A.D. Cawse of Rolls Royce is director, and it will have the use of both companies' world sales networks.

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| AUTOMOBILES |
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** After negotiations(see No 501), it has now been agreed that VOLKSWAGENWERK AG, Wolfsburg (turnover Dm 11,500 m. in 1968) will take a 59.5% controlling interest in N.S.U. - MOTOREN WERKE AG, Neckarsulm (Dm 590 m).

The Neckarsulm concern, renamed AUDI N.S.U. AUTO-UNION AG, will then absorb AUTO-UNION GmbH of Ingolstadt (see No 466), wholly-owned Volkswagen subsidiary, raising funds from Dm 87 to 215 million. In 1969, production target is around 250,000 vehicles, which would yield a turnover of some Dm 1,400 million.

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| BUILDING AND CIVIL ENGINEERING |
|--------------------------------|

** The American group STYLON CORP, Milford, Massachusetts (ceramic products for internal and external decoration) has extended its interests to the Common Market by acquiring a large minority shareholding in the china and industrial ceramics concern, STA CERAMICA ITALIANA RICHARD GINORI SpA (see No 464) whose main shareholder it now becomes, through its subsidiary STLYON INTERNATIONAL LTD.

** The British building group ENFIELD PROPERTIES GROUP LTD, Tunbridge Wells, Kent which is headed by Mr. G.H. Rattenbury (also chairman of the sister-company ATCOST GROUP LTD, in which HAMBROS BANK LTD - see No 500 - recently took a 15% interest) has backed the formation in Brussels of the building and civil engineering concern INTERNATIONAL CONSTRUCTION-INCON SA (capital Bf 600,000).

Enfield Properties specialises in prefabricated concrete and steel beams, and within the Common Market already controls Chapnor-Charpentes Prefabriquees Normalisees SA, Arques, Pas-de-Calais (formerly Atcost France SA established in 1960) and which in early 1968 was made over by Atcost Ltd to its parent sister company.

** The Dutch civil engineering concern BOUWBEDRIJF P. SMEETS NV, Meerssen has formed a Belgian subsidiary in Uikhoven, ALGEMENE BOUWWERKEN SMEETS NV (capital Bf 2 m) whose directors are Messrs Pieter H., Johannes P.H. and Servatius G. Smeets as well as Cornelis Dalebout.

Opera Mundi - Europe No 503

March 13, 1969.

C

** SERETE-AMENAGEMENT SA (capital F 500,000) has just been formed in Paris to supply local authorities and private groups with a complete service for handling administrative, technical and financial problems connected with large scale urban reconstruction and development plans. It is a subsidiary of the Paris plant construction firm SERETE SA (see No 410 - capital F 5.09 m) whose president is M. Francois Michel. This is linked in the new company with its own urban and economic studies subsidiary, SERETES SA, Paris and to the CREDIT LYONNAIS (see No 495), a minority shareholder.

** S.A. D'EXPLOITATION DES PROCÉDES GEAI (SAGEAI) has been formed in Paris with a capital of F 100,000 and M. Roger Lacharne as president. It will promote and manage, in France and abroad, various industrialised building techniques, and especially those of the STE CIVILE D'ETUDES - G.E.A.I. Other companies which have an interest in this new venture are PRODUITS CHIMIQUES PECHINEY-SAINT-GOBAIN SA, Neuilly, Hauts-de-Seine (see No 501), CEGEDUR G.P. SA, Paris (a member of the CIE PECHINEY SA group - see No 502) as well as G.I.S. - GROUPEMENT DE L'INDUSTRIE SIDERURGIQUE SA, Paris (see No 473) and the GROUPEMENT POUR L'ETUDE D'UNE ARCHITECTURE INDUSTRIALISEE - G.E.A.I., Neuilly, Hauts-de-Seine.

** The Frankfurt civil engineering, drilling and soil consolidation concern JOHAN KELLER GmbH, has formed an Austrian subsidiary in Vienna with a capital of Sch 499,000. The new company has Herr Carl Rappert as manager, which post he also occupies in the founder.

With a capital of Dm 4.2 million, controlled by the Degen family, this has offices in Karachi and Dacca, in Portugal (Cascais) and in Addis Ababa. In 1962 it took a 45% stake in the formation of the Ste Francaise d'Exploitation des Procédes Johan Keller SA, Paris (capital F 150,000).

** The Paris hydraulic engineering, soil consolidation and public works concern SOLETANCHE SA (see No 487) has formed a subsidiary in Hamburg named SOLETANCHE GmbH (capital Dm 20,000) with Herr Joseph Ditzner as manager.

The French company (capital F 10 m), has M. Ernest Ischy as president, M. Ischy also heads the Swiss Solexpert AG, Zurich, and directs the Zurich Holding Rodio AG (linked with Ing. Giovanni Rodio- & Co Impresa Costruzioni Speciali SpA, Milan). The group also embraces Solexpert International SA, Paris (branch in Zurich), the groupement d'interet economique Gisor - Groupement Economique Soletanche-Rodio, Paris; Swissboring AG, Zurich, and Cementaciones Especiales SA, Madrid.

CHEMICALS

** The Milan chemical and petrochemical group STA ITALIANA RESINE - S.I.R. SpA, (see No 501) which is headed by Sig Nino Rovelli, has increased the capital of six subsidiaries so that they can continue to expand their operations in Sardinia. With a capital standing at Lire 500 million each, these are Butal SpA, Sirex SpA, Siral SpA, Sarda Aromatici SpA, Sarda Maleica SpA and Sulfosarda SpA.

** The French refractories concern CARBONISATION ENTREPRISE & CERAMIQUE SA, Montrouge, Hauts-de-Seine, which has been carrying out a series of internal rationalisation moves over the last few months now intends to absorb another subsidiary CERAMIQUE DE L'AUBE SA, Villeneuve-au-Chene, Aube (pre-tax turnover F 4.76 m - see No 487). It was during 1968 that the group raised its one-third interest in the latter firm (acquired during 1967 - see No 415) to gain complete control, shared with its own main shareholder (34.37%) the Cie des Compteurs SA group.

In a previous move, Carbonisation Entreprise absorbed a 73.4% subsidiary, Ste Nouvelle des Ets Muller SA, Ivry, Val-de-Marne (see No 502).

** A merger in the Netherlands between two paint, varnish and lacquer groups NV VERNIS & VERFFABRIEK v/h H. VETTEWINKEL & ZONEN, Amsterdam (see No 459) and VAROSSIEAU & CIE NV, Alphen, Rijn (see No 431) will result in the formation of a joint holding company.

The first group has some 600 employees and an annual turnover of Fl 400 million, with a considerable number of Dutch interests and subsidiaries under its own name in Nuremberg; Brussels; Survilliers, Val d'Oise; and Stockholm. It is linked with the British firm John S. Craig & Co Ltd, Glasgow within Craig- Vettewinkel Ltd, and also with the French firm, Ste Des Peintures H. Lappartient - Steren SA, Neuilly, Hauts-de-Seine and the American company, Carboline Co, St-Louis, Missouri, in a 50-50 subsidiary called Carboline-Holland NV, Amsterdam. For its part, Varrossieau has some 400 persons on its payroll and an annual turnover of around Fl 25 million. It control a West German sales network and has a Belgian subsidiary.

** PAUL HEINICKE CHEM. FABRIK & HELMITINWERK KG, Pirmasens (glues, adhesives, maintenance supplies, floor coverings etc - see No 390) has formed a sales subsidiary in Vienna, HELMITIN CHEMISCHE PRODUKTE GmbH (capital Sch 100,000), with Herr Rudolf Auschütz as manager.

The parent company, headed by Herr Helmut Heinicke has three other foreign subsidiaries: Helmitin-France Sarl, Surbourg, Bas-Rhin; Paul Heinicke Nederland NV, Waalwijk, and The Canadian Helmitin Co Ltd, Toronto. In West Germany it controls Uli Chemische Fabrik GmbH, Schenklengsfeld, Hersfeld.

** The French fertiliser concern ANC ETS MARCEL DUPONT SA, St-Julien-lez-Villas, Aube, has taken a 20% interest in the Franco-American firm making disinfectants, anti-corrosives, solvents and coatings, PENNSALT GARDINIER SA, Neuilly-sur-Seine (formerly in Paris - see No 487) whose capital has just been raised to F 500,000.

This was formed on a 50-50 basis during 1965 by the Paris group, Gardinier SA and Pennsalt Chemicals Corp, Philadelphia (through Sharpler France SA, Rueil-Malmaison, since changed to Pennsalt Equipment Industriels). Its new parent company (capital F 1.2 m) belongs to the Gardinier groups and shares with Ste de Participations Gardinier-Sopag SA (see No 406), 50% control of Socadour - Ste Chimique de l'Adour SA, Paris and Bayonne

The other 50% was sold by the Progil SA group (see No 449) to the Charbonnages de France through their holding company Ste Chimique Des Charbonnages - S.C.C. SA (see No 500).

** Talks have begun between two American companies, ACHESON INDUSTRIES INC, Port Huron, Michigan (see No 465) and RIMROCK TIDELANDS INC, Columbus, Ohio (a member of the Canadian group, HUSKY OIL LTD, Calgary, Alberta) over the possibility of establishing an injection materials plant at Scheemda in the Netherlands in conjunction with a Dutch subsidiary Acheson Colloiden NV, Scheemda. The Port Huron firm makes colloidal dispersions and special lubricants, and also controls another Dutch manufacturing subsidiary, Acheson Produktie NV, Scheemda.

** The Munich concern WACKER-CHEMIE GmbH, which has just joined with the New York STAUFFER CHEMICAL CO, in forming Stauffer-Wacker Silicone Corp in the USA (see No 501), is now to expand in the field of base products for electronic components. It has thus formed WACKER CHEMITRONIC GESELLSCHAFT FUER ELEK'TRONICGRUNDSTOFFE mbH, Burghausen, which is already planning to build a plant in Los Angeles, California.

** SHIPLEY CO INC, Newton, Massachusetts (chemical products for metal deposition or electrolysis, mainly for electronic components - see No 480) is extending its Common Market coverage by forming a Milan subsidiary under the name of SHIPLEY ITALIA SpA (capital Lire 15 m. - director Sig Ettore Muggiani), control of which is shared with the U.K. subsidiary Shipley Chemicals Ltd, Coventry (minority).

CONSUMER DURABLES

** The German heating equipment, refrigerators and dishwashers concern EISENWERKE GAGGENAU GmbH, Gaggenau, has formed a wholly-owned subsidiary in Milan, GAGGENAU ITALIA SpA (capital Lire 3 m.) with its own manager, Herr Georg von Blanquet, as president.

The parent company has Dm 5 million capital, and achieves a turnover in excess of Dm 20 million with a workforce of 400. It already has two subsidiaries abroad: Gaggenau France SA, Wissembourg, Bas-Rhin (branch at Jouy-en-Josas, Yvelines) and Gaggenau Apparate AG, Regensdorf, Zurich.

ELECTRICAL ENGINEERING

** The decision in late 1968 to make over assets in the heavy electrical field controlled by CIE FRANCAISE THOMSON-HOUSTON HOTCHKISS-BRANDT SA (factory at Colombes and property at St-Ouen worth F 47.41 m) and ALSPI-STE ALSACIENNE DE PARTICIPATIONS INDUSTRIELLES SA (factory at Belfort) to STE GENERALE DE CONSTRUCTIONS ELECTRIQUES & MECANIQUES ALSTHOM SA group, Paris (see No 502) is now about to be formalised and this will raise Thomson-Brandt's stake to 18% and that of Alspi to 17%.

Alsthom (capital raised to F 118.97m) will in turn take an 85% stake in Stein-Industrie SA (capital F 35 m - see No 488), an affiliate of the STEIN & ROUBAIX SA group, Paris, which will receive a 7.3 % share in Alsthom

** The American manufacturing of surgical instruments and dental equipment THE LAWTON CO, New York has formed a Frankfurt manufacturing and sales subsidiary, THE LAWTON CO GmbH (capital Dm 1 m. - manager, Herr Hilmar Noack, a West German lawyer).

The founder is represented in Italy by Ampli-Medical SpA, Milan, by Bosa Elettromedicali di P. Santambrogio, Milan and M.G. Lorenzatto Sas, Turin.

** The New York group WESTINGHOUSE ELECTRIC INTERNATIONAL CO (see No 499) intends to establish a subsidiary in Liege called WESTINGHOUSE THERMOKING SA. This will manufacture refrigeration equipment for use with rail, road and container transport systems, and will use a licence granted by the WESTINGHOUSE THERMO KING division (see No 469).

The American group has a long-established Belgian subsidiary, Westinghouse Electric Corp SA, Awans-lez-Liege (see No 426) and has been negotiating for several months in a bid to gain control of the Belgian, A.C.E.C. - ATELIERS DE CONSTRUCTIONS ELECTRIQUES DE CHARLEROI SA (which pays Westinghouse some Bf 30 m. as licence royalties - see No 502) and of the French, Jeumont-Schneider SA (see No 501). Both moves are intended to be first steps in closer links between Westinghouse's affiliates and licensees in Europe, and especially in the Common Market.

The Empain group (see No 499) which has a 30% stake in A.C.E.C. and 60% in Jeumont-Schneider, intends to make over its stake in A.C.E.C. to Westinghouse, although the Ste Generale de Belgique will remain a direct shareholder. Nevertheless the latter's 12.5% indirect stake controlled through a number of affiliates will go to the American group.

** A.M.E.C. - ATELIERS DE MECANIQUE & D'ELECTROMECHANIQUE DU CENTRE Sarl, Orleans, Loiret (relays, commutators, digital indicators, micro-transformers, photo-electric scanners etc - manager M. Jean Touillon) has formed a subsidiary in Barcelona, Amec Espanola SA. The former local general agent will have a holding in this new concern, which will be a manufacturing subsidiary.

The parent company has agents in Belgium, Italy, Britain and more recently Germany - Ingenieur-Bureau Manfred Munch, Mannheim.

** HONEYWELL GmbH of Frankfurt (of the Minneapolis group HONEYWELL INC - see No 495) has made a cooperation agreement with two Mülheim, Main sister companies, FRITZ DIENES GmbH, and DIENES APPARATEBAU GmbH (joint payroll of 350, manufacturing switchgear, electrical control and regulation equipment etc), whereby the three will from now on come under a single holding company, DIENES HONEYWELL HOLDING GmbH, with a majority stake in American hands.

Honeywell GmbH, which raised its capital in November of last year from Dm 20.5 to 34.5 million, is mainly active in the data processing sector.

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| ELECTRONICS |
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** Herr Klaus Muncke, Munich is the sole director of BANYO Srl, Milan (capital Lire 6 m) which has been established to import and market electronic instruments and equipment. It has been formed by two Swiss holding companies, RASTO AG, Zug and DIMOS AG, Zurich (minority shareholder).

** The American group FAIRCHILD CAMERA & INSTRUMENT CORP, Syosset, New York (see No 481) has decided to establish its own Italian sales organisation for electronic components, and this will be organised through a Milan subsidiary FAIRCHILD SEMI CONDUTTORI SpA (capital Lire 10 m) whose president is Mr. C.L. Hogan. A few months ago, the New York group sold the interest (33.3%) of its Fairchild Semiconductor Ltd subsidiary in the Italian "Planar" silicium semi-conductor producer, S.G.S. - Ste Generale Semiconduttori SpA, Agrate Brianza, and this is now controlled by the Inv.C. Olivetti & Co SpA group, Ivrea.

** COMPUTER INVESTORS GROUP INC, Larchmont, New York (electronic components and data processing accessories) has backed the formation in Italy of a manufacturing and sales concern C.I.G. COMPUTER INVESTORS GROUP ITALIA SpA (authorised capital Lire 499 m). Control is shared with its subsidiary C.I.G. INTERNATIONAL CAPITAL CORP, Wilmington, Delaware, the majority shareholder. This issued a \$ 10 million Euro-dollar loan in late 1968 to finance the expansion of its British and American subsidiaries.

** Having embarked on talks in 1968 with a view to selling its 33% stake in the largest German vacuum processes concern (see No 474), LEYBOLD-HERAEUS GmbH & Co KG, Cologne, the Dunkel family has now sold its share of the equity to DEGUSSA AG (see No 501) and METALLGESELLSCHAFT AG, Frankfurt (see No 500), whose respective interests in this concern now stand at 33.3% and 16.7%. A further 33.3% is held by W.C. HERAEUS GmbH of Hanau (see No 434). Leybold-Heraeus, which has 2,400 people on its payroll (at Cologne and Hanau), turned over Dm 125 million in 1968.

** STE GENERALE DE BELGIQUE SA, Brussels (see No 498) has backed the formation in Brussels of CENTRE D'INFORMATIQUE GENERALE SA (capital Bf 50 m.) for data processing applications in science and business, administration and data retrieval, and to design and run computer complexes. At present the new company has an IBM 360-50.

The new company stems from the association agreed in Brussels in January 1968 between UNION MINIERE SA (see No 496) and BELGONUCLEAIRE - STE BELGE POUR L'INDUSTRIE NUCLEAIRE SA (see No 495), which was the first concern to bear the name Centre d'Informatique Generale.

Several other Generale de Belgique affiliates have at this juncture come into the venture: Ste Generale des Minerais SA (see No 485), Metallurgie Hoboken SA, Genie Metallurgique & Chimique - Mechim SA (see No 269) and Ste Generale d'Entreprises Immobilieres & d'Investissements - S.E.I. SA (formerly Ste Generale d'Entreprises Immobilieres - S.E.I. SA), all of Brussels.

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| ENGINEERING & METAL |
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** The British company which manufactures mechanical and electric equipment for the textile and paper industries, NV TOOLS LTD, Brentwood, Essex, which is represented in France by BOUCHERY & MINCEL SA, St-Maur, Val-de-Marne, has formed a sales subsidiary in West Germany called NV TOOLS LTD GmbH, Wuppertal (directors Mr. Cyril Bennett and Herr Hans Keitel - capital Dm 20,000).

** The French company L'EUROPEENNE D'EQUIPEMENT DE MAGASINS-EUROMAG SA, St-Ouen, Seine-St-Denis, has acquired a number of associates from STE D'INSTALLATIONS GENERALES & D'AGENCEMENTS COMMERCIAUX - SIGEAC SA, St-Ouen, and therefore raised its capital from F 500,000 to F 41 million. In late 1965 the latter had already made over its factories at St-Ouen and Blois, Loir-et-Cher to two indirect Paris subsidiaries (through Froid Satam Nevesa) and the Satam SA Pour Tous Appareils Mecaniques, Courneuve, Seine-St-Denis, group (see No 490). These were Agimag - Ste Pour l'Agencement & l'Installation de Magasins SA and S.C.M.M. - Ste de Construction de Materiel de Magasins SA.

** Through its holding company SAPART AG, Triesen, Liechtenstein, the Italian manufacturer of industrial sewing machines VIRGINIO RIMOLDI & CO SpA, Milan (see No 390) has raised to F 1.5 million the capital of its French subsidiary RIMOLDI FRANCE Sarl, Boulogne-sur-Seine, with the aim of strengthening its financial position and backing its expansion.

Virginio Rimoldi (production facilities at Arconate-Olcella, Milan) controls through Sapart and another holding company Fin-Ma-Rimo SA, Vaduz, various foreign sales companies including Deutsche Rimoldi GmbH, Reutlingen, and Rimoldi AG, St-Gall. The group is also the Italian agent for several sewing machine and clothing machinery manufacturers including Fouquet-Werk Frauz & Planck, Rottenburg; Wirk Maschinen Fabrik Wilh. Borfuss GmbH, Wilhelmshaven; Textile Machine Works, Reading, Pennsylvania; Monarch International Ltd, Brooklyn, New York and Joseph Pernick Co, Brooklyn.

** The take over of S.G.M.V. - STA GENERALE METALLURGICA VENETA SpA, Rovigo, Veneto, by S.G.M. - STA GENERALE METALLURGICA SpA, Milan (factories at Fidenza-Coduro and Noceto, Parma), which was decided upon in late 1968, has now gone through, and S.G.M.'s capital has been raised to Lire 250 million.

** The Geneva engineering group ATELIERS DES CHARMILLES SA (see No 403) has strengthened its Common Market interests through the formation of CUENOD-BELGIUM SA (capital Bf 2 m). With M. Hermann Ritschard as president and M. Willy Jucher as managing director, this will trade in heating, air conditioning, pumping and propulsion units, as well as machine tools.

The Swiss group's existing Common Market interests include the French company Ste des Equipements Charmilles SA, Annemasse, Haute-Savoie, which makes oil burners and has branches in Paris, Lyons, Nice, Bordeaux, Marseilles, Toulouse.

** The link-up between two Dutch manufacturers of metal blinds ELAND-BRANDT NV, Amsterdam (see No 481) and BINGHAM & CO NV, Schiedam, has resulted in the formation of a 50-50 subsidiary, BINGHAM BRANDT NV, Schiedam, which will be run by Messrs. Brandt and Reuchlin and will take over the factory at Elburg, at present controlled by one of the Amsterdam firm's subsidiaries, Eland-Brand-Zonwering NV.

Eland-Brandt recently linked 50-50 with the American company International Aluminium Corp, Monterey Park, California, to form the Amsterdam Holding Intal NV (capital Fl 50,000). This in turn took a 50% stake in backing the formation of the standard size sliding aluminium windows concern called Intal NV, Drunen (capital F 100,000). This uses a licence granted by the American company, and the other 50% stake is controlled by the Lips NV, Drunen engineering group. For its part, Bingham & Co employs some 230 persons in manufacturing blinds, windows, sun shades, partitions and containers at head office and in Amsterdam, Rucphen and Groningen.

** The British manufacturer of industrial ovens, heat exchangers and materials handling equipment, BURWELCO LTD, Birmingham, has formed a Düsseldorf sales subsidiary bearing its own name. The founder belongs to the British group GUEST, KEEN & NETTLEFOLDS LTD, Smethwick, Staffs (see No 485), and one of the latter's most recent foreign moves was the formation during December 1968 of GKN BIERFIELD VERTRIEBS GmbH. This operates in Austria, Czechoslovakia, Hungary and Yugoslavia.

** The Tokyo engineering, electrical and electronics group TOSHIBA TOKYO SHIBAURA ELECTRIC CO LTD (see No 471) has made into a subsidiary the branch it formed in 1967 in Düsseldorf (see No 393), and this is now called Toshiba Europa GmbH (capital Dm 500,000). The Düsseldorf venture was established to operate in the sales sector and covers Western Europe, Africa and the Middle East. The Japanese group is a 7.5% affiliate of General Electric Co, New York (see No 497) and in April 1968 opened a branch in London. Its optical and precision engineering subsidiary Canon Camera Co Ltd, Tokyo, is represented in the Netherlands by Canon Amsterdam NB, Amsterdam-Schiphol, and in Switzerland by Canon SA, Geneva.

** The Italian State finance group E.F.I.M. - ENTE PARTECIPAZIONI & FINANZIAMENTO INDUSTRIE MANUFATTURIERE SpA, Rome (see No 497) has backed the formation in Milan of a holding company BREDA FERROVIARIA-PARTECIPAZIONI & FINANZIAMENTI COSTRUZIONI FERROVIARIE SpA, whose aim is to re-group the various publicly owned companies manufacturing railway and transport equipment. The new company has Sig Attilio Jacobini as president and has an authorised capital of Lire 5,000 million (Lire 10 m issued), and control is shared between the founder and another subsidiary in Milan, FINANZIARIA ERNESTO BREDA SpA, (see No 500).

** The Montreal group ALCAN ALUMINIUM LTD (see No 500) will strengthen its Italian interests following the acquisition of the 28,000 t.p.a. capacity plant making sheet and extrusions at Bresso, which is controlled by ANGELETTI & CIUCANI FONDERIA LAMINATOIO SpA (see No 257). The Canadian group already has a 26% interest in Angeletti & Ciucani and it has two existing Italian subsidiaries Alma-Alluminio Manufatti SpA, Milan, and Alcan Alluminio Italiano SpA, Turin, who jointly control facilities at Borgofranco d'Ivrea.

** The West German manufacturer of civil engineering equipment and domestic appliances (see No 464) has formed a specialised subsidiary to manufacture self-driven and floating cranes. This is called **LIEBHEER-WERK EHINGEN GmbH**, Ehingen, Donau, and has a capital of Dm 4 million.

In 1968 the group had a consolidated turnover of Dm 350 million and it has recently raised from Sf 1.5 to 20 million the capital of its Swiss holding company **Liebheer Interholding AG**, Wettingen, Argau. This heads a number of Swiss companies, **Litholding GmbH**, **Mariso GmbH**, **Bischholding GmbH**, **Coholding GmbH** and **Liebheer Export GmbH** (all based in Wettingen).

** The American company **HYDROMATION ENGINEERING & CO**, Livonia, Michigan (industrial water purification - see No 295) has formed a Milan sales subsidiary called **HYDROMATION ENGINEERING ITALIANA Srl** (capital Lire 900,000) with Mr. Gene Hirs, Birmingham, Michigan as president and managed by Sig Gorgonovo Gianni.

The 50% stake in the new company controlled by the American concern is held through its subsidiary **Hydromation (Belgium) SA**, Tongres, Limburg (see No 282), whilst the Italian stake is held through a Swiss investment company **Sta Partecipazioni Industriali SA**, Chiasso, which is represented on the board by Sig. F. Campana.

** **NV METAALINDUSTRIE CAJA NV**, Acht-Eindhoven (see No 500 - wheels & mudguards) has begun negotiations with **NEDERLANDSCHE MIJ VAN KOCELLAGERS SKF NV**, Veenendal, a member of the Swedish S.K.F. - **SVENSKA KULLAGERFABRIKEN A/B**, group, Gothenburg (ball-bearings - see No 469). The negotiations are aimed at establishing a jointly-operated factory making light wheels, the manufacture of which forms part of the Swedish group's diversification moves.

In the Netherlands, SKF also controls **SKF Holding Mij Holland NV**, Amsterdam and three sales subsidiaries: **SKF Norma NV**, Amsterdam (special-parts for textile machinery), **SKF Nederland NV** and **SKF Import NV**, both based in Veenendal.

** The West German hydraulic equipment concern **SCHWELM HYDRAULIK AG**, Neuss, which recently made a mutual distribution agreement with the British company **KEELAVITE HYDRAULICS LTD**, Allesley, Coventry (see No 482) has come under the 90% control of the **METAL INDUSTRIES LTD**, Glasgow, group (see No 474), itself a member of the **THORN ELECTRICAL INDUSTRIES LTD**, London, group.

The West German company (1968 turnover Dm 10 m) will now be called **SCHWELM & TOWLER GmbH FABRIKEN FÜR ÖLHYDRAULIK** (capital Dm 2 m) after taking over the business of the Düsseldorf branch of the company **TOWLER HYDRAULICS LTD**, Rodley, Leeds, also controlled by Thorn Electrical.

FINANCE

** The Paris exchange agents **P. SELLIER Scs** (capital F 1 m) and **P. LABBE & CIE Scs** (capital F 0.32 m) have decided to merge under the name **SELLIER LABBE & CIE Scs** (capital F 1.32 m).

March 13, 1969.

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** The Milan group LA CENTRALE, FINANZIARIA GENERALE SpA (its president Sig Imbriani Longo recently replaced Dr. Luigi Bruno - see No 490) has just sold its minority shareholding in BANCO D'IMPERIO SpA, Imperia, Leghorn (see No 327) and has also strengthened its French interests by taking a 5% stake in the medium term credit concern INTERUNION-UNION INTERNATIONALE DE FINANCEMENT & DE PARTICIPATIONS SA, Paris (see No 495).

La Centrale, which has gained a number of new directors representing new groups of shareholders, including Sig E. Lolli (for R.A.S. - Riunione Adratica di Sicurta SpA - see No 498) and Sig A. Tonello (for Finabai SA, Luxembourg - see No 498 - an indirect subsidiary of Bank of America), has acquired in late 1965 control of Toro Assicurazioni SpA (formerly Cie Anonima d'Assicurazione di Torino SpA - see No 493).

For its part Interunion was formed in October 1968 (see No 490 - capital recently raised to F 20 m) and is a 20% affiliate of both Marine Midland Overseas Corp, New York (see No 499) and its affiliate Banque de l'Union Europeenne Industrielle & Financiere SA, Paris (directly and through Cie Financiere de l'Union Europeenne SA - see No 501) in which La Centrale has recently become a 1.43% shareholder.

** The London-based MONTAGU TRUST LTD (a member of the banking group SAMUEL MONTAGU & CO LTD, London - see No 491 - and also affiliated to MIDLAND BANK LTD - see No 501) has acquired the 20% stake held by CIE FINANCIERE DE SUEZ & DE L'UNION PARISIENNE SA in the Paris finance company CREDIT VENDOME SA, Paris (see No 457).

The British group has also taken a 5% stake in UNION FINANCIERE POUR LA CONSTRUCTION- U.F.I.C. SA, Paris, a direct subsidiary of Credit Vendome, which also has further interests through Union d'Escompte SA (see No 453), whose other shareholders are Suez, C.C.F. - Credit Commercial de France SA and Cie Financiere Holding SA (see No 501).

** BANQUE DE PARIS & DES PAYS-BAS NV, Amsterdam (a member of the BANQUE DE PARIS & DES PAYS-BAS SA group - see No 501) which has an authorised capital of F1 50 million (50% issued) and is run by Mr. Willem Werner, has now opened its second branch in The Hague. Its first branch is based in Rotterdam and it is intended to establish further branches in the near future.

The Amsterdam bank was formed a few months ago (see No 459) when the Paris group (total of balance sheet at end 1968 of F 5, 290 m) re-organised its internal structure and made its Amsterdam branch into an independent company.

** The recently-formed (see No 494) Luxembourg investment trust concern TRAFALGAR FUND SA (controls nearly all the \$80,000 capital of the newly-established TRAFALGAR REALISATIONS SA, Luxembourg). This will manage the portfolio and carry out all similar operations for funds run by its own founder.

Trafalgar Fund was formed with the backing of BANQUE GENERALE DU LUXEMBOURG SA (a member of the STE GENERALE DE BELGIQUE SA group) and the London bank J. HENRY SCHRODER WAGG & CO LTD, a member of the SCHRODERS LTD group.

Opera Mundi - Europe No 503

** Headed by the Düsseldorf-based WESTDEUTSCHE LANDESBANK-GIROZENTRALE (see No 495), which itself has a 16% stake, 20 savings banks (4% each) from 8 European countries, including 12 from West Germany, and the other from Denmark, Sweden, Norway, Finland, Austria, Luxembourg and the Netherlands, have linked to form an international investment trust management concern acting for finance banks. Called INTERSPAR HOLDING SA (capital Lux F 1 m), this has Herr Helmunt Lipfer as president and has been established with the assistance of the Brussels GROUPEMENT DES CAISSES D'EPARGNE DE LA COMMUNAUTE ECONOMIQUE EUROPEENNE (4%).

** The Antwerp and Brussels group KREDIETBANK NV (see No 501) has backed the formation in Brussels of the property leasing concern IMMOLEASE-TRUST NV (capital Bf 1 m), which is directly controlled (94%) by STE POUR LE FINANCEMENT DE BIENS IMMOBILIERS SA - IMMOLEASE, Brussels (see No 436), its own subsidiary through the holding company Almanij - Algemene Mij. voor Nivjerheidskrediet, Antwerp, and Investco Investeringsmij. voor Onafhankelijke Ondernemingen, Brussels, Fidisco-Financierings- & Discontovenootschap NV, Brussels, and Ste d'Hypotheques & d'Epargnes d'Anvers NV, Antwerp, who all have a token interest in the new company, along with Egimo - Entreprise & Gestion Immobiliere SA, Brussels, a member of the Brussels group Solvay & Cie SA (see No 500), another shareholder in Immolease.

** The Rotterdam SLAVENBURG'S BANK NV (total of balance sheet at end 1967 of Fl 600 m - see No 496) has gained control of the Amsterdam bank VAN DER WERFF & HUBRECHT NV. This specialises in deals with Indonesia and has branches in The Hague, Haarlem, Heerlen, Maastricht and Oldenzaal.

Slavenburg's Bank is an 11% affiliate of First National Bank of Chicago.

** The Paris bank RIVAUD & CIE Scs (balance sheet total at end 1968 of F 286.29 m - see No 491) has backed - and taken a direct 50% interest - in the formation at its own head office of the investment trust management concern GESTION & EXPANSION SA (capital F 100,000) with M. Jean Fourneau as president. Other shareholders in the new concern - totalling around 45% - include six companies belonging to the Rivaud group: Cie des Caoutchoucs de Padane SA (see No 347); Ste Industrielle & Financiere de l'Artois SA (see No 468); Cie du Cambodge SA; Ste Finarfi SA; Le Meignen Rivaud & Cie Snc, Versailles (total of balance sheet at end 1968 of F 21.34 m), as well as Mines de Kali-Sainte-Therese SA (see No 464).

The remainder is held by Elysees-Gestion SA, Paris, a subsidiary of C.C.F. - Credit Commercial de France SA, Paris (total of balance sheet at end 1968 of F 5,815 m), which is a 20% affiliate of Rivaud and in which it also has a small shareholding.

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| FOOD & DRINK |
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** The formation in Switzerland of PROTINAS AG, Freiburg (management and supply of animal feedingstuffs and agricultural products) stems from moves by the Hamburg firm HEINRICH NAGEL (capital Sf 50,000). The director of the new concern is Herr Hans Nagel.

March 13, 1969.

M

** The cooperation agreements signed in February 1968 (see No 450) between two Common Market groups in the tea and coffee trade and related sectors involved the West German JOH, JACOBS & CO KAFFEEGROSSROESTEREI & TEE-IMPORT, Bremen (see No 485) and the Dutch concern DOUWE EGBERTS KONINKLIJKE TABAKSFABRIEK & KOFFIEBRANDERIJN-THEEHANDEL NV, Utrecht (see No 497). They have now formed D.E.J. INTERNATIONAL RESEARCH CO (INTER) GmbH (capital Dm 100,000) with Herr Willibald Diemair as manager.

In 1968 the two founders jointly established D.E.J. International Holding NV, Utrecht, which has a wholly-owned subsidiary, D.E.J. International Research Co (Inter) NV, Utrecht. Douwe Egberts, which employs some 2,500 persons, also has a Belgian subsidiary, Douwe Egberts Belgie NV, Deune, Antwerp.

** The Paris company GENERALE SUCRIERE & RAFFINERIES SOL-BOUCHON-SAINT-LOUIS SA (capital F 120 m) which recently gained an 80% controlling stake in Sucrerie de Fismes SA, Paris (see No 502) now intends to absorb LE SUCRE INDUSTRIEL SA, Lyons (capital F 100,000), which in turn will make over various assets valued at F 920,000 gross.

Generale Sucriere, whose president is M. G. Mortier, is a 40% affiliate of both Sucreries & Raffineries Bouchon & Pajot SA, Nassandre, Eure and Ste de Raffineries de Sucre de Saint-Louis SA, Marseilles, and is also affiliated to the Cie Nouvelle Des Sucreries Reunies SA (around 13%), which in turn is a 23.8% interest of Raffineries & Sucreries Say SA.

** WHITBREAD & CO LTD, London (see No 471) and the Dutch brewing group HEINEKEN'S BIERBROUWERIJ MIJ.NV, Amsterdam (see No 500) have been linked since October 1961 by a sales agreement and since early 1963 by a joint subsidiary HEINEKEN LTD, London. They have now decided, after a period of test-marketing, to sell draught Heineken, which will be brewed in Whitbread's new brewery at Luton.

The two groups are already linked in South Africa in Whitbread South Africa (Pty) Ltd, Alrade-Johannesburg. This is a 50% stake of Whitbread, with 12.5% taken by Heineken and the remainder by the South African, Oudemeester (Pty) Ltd.

GLASS

** CIE DE SAINT-GOBAIN SA, Neuilly, Hauts-de-Seine (see No 500) and the British PILKINGTON BROTHERS LTD, St Helens, Lancs (see No 492) have decided to link in the glass insulators sector, and to form a joint subsidiary under the name SEDIVER PILKINGTON INTERNATIONAL, Paris (offices also in St Helens), wherein they will pool production, R & D and marketing in this sphere. Pilkington's stake in the new venture will be 35% (held by its "Pressed Glass" division), while the balance will be in the hands of STE EUROPEENNE D'ISOLATEURS EN VERRE - SEDIVER SA, Paris (see No 469) and its associates.

SEDIVER is a 50-50 joint subsidiary of the C.G.E. group - CIE GENERALE D'ELECTRICITE SA, Paris (see No 499), which acquired its stake a few months ago from the group B.S.N. - BOUSSOIS-SOUCHON-NEUVESEL SA, Paris (in which Pilkington in fact has a holding of 6%).

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| INSURANCE |
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** The Amsterdam insurance group NV NEDERLANDSCHE LLOYD (see No 486), through its life insurance subsidiary NV LEVENSVZERKERINGSGROEP NEDLLOYD, Amsterdam, has formed a property company named ONROEREND GOED EXPLOITATIEMIJ MERELSTEIN NV, Amsterdam, with Fl 2.75 million capital.

** EERSTE NEDERLANDSCHE VERZEKERING-MIJ OP HET LEVEN & TEGEN INVALIDITEIT NV, The Hague (see No 502), which is currently merging with the Hague insurance group VERENIGDE NILLMIJ NV, has granted its subsidiary VERZEKERINGSBANK DE NIEUWE EERSTE NEDERLANDSCHE NV, The Hague, a token shareholding in the formation of a new property subsidiary, NV ONROEREND GOED MIJ VOORHOF DELFT, The Hague, which has Fl 4.5 million capital.

** A cooperation agreement has been signed between the Dutch AMFAS GROEP NV (see No 490) and the Belgian CIE BELGE D'ASSURANCES GENERALES SUR LA VIE & CONTRE LES ACCIDENTS SA (an affiliate of the STE GENERALE DE BELGIQUE SA - see No 498).

The Dutch concern was formed by the link-up in late 1968 of NV ROTTERDAMSCHE VERZEKERING-SOCIETEITEN (R.V.S.), Rotterdam and NV ASSURANTIE MIJ DE ZEVEN PROVINCIEEN, The Hague. It is linked to the Rotterdam transport group PHS VAN OMMEREN NV.

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| OIL, GAS AND PETROCHEMICALS |
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** R.O.M.E.A. - RAFFINERIE OLII MINERALI & AFFINI SpA (capital Lire 10 m) has been formed in Milan with Sig Luigi Minola as managing director to process and trade in fuels, lubricants and petroleum derivatives. This is a 50-50 venture by the Milan portfolio companies FINANZIARIA UNIONE SpA (formed in 1960 by the Schaan, Liechtenstein holding company ELDER FINANZ ANSTALT) and INTERNATIONAL FINANCING CO - I.F.C. ITALIANA SpA (formed in April 1968).

** EESO STANDARD ITALIANA SpA, Rome (of the group STANDARD OIL CO OF NEW JERSEY - see No 500) has made a reciprocal agency and assistance agreement with the group RIELLO, Legnago, Verona, which makes burners for industrial and domestic appliances, "Robby" heating sets and air conditioners. At Legnago, Verona the second company heads RIELLO BRUCIATORI Sas and ISOTHERMO Sas, which already shares an extensive domestic and foreign sales network (Montrouge, Hauts-de-Seine etc.), and will now have access to the Esso sales organisation.

** The Belgian BELGISCHE OLIEMIJ. NV, Hoboken (see No 431 - headed by M. Fernand Engelen) has formed in Brussels an oil trading, refining and storage concern (also by-products, fuels, lubricants and petrochemicals) named BELGO-MAZOUT BRUXELLES SA, Brussels. This concern (same president) has Bf 8 million capital, and its other shareholders are two of the parent's affiliates, BELGOMAZOUT-LIEGE SA, Liege, which has brought various assets valued at Bf 5.49 million (including a tanker depot - majority holding) and BELGOMAZOUT-ANVERS SA, Antwerp.

Opera Mundi - Europe No 503

PAPER AND PACKAGING

** CELATOSE SA, Tourcoing, Nord (toilettries and cellulose wadding - headed by MM R.C. de Surmont and P. Delagrangé) has formed a manufacturing subsidiary named CELATOSE-CONTINENTAL SA at Orcq-lez-Tournau, Belgium (capital Bf 40 m).

The parent company, member of the group STE DE FILATURE ANC. ETS JULES DE SURMONT & FILS SA, Tourcoing (combed wool, spinning and hosiery mill at Wattrelos) has a sister company at Troyes, Aube, making cardboard and moulded polyethylene cups, named Ste Celatose Industries SA (trade marks "Celatose" and "Plastose").

** The American greetings cards, childrens drawing books, cardboard cut-outs, gift wrapping paper and paper cups concern HALLMARK CARDS INC, Kansas City, Missouri (see No 322) has raised the capital of its Paris subsidiary HALLMARK SA to F 2.25 million to back its expansion.

The French concern (formerly Hallmark Cards France SA) was formed in 1963, and has a factory at Maignelay, Oise, supplying the Belgian and Swiss markets. Its childrens novelties (Pop-Hop and Party-Goods) are distributed in France and abroad by Rouge & Or (of the group PRESSES DE LA CITE SA).

PHARMACEUTICALS

** L'EQUILIBRE BIOLOGIQUE SA, Amilly, Loiret (capital F 7.33m) has become the majority shareholder in STE DE PRODUITS CHIMIQUES DE BOULOGNE-SUR-SEINE-SOCHIBO SA, Boulogne-Billancourt to which it has made over assets valued at F 27.89 million (gross). Sochibo at the same time raised its capital from F 200,000 to F 12.48 m following the acquisition of assets valued at F 6.75 million from Laboratoires Paul Metadier SA, Tours, Indre-et-Loire (see No 489 - capital F 4.5 million). This is a member of Ets Clin Byla group, Paris and is now a minority shareholder.

Equilibre Biologique is a subsidiary of the Ste de Chimie Organique & Biologique-A.F.C. SA, Commeny, Allier (see No 390) whose main shareholders are the Rhone-Poulenc SA group (40.8%), Cie Financiere de Suez & de l'Union Parisienne SA (6.5 %) and the Ste Lyonnaise de Depots & de Credit Industriel SA (3.6 %).

PLASTICS

** The West German laminated plastic panelling concern DUROPAL WERK EBERH. WREDE oHG, Neheim-Hüsten, Ruhr, has formed an import and sales subsidiary in Austria called DUROPAL PLATTEN VERTRIEBS GmbH, Vienna. This has a capital of Sch 48 million, and will have Mr. Helmuth Ofterdinger as manager.

** The group **FARBENFABRIKEN BAYER AG**, Leverkusen (see No 498) has strengthened its position in Japan through an association which will benefit both sides with the **SUMITOMO SHOJI KAISHA LTD**, Osaka, group (see No 470). The new **SUMITOMO BAYER URETHANE CO LTD**, Osaka, (capital Yen 800 m) will set up a factory making polyurethane foam at Kikumoto.

The West German group also has a 50% interest in the Japanese company making biological chemicals (especially pesticides), **Nihon Tokkushu Noyaku Seiko KK**, Tokyo (see No 414).

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| PRINTING & PUBLISHING |
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** The Milan publishing group **ARNOLDO MONDADORI SpA** (see No 494) has taken a stake in the printers and publishing house **OFFSET DI BIFFI PIERANGELA & CO Sas**, Milan, whose share capital has been raised to Lire 18 million.

** The New York group **THE RICHMOND ORGANISATION INC** (see No 499) has linked on an equal basis with its subsidiary **T.R.O. (THE RICHMOND ORGANIZATION) EDITIONS CROMWELL Sarl** to form the Paris music publishers **SONGWAYS-SERVICE Sarl** (capital F 20,000), whose manager will be M. Pierre Dupin.

The latter is already co-manager of the Paris company **N.F.C.** (along with M. Claude Pascal), which was recently formed by the group (24%) and the same subsidiary (20%) in association with two other subsidiaries and affiliates **CONNAUGHT MUSIC INC**, New York (24%) and **T.R.O. (THE RICHMOND ORGANIZATION) EDITIONS ESSEX Sarl**, Paris (26%).

** The American group **WESTERN PUBLISHING CO INC**, Racine, Wisconsin (see No 434) is carrying out a rationalisation of its interests in France and has had its subsidiary **EDITIONS DES DEUX COQS D'OR SA** (capital F 2.75 m) take over **EDITIONS O.Z. SA** (capital F 750,000), which has made over to it gross assets valued at F 1.67 million.

** A link-up between the Paris publishers **LIBRAIRIE MARCEL DIDIER SA** (see No 301) and the Amsterdam **MEULENHOF & CO NV** (see No 481) has resulted in the formation of **MEULENHOF-DIDIER NV** (capital Fl 100,000). Headed by Mr. C.J.H. Walravens, this will distribute in the Netherlands publications of the Paris firm and those of its subsidiaries in Brussels and Montreal, including their audio-visual teaching systems.

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| RUBBER |
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** The Turin investment group **FINANZIARIA REGIONALE PIEMONTESE SpA** (see No 489), a 66% interest of a number of state groups (see No 411) has taken a large minority shareholding in the manufacturer of rubber goods **TECNOGOMMA D'AGOSTINO SpA**, Rivoli. With a capital of Lire 1,000 million, this makes a wide range of industrial rubbers, especially for use in the car industry and in engine pumps.

SERVICES

** The Paris firm TECHNIQUES D'EXPANSION COMMERCIALE Sarl (see No 465), which already has a Belgian subsidiary called ADVANCE INSTITUTE SA, Woluwe-St-Pierre (formerly Advance SA) has formed another subsidiary bearing its own name with a capital of Bf 100,000). President is M. Amigues and the managing director is M. Mortelmans. The new concern will provide marketing and advertising services and personnel selection assistance.

SHIPBUILDING

** A cooperation agreement has been signed in Belgium between two shipyards and it will enable NV SCHEEPSWERVEN VAN LANGERBRUGGE, Ghent to draw on the technical and sales know-how of CHANTIERS NAVALS JOS. BOEL & FILS SA, Tamise, which will also make over its barge construction interests.

The Ghent firm employs some 200 persons and is mainly engaged in barge building, although it also makes small tugs. In October 1967 it took a 44% stake in the formation of the Ghent company Belgofishing NV (capital Bf 1 m) whose other founders were Gentse Transport - & Handelsmij-Getrama NV, Ghent (10 %) and NV Europees Adviesbureau Voor Watervervoer & Aanverwante Bedrijfstakken-Eurowater (1%).

TEXTILES

** The French textile group AGACHE-WILLOT SA, Perenchies, Nord (which is headed by STE FONCIERE & FINANCIERE AGACHE-WILLOT SA - see No 498) and BELLE JARDINIERE SA, Paris have agreed to an exchange of shareholdings. Agache-Willot will thus acquire a 50% stake in Belle Jardiniere, which in turn will take a large shareholding in CONSORTIUM GENERAL TEXTILE SA, Perenchies, Nord a subsidiary of Agache-Willot.

The latter group is thus continuing its diversification moves in the ready-made clothing sector, where until now it was represented by a sole subsidiary Ste Le Pigeon Voyageur SA, Bethune, Pas-de-Calais. The Belle Jardiniere has ready-made clothing production facilities in Paris, Calais, Douai and Flines-les-Raches employing some 2,000 persons and also controls a number of retail outlets with an annual turnover of F 100 million.

** The Italian textiles concern A. BERTRAND & FIGLIO Sas, Prato, Florence has formed a West German sales subsidiary A. BERTRAND & FIGLIO GmbH, Stuttgart (capital Dm 20,000) with Herr Frieder Schäuble as manager.

Headed by Sigs Alfredo and Guilio Bertrand, the founder specialises in making threads and yarns for the knitwear industry. In 1967 (see No 451) it formed a Belgian subsidiary called Bertrand Brussels Extension SA, Anderlecht, Brussels.

** The American DEXTER CORP, Windsor Locks, Connecticut (formerly C.H. DEXTER & SONS INC - see No 310) intends to establish a Dutch manufacturing subsidiary at Winschoten. This will be backed by funds amounting to Fl 40 million and will thus be able to buy up some of the assets formerly controlled by the paper firm COOPERTIEVE STROOCARTONFABRIEK REIDERLAND, Winschoten, which is now being dissolved.

The new venture will be mainly involved in producing hemp-based fibres for the food industry, for hospitals etc. The production will be marketed in Belgium by the Brussels company formed in May 1965, Dexter International SA.

** The Milan company CERES SpA (headed by Sig Virginio Bernero) has doubled to F 2 million the capital of its Paris subsidiary, CERRUTI 1881 Sarl (see No 404) in order to back its expansion. The Paris company is managed by M. M. Bousquet and was formed in 1967 as Styling Cerruti France Sarl by the ready-made clothing group FRATELLI CERRUTI, Biella, Vercelli (see No 441) through its Milan subsidiary.

** The New York textile company GLENOIT MILLS INC (a subsidiary of the New York group BOTANY INDUSTRIES INC - see No 438) has now extended its interests to the Common Market by forming a subsidiary called GLENOIT EUROPE SA, Ixelles-Brussels, which will manufacture and trade in all forms of textile products. The new company, which has a capital of Bf 500,000 is a direct 25% interest of its founder, with the remainder held by its subsidiaries and affiliates Glenoit (U.K.) Ltd, Leeds, Yorkshire; Glenoit (Israel) Ltd, Caesarea, Israel and Oy Glenoit Lillja A/B, Helsinki. M. C. Haffard is president and M. J. van Gils is managing director.

The Helsinki affiliate was formed by the New York company in association with Oy Kutomotuote A/B, Helsinki.

** The West German textile concern VEREINIGTE SEIDENWEBEREIEN AG, Frefeld (see No 475) is negotiating for control of another firm in the same sector, GEBR. BARTELS GmbH, Glütersloh. With a capital of Dm 6 million (1968 turnover Dm 42 m), the latter has a 15% stake in the Paris firm TEXTILES FRANCO-ALLEMANDS SA (see No 490), in association with four other German textile concerns.

Vereinigte Seidenwebereien (capital Dm 24 m) employs 4,000 persons and had a 1968 turnover of Dm 175 million. It has a 50% stake in the Amsterdam firm JERSEY FABRIEK JAN VAN TIEL & ZONEN NV (see No 464).

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| TOBACCO |
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** Under an agreement between the American tobacco group PHILIP MORRIS INC, New York (see No 485) and the Dutch concern KON VER. TABAKINDUSTRIEN MIGNOT & DE BLOCK NV, Eindhoven (see No 439), the latter is about to sell its manufacturing and sales assets in this sector, including those of its subsidiary and especially NV Tot Fabricatie Van Tabak & Sigaretten Crescent Cie, Eindhoven, to the New York group. The American group's finance subsidiary, PHILIP MORRIS INTERNATIONAL FINANCE CORP, New York, will manage these interests before making them over to a company formed for this purpose

in the Netherlands under Mr. Pieter van Ommeren. Mr. van Ommeren will also remain director of Mignot & de Block, which is owned by the Mignot family, although this will only keep its property, packaging and central heating interests.

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| TOURISM |
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** The West German travel agencies TOUROPA GmbH & Co KG, Ruhpolding (see No 489) and SCHARNOW-REISEN GmbH & CO KG, Hanover, have increased 10-fold to F 1 million the capital of their joint Paris subsidiary STE TOUROPA Sarl (see No 471), so that it can continue to expand its activities. Herr Rainer Gierl has been appointed co-manager of the Paris concern which was formed in 1968 by the two German companies (40% each) in association with Agence Univers Sarl, Paris.

** The Swiss tourist promotion concern PHOENIX TOURS SA, Geneva, which is headed by Mr. P. Loverdos, has formed a 90% Milan subsidiary called PHOENIX ITALIA SHIPPING & INTERNATIONAL TRADE SpA (capital Lire 10 m) headed by Sig S. Vandor (10% stake), which will organise pleasure cruises.

Late in 1968, Phoenix Tours formed a Paris subsidiary Phoenix Tours (France) Sarl (capital F 20,000).

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| TRADE |
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** A French banking group, headed by BANQUE COMMERCIALE DE PARIS SA (see No 438) and including BANQUE ROTHSCHILD SA (See No 500) and B.I.A.O. - BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE SA (see No 289) is to acquire control of J.A. GOLDSCHMIDT SA, Paris (see No 461). This is an import export concern and acts as a broker for cereals, oil cake, meat, sugar and agricultural products.

Goldschmidt will now reduce its capital to F 10 million (Citex SA, Geneva, has a 20% stake) in order to improve its financial position and then raise it again following the entry of the banking group in which Banque Commerciale de Paris will have a minority shareholding. With M. Michel Goldschmidt as president (manager of the brokers J.A. Goldschmidt Terme Sarl - see No 258), it has a strong foreign network of subsidiaries in Milan (see No 348), in Madrid (see No 355), in Rotterdam (see No 346), in London (see No 277) and also in New York, Buenos Aires, Sao Paulo and Rio de Janeiro.

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| TRANSPORT |
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** A merger between two Antwerp goods-handling concerns will result in ASSOCIATED ANTWERP STEVEDORES NV (capital raised to Bf 25.36 m) taking over TRANSPEDO NV. Associated Antwerp Stevedore NV (formerly Levy Brand Stevedoring Co NV -

see No 454) acquired its present name following the absorption a few months ago of three other firms in the same sector, Maltby, Levy Stevedoring Co NV, Kattendijk Stevedoring Co NV and Stevedoring Quick Dispatch NV, all based in Antwerp.

** The London-based freight despatch and handling concern S.C.A. (FREIGHT) LTD (headed by Mr. Adrian P. Chambers) has extended its interests to Milan with the formation of a subsidiary called S.C.A. ITALIANA Srl (capital Lire 60,000), which is headed by Mr. Andrew Dare.

** The co-operation agreements covering the technical and commercial side of their Mediterranean services (see No 491) agreed between the French shipping companies C.G.T. - CIE GENERALE TRANSATLANTIQUE (1968 pre-tax turnover F 675.8 m) and CIE DE NAVIGATION MIXTE SA, Marseilles (1968 pre-tax turnover F 60.2 m) are now to be formalised through the formation of a 65/35 holding subsidiary CIE GENERALE TRANSMEDITERRANEEENNE. C.G.T. will have a three-year option on the acquisition of Navigation Mixte's shareholding in the new company.

Once this move has been carried out, Navigation Mixte, which is an affiliate of C.G.T. (16.95%) and of Cie de Navigation Paquet SA, Marseilles and the insurance group La Fortune, Cie d'Assurances Maritimes & Terrestres SA, The Hague, will become mainly a holding company. This will manage a 4% stake in Air Inter SA, Paris (see No 405) and will also control Cie Mediterraneeenne de Tourisme & Transport - C.O.M.E.T.T. SA, Marseilles.

** Under an agreement signed between BRITAIN BENELUX LINE, Liverpool, and NV HOLLANDSCHE STOOMBOTMIJ., Amsterdam (a member of the NV NED. SCHEEP-VAARTUNIE group through NV STOOMVARRT MIJ "NEDERLAND" - see No 466), both companies will jointly operate a regular shipping service between Antwerp and Liverpool. The agents in Liverpool are J.T. Fletcher (Shipping) Ltd, and in Antwerp, Vinke & Co Scheep-sagentuur NV.

** Following an association agreement between the transport companies AMERSFOORTSE VERVOER CENTRALE NV, Amersfoort, and VAN DER WAL'S TRANSPORTBEDRIJF, Utrecht, a 95/5 subsidiary has been formed at Utrecht, UTRECHT-BRABANT EXPRESS NV, with an authorised capital of Fl 100,000 (20% issued - mainly regular service transport).

VARIOUS

** The Swiss swimming pool specialists E. & M. JERMANN, Zwingen, Berne, have formed a Munich subsidiary called ARIZONA POOL SCHWIMMBECKEN GmbH (capital Dm 21,000) with its owners Herren Erich and Michel Jermann as managers.

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** A "groupement d'interet economique" called CENTRE D'ETUDES CONTEMPORAINES has been formed in Paris with M. Serge George as director. Backers of the new organisation are Famous School International Sarl, Paris (manager M. Paul Guttman) and INSTITUT DE LECTURE DYNAMIQUE EVELYN WOOD Sarl (manager M. Pierre Hemmerdinger), both of which have F 20,000 capital. Famous School International is a subsidiary of the New York group FAMOUS ARTIST SCHOOLS INC (see No 416), which specialises in correspondence courses. Institut de Lecture Dynamique Evelyn Wood promotes a rapid reading system developed by the American educationalist Evelyn Wood. This method is also used in West Germany by Institut für Dynamisches Lesen (which has branches in Berlin, Munich and Hamburg), established in France in late 1968 by American interests.

** An agreement between the New York watch manufacturer GRUEN INDUSTRIES INC and the Paris fashion house PIERRE BALMAIN SA, will result in the American concern manufacturing luxury watches (ladies' models only at first), using Balmain's trade name and designs, and these will be sold throughout the world. The American company will make the watch cases in its New York factories, whilst the movements will be supplied by its Swiss subsidiary GRUEN WATCH MFG. CO SA (capital Sf 1 m). This has a Geneva sister company Gruen Watch Export Co Sa (capital Sf 100,000).

** The leading American manufacturer of skis HEAD SKI CO INC, Timonium, Maryland, is continuing its European sales drive, which it launched in 1968 (see No 446) and has formed a Munich subsidiary called HEAD SKI GERMANY GmbH (capital Dm 100,000) with Herr Hans Godin as manager. The founder, which dissolved its Canadian subsidiary in 1967, has an annual turnover exceeding \$ 10 million.

** Mr. J.R. Trocme, who is president of the Geneva company GENERAL INTERIORS (OVERSEAS) SA (capital Sf 50,000) has been appointed director of the newly-established GENERAL INTERIORS FRANCE SA, Annemasse, Haute-Savoie. This is a subsidiary of the American furnishing concern GENERAL INTERIORS CORP, Lewisburg, Pennsylvania (turnover \$ 18.8 m in 1967).

In France the American company's goods are made by Ets. Claude Moulin, Annemasse, and in Italy by Fantoni Arredamenti Sas, Udine.

** The West German manufacturer of furniture and furnishings (arm chairs sofas and mattresses) HUKLA-WERKE GmbH MATRATZEN- & POLSTERMOEBEL-FABRIKEN, Gengenbach, has formed a Spanish sales subsidiary called HUKLA SA, Torrejón de Ardoz.

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