Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

THE WEEK IN THE COMMUNITY
September 8 - September 14, 1969

September 18, 1969 — No 530

Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

EUROPA HOUSE, ROYAL TUNBRIDGE WELLS, KENT, ENGLAND
TELEPHONE: TUNBRIDGE WELLS (0892) 25202-2
TELEX: 95114

By arrangement with OPERA MUNDI, PARIS

EUROPEAN INTELLIGENCE

Editor: C. Bearne
News Editor: H. H. Hudson
Managing Director: V. H. P. Lynham, DSO, OBE

OPERA MUNDI EUROPE: 100 Avenue Raymond Poincare - Paris 16e
Telephone: KLE 54-12 34-21 -CCP Paris 3235-50

SWITZERLAND: 54 Rue Vermont, Geneva. Telephone: 33 7693

ITALY: 72 Corso di Porta Romana, Milan. Telephone: 540. 301-540. 309

BENELUX: 4 Boulevard Anspach, Brussels. Telephone: 18-01-93

SUBSCRIPTION RATES

U.K. Eire and Sterling area £75 one year, £40 six months.
U.S.A and Canada $250 one year, $135 six months, including airmail.
Other countries at local equivalent U.K. rates.

TRIAL SUBSCRIPTION
£25 or $85 six months

THE WEEK IN THE COMMUNITY

September 8 - September 14, 1969

THE COMMON MARKET

"Britons Never, Never, Never..."

In Britain the doubting Thomases and anti-marketeers have begun once again to mount their autumn campaign before the party conferences in Brighton. Eloquent advocates of their view, who include Mr. Powell and Mr. Clive Jenkins seize the headlines in denouncing the dangers and disadvantages of joining the Community and are as much in error as those who favour entry at any cost, since both seem studiously to overlook the other side's valid arguments.

With the disappearence of General de Gaulle from the immediate political scene, Britain's continued second bid to join the EEC appears to be faltering at home. If all three parties in fact agree that it is in the country's interest to join, then a renewed effort - and a sustained one - should be made in the next few weeks. Otherwise the opponents of British entry within the Community will be able to start quoting chapter and verse doubts emanating from British sources, and those governments who are opposed - openly or otherwise - will just have to sit back and play for time. The opponents of British entry seem either to favour Britain becoming an offshore Sweden or Switzerland or joining an Atlantic Free Trade Area, which could also take in the United States, Canada and the Scandinavian countries. Although this does have some apparent advantages on paper, Britain would probably rapidly succumb to American industry, while the political benefits would be negligible. Over the past fifteen years Britain's attitude has gradually been evolving towards a "Europeanism" in a number of important spheres, even though this has resulted in strains and stresses. The Labour government's position, with an impending ministerial reshuffle, is further complicated by the uncertainty which exists as to the real attitude of the new French government. London has no desire to commit itself more than necessary before negotiations are decided upon, and at present very few persons either in France or elsewhere are certain whether Paris is politely disguising a further decision against British entry, or whether a change has been decided on, with traditional Gaullist phrases being used to prevent an outright clash amongst the loose-knit majority which supports President Pompidou. Furthermore, the closeness of the German elections is enough to make most politicians tread warily. There is still no accurate indication as to the outcome, while the possibility of the right-wing NPD gaining a substantial foothold in the Bundestag could further alienate that part of the British electorate which has been exposed to the homilies put out by certain sections of the press about the dangers of getting entangled with countries which have "vast Communist parties".

The new trend in Europe towards industrial action by militants outside the framework of traditional union structures, partly as a result of the "evenements" in France last year allied to a desire to enjoy the fruits of economic expansion, could mean an unsettled situation on the labour front during the next ten years. In the case of West Germany, the pressure for higher wages and the steps taken to achieve these may well mean that the likelihood of a DM revaluation is lessened. Although French unions represent a comparatively small proportion of the country's work force, they are showing signs of restlessness, and as in Italy, the unions are having to adopt a more militant attitude in order to outflank the extremists and retain control of their rank and file members.

*

Six Agree to Summit

The growing clamour of doubts in Britain as to the real benefits of joining the Community, and the uncertainty which exists in Europe itself over the future development of the Community formed the backdrop for the meeting over lunch of the EEC Foreign Ministers under the presidency of Dr. Luns of the Netherlands on Monday of this week. This had as its main aim the preparation of the agenda for the proposed summit meeting of the EEC heads of state and government in The Hague later this year. It was finally agreed to hold the summit on November 17 and 18, when it is expected that the likelihood for improved or worsened relations between the Six should become clearer. The atmosphere surrounding the summit is for the time being still unsettled, because of differences of opinion between the countries of the Common Market. The Dutch, Belgian and Italian fears that France might try to institutionalise these meetings and propose the formation of permanent secretariat were set at rest by M. Schumann, who said that this was not France's intention. He did however accept that the Commission - probably in the person of M. Rey - should take part in the summit. At the same time the West German and Dutch suggestion for the ministers to agree on February 1, 1970, as the date for the start of negotiations was dropped, as was the idea that the summit conference should be rapidly followed by a meeting of the Six and the four candidate countries. This may still come about, but it will depend largely on the progress made during the meeting in The Hague, and Dr. Luns warned "All of the six governments are fully aware that a failure at the summit would have grave repercussions". There is still, however, a clash between the French view that there are three main tasks facing the Community "Completion, Fulfilment and Enlargement" and the Five who tend to support the view of two tasks, "Completion and Enlargement". But even Paris now agrees that there is a political, if not a strict legal link between these. The fact that British membership of the Community will be on the agenda for discussion at the summit is hardly a surprise, as otherwise it is most unlikely that the summit would even take place.

From the French point of view, the most important question to be tackled before the end of the transitional period is agreement over the financing of the Common Agricultural Policy, once the Community begins its definitive phase on January 1, 1970. The indications from Paris are that France will hold out as long as possible before compromising with her partners, and thus making it possible to progress over the enlargement question. However, M. Schumann also claimed that the summit had been proposed by President Pompidou with the aim of enabling the Community to make up for lost time, and clear the ground for what might be described as the Community's "second generation".

The Commission is to present its updated report on enlargement to the Six on October 2, and this will probably repeat its original call for the start of negotiations, in order to clarify the problems and establish whether or not solutions can be found. The apparent improvement in Britain's underlying balance of payments position, which has emerged during the past week, should be helpful if it is maintained. The ministers will discuss this during their next meeting on October 17-18 when they meet again in Brussels, a month before the summit in The Hague. The attitude of the French government to the report will be under close scrutiny, and it will be the first meeting with the participation of the new West German Foreign Minister.

Mr. Stewart, the British Foreign Secretary will meet M. Schumann on September 20, as both men are in New York for the latest session of the UN General Assembly. It would be surprising if this produced any major developments, but at the same time it will afford an opportunity to improve Anglo-French relations. The British reactions to the decision to hold the summit have so far been cautious, but it is now felt that there is a reasonable chance of negotiations starting next spring. If the Six during the summit conference in The Hague can agree on a date for negotiations, it will no doubt stimulate the opposition in Britain to even further efforts, but also rekindle the enthusiasm of those who favour entry.

The agricultural aspects of British entry to the Community are entering a phase of major uncertainty, since the Six now realise - in private, if not in public - that the present system is becoming unworkable. There are signs that a radical change in policy is envisaged, and the introduction of a system much closer to that which operates in Britain is under consideration in influential quarters, making it possible for the effects on Britain to be quite different from those which would occur if entry took place under the existing system. The delays the Community is now faced with in other major sectors, (e.g. the common commercial policy and the TVA), means that in any future negotiations the four candidate countries will be able to ask for effective transitional periods - and justify their requests by quoting Common Market precedents. It also means that in some important areas, the candidates will be working towards common standards and practices at the same time as the Six, and it should be easier for them to have a say in defining these practices. The drawback is of course that it will mean trying to harmonise ten national approaches, instead of having to work towards a single Community practice. Furthermore where the Six have already begun to concert their practices, the candidates may have to make concessions, and align themselves on a Community standard in less time than the Six have allowed themselves.

* * *

EURATOM

Six Stay in the "Sea-Burning" Set

The EEC Commission has just announced that it has renewed its contracts of association with the six research establishments in the Community carrying out research into fusion reactor technology. This announcement comes at a time when fusion reactors are very much in the news, there being just a week to go before the first international conference on fusion, to be held at the Culham, Berks. laboratories of the U.K.A.E.A., under the joint sponsorship of this body and the British Nuclear Energy Society. This is the first gathering of its kind, and will attract delegates from Britain, the U.S.A., the Soviet Union, France, Germany and eleven other countries. It seems that the real feasibility of fusion reactors is now beginning to emerge, and the purpose of the conference is for leading researchers in this field to "put their heads together" and attempt to form an impression of how developments should now be directed towards commercial realisation of what will eventually be by far the most dramatic form of energy production ever devised.

Fusion reactors are in fact nothing less than miniature man-made harnassed suns, or chained hydrogen bombs - the reaction is basically the same in either case - and in the light of the ever-dwindling quantities of fossil fuel now left in the world, are bound eventually to become a primary source of power. The science of controlled fusion is of course a highly advanced and complex one, but to the layman the basic facts of the concept are eloquent enough in themselves. The object is to reproduce in conditions and convert into other forms of energy the elements and the reaction of thermonuclear fusion. This means compelling two light elements (in fact the two isotopes, or forms differing in mass, of hydrogen) to combine to produce a larger nucleus. In so doing, neutrons and protons are emitted and a tremendous surge of heat created - no less than 100 million degrees Centigrade at the heart of the reaction.

It is in the containing of such power, and the conversion of it into usable forms that the challenge lies before research workers, and on which their theories are now beginning to gel. The main thing is that whatever form it takes in any prototype, the harnass used to contain the reaction must take the form of a magnetic field of immense strength. No physical barrier could begin to withstand the particle bombardment emanating from the reaction. The purpose of the magnetic field, therefore, as well as "squeezing" the atoms together until they begin to combine, is to "brake" the flow of neutrons produced to a speed where they can be contained sufficiently by the vessel to keep the reaction going, and to prevent loss of the costly fuel. This brief description is needed in order to show the basic configuration of the process, for it is in the hardware of the future thermonuclear reactor, not in the feeding of it that the cost of the process lies. There is none of the expensive mining, refining and fuel preparing process that goes into the standard fission reactor, for the chief "ingredient" in fusion will be deuterium, the hydrogen isotope that occurs in heavy water, which is now quite easily produced from ordinary sea water. The other isotope, tritium, occurs but very rarely, but once charged, the reactor will retain this and "breed" it as part of the process.

This, like aeronautics, is a sector in which the countries of Europe are having to do some intense soul-searching. It has been calculated that at least four experimental fusion reactors would have to be built in Britain, for any viable decision to be taken on a commercial version, and the cost of this could rise to the region of $ 50 million (compared with present U.K. expenditure on fusion research of around $ 7 million), the cost of one prototype being estimated at £ 5 million.

Similarly in the EEC, where present financial and planning problems are only too well known, the need to pursue this vital line of research is being weighed against the heavy cost of so doing. While it is true that the Community's share in world annual expenditure on fusion research (a modest $ 100 million) has risen from 7.5% in 1959 to 20% at the present time, the fact remains that in the entire first decade of its existence, Euratom itself spent $ 45.4 million on this item. In presenting its pluri-annual research programme to the Council at the end of April, the Commission in fact held that the Six should aim to spend some $ 150 million on this line of research during the five-year period, and that the Community's appropriation towards this would be $ 45 million (30%), or just under one-eighth of the total research budget. Bear in mind, however, that the pluri-annual research budget has still not been agreed, and that its adoption may yet fall through. In the meantime (see No 495), the Six have barely $ 25 million to put into the complementary research programmes, wherein fusion reactors are but one line of enquiry.

It seems to be just about as far a cry from Britain's present expenditure on fusion research to the amount needed to produce prototypes as it is for the same in the Euratom Community. It could be that next week's conference in Culham will produce a sufficiently strong consensus on the feasibility of fusion reactors and the need for work to start on prototypes within the not-so-distant future to galvanise the British and Community governments into action in this field. The one fact that does glare at them is that, whether they enter the field themselves or not, they will sooner or later have to use fusion reactor technology: if they do not spend now, they will have to buy later from the United States or the Soviet Union.

Nevertheless, the Commission is certainly not letting go of this particular plum for the time being, and it is determined to get the most out of its existing agreements with the national research centres in the Community working on the problems of fusion. It had its own ad hoc working party on "Controlled Thermonuclear Fusion" investigate progress to date and prospects for the future, and all this was duly reported in the "Plasma Fusion and Physics" annex to its pluri-annual programme. The renewal of its contracts of association now means that it will continue to hold the reins on developments in this sector, and to rationalise and coordinate fusion research work done on EEC soil. The contracts are with:

C.E.A.	Fonteney-aux-Roses, Saclay, Grenoble - FRANCE
C.N.E.N.	Frascati - ITALY
I.P.P.	Garching - GERMANY
F.O.M.	Jutphaas, Amsterdam - NETHERLANDS

K.F.A. Jülich - GERMANY
C.E.A. U.L.B., E.R.M., Brussels - BELGIUM

There are five main sides to the research programme that these centres will effectively be carrying out between them:

1) Containment: problems concerning equilibrium, stability and diffusion in open and closed configurations, in particular of the "toroidal pinch", stellarator, multipole and magnetic well type.
2) Production and heating of the plasma (ionised gas used in reaction) in situ, and injection techniques (chiefly bombardment of plasma by deep frozen pellets of deuterium).
3) Uncontained or partially contained very high density plasma: production methods; applications, allied technology.
4) General plasma physics: basic experimentation; currents within the plasma; development of diagnostics.
5) Technological research and development, allied both to the problems posed by the future thermonuclear reactor, and to experiments now in progress or scheduled.

One assumes that, as with most other aspects of Euratom finance at the present time, the Commission is continuing its sponsorship of this line of research a) because it is rightly deemed one of the most important fields of basic research in the nuclear field, and b) in the hope that its plans for more heavy subsidies will before long be realised. At the same time, in view of the faint possibilities of cooperation with Britain already mooted in connection with the isotopic separation project (see Nos 514, 520), one cannot help but wonder whether, in contacts made at the Culham conference, we may not see the beginnings of some sort of collaboration between Britain and the Six. It is early days yet, but this is a prime case of a field where the stakes are high, duplication extremely costly and cooperation and rationalisation an attractive possibility.

*

French Fusion Laser Breakthrough

Coinciding with the "fusion conference" and the renewal of the contracts of association in the Community, news came this week of what looks like an important development in French national fusion research At the C.E.A. (Commissariat a l'Energie Atomique) research laboratories at Limeil-Brevannes, to the South-East of Paris, not one of the establishments having an association contract in fact, observers were on Monday given a demonstration of an experiment that has been carried out several hundred times, now, and which is offering fairly conclusive evidence that laser beams can be used to start the fusion reaction. A 4,000 m. watt beam was "aimed" at a solid deuterium target (temp. -269°) for about one ten-thousand-millionth of a second, and the result seems to be a reaction of thermonuclear fusion of deuterium/deuterium atoms, producing neutrons at some 7-10 million degrees Centigrade. The laser apparatus used was constructed at the Marcoussis research laboratory of C.G.E. Always supposing that true thermonuclear fusion is proved in this experiment (as opposed to heat generated by nuclei accelerated by turbulence in the experiment), it could well prove to be a priority line of fusion research in the future, as there seems a good chance that containment problems might be less difficult, and there seems to be no requirement, at this stage anyway, for the rare hydrogen isotope tritium. Were France, and by extension the Six, to come up with a commercially viable fusion reactor design that used deuterium exclusively as its fuel, then Europe could be in the "peaceful fusion" race in good earnest. The next thing to watch out for is any possible reaction to the laser breakthrough at the Culham conference, and thereafter any signs of laser "ignition" being included in the Community's fusion research programme.

* * *

COMMERCIAL POLICY

France & Germany Slow to Submit

The Council meeting on September 15 found the ministers tackling the question of a common commercial policy in real earnest for the first time since last December (see No 491), most discussions on the matter in the meantime having been addressed to the specific question of the Franco-Soviet trade pact and its bearing on such a common policy (see Nos 509, 514, 518). Earnest or otherwise, however, the Six do not really seem to be very much closer to what is generally seen as a vital aspect of their economic integration.

This, of course, is a sphere in which the political element, indeed national sovereignty, is one of the factors brought into play. The chief element in forging a common commercial policy is the termination of bilateral agreements between member states and third countries, of which there are still several hundred, not least the one between France and the Soviet Union, which of course, "hit the headlines". Such trade pacts, especially those with state-trading nations, as they are called (i.e. East Europe in particular), are held by certain members of the Six to be at times more political than commercial in nature, and this is why they are reluctant to lose their grip on such arrangements. Furthermore, communist countries still refuse to negotiate with the EEC as a bloc, and this would make multilateral trade agreements with the East a near impossibility.

This apart, however, it was moved at the Council meeting by its Dutch president Mr. Luns, that the Six should now (it being plain that any hope of clinching the C.C.P. by the end of this year, in time for the definitive phase of the Community, is now lost) agree to have a three-year transitional phase, leading them into full implementation of the policy. Moreover, any new trade pact should be subject to prior approval by the Council. The last was in fact rejected by the French, while Germany would not settle for such a short transition. The matter now returns to the permanent representatives, who are to formulate a report for the Council in mid-October.

* * *

AGRICULTURE

No Blood Money Yet

It really looked as though the agricultural ministers of the Six were beginning to get somewhere at their Council meeting on September 15-16, at which they were due to agree, inter alia, the prices of beef and dairy products for the 1969-70 season. These decisions had to be postponed in July because of the government crisis in Italy. There was also high hope that the first steps towards crash action against the surpluses problem might be decided upon at this meeting, but in the event nothing concrete could be agreed. Italy was unwilling to consent to arrangements for beef and dairy products, not especially her problem, until something has been done about protecting her from the effects of lowered duties on citrus fruit from Israel, Spain, Morocco and Tunisia (see No 506 and Customs and Tariffs). At the same time, M. Schumann was adament at this week's foreign ministers' Council about France's expectation of the renewal of the financial regulation governing the C.A.P., before any assent is given to instituting structural reforms in E.E.C. agriculture. It now looks as though a package deal, taking in the above sectors, plus tobacco, wine and fruit and vegetables generally may be forged at next month's agricultural Council meeting. It is to be hoped that France will then agree to the short-term surplus reduction measures, even though she insists that the much-needed restructuring plan cannot be examined sufficiently before the end of this year for it to be set in motion and the farm fund modified accordingly. The switch of emphasis for FEOGA from production support to restructuring must come afterwards.

However, we are now fairly certain of the form that the "crash" measures for dairy surplus reduction will take. It seems that the intervention price for butter, undoubtedly the first target in any attack on the problem, will probably be lowered by Dm 1.0 from its present level of Dm 6.74 per kilo. As far as dairy herd reduction is concerned, the proposals as put forward by Mansholt will be slightly modified: instead of $ 300 per beast slaughtered over four years as a premium, the amount will more likely be $ 200, and will apply not to farmers having more than two cows generally, but to those having 2-10, provided all are slaughtered and the farmer undertakes not to return to dairy production. For herds of over 10, the same amount will be paid to farmers who promise to put their cows over to beef and veal production (in the Mansholt Plan, the idea was to offer a fattening subsidy of $ 10 per 100 kg. live weight of slaughtered cattle, provided all dairy cows on farms are removed and not replaced, and that the beasts slaughtered for meat have been on the farm at least six months).

* * *

FISCAL HARMONISATION

Belgium Backs Away from TVA

Last week's decision by the Belgian government to delay the introduction of the TVA (Tax on Value Added) system for another year until January 1, 1971, is a further blow to the Common Market's efforts to achieve fiscal harmonisation. These have already suffered the Italian postponement of TVA until January 1, 1972 on the grounds that a wide-ranging series of tax reforms will be introduced then, and this would be an unwarranted complication.

Originally all the Six were to have introduced the TVA by January 1, 1970. It originated in France, and it came into force in Germany and the Netherlands at the start of 1969. The TVA's repercussions in the Netherlands, with a 5% price rise during the first three months which led to a price freeze and a delay in introducing higher rates, were major factors behind the Belgian decision. Even in France, the present system has been strongly criticised and the government intends to simplify and reduce the rates.

In announcing the decision, the Belgian Prime Minister, M. Eyskens said "given the present boom, and the overheating which exists in some sectors, the fresh price increases which would have occurred as a result of this tax could have had serious economic and financial consequences for the Belgian economy". Furthermore, the introduction of the TVA would have meant a fall in government receipts during the first two months of 1970, and it would have had to raise between Bf 10,000 to Bf 15,000 million to bridge the gap at high interest rates. It is hoped that the delay will mean renewed confidence in the Belgian franc, now suspect after the French devaluation. Nor is it certain that Belgian exports would have benefited greatly, these being 26% up in July on the July 1968 figure. In Belgium it has been stressed that the government must not now delay the publication of TVA rates for a further year, but let these be known well in advance to obviate difficulties. The unions have warned against the imposition of fresh taxes, whose end result would be similar to an introduction of the TVA.

The Belgian decision clashes with the specific agreement of the EEC Council in April 1967 on the timetable for introducing the TVA, but the government has nevertheless decided to ask the Commission for its "help and understanding", as well as stating that it will follow Community procedures, including consultations on short-term economic policy agreed under the decision of July 17, 1969. The Commission met on September 17 to discuss the problem, and it is uncertain whether they will decide to take action against Belgium, or ask the Council of Ministers to delay by two years the deadline for the introduction of the TVA throughout the Six, which would also "legalise" the situation in Italy.

Although Luxembourg is closely linked to Belgium within the Belgium-Luxembourg Economic Union, the government has decided to wait two or three weeks before committing itself. Apart from causing parliamentary problems, the Belgian decision should limit price rises in the Grand Duchy, where the economic situation is relatively healthy. The TVA rates for Luxembourg vary between 4 to 8%, and will be broadly similar to the existing tax rates, and so it is felt that because of the Community commitment, Luxembourg may well introduce the TVA on January 1, 1970, despite the Belgian move.

* * *

ASSOCIATION

Turkish Bid for Closer Links

The first phase of the Association Treaty between the EEC and Turkey is due to terminate on December 31 and negotiations have already begun with the aim of preparing for the transitional phase of the association agreement (see No 515). Last week the Turkish Foreign Minister, Mr Ishan Sabri Caglayangil began a series of visits to Rome and Brussels during which he will discuss the various problems still outstanding.

There are four main areas of difference between the Six and the Turkish Government. With regard to agricultural products, the Turks favour an overall solution similar to that applied to the EEC's trade in this sector with Greece, while the Six favour the idea of separate solutions for each different category of agricultural products. In the industrial sector the Turks would like the Six to apply the same system as that applicable to intra-Community exports. The Six, however, have suggested that there should be a 75% cut in the present tariff rate with the remainder gradually abolished over a six year period. There is also an important further restriction in that the Six consider that certain Turkish exports such as textiles should be treated separately. The third difficulty concerns Turkish workers in Common Market countries. These workers are an important source of foreign currency for Ankara and the Turkish Government has asked that they should receive favoured treatment compared with workers from other third countries. The EEC has however rejected this request on political grounds, as it could raise much greater problems in connection with Algerian and Spanish workers. The Turkish request for improved social security benefits and industrial training for these workers seems likely to be accepted. As regards financial aid, the Six have proposed that the present amount of $175 million over a five year period should be maintained, while the Turkish Government would like to see this sum increased to $220 million. During the discussions with the Italian Government, Mr Caglayangil will attempt to overcome some of the objections raised by Rome, due mainly to the fact that Turkish exports lie in the agricultural sector (citrus fruits, nuts, etc) and compete with similiar products in the more backward areas of Italy.

Although the president of the EEC Council, Dr Luns, said on Monday that an agreement could be reached with Turkey over the transitional period before the end of the present year, this is still far from certain. The Turkish economy is at present going through a difficult period and although the Six seem unlikely to state publicly that the Turkish economy cannot stand the impact of the transitional period, a compromise solution delaying its introduction for at least a year is on the cards.

*

Lebanon and the EEC

The Lebanese Government has asked the Common Market to negotiate a preferential agreement covering Lebanese exports to the EEC. A three year agreement involving the application of the "most favoured nation clause" came into force last year and although this can be extended for a further year with the approval of both sides, its scope is fairly limited.

The question of the Common Market's links with the Lebanon raises important political issues because of the attitude taken by the French Government towards links with Israel. Tel Aviv has for some time been pressing the Community for a wide ranging association agreement and until recently this was blocked by the French Government. M. Schumann recently announced what appears to be a modification in French policy, whereby Paris would accept to discuss a limited "preferential" agreement with Israel in return for the five treating applications from other Arab countries on a similar basis. Following on this announcement, the United Arab Republic has decided to send a negotiating team to Brussels in the hope of making a trade pact with the countries of the Community.

* * *

E.C.S.C.

August Steel Production

Community steel production amounted to 8,290,000 tons in August compared with 8,660,000 tons in July and 7,760,000 tons in August 1968. During the eight months of this year production has reached a total of 71,130,000 tons, an 11% increase over the 64,100,000 tons produced during the same period last year.

* * *

TRADE

EEC - Japan Talks

The Japanese Foreign Minister, Mr Aichi, who was in Brussels last week for a meeting with the Japanese Ambassadors in Western Europe and with the president of the Common Market Commission, M. Jean Rey, revealed in a press conference that M. Jean Deniau, the member of the Commission with responsibility for external trade, would be visiting Tokyo for ten days during late October or early November.

M. Deniau will discuss trade liberalisation questions with the Japanese Government, as well as aid to developing countries and monetary questions. During his talks with M. Rey, Mr Aichi said that the Japanese would like to see the Community liberalise its regulations affecting Japanese imports and in return Japan would be prepared to make similar concessions.

* * *

CUSTOMS AND TARIFFS

CET on Citrus Examined at GATT

The request by the EEC for exemption to be given to the preferential trade agreement for citrus imports from Israel and Spain came under heavy fire during last week's meeting of the GATT Council. Since September 1 there has been a 40% cut in the CET on these citrus imports as a result of the association agreements signed by the Community with Tunisia and Morocco. Under these agreements the EEC has cut by 80% the duty levied on citrus imports from these two countries.

According to the Community's representatives, the exemption clause legalising the tariff cut in force since September 1 is aimed at re-adjusting the market's situation. A working party, which includes representatives of the countries attacking the EEC request, the United States, Chile and Brazil, has now been set up. This is expected to meet in the near future and will then present a report to the GATT Council on this matter.

* * *

TRANSPORT

The Green Card Must Go

There is growing pressure from inside the European Parliament to get rid of the green card, the insurance document that all motorists travelling in Europe have to have vetted at EEC frontiers, and to replace with a surety document issued by the driver's insurer to the effect that he is covered for international travel. The green card is felt to be an unnecessary inconvenience, and a time-consuming formality at frontiers that need no longer be maintained.

These points have been made more than once, and the Commission has now responded to the latest request from the spokesman M. Couste of France. In a reply to M. Couste, the Commission states that it has now set in motion the abolition of this control, by having member states start the process of harmonising their legislation in this regard. However, says the Commission, the approach recommended is not quite correct, as one member state still does not have compulsory insurance for vehicles, and this would make pacts between insurers an invalid alternative. In addition, the green card requirement in some member states is written into regulations that would still apply, even if insurers made alternative arrangements for cover. What it says is that, instead of a surety document, there should be a proper convention between insurers in the EEC and other countries interested (in particular Britain, Spain and Switzerland), and it is given to believe that such a convention is already being worked out by the European Insurance Committee. Only when this is in force, and when frontier controls have been removed by harmonisation will it be possible for the Six to decide on some sort of surety document proving cover, or perhaps a way of using, say, numberplates as means of guaranteeing the driver's possession of insurance cover.

*

Another Step Towards "Logged" Lorries

At a recent meeting the transport committee of the European Parliament approved a proposal by the Commission that as from January 1, 1973, a tachograph should be used in vehicles weighing more than 60 tons, should become obligatory. This applies to vehicles first put into service after January 1, 1972.

The same proposal also envisages the use of a tachograph in all other vehicles before January 1, 1974 (see Opera Mundi - Europe No 513).

EUROFLASH - HEADLINES

CONTENTS

AUTOMOBILES

** The REGIE NATIONALE DES USINES RENAULT SA (see No 528), through its wholly-owned subsidiary SORIMEX - STE REPRESENTATION INTERNATIONALE - IMPORTATION - EXPORTATION SA, Boulogne-Billancourt, Hauts-de-Seine (handling transactions with East Europe), has concluded a manufacturing and technical cooperation agreement with the Yugoslav concern LITOSTROJ of Ljubljana. As a result, the latter, which at present produces railway equipment and turbines, and is operative generally in the engineering sector, will add a Renault 15,000 vehicles p.a. assembly line to its installations, and this will use components imported from France.

** Having recently decided to form in Turin a "studio" for car design, the American group FORD MOTOR CO, Dearborn, Michigan (see No 525) has signed a technical cooperation agreement with two Italian manufactureres of car bodies, GHIA SpA, Turin and DE TOMASI AUTOMOBILI SpA, Modena.

The latter two companies, which have been members since 1967 and 1968 respectively of the American group ROWAN INDUSTRIES INC (formerly Rowan Controller Co - see No 414), will construct prototypes and exhibition models equipped with Ford engines, and will instruct the personnel of Ford Italiana SpA, Rome - and the other companies of the group in Europe - in the methods of the Italian designers.

** The Japanese car manufacturer TOYO KOGYO CO LTD, Hiroshima (see No 474) has formed a trading company in Cologne called TOYO AUTOMOBIL VERTRIEB GmbH (capital Dm 20,000 - manager Mr Rolf Merten).

The Japanese group, which is known in Europe for its "Mazda" models, has just made an agreement with CURTISS-WRIGHT CORP, Wood-Ridge, New Jersey, for the construction in the United States of "Wankel" rotary motors under the Audi N.S.U. Auto-Union AG, Neckarsulm (see No 525) and Wankel GmbH, Lindau, licences. It is represented by France-Motors SA, Neuilly, Hauts-de-Seine, and Norman Garages Ltd, Newbury, Bucks.

BUILDING AND CIVIL ENGINEERING

** As part of the recent supply agreement between PRODUITS CHIMIQUES & ENGRAIS DU RHIN - PEC-RHIN SA, Ottmarsheim (see No 525) - the joint subsidiary of the French and German groups, ENTREPRISE MINIERE & CHIMIQUE SA, Paris and B.A.S.F.-Badische Anilin & Soda Fabrik AG, Ludwigshafen (see No 527), the German plaster based materials group RIGIPS BAUSTOFFWERKE GmbH, Bodenwerde has formed a manufacturing subsidiary called RIGIPS-FRANCE SA (capital F 12.5m).

The new company has acquired a 65,000 m2 site near the Canal d'Alsace, enabling this to be used for exports to West Germany, the Benelux countries and Switzerland.

** ARMSTRONG CORK INTERNATIONAL GmbH, Münster (capital raised recently to Dm 28.1m), member of the Lancaster, Pennsylvania insulation materials and floor coverings group ARMSTRONG CORK CO (see No 396) has opened a Brussels branch under M. Rodolphe Wauters.

The American group has several European subsidiaries, in particular Armstrong Cork International SA, Zurich (branch in Paris); Armstrong Cork Co Ltd, London; Manufacturas de Corchos Armstrong SA, Madrid, which has Trefinos SA as its 66.86% subsidiary, etc.

** The Turin investment company I.F.I. - ISTITUTO FINANZIARIO INDUSTRIALE SpA (of the Agnelli, FIAT group - see No 529) is to strengthen its hold on the third largest Italian cement concern SOC. UNIONE CEMENTI MARCHINO & CO, Casale-Monferrato, Alessandria (see No 481), when this changes its name to UNICEM - Unione Cementerie Marchino Emiliane & Di Augusta SpA (overall capacity raised to 38 million quintals) and merges with two I.F.I. subsidiaries: CEMENTERIA DI AUGUSTA SpA, Catania, and SAICE - SpA Industrie Cementifere Emiliane SpA , Piacenza.

** The British chartered surveyors RICHARD ELLIS & SON INTERNATIONAL LTD, London have extended their Common Market interests by forming a Paris subsidiary called RICHARD ELLIS SA (capital F 100,000) under Mr Michael H.W. Badger. There is already a branch office in Brussels.

CHEMICALS

** The German lacquers, varnishes and wall and floor covering plastics concern NEODON-WERKE HELMUT SALLINGER, Krumbach, has set up in Britain by forming a sales subsidiary named NEODON (U.K.) LTD, having £100 capital and its owner, Herr Helmut Sallinger as director.

The parent company has about 50 agencies in West Germany, and since 1962 a subsidiary named NEODON FRANCE Sarl at Eschau, Bas-Rhin, plus agents and distributors in Italy, Switzerland, Austria, the U.S.A., etc.

** The Rome chemical engineering company STA SVILUPPI CHEMICI SpA (see No 287) has opened a London branch under Mr Jonathan Bignall. The founder was formed in 1963 by STANDARD CHEMICAL LTD, Montreal, itself a member of the PPG INDUSTRIES INC group, Pittsburgh, Pennsylvania (see No 523).

** The New York INTERCHEMICAL CORP group (see No 444) which makes pigments, colorants and printing inks, has rationalised its Italian interests and thus strengthened F.I.C.I.S. INTERCHEM, Bollate (see No 392) formed in 1966 by the merger of O.N.I.S. SpA, Rome and Ficis SpA, Milan.

The Bollate company has merged with INDUSTRIA COLORI INCHIOSTRI (I.C.I.) SpA, Cinsello Balsamo - which recently made over its Milan manufacturing complex to Gesmo SpA - and with its name changed to ICIFICIS, its capital has been raised to Lire 2,600 million.

** The recent decision to merge (see No 522) taken by the Dutch chemical and pharmaceuticals group KON. ZOUT-ORGANON NV and the artificial and synthetic textiles group A.K.U. - ALGEMENE KUNSTZIJDE UNIE NV (see No 528) has now resulted in the latter being re-named A.K.Z.O. NV. Its capital now stands at over Fl 1,000 million and the consolidated turnover is around Fl 6,000 million.

** The Dutch group KON. ZOUT-ORGANON NV (KZO), Arnhem (see No 524) intends to extend its interests in the salt-mine industry of the United States and the Dutch West Indies by taking 52% control (with an investment of $46,500m.) of the INTERNATIONAL SALT CO group, Clarks Summit, Pennsylvania.

The latter, which is headed by Mr E. L. Fuller (net assets of $840,900 m. at the end of 1968), has rock-salt mines in Louisiana (Avery Island), New York (Retsof), Michigan (Detroit) and Ohio (Cleveland). It also has a 400,000 t.p.a. marine salt works at Bonaire, Dutch West Indies, where in 1964 it formed an industrial subsidiary, Antilles International Salt Co. NV.

CONSUMER GOODS

** A manufacturing and sales agreement, including financial assistance has been signed in Yugoslavia between the Zagreb electrical goods concern RADE KONCAR (see No 376) and the Italian domestic appliances group INDUSTRIE A. ZANUSSI SpA, Pordenone (see No 525).

Headed by Mr Ante Marcovic, the Yugoslav firm has been represented since 1963 by a Milan subsidiary Rade Kondar Elettromeccanica SpA handling sales. This had long links with the Castor group, Rivoli, Turin - which is now merging with Zanussi (see No 514). The Yugoslav firm intends to expand on a considerable scale its domestic appliance interests with the help of the Pordenone group, and equipment exchanged during 1970 is expected to be worth some Lire 6,000 million.

** KANGOL MAGNET LTD, Carlisle, Cumberland, the British motor accessories concern (mainly safety belts and crash helmets), a member of the London, KANGOL LTD group (see No 480) has formed a West German subsidiary named KANGOL-TEKA GmbH to take over the Düsseldorf business of TEKA AUTOMATEN KIRSCHNER & CO KG, a similar concern, hitherto the property of Herr Wolfgang von Massenbach. At the same time, there has been formed in Düsseldorf a trading company named KANGOL TRADING GmbH, with Dm 20,000 capital and Herr Joachim Mayer-Landrut as manager.

The British group is represented in the Netherlands by Kangol (Trading) NV, The Hague, formed in February 1969 under the auspices of the Amsterdam finance company, Beheermij Pharas NV.

* * *

COSMETICS

** The German HENKEL GmbH group, Düsseldorf (chemical detergents) has extended its interests to the cosmetics sector with the formation of a new Düsseldorf subsidiary called HENKEL-KHASANA GmbH (capital Dm 4 m). This will market "Khasana" beauty products, lotions, and hair lacquers.

DATA PROCESSING

** COMPUTER SCIENCES INTERNATIONAL SA, Ixelles-Brussels (see No 513), is about to set up a data processing centre in the Netherlands at Arnhem, which will come into operation at the beginning of 1970 with an I.B.M. "360/65".

The Belgian company, whose activities extend to the whole of Western Europe, is the joint 75/25 subsidiary of the American group COMPUTER SCIENCES CORP, El Secundo, California (1968-69 turnover $ 65 m - 3,000 employees), and the Dutch group PHILIPS' GLOEILAMPENFABRIEKEN, Eindhoven (see No 529).

ELECTRICAL ENGINEERING

** The New York group WESTINGHOUSE ELECTRIC CO (see No 528) has strengthened the links with its Milan distributor and agent, MA. R. IN. Sas - under Sig C. Cavicchi (see No 504) - by making available to the Italian firm an ultra-sonic cleaning machine licence with applications in the electrical, electronic and electro-mechanical industries.

Westinghouse Electric has recently consolidated its position in Milan by making its local branch into a subsidiary with a capital of Lire 20 million.

** The French accumulator concern STE FULMEN SA, Clichy, Hauts-de-Seine (see No 521) has taken over its Dutch counterpart ACIFIT - NEDERLANDSE ACCUMULATOREN FABRIEK NV, Diemen, with which it established links during late 1968.

The latter employs 100 persons and it has a Belgian subsidiary, Acifit NV, Berchem as well as interests in West Germany. Its new parent company is a member of the C.G.E. - Cie Generale d'Electricite SA, Paris (see No 528) and it has also expanded its French interests by acquiring a 23.25% stake in the CIE FRANCAISE D'ACCUMULATEURS ELECTRIQUES SA, Gennevilliers, Hauts-de-Seine (see No 448). This makes "Autox" accumulators and has an annual turnover exceeding F 16.6 million.

ELECTRONICS

** The West German HARTMANN & BRAUN AG, Frankfurt (electronic control and measuring equipment - see No 460), which is a 35% affiliate of the Berlin group AEG-TELEFUNKEN (see No 526), has made an agreement with the Milan company FABBRICHE ELETTRONICHE RIUNITE SpA (see No 460). This will enable the German concern to gain an 85% stake in the latter's subsidiary FER. H. & B. MISURE &

REGOLAZIONI SpA.

Fabbriche Elettroniche Riunite became a Lire 600 capital holding company in late 1967 under the control of the Paolo Piva family. In early 1968 it reshaped its interests and thus boosted four subsidiaries: Fer H.& B. (capital Lire 150 m); Zerowatt SpA, Lombardo, Bergamo and Lonza (Lire 500 m); Elettromeccanica Fer - Ferrara SpA, Ferrare (Lire 50 m) and Ceramica Industriale Fer SpA, Seregno (Lire 200 m). The Frankfurt firm has two West German subsidiaries, Elima GmbH, Frankfurt, and Schoppe & Faeser GmbH, Minden, Westphalia, as well as various foreign interests. These include storage facilities and an assembly line being completed at Metz, and a stake in Brazil.

** OLYMPIA WERKE AG, Wilhelmshaven (see No 518) has linked with the Japanese MATSUSHITA ELECTRIC INDUSTRIAL CO LTD, Osaka (see No 452) in an agreement giving it the right to distribute throughout Europe the office calculating machines made by the Japanese concern.

Olympia Werke (capital Dm 65 m) is the wholly-owned subsidiary of the AEG-Telefunken group, Berlin (see No 525).

** The Geneva company SCIENTIFIC & NUCLEAR INDUSTRIES INVESTMENT CO Srl has founded the Bergamo electronic and scientific equipment import and distribution concern ITAL -D.I.S.I. NUCLEAR CORP Sas (share capital of Lire 30 m), managed by Sig Mordechai Israelechvili and having branches in Rome and Milan.

ENGINEERING & METAL

** The recently agreed rationalisation (see No 518) of the Belgian interests of the American group REYNOLDS METAL CO, Richmond, Vancouver, has now taken place, with its subsidiary REYNOLDS ALUMINIUM EUROPE - ALEUROPE SA, Ghlin (see No 498) absorbing the affiliate CAPSULERIES & LAMINOIRS CHAUDFONTAINE SA, Chaudfontaine, Liege (net assets Bf 78,260 - see No 395). As a result Reynolds Aluminium has raised its capital to Bf 400,780.

** Herr Hanns-Arndt Vogel is the director of the new Swiss engineering firm INTERCONTI-PLAN AG, Zurich (capital Sch 50,000), which was formed by the Düsseldorf group FRIEDRICH FLICK KG (see No 527).

** The British group QUINTON-HAZELL (HOLDINGS) LTD, Colwyn Bay, North Wales (see No 489), which acts as a sub-contractor for the car, machine tool and electrical engineering industries, has decided to strengthen its Belgian interests by building a factory near Charleroi making vehicle spare parts. This will be run by a new subsidiary being formed in Ransart, QUINTON HAZELL EUROPE SA (capital Bf 5 m), which is under M. Gerard Moxon and Mr. Derek Churm. The founder has long been represented in Ixelles-Brussels by another subsidiary Quinton Hazell-Remax Europe SA (see No 344) and since 1968 has been a shareholder in the sales company Auto-Distribution Belge SA.

** The Dutch steel group KON. NED. HOOGOVENS & STAALFABRIEKEN NV, Eindhoven (which recently made a 40 million Euro-dollar issue - see No 528) has formed a subsidiary in Utrecht called STAALMAT NV (capital Fl 1m). This will make steel and iron reinforcement products for the building industry.

Hoogovens already has two metal products subsidiaries in Utrecht: Koninklijke Demka Staalfabrieken NV (moulded and rolled steels, metal cables) and Vereenigde Utrechtsche Ijzerhandel NV (scrap metal and rolled products).

** The American NORTON CO, Worcester, Massachusetts (electric precision castings, special alloys and abrasives for the machine tool and associated industries - see No 411) has rationalised its Italian interests and thus strengthened the position of its subsidiary NORTON SpA, Corsico, Milan. This has taken over another company belonging to the group in Corsico, CONSTRUCTION EQUIPMENT & MACHINERY CO (ITALY) SpA (formerly Clipper Italiana SpA, Milan - see No 320) and as a result has raised its own capital to Lire 1,010 million.

** The Brussels engineering company LA BRUGEOISE & NIVELLES SA (see No 496), a subsidiary of STE GENERALE DE BELGIQUE SA (see No 529) has made an agreement with the American manufacturer of lorries and agricultural machinery, WHITE MOTOR CORP, Cleveland, Ohio (see No 428). This covers the production and sale throughout Europe of "Evelid" dumper trucks by a joint subsidiary to be formed in the near future.

The Cleveland firm recently made a cooperation agreement with the Italian, Same Trattori Fratelli Cassani Sas, Treviglio, Bergamo (see No 259) covering the supply by the latter of 45-85 hp two and four wheel drive tractors, which are sold by the American concern throughout the world with the exception of the United States, Canada and Italy. Since 1966 it has had a 75% Milan subsidiary Arbos SpA (see No 384), which makes agricultural machinery.

** The West German manufacturer of rotary pumps and hydraulic equipment KRACHT PUMPEN- & MOTORENFABRIK KG, Werdohl, has formed a Dutch sales subsidiary, KRACHTHYDRAULIEK NV, Rotterdam (capital Fl 500,000). This is a family company controlled by Herren Lutz Kracht, and with a share capital of Dm 2.985 million has over 700 employees and an annual turnover of around Dm 40 million.

** Under a recent agreement made between the state-owned REGIE NATIONALE DES USINES RENAULT SA, Boulogne-Billancourt, Hauts-de-Seine, and the American civil engineering, agricultural, industrial and materials-handling group ALLIS CHALMERS MANUFACTURING CO, West Allis, Wisconsin (see No 505), the latter will sell in the United States and Canada under its own trade name a 40 hp tractor made in Le Mans by the D.M.A. agricultural division of Renault. The market for the tractors could exceed 2,000 vehicles annually, which would represent 10 to 15% of the tractors made each year by the division in its factories in Le Mans, Algiers and Burgos, Spain.

** The Italian interests of the French air-conditioning group TUNZINI AMELIORAIR SA (capital now being raised to F 35.71 m) were recently strengthened by the acquisition of a 40% stake in the Milan manufacturer of air-conditioning equipment and silencers, THERMOSYSTEM SpA (see No 319).

Headed by Sig Sergio Serapioni, the latter (capital Lire 80 m) has a factory at Trezzano Sul Navigo and several affiliated companies: Stopson Italiana SpA, Milan; Thermosystem France Sarl, Lille, Nord, and Thermosystem SA, Bellinzona, Switzerland. Until 1968 the French group controlled a Milan subsidiary Tunzini Italiana SpA (now disolved - see No 462), but it still has a 90% stake in Italforni SpA, Milan (capital Lire 25 m - see No 287).

** The Berlin and Munich electrical group SIEMENS AG (see No 529) has acquired a minority stake in the Greek wire drawing and electric cable concern VIOHALCO CABLES SA (capital raised to Dr 233.3 m). The latter is also affiliated to the New York Phelps Dodge Corp (see No 492) and it recently became a 72% interest of the Greek holding company VIOHALCO SA, Athens, which is headed by Mme Stassinopoulos.

The Brussels group Cofinindus SA (see No 525) has a 33.31% interest in Viohalco, and the latter also has a 68% stake in Viohalco-Aluminium SA (capital Dr 165 m), in which Aluminium de Grece SA, Athens (a member of the French group Cie Pechiney SA - see No 529) has recently become a minority shareholder. Viohalco also has a 77% interest in Viohalco-Sanitas SA and a stake in Viohalco-Vitruvit SA.

** The British company NEWALL-BURGMASTER LTD, Croydon, Surrey, which manufactures machine tools and multi-lathes, has opened a branch in Brussels. The company was formed during 1968 - and is headed by Mr. Digby Burnell - as a wholly-owned subsidiary of the British group NEWALL MACHINE TOOL CO, Peterborough (see No 325) to exploit a licence made available by the Burgmaster, Los Angeles, division of the American group Houdaille Industries Inc, Buffalo, New York.

** The Dutch company CIREX NV, Almelo (a member of the NV PHILIPS GLOEILAMPENFABRIEKEN group - see No 497) has acquired the precision castings interests of G. DIKKERS & CO NV, Hengelo. The latter is a subsidiary of ROCKWELL AUDCO SA, Geneva, itself controlled by ROCKWELL MANUFACTURING CO, Pittsburgh, and SERCK LTD, Birmingham (see No 515).

** The American company RACINE HYDRAULICS INC, Racine, Wisconsin (since 1968 a division of the REX CHAINBELT INC group - see Nos 333 and 515) has strengthened its links with the London group VICKERS LTD (see No 521) by forming a 50-50 Paris subsidiary RACINE VICKERS SA (capital F 200,000). With M. Robert Gallois-Montbrun as president and M. Villemin as managing director, this will sell the hydraulic pumps and liquid transportation systems made by its two founders.

The American and British concerns have long been linked by a reciprocal licensing agreement and they share control of "Racine & Vickers Armstrongs" companies in Switzerland (Zug), West Germany (Offenbach) and the United States (Racine, Wisconsin).

FINANCE

** The Milan group BANCA COMMERCIALE ITALIANA SpA (see No 519), a 95% subsidiary of the Rome state group I.R.I. - ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE (see No 528), is about to take part in the formation in New York and Washington D.C. of an investment bank called FIRST WASHINGTON SECURITIES INC. Its president will be Mr. Martin Rosen, until now director of Ste Financiere Internationale - S.F.I. (subsidiary of I.B.R.D. - see No 443), where he will be replaced by Mr. W. Gaud.

Banca Commerciale Italiana, which recently raised the capital of its Luxembourg subsidiary, Banca Commerciale Italiana Holding SA, to \$ 12 million, also has a recently-formed New York subsidiary managed by Sig Vincenzo P. Sozzani.

** The New York CHEMICAL NEW YORK CO (formerly Chemical Bank New York Trust Co), which already has branch offices in Paris and London, has been authorised to open a further branch in Frankfurt. The American bank recently sold its 10% stake in Frankfurter Bank AG, Frankfurt (see No 500). The latter is now merging with Berliner Handelsgesellschaft, Berlin and Frankfurt (see No 525).

** The London company FLEMING SUEZ LTD has doubled its capital to £ 2 million, thus enabling the New York bank BROWN BROTHERS HARRIMAN & CO to double the 10% stake it has held for the past year. Fleming Suez was formed during April 1968 (see No 458) as a 49/51 interest between the Paris CIE FINANCIERE DE SUEZ & DE L'UNION PARISIENNE SA (see No 523) and the London merchant bank ROBERT FLEMING & CO LTD (see No 512).

Financiere de Suez is re-organising its French interests and it recently sold off its shareholdings in Ste de Developpement Regional Bourgogne-Franche-Comte-Nivernais "Centrest" SA, Besancon (8.5%), Ste Lorraine de Developpement & d'Expansion "Lordex" SA, Nancy (6.2%) and Ste Alsacienne de Developpement & d'Expansion SA, Strasbourg (2.5%) to Banque de l'Union Parisienne C.F.C.B. SA, Paris (see No 523). It has also sold to Montagu Trust Ltd (a member of the Samuel Montagu & Co Ltd group) its 20% stake in the finance company Credit Vendome SA, Paris (see No 503), which in May and August of this year formed Cie Generale d'Investissements & de Participations - Cogip Sarl, Paris (capital F 100,000) and Fiduciaire Vendome Sarl, Paris (capital F 20,000).

In the new group to be formed by the merger of Cie de Pont-a-Mousson SA, Nancy, and Cie de Saint-Gobain SA, Neuilly-sur-Seine, Suez intends to maintain its interest at 20%. In a further move it has underwritten for 7% the increase to F 333.75 million of the capital of Banque de l'Indochine SA (see No 529).

** The Los Angeles UNITED CALIFORNIA BANK (see No 506) has extended its interests to the Common Market by acquiring control of the Belgian commercial bank UNION DU CREDIT DE BRUXELLES SA. Headed by Mr H. de Kock, this has an overall liquidity of Bf 1,000 million.

United California Bank has branches in London and Madrid and shareholdings in Financiera de California SA, Madrid, and Atlantic International Bank Ltd, London. It recently gained control of the Swiss Salik Bank in Basel AG (see No 488).

FOOD AND DRINK

** The Franco-Belgian company GRANDS MOULINS DE BRUXELLES SA (see No 438), which recently decided to close down, has made over its manufacturing and property interests valued at Bf 22 million to the new SILOS DE BRUXELLES SA (capital Bf 30 m), in which it is a 16.7% co-founder along with the Belgian SA LES MOULINS DE DEYNZE, Deinze, Ghent (a member of the New York group CONTINENTAL GRAIN CO - see No 439), SA USINES L. VANDENBERGH, Wilsele, and COOPERATIVE BELGE DU COMMERCE DES CEREALES - COGEBRA Sc, Brussels (18.3% each). A stake of 9.3% is held by the Luxembourg holding company Maruh Investment Co SA (see No 460) and the Dutch company Handelmij Jean Delvaux NV, Rotterdam.

The new company, whose president M. Paul Baumann occupied the same post in Grands Moulins de Bruxelles, will carry out all manufacturing, property, financial and sales operations connected with cereals.

** The Dutch manufacturer of cat and dog food FELIX BONZO NV, Etten (see No 506) has appointed the Hamburg company SWIFT & CO GmbH as its West German sales representative. The latter is a member of the leading world group in the canned meat sector, SWIFT & CO, Chicago (see No 426).

The Dutch company is a subsidiary of the Belgian concern SA de Pont-Brule, Vilvorde, and its other Common Market interests include Felix Bonzo France SA, Valenton, Val-de-Marne, and Felix Bonzo Belgium, Wemmel. SA de Pont-Brule has as its main shareholder the French state group Entreprise Miniere & Chimique SA, Paris, through its Belgian subsidiary Produits Chimiques de Tessenderloo SA.

** The American company COOK INDUSTRIES INC, Girmantown, Memphis, Tennessee, which was formed in early 1969 when COOK & CO INC merged and took over E.L. BRUCE & CO INC, has formed a subsidiary in Rotterdam called COOK INTERNATIONAL (NEDERLAND) NV (authorised capital Fl 500,000). This will trade in all types of seeds and agricultural products. Since the merger, the new group employs some 4,500 persons and it has appointed M. W. J. Thywissen, Garches, France as director of the new subsidiary. The former Cook & Co Inc was represented in the Common Market by Baumwoll-Kommissions- & Lagerhaeuser GmbH, Bremen, and Mattioli & Ghedini, Milan.

** The French multiple store group DOCKS REMOIS - FAMILISTERE SA (see No 502) has formed a Paris subsidiary called FAMYVIANDE SA (capital F 100,000), which will process and sell meat and charcuterie. With M. Pierre Thevenin as president, companies represented on the board include STE CENTRALE D'ACHATS POUR MAISONS & SUCCURSALES & SUPERMARCHES - CAMAS SA, Rheims (see No 307) and STE NOUVELLE DES MAGASINS FAMIPRIX SA (respectively 17.8 and 49.98 affiliates of the founder).

Docks Remois' main interests (4,000 employees, 1,200 sales outlets and an annual turnover of F 650 m) are controlled by the holding company Union Succursaliste SA, Paris (see No 502).

** As part of the moves (see No 527) connected with its merger with the dairy group GERVAIS-DANONE SA, Levallois, Hauts-de-Seine, the French pasta manufacturer ETS MILLIAT FRERES SA, Nanterre, Hauts-de-Seine, has re-organised its interests and strengthened the position of its subsidiary STE LYONNAISE DES PATES MILLIAT FRERES SA, Villeurbanne, Rhone (see No 521). This has absorbed two other companies in the group, SOPAR - STE DES PATES ALIMENTAIRES REUNIES SA (see No 442) and STE MARSEILLEISE DE SEMOULERIE Sarl, both based in Marseilles, and has acquired manufacturing and property assets from its parent company valued at F 78.8 million. The Lyons company has been re-named MILLIAT FRERES SA and its head office has been moved to Nanterre. Its capital has been raised to F 23.9 million, following the acquisition of assets valued at a total of some F 89.8 million. The supervisory board now includes MM. Robert and Marcel Milliat and they are representatives of the Gervais-Danone group and its subsidiaries Les Fermiers Reunis de Flandres SA, Steenvoorde, Nord (see No 483) and Ste Dietetique Gallia SA, Paris (formerly Ste Laitiere Gallia SA - see No 488). The board of management will be presided over by M. Roland Mary.

** The French dairy group SAPIEM - STE DE PARTICIPATIONS DANS L'INDUSTRIE ALIMENTAIRE SA, Paris, which is re-organising its interests and recently absorbed seven subsidiaries (see No 505), has made over all its manufacturing and sales interests to STE DES LAITS INDUSTRIELS, Paris, and this has been re-named PREVAL. Sapiem has now become a holding company and its capital is being increased to F 39.7 million, with all of the increase covered by Finindus SA (a member of the SOURCE PERRIER SA group).

Sapiem is also about to merge with the SOURCE PERRIER group (president M. S. Menasche - see No 520) with the latter as the majority partner in the new group, which will rank third in the EEC food sector after Unilever, and Oetker. The new group is expected to have a turnover of around F 1,700 million, with Perrier's mineral water and confectionery interests accounting for F 1,000 million, and Sapiem's dairy products the remainder.

* * *

INSURANCE

** The Paris insurance broking concern H. R. SPRINKS & CIE, which is controlled by private British interests, has formed a wholly-owned head office subsidiary CIE FRANCAISE D'ASSURANCES EUROPEENNES SA, with F 5 million capital and Mr Henry Sprinks as president.

In France the parent company acts for various British, Belgian and Swedish insurance companies, in particular: Reliance Marine Insurance Co Ltd, Liverpool (of the group Guardian Assurance Group Ltd - see No 370); Alliance Assurance Co, London (of the group Sun Alliance & London Insurance Ltd - see Nos 312 and 501); Excess Insurance Co Ltd, London (of the group C. E. Heath & Co Ltd - see Nos 390 and 527); Cie Des Proprietaires Reunis - Risques Divers SA, Brussels (linked with the group Ste Generale de Belgique - see No 494); Försäkrings A/B Skandia, Stockholm (see No 424), etc.

OFFICE EQUIPMENT

** Under the terms of an agreement signed between the Chicago group BELL & HOWELL INC (see No 479) and the office equipment company GALLO, POMI & CO SpA, Milan, the latter will become the exclusive Italian representative for the Chicago group's "Microfilms" division, including the products of the associated company N. B. JACKETS CORP, Long Island, New York (already represented in Milan by Microfilmfotostat SpA).

Directed by Sig Franco Pomi, Gallo, Pomi & Co is linked by distribution agreements with various American manufacturers of office equipment: Monroe International Inc, Orange, New Jersey; Addressograph Multigraph Corp, Cleveland, Ohio; Vari-Typer Corp, Newark, New Jersey, and Charles Bruning Co, Mount Prospect, Illinois. The Bell & Howell group, which specialises in photographic office equipment and electronic audio-visual instruments and appliances, has had a wholly-owned Milan subsidiary since 1968, Bell & Howell Italia SpA (see No 494).

OIL, GAS AND PETROCHEMICALS

** The Milan concern CENTROPRODUCT Srl (see No 505), which specialises in trade with Yugoslavia, has formed a 50% subsidiary in Milan, ADRIAOIL SpA (capital Lire 1m) which concentrates mainly on petroleum, chemical and allied products.

The parent company shares control of the new firm (président Mr Vojuslav Santric) with the Zagreb-based national oil company I.N.A. - INDUSTRIJA NAFTE, which has its refineries at Fiume and Sisak (see No 473). This has long been linked with the Rome E.N.I. - Ente Nazionale Idrocarbiri (through Snam Progetti SpA, Milan) within a 50-50 Milan subsidiary Snam-Ina Projeckt SpA (see No 411).

** The Paris C.F.R. company - CIE FRANCAISE DE RAFFINAGE SA (of the group C.F.P. - CIE FRANCAISE DES PETROLES SA) has set up an affiliate in Milan named TOP GAS AUTO SpA (authorised capital Lire 50 m), directed by Sig Brunetto Poli, to distribute its fuel and lubricants to service stations.

The new company has Sig G. Bizot as president and is under the direct control of TOTALGAS ITALIANA SpA (formerly Flamina SpA - see No 522), itself a subsidiary of Total Italiana SpA, Milan.

OPTICAL & PHOTOGRAPHIC

** The Milan optical glass concern FILOTECNICA SALMOIRAGHI SpA (see No 408), a member of the state group I.R.I. - ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE, Rome, through its Genoa subsidiary NUOVA SAN GIORGIO SpA, is to transfer its manufacturing activities to a newly-formed Milan subsidiary, I.O.R. - INDUSTRIE OTTICHE RIUNITE SpA (capital Lire 10 m - president Sig Franco Ghisoli).

The founder shares control of the new company 50-50 with the Venice optical glass manufacturer Officine Galileo de Marghera SpA (see No 487 - a member of the Milan group MONTECATINI EDISON - MONTEDISON SpA).

PHARMACEUTICALS

** KONINKLIJKE FABRIEK VAN VERBANDSTOFFEN v/h UTERMOEHLEN & CO NV, Amsterdam, has made good its recent devision (see No 519) to capture a share of the German market by forming a dressings, pharmaceuticals and surgical supplies distribution subsidiary at Troisdorf under the name UTERMOEHLEN GmbH (capital Dm 20,000 - managers Herren Jacobus Blocks, Gerrit Zwart and Willy Sauer).

PLASTICS

** The Dutch manufacturer of plastics for household articles, VAESSEN-SCHOEMAKER RUBBERMAID NV, Deventer (see No 482), has formed a sales subsidiary under its own name in Cologne (capital Dm 100,000 - managers Messrs Johan Warendorf, Rudolphus Deckers and Hubertus van Oosten).

The founder is the joint subsidiary of the American group RUBBERMAID INC, Wooster, Ohio, and the Deventer company VAESSEN SCHOEMAKER HOLDING NV, which has had a subsidiary in Cologne since 1967 (see No 421), Vaessen-Schoemaker (Deutschland) GmbH. It is already represented in the Common Market by an Antwerp subsidiary, Vaessen-Schoemaker Rubbermaid Belgie NV.

** The German plastic material and polymers concern PLASTIC CHEMIE GmbH, Viechtach, has wound up its French subsidiary PLASTIC CHEMIE FRANCE Sarl, Ivry-la-Bataille, Eure (capital F 80,000) and appointed its former manager, M. Pierre Burin, as liquidator.

PRINTING & PUBLISHING

** The New York printing group Mc GRAW-HILL INC (see No 494) has strengthened its European network by forming a Düsseldorf subsidiary, Mc GRAW-HILL BOOK CO GmbH, which will distribute its publications and books in the Common Market, Spain, Scandinavia and Eastern Europe.

The American group, which is already represented in West Germany by branches in Bonn and Frankfurt, and representatives such as Bertelsmann Verlag KG, Gütersloh (see No 529), has numerous subsidiaries or affiliates in the Common Market: Standard & Poors International SA, Brussels (see No 414); World Medical Publications SA, Brussels (which in turn controls the Paris company Publications Medicales Internationales Sarl - see No 485); Technic-Union SA, Paris (in association 49/51 with Presse-Union SA, Paris), and Mondadori-McGraw-Hill SpA, Milan.

** Messrs Jean and Michel Foulon, president and managing director respectively of the French publishing house LIBRAIRIE A. HATIER SA (see No 350), have made over their 33.4% stake in the company (capital F 7.5 m) to a Paris investment company in which they have 50-50 control, HOLHAT SA (capital F 4.07 m).

** The publishing concern MARSHALL CAVENDISH LTD, London (see No 500), affiliated to the British groups GRESHAM TRUST LTD and B.P.C. - BRITISH PRINTING CORP LTD (see No 456), has just linked 50-50 with the Dutch VANDERHOUT & CO NV for the printing in Flemish under the title "Het Weten Waard" of its part-publication weekly "Mind Alive".

The two companies have formed a joint subsidiary in Utrecht named VANDERHOUT WEEKEDITIES NV (capital Fl 300,000 - directors Messrs G. Van Muylwijk and G. Crosby Amy) to implement their agreement. Belgian distribution of the new Flemish edition will be handled by Editions du Lombard Sprl, Anderlecht, which at the same time will be distributing the French version, "Clefs des Connaissances", published in Paris by the Franco-British BPC OPERA MUNDI Sarl.

** The Deventer publishing group (scientific and economic material) NV UITGEVERSMIJ. AE. E. KLUWER (see No 527) has made an agreement with the La Ham house TEN HAGEN NV (see No 529), whereby it will assume control of the latter. Ten Hagen is headed by Mr. G.C. ten Hagen, and employs some 85 people, mainly in the publication of the building journal "Cobouw", of which about 18,000 copies are printed. It has Fl 1.02 million capital and a minority shareholding is retained by the Amsterdam group Nederlandse Participatie Mij NV (see No 519).

** The French newsreel concern ECLAIR JOURNAL SA, having come recently under the 62% control (see No 523) of the Paris film distributing and cinema group STE NOUVELLE DES ETS GAUMONT SA, one of the directors of the latter, M. Jean Rebotier, has been appointed president of Eclair Journal.

** The two Dutch publishing houses, NOORD-HOLLANDSCHE UITGEVERSMIJ NV, Amsterdam, and UITGEVERSMIJ ELSEVIER NV (see No 502) have agreed in principle to merge their scientific publications divisions, which work for the most part in English.

Elsevier will be the fulcrum of the operation, having about 300 monthly publications, compared with Noord-Hollandsche's 100 or so. Its scientific division, headed by Mr. P.P. Bergmans, includes publications produced in Amsterdam by the subsidiary Elsevier's Wetenschappelijke Uitgeverij NV, and by three foreign subsidiaries: American Elsevier Publishing Co Inc, New York; Elsevier Publishing Co Ltd, Barking, Essex, and Elsevier Sequoia SA, Lausanne.

RUBBER

** PETRO-TEX CHEMICAL CORP, Houston, Texas, has extended its interests to the Common Market with the formation of a Brussels subsidiary called PETRO-TEX EUROPE SA (capital Bf 50,000). The new company has Mr. J.P. Lockwood as president and is run by M. Franz Zu Putbus, and it will handle synthetic rubber and elastomers. An agreement made in 1968 between the Houston concern and Eurotank NV for the storage of its products will be transferred to the new subsidiary.

The Houston company is the 50-50 subsidiary of the American groups, the F.M.C. CORP, San Jose, California (see No 446) and TENNECO CORP, Wilmington, Delaware (see No 520), itself controlled by Tennessee Gas Transmission Co, Houston (see No 505).

TEXTILES

** The West German manufacturer of men's clothing, HERRENKLEIDER-WERKE ODERMARK GmbH, Goslar, has formed a sales subsidiary with the same name in Vienna (capital Sch 100,000 - managers Herren Hermann Scheps and Karl-Heinz Telschow). The founder has a capital of Dm 17 million and employs 4,000 persons.

** The 51.4% interest held by the British group CUSTOMAGIC MANUFACTURING CO LTD, Manchester, in the French company CUSTOMAGIC EUROPE SA, Paris, has been reduced to 51% following the latter's takeover of UNION NORMANDE DE TISSAGES - UNITIS SA, Deville-les-Rouen. This move forms part of the re-organisation of the French textile group STE DES ETS DE MENIBUS SA, Deville-les-Rouen (see No 512). Customagic Europe, which makes stretch coverings, was formed in 1966 and it is affiliated to D.M.R. SA, Comines, Nord (formerly Ste Ets. D. Ducarin SA, a subsidiary of the De Menibus group - see No 498).

** The Dutch furnishings concern HATEMA NV, Helmond (see No 528) has formed a Swiss sales subsidiary in Basle called HATEMA AG. This has a capital of Sf 50,000 and the president is Mr. Johannes van der Lande. The founder already has a number of foreign subsidiaries, including Hatema SA, Brussels, Hatema Luxembourg SA, and Suwide Espanola SA, Alcala de Henares.

** Mr Manfred Blumenkamp heads the newly-formed Milan company UNIVERSUM R.T.C. Srl (capital Lire 990,000) trading in cloths, yarn and textile goods. Two German citizens, Herren Dirk Verweij, Hilversum, and J. A. Rohde, Amsterdam, share a 66% interest in the new concern. Mr Manfred Blumenkamp is the director of Universum SpA, Casalbuttano, Cremona, which was recently formed by NV Machinale Breigoederenfabriek Excelsior-Mabex, Terneuzen (see No 519).

** The Dutch carpet manufacturer KON. TAPIJFABRIEKEN BERGOSS NV, Oss (see No 450) has formed a Paris sales subsidiary called BERGOSS FRANCE Sarl (capital F 20,000), which has Mr Maurice Hercberg as manager.

The founder, headed by Mr Herman A. van den Bergh, has an authorised capital of Fl 15 million. Since 1961 it has been linked with a British firm, A. F. Stoddard & Co Ltd, Johnstone, Scotland, in a 50-50 subsidiary, Bergoss-Stoddard NV, Oss. This specialises in "Spool" and "Axminster" carpets.

TOURISM

** The Swedish hotel and catering concern STOCKHOLMS DISTRIKTETS ALLMANNA RESTAURANT A/B - SARA, Stockholm, which is headed by Mr F. Winroth, has formed a Paris sales company to handle food products. This is called SARA-FRANCE Sarl and with M. J.P. Berdin as manager, has a capital of F 20,000.

** Mr Peter Adrian, New York and Herr Helmut Krukenberg, Düsseldorf, have closed down the Luxembourg travel agency INTERNATIONAL HOLIDAY TOUR GmbH (capital Lux F 100,000) in which the former has a 95% interest and each have taken a 10% stake in forming a limited company bearing the same name in Luxembourg. The new concern has a capital of Lux F 500,000. It is controlled by three German companies in this sector (20% each): AEROPA FLUGZEUGHANDEL & LUFTFAHRTMAKLER GmbH, Hamburg; AMERIKA FLUGREISEN TRANSATLANTIK GmbH, Düsseldorf, and UNION REISE-BURO GmbH, Aachen. A 20% stake is shared equally between Herr Günther Schornstein, Barcelona, and M. Harold Flick, Luxembourg.

TRADE

** The Swiss company INTERREKTOR SA, Fribourg, has backed and taken a 75% stake - along with M. J. von Hoffmeister, Paris (25%) - in forming a new Paris company called EKTOR SA (capital F 300,000). This will trade in haute couture products, furs, perfumes, fancy goods and leather goods. The president of the new concern is M. Michel Gantier, Paris, and the members of the board include Mme Leventis, Paris, and Messrs C. Mclean Bather, Venice, M. Astor, London and N. Sekers, London.

** The Yugoslav import-export company KOZAR, Sarajevo, has formed a Frankfurt subsidiary called KOEXIM EXPORT- & IMPORT HANDELS GmbH. With a capital of Dm 20,000 and managed by Messrs Konstantin Nikolajevic and Bratislav Dumanovic, the new company will act as its founder's West German agent.

TRANSPORT

** The American GENERAL TRAFFIC CO INC, Philadelphia, Pennsylvania (goods and passengers) has extended its interests to Belgium and opened an office under Mr William Merriam.

** The New York international container transport concern INTEGRATED CONTAINER SERVICES INC (see No 521), which recently established a branch office in Geneva under Sig A. P. Fernagu, has extended its interests to Milan and gained control of AGEFER Srl. This has now been re-named INTEGRATED CONTAINER SERVICE MEDITERRANNEA Srl.

** SCANSERVICE, which was formed in April 1969, has appointed AGENCE FRED OLSEN & CIE, a subsidiary of FRED OLSEN & CIE, Oslo, as its Paris representative. Scanservice was established by the Scandinavian shipping concerns A/S DET OSTASIATISKE KOMPAGNI, Copenhagen (see No 441), WILH. WILHEMSEN, Oslo (see No 500), A/B SVENSKA ATLANT LINIEN and A/B SVENSKA OSTASIATISKA KOMPANIET (both based in Gothenburg) to coordinate their shipping services to the Far East. Svenska Ostasiatiska Kompaniet is the 53% subsidiary of the Swedish group Angfartygs A/B Tirfing (see No 428) and is affiliated to Knoch & Alice Wallembergs Stiftelse (see No 494) and Investor A/B (see No 268). Elsewhere in the Common Market Scanservice is represented by Sofus Eltvedt Sarl, Marseilles on a local basis; Best & Osterrieth SA, Antwerp, which was formed by the merger in March 1969 of John P. Best & Co SA and Comptoir Maritime Osterrieth SA (see No 500); Vereinigte Linien Agentur Heeckt & Kock GmbH, Hamburg; Cornelder's Scheepvaart Mij, Rotterdam, and Siamar-Soc. Italiana Agencie Maritime Riunite, Genoa (see No 441).

INDEX TO MAIN COMPANIES NAMED

T