Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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April 27, 1967 No 406

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COMMENT

A letter from Paris

TAX HARMONISATION & THE CUSTOMS UNION

Professional bodies and informed journalists have been at pains to stress the importance of the fact that on July 1, 1968, the EEC will achieve its customs union, eighteen months earlier than scheduled in the Treaty of Rome. One is inclined to ask whether all the ballyhoo about industry in the Common Market enjoying free and open competition from then on is really a case of jumping the gun.

At the same time, there are the doubting Thomases who claim that while the dismantling of internal customs barriers in the Community is a vital step, it is not the be all and end all of a true common market. This element feels that it is at least as important to get rid of the fiscal irregularities between members, whereby trade is hampered by the need to make tax adjustments on goods crossing frontiers.

The issue is clear-cut; to some, the customs union is a goal, and to others it is but a first step towards economic union. In assessing which of the two factions is nearest the mark, we can first say that the date of July 1, 1968, is more of a milepost than an appointed time for some major breakthrough. True, the last remaining customs barriers between the Six will then disappear, but we should not overlook the fact that tariffs inside the Community have already been reduced by 80% since the Treaty was signed, and that on July 1 of this year yet another reduction (albeit a modest 5% one) will be introduced. This leaves a mere 15% reduction for the customs union as such, meaning that progress towards changing the conditions of competition in the Community is already well advanced. We can only conclude from this that the customs union date has largely a symbolic importance for commentators.

If, then, EEC industrialists are already working under conditions very similar to those that will prevail from July 1, 1968, we must ask ourselves just how effectively the customs union will achieve free competition. Certain obstacles do, of course, remain, but the chief one is undoubtedly the survival of differing fiscal systems.

Perhaps, then, the Six should set about aligning their taxation systems as soon as possible, but this then brings to the question of which taxes ... and how. Ever since the Common Market was instituted, there has been no shortage of experts saying how widely taxes vary between the six countries, and how different are the various methods for imposing them. Thus, while a Frenchman or a German pays almost twice as much in taxes as an Italian, he forks out over 60% of it in indirect tax, whilst the German pays most of his in income tax, and the Frenchman comes somewhere between the two. It is cases like these that account for the scepticism found in some quarters as to the feasibility of achieving a real common market until the tax systems are rationalised.

Such a scheme, however, is all but a non-starter, for the very good reason that tax harmonisation on this scale could scarcely be achieved without the Six simply throwing away the reins of their own economic policies. Almost every decision made about the economy is reflected in the national budget. Until a whole new order comes about, then, it is the national administrations that will control economic policy, and will thus have the final say about the level and manner of taxes imposed.

However, it is not a black picture we are painting here, as one can easily see that the Common Market could run perfectly smoothly with all but a few taxes unmodified, particularly the indirect ones. As an example, the maximum difference between taxes on dividends in the Community is 30%. If we assume that dividends on average come to around 3% of turnover, then the actual difference in prices, resulting from the tax burden, would only come to 0.9%. It would, however, be unwise to press this point too far, as we might be tempted to overlook certain fundamental economic phenomena, such as the fact that, while direct taxation has little or no effect on price-levels, movements of capital and the siting of investments are frequently influenced by fiscal considerations. This line of thought can, of course, be pursued ad infinitum, and it is best for us to settle for the general observation that, while the Common Market could survive without fiscal harmonisation, it would do better with it. This certainly, is the thinking behind the Rome Treaty, which contains not a direct provision that the Six should harmonise direct taxation, but a general ruling which could be applied to this form of taxation, and which is expressed in Article 100: "The Council, acting by means of a unanimous vote on a proposal of the Commission, shall issue directives for the approximation of such legislative and administrative provisions of the Member States as have a direct incidence on the establishment or functioning of the Common Market."

The Treaty is rather more explicit on the subject of turnover tax, which, of course, directly affects price-levels. Even here, however, the Treaty does not chance its arm: it only requires Member States so to harmonise their indirect taxes that the pattern of competition is not distorted.

Since most Common Market countries have cascade taxes, applied every time goods change hands, this means it is impossible accurately to calculate the average tax burden on a particular product. Consequently, one is left in a quandary when it comes to establishing the exact level of compensatory taxes on imported products, as these are meant to place it on an even footing, tax-wise, with the locally-made equivalent. Again, it is equally difficult to assess export rebates, the principle behind which is that, as long as tax systems remain dissimilar, goods sold abroad should not be subject to internal tax.

In an effort to reduce this element of uncertainty, an integral factor of the cascade system, the Council of Ministers, on June 21, 1960, adopted a Commission proposal that no member state should vary the level of compensatory taxes on imports, or export rebates, without first consulting its partners. However, the agreement proved difficult to implement, and in 1963 the German Government advised the other five of its intention to raise the level of compensatory taxes in a way which France, in particular, thought contrary to traditional trading patterns.

The Commission thus quickly came to the conclusion that such changes should be prevented by the adoption of a particular system - the TVA, or tax on the value added. This is because the level of the TVA is constant, whatever the "commercial circuit" the goods follow during each stage of distribution, because the amount of tax paid previously is reimbursed. Thus when a product enters France - which, of course, already uses the TVA system - it is taxed at exactly the same level as goods made in that country, while, at the opposite end of the cycle, the exporter is entitled to rebates precisely equivalent to the amount of tax paid out at the manufacturing and distributional stages of the production process.

Obviously, the TVA system only works to advantage if the tax is applied to all products at every stage of production and distribution, and if no parallel, cascade-type taxation system - as, unfortunately, is the case in France - exists side by side with it.

After three years' or more hard work, the EEC Commission has managed to draft two directives for a European TVA, and during the Council's February meeting, the Six agreed to apply their own, national TVA systems, based on this European model, from January 1, 1970 onwards. A considerable degree of latitude has been allowed, however, in view of the considerable differences between the six fiscal systems, and because each member country's budgetary requirements, from tax revenue, also differ.

We already know that the rate of the TVA will vary appreciably from country to country: in France (from 1968) it will stand at 16.5%; in West Germany, where it will be introduced in 1968, it will stand at between 11 and 12%; in the Netherlands it will be between 9 and 10%; in Italy (where it will not immediately replace all other turnover taxes) it will be 10%, and in Belgium the rate will be around 15%.

One thing is certain, and that is that these moves will not immediately achieve a vast single market in which all goods are subject to the same tax burden, leading to the abolition of tax controls at national frontiers. On the face of it, if this were so, there would be little purpose served by the Six exporting goods free of tax, only to pay compensatory tax at the same rate in the importing country. This particular pipe-dream, with its visions of a uniform tax-level throughout the Community, and all goods taxed in their countries of origin, is rapidly exploded by the sobering question of just how the revenue from such a system might be shared out. The harsh fact is that if such a system were introduced willy-nilly, those countries with a favourable trade gap would stand to accrue even greater benefits. However, the fiscal barriers are yet far from being abolished, and in their February meeting, the Ministers did not even get as far as requiting the Commission's hope that some specific date for the "fiscal union" might be agreed.

The problem, then, is but partially resolved: from 1970 onwards, in each Common Market country, the TVA will ensure that imported and home-produced goods will bear the same tax burden. Competition will thus be freed of almost all distortion, but only within national boundaries. From country to country, the level of taxes will continue to vary considerably, and a French tourist might find it cheaper to buy a shirt in Germany (at 10% TVA), and smuggle it home, rather than purchase it in a French store, and pay 16.5% TVA on it. While advantages such as this remain, so, too, fiscal barriers at frontiers must continue. Without these safeguards, we might find, for instance, Peugeot cars paying less TVA in Germany than on the home market, and, indeed, a Frenchman having to pay more for a French car than a German would. As we await developments, it might be interesting to watch for manufacturers and consumers, wearied by continuing trade distortions, who might put pressure on their national governments to hasten the process of establishing a Common Market free of all fiscal barriers.

* * *

April 27, 1967

VIEWPOINT

Towards a union of the two Europes

Although the question of closer unification in Europe has been discussed since the end of the Second World War, it has mainly concentrated on the development of economic links. But today there are those who feel that the question of increased political co-operation in the West is again becoming important, and believe that any such move should not prejudice closer links between the two halves of Europe, at a future date. The main organisation aimed by its founders at developing political unity through economic unity was the Common Market, but even this has had little real success.

The Two Germanies: The first major problem is that of the two Germanies, their eventual reunification, and the recognition of the Oder-Neisse line. It can be argued by partisans on both sides of the existing barrier that the present German governments reflect the need for the super-powers, the USA and the USSR, to install systems of government in accordance with their own ideas, thus filling the vacuum that existed in 1945. But today it must be accepted that these governments exist and have done so for nearly twenty years, and any progress towards better relations in Europe must follow this premise. The mention of German unity - whether we like it or not, produces reactions throughout Europe. Amongst the Socialist states, the word "revanchism" is often used, and public feeling against such a move seems to be much stronger than in the West, where similar fears also exist. This is understandable, in view of past history and the industrial strength Germany would have, as the leading power in Europe, even though not comparable with the superpowers. The solution would seem to lie in a united Europe, (see Comment, 382) with close economic and political links, so that no one state would be able to undertake ventures of any magnitude without the approval of the other members.

Britain: Thus closer co-operation in Western Europe would be a first step in the right direction, as it would lessen fears of West German designs in Eastern Europe. Such a development must surely imply acceptance of Britain as part of the European Economic Community, as her entry - and probably that of at least four of the other EFTA countries - would create a strong "pole of attraction" for Eastern Europe, and counterbalance the power of the two present-day leaders of the Common Market. Majority voting and simplified procedures would of necessity have to be introduced, and this would help the adoption of common policies in the political and economic spheres.

The Political Hiatus: The types of government existing in the two halves of Europe are different, and any form of joint political action between the two sides can be considered unlikely in the near future. However, these differences do not rule out general discussions, which would probably help to speed the detente and create an improved atmosphere for closer co-operation at a later date. An important contribution to this development would be the recognition of the Oder-Neisse line by the Bonn government. If there was close co-operation between both sides of Europe, this would involve a reunited Germany and the latter would surely find it difficult to go against the will of all its European partners.

The Regional Concept: Some circles have even asked why must there be a reunited Germany, as the modern conception of a German state is a comparatively recent one, and it could be argued that a united Germany should include Austria. In any case it is possible that the modern nation state will become far less important in the future, whilst the different regional entities, which now form European nations, will become more important, and developments following this line of thought would permit the existence of two Germanies, with two different political systems.

The USA and the USSR: The role played by the superpowers in the trend towards European unity will be extremely important, as they still have a great deal of influence, and any settlement must find favour with them. Admittedly Europe itself can work together to achieve this aim, but it is hard to envisage any satisfactory solution, of which the USA and the Soviet Union did not approve. It is unrealistic to talk about either as a non-European power, and there are a number of reasons why each one might be placed in this category. There are, too, many signs that they would like to have closer links with each other, and that if European unity would help them to achieve their aims, they would not prevent it. But progress towards unity means that those European states who form both the Western and Eastern blocs must put pressure on their protecting powers. There thus arises a two-way flow of interests between the European states and their defenders. If the states are united they can both put more pressure on their protector and present themselves as more worthy economic and political partners. If the states of Western and Eastern Europe are in two groups, independent of the major superpowers yet allied to them, and both groups are striving towards a common objective - unity - then this would surely come about.

Eastern Europe Tries its Wings: One of the major difficulties is that today the countries of Eastern Europe are involved in asserting their national independence, and are trying to get away from being linked as tightly as in the past with Soviet political domination and economic exploitation - under the Comecon pact signed in 1948. They are thus wary of having close links with any organisation which would prevent them from choosing their own destinies, as far as they can. Such an attitude is perhaps a natural one, as many have had only short histories as independent nation states in the modern sense of the word. Thus the public statements of the Socialist states would lead one to believe that bilateral relations are to be preferred to multi-lateral links, but in private this position is not defended with anything like the same fervour. General de Gaulle's policies are warmly applauded, but in terms of trade they seem to have bought little in return for France. The states of Eastern Europe generally count agricultural products and raw materials as their chief exports to Western Europe, but the adoption of a French-influenced common agricultural policy has limited such exports. The day will probably come in the near future when pressure for trade from the other Five and the Socialist countries will bring about a change in this policy, as both sides want to increase their exports of industrial goods. Greater trade with Western Europe would decrease the reliance that Socialist states now have to place on trade amongst themselves, and increasing use of modern technology - through the purchase of equipment or licences - would help their aspirations towards national independence. Yet it would be wrong for Western European states to encourage this trend, if they did not at the same time try to encourage an East

European grouping without the Soviet Union, and thus make it easier for East-West co-operation and unity.

A Common Trade Policy: Trade with Western Europe would be much easier for Socialist states if the Common Market were to adopt a common trade policy, liberal in its outlook, and understanding about credit terms. But a common trade policy is difficult to agree upon, as long as some members of the Six are worried about increasing the power of the Commission; and here, some suspect that this attitude is encouraged by the Soviet government, who have no wish to lose their control of Eastern Europe, or at least are in no hurry to do so. If one assumes that Britain will become a member of the EEC on January 1, 1970 - and this seems to be more than likely - then an enlarged Common Market could offer joint technological and financial development programmes to her opposite numbers, enabling them to close the existing gap. No one would deny that self-interest comes into this in the form of expanding markets, but the Socialist countries would have the possibility of closing the technological gap and modernising their countries at a much faster rate than they can do by themselves.

Converging Economic Patterns: Both sides have different political systems, but when one comes to economic policies and the aims of such policies, the differences are much less than one might expect at first sight. Whatever the ideological standpoints, the state is the most important customer and probably the biggest employer of labour throughout Europe. Technological and social progress seems to require that this role should expand whatever the political force in power. Economic efficiency and the best use of national resources, the advent of larger administrative machinery is causing countries with different ideologies to tackle questions in a similar way. Profit is no longer a word with which to batter capitalists over the head, as it can be turned to the State's advantage by increasing the private citizen's desire to fulfill his own life, at the same time as raising income - e.g. the development of the Yugoslav tourist industry, the gradual introduction of the market economy and the ideas of Professor Libermann in the Soviet Union. At the same time the states of Western Europe - and the USA to some extent - are exerting more and more control over private industry, its administration and organisation. Governments have to act in the national interest, and companies find themselves in hot water if they are caught making excess profits. Social welfare schemes are common to all, even though their approach may differ. All countries have overall planning schemes of one sort or another, and these necessarily require state control if their aims are to be achieved, so that imbalances and runaway development can be directed or moderated.

The Prospects: If the present improvement in the European situation can be maintained, there seems little reason why closer political and economic links between East and West should not be achieved. The solution of the German question is obviously of paramount importance here, but within the framework of a united Europe it would seem possible that an agreement satisfactory to all could be reached. The agreement of the superpowers would be vital, but they would stand to benefit in the long run. To help develop the economies of Eastern Europe, a common policy adopted by an enlarged European Economic Community would probably be the best solution and such an organisation would constitute a strong pole of attraction for Eastern Europe, as it could offer a reasonable alternative to straight forward US investment, thus lessening dependence on the USSR without relying overmuch on the leader of the capitalist countries. There are differences over political systems, but even these may be less than one can foresee in a few years time, and certainly the divergences over economic systems will probably be very much less than at present.

Both sides must be willing to look at each other's systems and see if they can learn new ways of tackling problems. The example of Yugoslavia seems to hold lessons for every other European country, and one could be tempted to think that the changes recently introduced, as well as those mooted, might bear comparison with the structure of the united Europe, when it is finally achieved.

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THE WEEK IN THE COMMUNITY

April 17 - 23, 1967

From Our Correspondents in Brussels and Luxembourg

THE COMMON MARKET

Council Meetings in Brussels and Munich

Of the two meetings of EEC Ministers held last week on Monday and Tuesday, the one which produced concrete results for the Common Market countries was that of the Ministers of Agriculture in Brussels. They were faced with the rapidly approaching deadline for the introduction of the common cereals market on July 1, and after the difficulties so far encountered, many thought that a deadlock might arise. Instead, they managed to avoid this, and the outlook is now greatly improved (see below).

Unfortunately, the Munich meeting of the Finance Ministers can scarcely be accounted as such a success. After a difficult first day, an unambitious plan for improving international credit was agreed on, but some expect that the papered-over cracks of the final communique will soon start to reappear. (see below).

A Brighter Outlook for Agriculture

The main points of the decisions taken or decided on by the Agricultural Council were welcomed by all delegations and by the Commission. They are outlined below:

Speeding decisions: The Council will have three three-day meetings during May, and the last of these may continue into June, to solve outstanding questions. It was also agreed that regulations affecting cereals, rice, pig-meat and oil-seed would be dealt with as a matter of priority during this period.

Technical points resolved: The improved atmosphere of the meeting enabled progress - sometimes considerable - to be made in resolving technical questions affecting cereals, pig-meat, fruit and vegetables.

Operating the CAP: It looks as if the Six have found a way to deal with the political question presented by agricultural integration, and the Ministers have agreed to treat the remaining chief economic difficulty (the question of aid) as an urgent one during the coming months.

The Political Problem of the CAP

At present, each state applies an agricultural policy in order to prevent market anarchy, and an essential part of such a policy is rapid intervention. The question is to decide who will run the CAP when the agricultural common market is fully introduced. The existing Community institutions - the Commission and Council - is one answer, but the Council cannot be summoned at a moment's notice, and this prevents quick decisions.

Who should run the CAP? The suggestion that all or part of the Council's powers should be delegated to the Commission did not appeal to supporters of rule by inter-governmental co-operation. They pointed out that "management committees" composed of Community and governmental representatives responsible for certain sectors of the CAP already exist, and thought that governments could be left to apply the overall policy.

A pragmatic solution from France: To overcome this ideological difficulty, the French Minister of Agriculture, M. Edgar Faure, suggested a pragmatic solution. He put forward the idea of a new permanent intergovernmental body which would not impinge on existing powers held by the Commission or the management committees, but which would assist the European executive in running the overall CAP. This would act as a link for information and consultation between the Commission and national governments, and its presence in Brussels would ensure that decisions could be taken quickly. M. Faure thought that if such a body existed it would enable the Commission to have more general powers over the running of the CAP.

Existing bodies inadequate: The two existing permanent bodies dealing with agricultural questions, the Committee of Ministers' Permanent Representatives and the special Committee on Agriculture, are concerned with preparing the ground for ministerial decisions and not with the application of such decisions.

A warm but cautious welcome: Although the Five and the Commission - in the person of Sicco Mansholt - warmly welcomed M. Faure's suggestions, they are waiting to see his proposals in writing, before committing themselves completely. The introduction of another body into the mechanics of the Community system might raise a lot of tricky problems if its powers are not clearly defined.

The implications: This proposal for a new type of Community institution is important as it could be applied in other spheres (e.g. for a common trade policy) where there is a practical need for Community direction, even though national sovereignities continue to exist. However, it remains to be seen whether this formula is a pragmatic compromise for a transitional period to full Community control or whether it is inspired by some hidden arriere-pensee.

* * *

FINANCE

The Scope of the Munich Agreement

The meeting of the Common Market Finance Ministers in Munich on Monday and Tuesday of last week, when they discussed ways of improving the world monetary system, showed that since their meeting at The Hague in January, their officials have managed to make considerable progress towards a common position, but the final communique was no overwhelming victory for European solidarity, as some would like to believe.

Dutch and Italian Opposition: The fundamental position of the Italians and Dutch remains opposed to that of their partners, and in particular the French. Even if they could reach agreement on the technical questions, there is still the political problem. The way in which M. Michel Debre, French Finance Minister, has turned the normally discreet and quiet meetings of the Common Market Ministers into a great political event may well have something to do with this, especially for the Italian Minister Signor Colombo. The Franco-German link-up involving the German Gaullist Franz-Josef-Strauss can do nothing to calm the fears of the Dutch and Italians, especially when it is supported by the Belgians and Luxembourg.

The EEC and Washington: The French, who have dropped their pressure for revaluing the price of gold, would like a scheme which would improve the existing monetary system by orthodox methods, without creating the new international reserve unit favoured by the British and Americans. This raised a political conflict within the Community, for the Dutch and Italians are unwilling to drop their support for the USA. The Community may have reached a common attitude over another question involving EEC-US relations, the Kennedy Round, but it seems more than likely that Washington will fight much harder within the IMF, and support its allies in the EEC as far as possible.

This difference of opinion within the EEC became clear after the first day, when the Dutch - and Italians - made it clear that they felt Paris was too limited in its aims. But by Tuesday, sufficient progress had been made for the final communique to be issued, and this revealed the extent of the compromise:

Talks on Reform: It was agreed that the various international monetary institutions could start holding discussions - if not negotiations - as to what measures should be taken if there was a need in the future for further reserves.

New Drawing Rights: New drawing rights on the IMF could be created, giving automatic withdrawal rights for all countries. But there would be no special treatment for the two countries with reserve currencies. These rights would, however, depend on an improved balance in international financial transactions and general agreement that there was a liquidity shortage.

But these would be repayable: Such credits would have to be repayable within a specified period, and if they were not, the countries concerned would be asked to repay them, so as to re-establish their automatic drawing rights.

Conditions attached to transferability: The rights should be transferable, provided certain conditions are fulfilled. The present US position is that these new rights should be automatically transferable. But the Six were unable to agree as to the exact definition of these conditions, or whether the new credits should be managed as part of the normal IMF credits, or separately, and the EEC Monetary Committee has been asked to work out details. This is really the heart of the matter, since liberal transfer conditions attached to liberal repayment rules might well satisfy the USA and Britain, but not the French.

Agreement for more EEC power in the IMF: There was general agreement that the Six should ensure a change in the IMF rules giving them the power to block decisions. At present only the USA can do this, with 20%, but the Six's proposals are that their share be increased to over 20%, or that decisions should require an 85% favourable vote, which would give them a blocking vote.

All in all, the Munich meeting seems to have gone well for the French, but details of important questions have not been solved and Common Market solidarity during the forthcoming international monetary negotiations may yet break down, especially if other industrialised nations refuse to accept the proposals. The Finance Ministers did, however, agree that they should meet again before taking a definite stand.

* * *

THE ECONOMY

The Commission's First Quarterly Report for 1967

The general tone of this report is not pessimistic, and its main finding is that expansion in the Community will continue this year, albeit at a somewhat slower rate during the first few months. It is admitted also that in view of the state of flux some national economic policies seem to be in at present, there is an exceptionally high degree of hypothesis underlying some of its forecasts. These imponderables, together with the psychological factors that can affect economies in the EEC at this time, tend to make the report a less concrete document than one normally expects.

Recent Trends: Economic growth in the Community slackened towards the end of 1966 and in the earlier part of this year, even though exports were 8% up on the equivalent period a year ago. At the same time, internal demand continued to fall off, in terms of gross fixed assets formation, investment in stocks and consumer expenditure alike. Imports from non-member countries nevertheless rose slightly in the last quarter of 1966, mainly as the result of a marked increase in purchases of grocery products, which were 3% up on the figures for twelve months before.

Because of the decline in internal demand, coupled with the continuing pressure from outside suppliers, supplies of goods from within the Community only showed a minimal increase, and in the second half of the year, industrial production levelled off completely. The rate of increase was indeed only 3.5% up on the previous year. The main factor at work here was the overall decline Germany suffered - although we should bear in mind that other sectors of production and services continued to expand. Four main things arise out of this situation:

1) Unemployment, which continued to rise, especially in the Netherlands and Germany, where the situation was aggravated by increases in the working population.

2) The Balance of Payments: Exports were such that the EEC's trade balance improved, and even tipped the scale in the fourth quarter, whereas a year before there had been a deficit of $360 million. The balance of payments itself must have improved accordingly, but the capital balance remained in deficit.

3) Internal Trade: Purchases by France and Italy succeeded in achieving an overall improvement in the rate of growth of internal trade, and compared with 1965, there was an increase of 6.5%.

4) Rising Prices: The rate of rise fell off, but this was not a uniform trend in the various countries: it was more marked in Germany than in Benelux, and indeed in France, and to a lesser extent Italy, there was some tendency towards a rise.

The Outlook

In the first six months of this year, we are likely to see external demand slackening off, and internal demand picking up. The decline in gross fixed assets formation in Germany is likely still to outweigh the improving position in France and Italy. The situation in Germany and to some extent Benelux is again likely to keep increases in private consumers' expenditure down to very modest proportions. As far as supply is concerned, industrial production is unlikely to expand much until the second half of 1967, and the overall rate for the year is likely to be down to 3-4%, compared with 5% in 1966. Expansion should, however, continue in the other sectors, and provided agricultural production remains steady, an overall increase in the Community's gross national product of 3.5 - 4% may be expected.

With both imports and exports likely to decline somewhat, there will probably be very little change in the EEC's trade balance as such. The rise in prices is likely to diminish in all but France and Italy, but Belgium and the Netherlands in particular may show continuing proneness to inflationary rises.

* * *

British Milk under the C.A.P.

During a session of the Commons Select Committee on Agriculture last week, time was given to consideration of the EEC's common agricultural policy, and its particular implications (in its present form) for Britain as a country with a high rate of liquid milk consumption and a low overall rate of milk consumption. Compared with the EEC, 70% as opposed to 25% of milk goes for liquid consumption, while the milk production figure is only 49 gallons a head per year, as opposed to 80 gallons. Such factors as high feed costs in the EEC, the likelihood of price controls deterring member countries from exporting liquid milk to this country and the current ban on pooling returns from manufacturing and liquid consumption might well lead, should Britain join the EEC, to milk rationing in the first quarter of the year.

However, the EEC's information service has made a statement on this question, which is one of the "cons" admitted by both those for, and those against British membership of the EEC. The statement makes three main points:

1) Under the CAP, rationing as a principle is outlawed, and nowhere does rationing exist in the Community.

2) Supply problems for members are always met as a priority, and rapid solutions sought.

3) Market organisation of liquid milk in the EEC is not yet even in the proposal stage, though the Commission is likely to put forward its first draft scheme before June this year.

* * *

ECSC

Ministers' "Therapy" Conference Postponed

As the preparatory work of the two ad hoc committees on coal and steel has not been completed within the given time limit, the co-ordination committee has decided that the next meeting of the special Council of Ministers should now take place on May 11, instead of April 27.

The agenda for the meeting has not been finally settled, but apart from questions on technical and industrial readaptation, they will also discuss the worsening position of domestic coal, and the ad hoc steel committee's report on the short and medium-term steps to be taken to ensure that the Community's steel industry remains competitive.

Improved forecasts: The ad hoc committee's proposals for strengthening the market call forimprovements in the provisional forecasts made by the High Authority every three months, and which it discusses with the Consultative Committee. If these were established on a sounder basis, they would be of more use to firms and would help to reduce the difficulties the market is currently facing. The drawing-up of the forecasts would be sounder if governmental experts regularly took part in the discussions.

Ordered prices: It is necessary to ensure that there is no discrimination against consumers, for if such a state occurs, then producers introduce pricing policies which have the effect of reducing their actual revenues.

On a longer-term basis it will be necessary, for a fixed period, to limit the amount of sales made by alignment or the amount of rebates which can be granted.

Co-ordinated policies: The special Council of Ministers may decide to hold regular meetings to study structural problems of the steel industry, so that all national proposals can be looked at, and joint or at least co-ordinated policies followed. The first matter to be covered will probably be the 1970 General Objectives for steel.

A long term study: The High Authority may well be asked to carry out a long-term study of steel consumer trends within the Common Market, by products and regions, and include studies of competition on the world market, production techniques, transport conditions, the steel industry's structure and its extension to the steel processing sectors.

Domestic coal: Last week, the High Authority held talks with the Dutch Minister of Economic Affairs, and will meet the French Minister for Industry on April 26. The results of these talks will enable the High Authority to draw up its proposals. This will probably be an extension from five to twenty days of the notice to be given before national decisions are applied, so that the High Authority and other member states can prepare their comments, and if necessary take action.

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ADVERTISING

** The New York advertising agency D'ARCY ADVERTISING CO INC (see No 396), in association with the Dutch agency VABRUUREN & VANDERBURG RECLAME & MARKETING ADVISEURS NV and through the Brussels agency MNP-Multi-National Partners International Advertising & Marketing SA (see No 355), has backed the formation of the Rotterdam VB & VB D'ARCY & MULTI-NATIONAL PARTNERS NV (capital Fl 20,000), which will carry out all types of advertising, marketing and sales promotion activities.

This move extends an international network which already includes in Canada Lovick d'Arcy & Multi-National Partners Ltd (in association with the Canadian agency James Lovick & Co Ltd; in France, Synergie d'Arcy & Multi-National Partners SA, Paris, with Ff 50,000 capital (in association with Synergie Publicite SA - see No 322); in West Germany, Hegemann d'Arcy & Multi-National Partners with DM 20,000 capital (in association with Werbeagentur Dr. Hegemann GmbH). All the foreign agencies linked with the American group - in Britain, C. Vernon & Sons Ltd, London - are members of the MNP grouping formed under its leadership.

** A 60-40 German-Belgian link-up has resulted in the formation of a Belgian publishing company called EUROWERBUNG Sprl, Eupen (capital Bf 10,000). The associate co-managers are Herr H. G. Weiss, Monschau, Eifel, and S. R. Krings, St-Vith.

AEROSPACE

** ERNO RAUMFAHRTTECHNIK GmbH, Bremen (managers Herren Rudolf Kappler and Hans Schneider - capital DM 10 million), has now been formed as 60-40 joint subsidiary to take over the aerospace business of the two West German firms VFW-Vereinigte Flugtechische Werke GmbH, Bremen, and HAMBURGER FLUGZEUBAU GmbH, Hamburg.

BUILDING & CIVIL ENGINEERING

** Four Dutch civil engineering groups have taken equal interests in forming DECORIENT NV in The Hague with Fl 1 million authorised capital for harbour works in the Far East. The four concerns are: AMSTERDAMSCHE BALLAST MIJ NV, Amsterdam (see No 242), which specialises in harbour works; VAN HATTUM & BLANKEVOORT NV, Beverwijk (see No 384), which in November 1966 helped form the tug company called Sleepbedrijf Jan Verhoeff NV, Lemsterland (capital Fl 200,000); H.B.M.-HOLLANDSCHE BETON MIJ NV, The Hague (see No 350), whose subsidiary Interbeton NV will supervise the new firm, and VERENIGDE BEDRIJVEN BREDERO NV, Utrecht (see No 327).

Bredero recently formed the Utrecht company Installatie Techniek Bredero NV (Fl 500,000 capital) for technical consultancy and material supplies in building and plant. It also recently extended its French interests by taking a large minority interest in Entreprise Fougerolle SA, Paris (see No 405), a civil engineering group with Ff 15,310,000 capital.

** The British steel flooring concern HOLORIB Ltd, London and Glasgow (a member of the Glasgow group, Grampian Holdings Ltd - see No 302) has granted its Dutch agency to the Rotterdam concern NV SCHEEPSCONTROLEBEDRIJF V.J. MOOIJEN. The latter has accordingly formed a sales company called Holorib-Holland NV, with Fl 10,000 capital and Mr Volkert J. Mooijen as director, and in which the British company holds a minority interest.

Since early in 1965, Grampian Holdings has had another subsidiary in Switzerland, called Holorib SA, Geneva (directed by M. Alois Wittlin), which promotes Holorib sales internationally, and produces its metal flooring under licence.

** One of Italy's leading civil engineering and property investment concerns STA GENERALE IMMOBILIARE (S.G.I.) SpA, Rome (see No 405) is consolidating its French interests; since 1960 it has taken part in several Paris developments. It has formed a Paris subsidiary IMMOBILIARE FRANCE SA (capital Ff 300,000) and taken an important minority shareholding in COGIFRANCE - Cie Generale Immobiliere de France SA, Paris (see No 395).

Founded by Sig. Ceasare Lanciani, Immobiliare France has Sig. Aldo Samaritani as president (managing director of the Italian group) who also represents SGI on the board of Cogifrance. It is directly controlled by one of the group's foreign holding companies, the Liberian S.G.I. International Co, Monrovia (capital $10 million), and its minority shareholders - 1% each - include Banco di Roma (France) SA, Paris (see No 397), Banca d'America & d'Italia SpA, Milan (see No 390) Banque Francaise & Italienne Pour l'Amerique du Sud - Sudameris SA, Paris (see No 404) and Hambros Investment Co Ltd, Zurich (see No 391), a subsidiary of Hambros Bank Ltd., London.

COGIFRANCE, a property development company with a capital of Ff 20 million since March 1965, belongs to the group headed by Baron Edmond de Rothschild through Cie Financiere SA, Paris, and has as minority shareholders Credit Lyonnais SA, Paris and Ste Francaise des Combustibles Liquides SA who are represented on its board by MM H. Fremiot and J. C. Genton.

BUSINESS CONSULTANCY

** The business consultancy group headed by M. Paul Planus ORGANISATION PAUL PLANUS SA, Paris (see No 352) has wound up its Italian subsidiary ORGANIZZAZIONE-PAUL PLANUS ITALIA Srl, Milan. It does however retain interests in Italy through direct shareholdings in M.S.L. Italia SpA, formed early in 1964 in association with the London group Management Selection Ltd (see No 402) and an indirect one in the advertising and executive selection agency Media Srl (see No 396) formed by the London group through M.S.L. Italiana (with the backing of local interests), whose president is Mr Harry E. Roff (also a director of the London holding company MSL Group Ltd and the subsidiary MSL Export Services Ltd.)

Paul Planus works in close co-operation with the London group and in Spain they are linked in the business consultants Ingeniores Consultores SA, Madrid and Barcelona (see No 271). Its other foreign interests include subsidiaries in Zurich, Madrid, Lisbon, Beirut and Teheran. In France it is linked with the Paris Andre Vidal & Cie SA group (see No 385) within Andre Vidal & Associes Snc, where it also has as partner P.R.O.G.R.E.S. International - Ste de Planification, Recherche Operationelle, Gestion, Recherces Economiques & Sociologie Industrielle Sarl, Paris. In association with the latter, it recently formed the Paris management and investment company, Ste de Gestion de l'Organisation Paul Planus & de Progres International Sarl, Paris (capital Ff 20,000).

CHEMICALS

** DESOWAG-BAYER HOLZSCHUTZ GmbH has been formed in Düsseldorf as a joint subsidiary for wood-proofing chemicals of FARBENFABRIKEN BAYER AG, Leverkusen (special factory at Verdingen), and DESOWAG-CHEMIE GmbH, Düsseldorf.

The latter has DM 3.5 million capital, and uses the "Xylamon", "Flunalsil", "Pyromors", "Consolan", "Incidin" and "Spitacid" trademarks. It is a wholly-owned subsidiary of Deutsche Solvay-Werke GmbH of Solingen, through which it belongs to the Belgian Solvay & Cie group of Brussels. Since February 1967, it has had a branch in Tunbridge Wells Kent, directed by Mr Stanley J. Holt (see No 398). Deutsche Solvay's other German interests (it has DM 100 million capital) are its controlling interests in Organa Bautenschutz GmbH, Bochum-Gerthe; in Brander Farbwerke Chemische Fabrik GmbH, Solingen-Ohligs; in Ilag Lackwerke GmbH, Düsseldorf-Gerresheim; Agep Gnacke & Co, Chemische Fabrik GmbH, Horren bz Köln, and Kali-Chemie AG, Hanover, which itself holds shares in several German and foreign companies.

** The Ludwigshafen chemical group BASF-Badische Anilin - & Soda-Fabrik AG intends to take over complete control of a textile concern, PHRIX WERKE AG, Hamburg, and the chemical concern CHEMISCHE DUENGERFABRIK RENDSBURG, Rendsburg, in which it already has respective controlling interests of 96.8% and 97.1%, by offering to buy out the other shareholders.

Phrix-Werke (see No 393) is the second largest German concern - after Glanzstoff AG (see this issue) - for synthetic fibres. In 1965 it had a consolidated turnover of DM 381 million (capital DM 77 m.) and employs some 8,600 people. For its part Chemische Fabrik Rendsburg (see No 312) has DM 1.2 million capital and specialises in compound and phosphate fertilisers; with a payroll of some 300 staff, it has an annual turnover of DM 20 million.

** The Belgian company ENGRES DRESSE SA, Uccle- Brussels (formerly Ets. Hubert Dresse - specialising in inks and varnishes for the printing industry - see No 380) has made over its French interests including its Paris office, to DRESSE FRANCE SA, Paris, whose president is M. G. J. Mathelin (see No 392). With this acquisition (factory at Vaujours, Seinne, St-Denis and warehouse at Lille and Marseilles) the latter has raised its initial capital from Ff 10,000, controlled by France Couleurs SA, Paris, to Ff 2.25 million.

** The German group FARBENFABRIKEN BAYER, Leverkusen (see No 397), is planning to increase its controlling interest in the American agricultural chemicals concern, CHEMAGRO CORP, Kansas City, Missouri (see No 397), in which its holding currently stands at 43.96%, by buying up the shares held by Pittsburgh Coke & Chemical Co, Pittsburgh, Pennsylvania. The latter took a one-third interest in the formation of Chemagro in 1960, when the balance of the capital was put up by Geary Chemical Corp.

Bayer, whose 1966 consolidated turnover was DM 6,900 million, recently made another move to strengthen its position on the US market by acquiring the 50% interest held by Monsanto, St Louis, Missouri, in Mobay Chemical Co, Pittsburgh, which it now controls 100% through its Canadian holding company Bayforin-Bayer Foreign Investments Ltd, Toronto (see No 397). In the USA, where it also proposes to form a pharmaceuticals company, in association with the Bloomfield, New Jersey, Schering Corp, it has two further subsidiaries called FBA Pharmaceuticals Inc, New York (100%) and Verona-Pharma Chemical Corp, Union, New Jersey (99.9%).

** O.N.I.A.-OFFICE NATIONAL INDUSTRIEL DE L'AZOTE SA, Paris, a public company under the aegis of the French Ministry of Industry (see No 390), is to buy minority interests in two French compound fertilizer concerns: 34% in ETS ROGER GRATECAP SA, La Rochelle (factory at Aytre, Charente Maritime - capital Ff 1.1 million), and 10% in ETS L. BARON & CIE, Voves (factory at Luce, Eure-et-Loire - capital Ff 1.3 million).

ONIA's main direct subsidiaries in France are, for nitrate fertilizers and agricultural chemicals, Azolacq SA, Paris, and Asturonia SA, Paris.

** The British manufacturer of adhesive products SELLOTAPE PRODUCTS LTD, Edgware, Middlesex, has formed a Dutch subsidiary, SELLOTAPE NV, Utrecht, headed by M. D. H. van Dongen Torman. The founder is itself a subsidiary of the Dickinson Robinson Group Ltd, formed by the recent merger of E. S. & A. Robinson (Holdings) Ltd, Bristol, and John Dickinson Ltd, Hemel Hempstead, Herts (see No 398).

M. van Dongen Torman is already head of another company recently formed in Amsterdam, which is controlled by another of the group's companies, Adhesive Tape Ltd, Boreham Wood, Herts.

** The Belgian group SOLVAY & CIE Scs (see this issue) has consolidated its important Italian interests (see especially Nos. 396 and 391) by taking a 49% interest in STA CHIMICA LARDERELLO SpA, which was formed in 1966 as a result of moves by ENI-Ente Nazionale Idrocarburi SpA, Rome, to buy from Larderello the chemical interests (sodium chlorate, chloride derivatives) and Volterna salt pans of the former Rome group Larderello-Soc. Per La Sfruttamento Delle Forze Endogene SpA (see No 368).

The latter had been acquired by ENEL-Ente Nazionale Per l'Energia Elettricita, Rome, in accordance with the law nationalising electricity concerns and its chemical interests had been taken over by the ENI group through Sta Chimica Larderello, whose control had been until then shared on a 99-1 basis by Anic SpA, Milan (see No 398), and SOFID SpA (see No 373).

The Belgian group already controls on its own account in Italy various soda and soda derivative producers at Rosignano and Monfalcone. Its main subsidiaries are Solvay & Cie Sas, Chimica Dell'Aniene, Solvic, Solpant and Brander; these have factories at Milan, Rosignano, Pontemammolo (Ferrare) and Padua.

** Four French chemical companies have linked to form SEPCUS-Ste des Engrais Phosphates Concentres Solubles SA (initial capital Ff 11,000), whose purpose is to develop the use in France of their concentrated soluble phosphate fertilisers. The four are ENGRAIS PHOSPHATES MINERAIS ANC. DEWISME & BOUILLANT SA, ETS GARDINIER SA, GIRONDE-LANGUEDOC SA-STE GENERALE D'ENGRAIS & DE PRODUITS CHIMIQUES SA, SATEC-Ste Atlantique d'Engrais Chimique SA (all in Paris).

The first (capital Ff 5.4 million) has interests in Ste Nouvelle de Composes Chimiques & Agricoles Sarl (capital Ff 96,000), whose offices are on its premises. Gardinier (see No 341) specialises in granulated and powdered fertilisers and shares two joint subsidiaries with the French Progil and American Pennsalt Chemicals Corp; with the aim of rationalising its numerous interests, it is forming an investment company, Ste des Participations Gardinier-S.O.P.A.C. SA (capital Ff 10,000) presided over by M. Xavier Gardinier, also president of Les Engrais Organiques de l'Ouest SA, Cholet, Maine & Loire; it is also linked with Progil and Mobil Oil in preliminary studies for the construction of an ammoniac and fertiliser plant near the Notre-Dame-de Gravenchon oil refinery owned by Mobil. Gironde-Languedoc (see No 401) is a subsidiary of the Pierrefitte-Ste Generale d'Engrais & de Produits Chimiques SA, Paris (see No 395), which recently formed, in association with Mines Domaniales de Potasses d'Alsace SA, Mulhouse and Paris (see No 405), Comptoir des Engrais Francais Sarl (capital Ff 100,000) to wholesale all types of fertilisers. SATEC (see No 280) is a 51% subsidiary of the New York chemical and foodstuffs group W. R. Grace & Co (see No 398) and is an affiliate of the Ugine-Kuhlmann SA group (30% - through the former Ste des Produits Azotes SA - see No 359) and SNPA-Ste Nationale des Petroles d'Aquitaine SA, Paris (13% - see No 397).

COSMETICS

** The Paris company EMILIO PUCCI PARIS SA has signed an agreement with the Italian cosmetics firm DAGSON SpA, Bologna, giving it the exclusive distribution and representation rights in Italy for its cosmetic products. The Paris firm was formed in 1956, and is controlled by Italian interests; its original capital has been increased to Ff 500,000, and its president is M. E. Pucci di Barsento, of Florence.

** The Dutch group KONINKLIJKE ZWANENBERG-ORGANON NV, Oss (see No 392), whose fields include chemicals, pharmaceuticals, cosmetics, foodstuffs and household cleaners, has gained control of the French soap producer ETS. BRETON & STEINBACH SA, Vitry-sur-Seine. The latter is a family concern headed by MM. J. P. Steinbach and M. J. Germain, and with a capital of Ff 2 million, specialises in refined chemicals for cosmetics and "A l'Ancienne" products.

The Dutch firm already has numerous diversified interests in France (see No 355): this includes Intervet SA, Chatou, Yvelines (a former subsidiary of the London Aspro-Nicholas Ltd group - see No 356), Ste Pour la Diffusion des Produits Synthetiques SA, Organon SA, Laboratoires Endopancrine SA, Noury Lande Sarl, Noury France Sarl (all in Paris) and Vitex SA, Bruges, Gironde.

** The American chemical engineering and catalytic products group - UOP - UNIVERSAL OIL PRODUCTS CO, Des Plaines, Illinois (see No 391), has strengthened its European essential oil interests by gaining control of the Italian E.M.A.-Essenze Materie Aromatiche SpA, Imperia. This will now form part of the UOP Fragrances division (European headquarters recently installed in Brussels) and will be headed by Mr Werner F. Harlan.

The latter is already president of the French Ets De Trevise SA, Colombes, Hauts-de-Seine and Meru, Oise, which makes cosmetics and aromatic raw materials and was acquired by the American group in 1964 (president Mr Maynard P. Venenia). Apart from these interests in this sector, Universal Oil Products paid $5 million in 1965 to acquire the London and New York subsidiaries of the French cosmetics firm, Antoine Chris SA, Grasse, Alpes-Maritimes, and has an option to acquire control of the latter.

** The Milan company MARVIN SpA is about to invest a total of Lire 1,000 million in a factory at Frosinone to manufacture cosmetic, pharmaceutical and dietetic products and the majority of the output is to be exported. The Milan company is controlled by the Swiss MARVIN SA, Lugano, (president Dr. Vincenzo Martone, Milan) and has branches in Paris, London, New York and Zurich.

ELECTRICAL ENGINEERING

** The French group ETS L. A. CLARET, Colombes, Seine (headed by M. Lucien Claret - see No 400) has added to its already considerable interests in the domestic appliances sector by buying a controlling interest in ROYAL CORPORATION, Montrouge (see No 363) from WHIRLPOOL CORP of Benton Harbor, Michigan (see No 401). This follows Claret's recent acquisition (see No 393) of a 51% controlling interest in the washing machines concern Cie Esswein SA, Boulogne sur Seine (Atlantic trademark), from Union des Mines - La Henin.

Royal Corporation has factories at Cercy-la-Tour, Nievre, and produces some 120,000 "Pontiac" refrigerators a year, plus a few washing machines. It is directed by MM Ralf J Carreno and J. Espinasse, and is now under the direct control of C.M.E.P. - Cie Mobiliere d''Etudes & de Participations SA, Paris (see No 393), the investment subsidiary of the Claret group. Until 1966, Radio Corp of America, New York, held a 30% interest, and this was then bought by Whirlpool, which subsequently gained outright control.

** Headed by Messrs W. Fleming, Ralf Wiger, Harry Yost and E. Schoener, the American automobile electrical equipment concern SIGNALSTAT CO, New York, has made its Canadian subsidiary (president Mr Eugene Schoener) responsible for the management of its industrial and commercial interests in the Common Market. A Belgian subsidiary, SIGNAL-STAT SA, Liege (capital Bf 5 million) has been formed, and this is headed by Messrs G. Naome, Ralf Wiger and J. Levy.

ELECTRONICS

** D.B.A. - BENDIX LOCKHEED AIR EQUIPMENT SA, Paris (see No 376), which is affiliated to the Detroit BENDIX CORP group (see No 401) has negotiated the purchase of a large minority shareholding in SFENA SA, Neuilly-sur-Seine (see No 290), a joint public/ private concern (Ff 9 million capital currently being raised) making mechanical and electronic instruments for the aerospace industry.

Sfena has M. Pierre Dupre as president, and its factories at Neuilly and La Breland-iere-Chatelleraut employ over 1,400 people in the manufacture of automatic piloting equipment, gyroscopes, acceleration gauges, servo-motors, ground-to-air remote control and measuring devices, missile detectors etc. Its main shareholders are Sud Aviation, Nord Aviation and Snecma. D.B.A. itself (M Albert J. A. Barraud has been president for a year) has an Air Equipment division (two factories at Asnieres and one at Blois) specialising in electronic, mechanical and pneumatic ancillary equipment for the aerospace industry, and receiving sub-stantial support from Bendix, which is one of the specialist US missile companies.

** The Dutch group NV PHILIPS' GLOEILAMPENFABRIEKEN, Eindhoven, is represented by two of its subsidiaries, Philips' Computer Industrie NV, Apeldoorn, Netherlands, and Philips, Cie Industrielee & Commerciale, Brussels, in a subsidiary jointly formed at Ixelles-Brussels (see No 397) in a 25-75 with the American COMPUTER SCIENCES CORP, El Secundo, California, for contract computer work.

The new COMPUTER SCIENCES INTERNATIONAL- C.S.I. SA (authorised capital Bf 5 million) is the first Common Market subsidiary of the American company, whose president is Mr. Fletcher Jones. It will rent, and sell computer hard-and software and operate data-processing centres.

** As part of a major financial reorganisation recently decided as a result of Ff 138 million losses for the 1966 financial year, the French C.S.F. group - Cie Generale de T.S.F. SA (see No 400) has undertaken a reshaping of the manufacturing activities of subsid-iaries carrying out similar work. Following similar moves in Italy (see No 377) a few months ago, which strengthened its Bologna subsidiary Ducati Elettrotecnica SpA (see No 402), the group will merge two sister companies specialising in industrial electronic components, L.C.C.-STEAFIX SA, Montreuil-sous Bois and C.I.C.E.- Cie Industrielle des Ceramiques Electroniques SA.

L.C.C. (capital Ff 10.35 million) was formed in 1945 and has four factories, Paris, Montreuil, Dijon and Seurre, Cote d'or, where it makes ceramic condensers; it assumed its present structure in 1962 when Steafix SA and Le Condensateur Ceramique (L.C.C.) SA merged. C.I.C.E. was started in 1923, and makes, at Montreuil-sous-Bois and Dijon, ceramics for use in electronics, as insulating equipment.

** S.F.I.M.-STE DE FABRICATION D'INSTRUMENTS DE MESURE SA, Massy, Essone (see No 386), has made a joint production agreement with the British group LOUIS NEWMARK LTD, Croydon, for an auto-pilot system for the twin-rotor "SA 330" helicopter; SFIM will supply the auto-pilot itself, while Newmark produces the gyrocompass. SFIM is linked with three major groups: 27% with Sperry Rand Corp, New York (see No 394); 20% with MM. Rivaud & Cie Snc, Paris (see No 402) and 20% with Intertechnique SA, Plaisir, Yvelines (see No 387). The new agreement follows the recent covenant made on the SA 330 between Sud-Aviation SA, Paris (see No 404) and Westland Aircraft Ltd, Yeovil, Somerset (see No 401).

Newmark specialises in mechanical, electrical and electronic precision instruments, and is the largest British importer of Swiss watches. Since 1962 it has also been linked in the electronic instrumentation field with the Swiss Ebauches SA of Neuchatel (see No 404), an alliance which, in 1966, led to the formation in Neuchatel of Newmark Neuchatel SA, with Sf 50,000 capital.

ENGINEERING & METAL

** The American manufacturer of diesel engines CUMMINS ENGINE CO INC, Columbus, Indiana (see No 374), has wound up the Italian branch of its subsidiary CUMMINS DIESEL SALES CORP, Columbus. This was opened in Milan at the end of 1965 (see No 273) and is headed by Sig. L. Monacelli. It has a working capital of $15,000.

** The West German manufacturer of air conditioning equipment LUFT- & TROCKENTECHNIK KG SCHAEFER & CO, Stetten ub. Stuttgart-Vailingen, has chosen as its British agent, CONTROLLED HEAT & AIR LTD, Smethwick, Staffs. This belongs to the London Wellman Engineering Corp group, which in turn has affiliates in Paris and Milan (see No 367).

** An agreement similar to the one which has linked General Electric Co, New York, and the Genoa Ansaldo group for the past fifteen years (see No 405) has been signed between WESTINGHOUSE ELECTRIC CORP, New York (see No 396) and an Italian group including the State concern E.F.I.M.-Ente Autonomo di Gestione Per Le Partecipazioni del Fondo di Finanziamento Dell'Industria Meccanica SpA, Rome (see No 402), and FIAT SpA, Turin. The agreement covers nuclear engineering and joint reactor construction by Fiat and the Milan BREDA group (which controls EFIM), under Westinghouse licences.

In 1961 the nuclear energy division of Westinghouse Electric finalised the plans for the power station at Trino Vercellese for SELNI-Sta Elettronucleare Italiana SpA, Milan. Many of the elements for the power station were made by Franco Tosi SpA, Legnano, and Arcole Marelli & Co, Sesto S. Giovanni, Milano. The American group has been linked with Fiat for the past 19 years: in 1948 it granted the Turin concern patents and licences for industrial refrigeration equipment; in 1954 for gas-turbines; in 1957 for nuclear reactors, and in 1966 for marine diesel-electric motors (see No 353).

** The Glasgow engineering group SOLAR INDUSTRIES LTD (see No 366), which makes machinery and parts for railways, foundries, welding, textiles, airconditioning etc (it controls some forty companies in Britain alone) has formed an investment and finance company in Luxembourg, for its European investments, called S.E.S.A. - Solardraftex Europa SA. This has Lux f 140 million authorised capital, and will be run by Mr R. K. Calder (chairman of the group), and Messrs J. J. C. Henderson of Loxwood, Sussex; H. Clements, Leatherhead, Surrey; J. McNish, Burton, Scotland; J. G. Delauney, Paris, and E. Weimar, Viersen, Germany.

The Glasgow group's main Common Market interests are: 1) in France, Draftex SA, Chartres, Eure-et-Loir (formerly Sonadex SA) and its subsidiaries Atko SA and Sonaco Sarl; 2) in West Germany Draftex GmbH, Viersen. In Britain it is linked with French interests in: Solar Weld Languepin Ltd (with Soudure Electrique Languepin SA), and Associated Heat Services Ltd (with Cie Generale de Chauffe SA).

** TECNOMA SA, Epernay, Marne (agricultural machinery - crop spraying and protection etc) has extended its coverage of Italy by opening a branch in Verona to its Milan subsidiary Stabilmenti Italiani Vermorel Srl.

The latter is managed by Sig Vincent Ballu, president of the French company, and it was formed at Casale Monferrato in 1934. It recently underwent a reorganisation scheme in an effort to strengthen its financial situation. Until 1966 it belonged to the French Ets Ulysse Chausson, Asnieres, Hauts-de-Seine (see No 369), which late in 1965 conceded to it the rights over the "Vermorel" trademark for crop protection materials.

** The Italian state group I.R.I. - INSTITUTO PER LA RICOSTRUZIONE INDUSTRIALE, Rome, reorganising its metal interests, is merging S.I.A.C. - SOC ITALIANA ACCIAIERIE CORNIGLIANO SpA, Genoa, with ITALSIDER SpA (see No 385). The former will make over all business and assets (capital Lire 7,700 million), directly held by Finsider, Rome (see No 397) to Italsider.

The latter (capital Lire 262,000 million) is 56.7% owned by IRI and Finsider, while an interest of 16.6% is held by S.M.E. - Sta Meridionale Finanziaria SpA, Naples (see No 399). It runs four metal plants in Bagnoli, Naples; Piombino, Leghorn; Taranto and Cornigliano, Genoa. The latter specialises in hot and cold-rolled sheet, and came under Italsider's control in 1961, prior to which it belonged to Cornigliano SpA, a subsidiary set up ten years before by S.I.A.C.

** The German manufacture of agricultural machinery F. STILLE MASCHINEN- & FAHRZEUGFABRIK, Münster, Westphalia (mainly fertilizer spreaders - capital DM 2 million) has formed a French subsidiary, STILLE FRANCE Sarl, Marmontier (capital Ff 20,000) to manufacture, modify, repair and sell agricultural machinery and tractors with M. M. L. L. Jung, Marmontier, as manager.

Until now, the German company was represented in France by Ste Nouvelle Sotradies Sarl, Paris (see No 279), which is also the agent for the Cologne group Kloeckner-Humboldt-Deutz AG (heavy equipment - see No 402) as well as Gebr. Eberhards Pflugfabrik, Ulm, Donau (ploughs and other farm equipment).

** TRADEX INTERNATIONAL (U.K.) LTD (capital £15,000) has been formed as a wholly-owned subsidiary of the French company TRADEX INTERNATIONAL-Ste Trans-atlantique d'Exportation & de Developpement Economique SA, Paris (see No 354). It is headed by M. J. Bataille, president of the founder (and also managing director of Poclain SA - see this issue), which will import and export civil engineering and materials-handling equipment, and machine tools.

Abroad, the French company already has a Montreal subsidiary, Tradex Canada Ltd, and has just formed another in New York, American Tradex Corp (capital $12,500).

** The German manufacturer of air conditioning equipment, SCHILDE AG, Bad Hersfeld (formerly BENNO SCHILDE MASCHINENBAU), has decided to extend its interests to Austria and to open a sales subsidiary in that country. Schilde is a 51% interest of the Frankfurt group Degussa AG, and its most recent move in West Germany was the formation in 1966 of Elektrophorese GmbH, Wendlingen, Neckar (see No 390), in association with the engineer Eberhard Halin. Its most recent foreign move was the formation of the Milan sales company Schilde Italiana Srl (see No 401).

** The German steel group OTTO DUERR, Stuttgart-Zuffenhausen (engineering, metal surface electrolysis, oxyacetylene cutting and painting - see No 396), has wound up the Milan branch of its Swiss subsidiary Otto Dürr Sarl, Chur (formed in January 1964) opened during that year with Herren Werner Busch and Heinz Dürr as managers (see No 246).

The latter represents the Stuttgart group in the Paris INTERFINISH-DE VILBISS-DUERR-TUNZINI SA (first mooted 18 months ago, but recently formed - see No 335) following links with the French Tunzini group (an affiliate of the Cie de Pont-a-Mousson SA, Cie Financiere de Suez SA, and Lyonnaise des Eaux de l'Eclairage SA through the joint subsidiary Ste de Placements, d'Etudes de Gestion SA - see No 347). Interfinish uses an American licence (granted by De Vilbiss, Toledo, Ohio to Tunzini - see No 370) for electrolytic conveyor painting.

** The American producer of cutting tools and presses for the metal industry CINCINNATI SHAPER CO, Cincinnati, Ohio, has formed a French sales subsidiary, CINCIN-NATI FRANCE Sarl, Neuilly, Hauts-de-Seine (capital Ff 50,000) with M. Rene Brunat as manager. Until now the American firm's products were distributed in France by Forges de Vulcain SA, Paris (see No 367).

It already has two subsidiaries distributing its products in Europe: Cincinnati Pressen GmbH, Düsseldorf (formed in 1966) and The Cincinnati Shaper Co Ltd, Glasgow.

** STE DES PRODUITS PERFECT SA (see No 257), the joint subsidiary in France of the British SUPER OIL SEAL & GASKETS LTD, Birmingham, and STE DE GESTION & DE CONTROLE SA, Paris (a member of the SA des Ets Jaeger group, Levallois-Perret, Hauts-de-Seine - see No 372), has been wound up. With M. Maurice Vaucher as president, it ran a factory making metal links and watertight rings at Rocheville, Alpes-Maritimes.

** The French engineering concern SIFE - STE INDUSTRIELLE DE FOURNITURES POUR L'ELECTROLYSE SA, Paris (Ff 500,000 capital) has opened a London office under Mr Allan A. Marmot to sell "Sifra" tractor and lorry seats in Britain. These are made in its factories at Gien. Loiret, where SIFE also has its electrolysis plant manufacturing lines. The new office will also represent the Dutch NV Industrie, Vaassen (capital Fl 4 million), for its aluminium sheet and castings. The latter is an almost wholly-owned subsidiary of Kon Ned Hoogovens - & Staalfabrieken NV, of Ijmuiden (see No 365), whose French agent is Sifmetal SA (Ff 50,000 capital), and which is represented in Belgium by its affiliate Rivami NV, Antwerp (Bf 10 million capital).

In February of this year, SIFE (president M. J. Vilboeuf) as a joint venture with the Italian confectionery machinery concern CARLE & MONTANARI SpA, Milan (capital Lire 750 million) formed a company to make and sell machinery for the chocolate and cake industries called Savy-Sife Sarl (immediately changed to SA). This has Ff 500,000 capital, and SIFE supplied it with its Savy department, previously bought from the Paris, Ameliorair group (see No 388), which itself had acquired it by dint of buying up the chocolate machinery company called Savy-Jeanjean, Courbevoie, Hauts-de-Seine. Savy-Sife (president M. Andre Aspa - also a head of Sifmetal) also represents the German biscuit oven manufacturer, Hebenstreit GmbH, Frankfurt, Main (capital DM 1.5 million). It distributes Savy plant in France and abroad, and also the food machinery of Carle and Montanari in France alone (the latter's soap-wrapping machines are distributed on this market by Sapic - Ste Auxiliaire pour l'Industrie de la Couleur SA, Paris). The Italian firm, which covers 60% of the world market in chocolate machinery, has received an order from the Russian firm, Technopromimport, for a chocolate factory, to be built at Kibishev at a cost of around Lire 5,000 million.

** The leading European manufacturer of hydraulic shovels, the French POCLAIN group, Plessis-Belleville, Oise (see No 402) will have a majority share in the new Hong-Kong firm FAR EAST POCLAIN LTD, now being formed in association with the group's Tokyo licensee YUTANI HEAVY INDUSTRIES LTD. The new company will market the civil engineering and materials handling equipment, by its French founder, in the Far East.

Poclain (1966 turnover of Ff 257 million compared with Ff 229 million in 1965) took a 50% interest at the end of 1966 in Potain Manutention SA (capital Ff 1 million) which then changed to Potain Poclain Materiel SA. This company had been formed six months earlier by the civil engineering concern Ets Faustin Potain & Cie SA, La Clayette, Saone & Loire and Chevilly-Larue, Val-de-Marne (capital Ff 10 million).

** The TRW INC group, Cleveland, Ohio (formerly Thompson Ramo Wooldridge Inc - see No 386) has acquired from the Frankfurt concern ALFRED TEVES-MASCHINEN- & ARMATURENFABRIK KG its 50% share in the company they jointly formed in 1960, TEVES THOMPSON & CO GmbH, Barsinghausen (see No 340). The latter (capital DM 12 million) has around 2,500 workers on its payroll in its factories at headoffice and Blumberg; it makes car valves, piston rings, cylinder covers and other parts for the automobile industry, whilst its 1966 turnover amounted to DM 70 million.

The American group's most recent European move (it employs some 42,000 people) was the formation in Paris, during November 1966, of Matrel SA in association (49/51) with Engins Matra SA, part of the Floirat group.

** THE NUCLEAR POWER GROUP LTD, Knutsford, Cheshire, and STE BELGE POUR L'INDUSTRIE NUCLEAIRE-BELGONUCLEAIRE SA, Brussels have signed a co-operation and technical agreement covering the construction in Europe - especially in the Common Market countries - of nuclear power stations based on the British Advanced Gas-Cooled Reactor design (AGR). A joint subsidiary will be formed, which will be open for other groups to join.

The British partner (capital £1.5 million) was largely responsible for the building of the Bradwell (300 MW) and Berkeley (275 MW) power stations and its shareholders include a number of leading companies: A.E.I. Ltd., Clarke, Chapman & Co Ltd., Sir Robert McAlpine & Sons Ltd., C. A. Parsons & Co Ltd., Head Wrightson & Co Ltd., John Thompson Ltd, and Whessoe Ltd. The Belgian grouping also includes firms with considerable experience in this field (see No 265) and it has taken part in building experimental reactors at Cadarache in France, the "Harmonie" and "Masurka", as well as the compact Vulcain reactor at Mol in Belgium. Its main shareholders are Ste Generale d'Entreprises Immobilieres SA, Brussels, Metallurgie Hoboken SA, Fabrique Nationale d'Armes de Guerre SA, Evence Coppee & Cie, Bell Telephone Manufacturing Co SA, A.C.E.C. SA, Cockerill-Ougree-Providence SA.

** Further to an agreement made in December 1966, the first share-issuing company to be formed as a joint Italian/Czechoslavak venture in thirty years has been set up in Bologna. This is called SIGMA ITALIANA SpA, has Lire 10 million capital, and is for the import and distribution in Italy of hydraulic pumps. Sig Augusto Paganelli is president, and Jaroslao Janie is managing director, while shares on the Czech side are held by the Moravian pump factory, OLOMUC, and the State company for foreign trade, STROIEXPORT, Prague.

FINANCE

** The Paris banque d'affaires WORMS & CIE (president since the beginning of this month, M. Raymond Maynial; director M. Robert Dubost), which is setting about internationalising its structure, has admitted as 10% shareholders, at a price of Ff 30 million, BANK OF LONDON & SOUTH AMERICA LTD - BOLSA, London (see No 392), and BANK OF SCOTLAND LTD, Edinburgh. These will be represented on Worms' board by Sir George Bolton, chairman of BOLSA, and Lord Polwarth, a director of BOLSA and governor of the Bank of Scotland. The London bank, which is affiliated to Lloyds Bank Ltd, and Mellon National Bank & Trust Co, Pittsburgh, already has an establishment in Paris (see No 338) and indirect interests in Ste Commerciale Francaise SA and Sopac SA, both in Paris and controlled by Balfour Williamson Export Service Ltd (BOLSA's London underwriting house).

Worms only recently became a limited company (societe anonyme), and has Ff 66,950,000 capital and share premium, while at the end of 1966 its assets totalled Ff 1,181 million. In 1966 it formed links with the Paris Banque de Paris & des Pays-Bas (see No 360), which bought a 4% interest in it. Also in 1966 it made a reciprocal co-operation agreement with the deposit bank Credit du Nord SA, Lille (see No 351), though this entailed no financial links between the contracting parties.

** Two concerns linked with the Banque de l'Indochine SA, Paris, are going to merge: STE CENTRALE DE BANQUE SA will take over the Paris branches and banking interests of BANQUE DES INTERETS FRANCAIS SA (see No 381) and become STE DE GESTION D'INTERETS FRANCAIS.

The former Interets Francais is controlled (52.8%) by S.O.F.F.O.-Ste Financiere pour la France & les Pays d'Outre-Mer SA, Paris (an investment company - see No 392), in which Banque de l'Indochine has a direct 16.1% interest and holds an indirect share through Ste Auxiliaire de Participation et de Gestion SA, Noumea (see No 330), and the La Paternelle SA group. For its part, Centrale de Banque is a direct 20.2% subsidiary of Banque de l'Indochine (which has indirect interests, mainly through its 78% subsidiary Banque Franco-Chinoise Pour le Commerce et l'Industrie SA - see No 357) and its other shareholders include Credit Foncier de France SA (see No 385) with a little over a 10% interest.

** The Italian banking concern BANCO DI DESIO SpA, Desio, Milano (capital Lire 500 million), will take over the concern BANCA DELLA BRIANZA SpA, Carate Brianza (capital Lire 60 million), which it has controlled for the past few months. The latter is a regional bank in Piedmont, and has 11 branches containing some Lire 12,000 million in deposits, which will be linked with the 12 branches of Banco di Desio, whose deposits of Lire 30,700 million at the end of 1966 were 14.3% up on 1965. This was formed in 1908, and has Sig. Pietro Gavazzi as president with Sig. Mario Veneziani as managing director.

** M. Johannes C. Van Lanschot, Bught, Netherlands, an associate sleeping partner in the Dutch private bank FIRMA F. VAN LANSCHOT, 's Hertogenbosch (see No 404), has joined the board of the international equipment leasing concern GREYHOUND FINANCIAL & LEASING CORP AG, Zug, Switzerland. When the latter recently increased its capital to Sf 18.28 million, the Dutch bank became a new shareholder.

Formed as a result of moves by the Chicago transport group Greyhound Corp., Greyhound Financial & Leasing (which has no interests in the Dutch group) had increased its capital in December 1966 to Sf 14.24 million. For its part, the American group (which has a 50% interest through a subsidiary) also has a direct Zug financial subsidiary (since November 1966), Greyhound Holding AG, whose initial capital has recently been increased to Sf 1.1 million.

** In order to help a financing of trade between East and West Germany, 54 credit establishments of West Germany have linked up to form a specialised concern in Frankfurt called GESELLSCHAFT FUER ANLAGENFINANZIERUNG GmbH. This will have a capital of DM 1 million.

** The DRESDNER BANK AG, Frankfurt (see No 401), has decided to open a London office. With nearly 600 branches in West Germany, it already has foreign agencies in Paris, Madrid, Cairo, Istanbul, New York, as well as representatives in most of the capitals of Latin America, held jointly with its 90% subsidiary Deutsche Sudamerikanische Bank AG, Hamburg (see No 394).

** The recently formed Luxembourg investment company MONTERY TRUST SA (capital $400,000) has formed a finance management company MONTERY TRUST HOLDING CO SA (capital $100,000). Montery was formed by the London brokers CAZENOVE & CO and BANQUE GENERALE DU LUXEMBOURG SA. The new concern will be headed by Mr Michael J. K. Belmont, London (a partner in Cazenove) and MM. J. J. Welbes, C. Arend, and R. Kremer, directors of CREGELUX - Credit General du Luxembourg (a subsidiary of Banque Generale du Luxembourg).

FOOD & DRINK

** The German beer group BINDING-BRAUEREI AG, Frankfurt, is negotiating a link-up with Rhodesian interests to build a brewery there, to go into production in 1968.

The German company is over 50% controlled by the RUDOLF A. OETKER group (directly, and through Bank für Bräu-Industrie, Frankfurt). It has DM 20.5 million capital, employs about 700 people, and in November 1965 (see No 333) bought shares in the Mainz concern Mainzer Aktien-Berbrauerei; its other German interests are 87% in Aktienbrauerei Eisenach, Bad-Hersfeld (see No 257); 76% in Frankfurter Getränkevertriebs GmbH, Bergen-Entkein; 72% in Steinhäusser Brauerei AG, Friedberg, Hesse; 78% in Herkulesbrauerei AG, Kassel; 60% in Hofbrauhaus Nicolay AG, Hanau; 50% in Michelsträu AG, Babenhausen, and 26% in Germania-Brauerei AG, Wiesbaden.

** The Tel Aviv finance company YESOD TRUST INVESTMENT LTD has taken 20% in the formation of STE CONTINENTALE DE BOISSONS & DE PRODUITS ALIMENTAIRES Sarl, Paris. This is managed by M. Leonid Krymkier, and will import and distribute fruit juices from Israel; if the market proves responsive, it will also build a processing and packing factory. The balance of its Ff 250,000 capital is held by OSOGOOD-PARIS Sarl (Ff 100,000 capital - headed by M. Krymkier).

Osogood-Paris acts as French agent for a number of foreign firms, especially the Swedish Sund-Impco, Sundsbruck; the British Langley Alloys, Slough, Bucks, and the American Durez Co, North Tonawanda, and National Rubber Machinery, Akron etc.

** A merger in the Italian sugar industry, unrelated to the one proceeding within the Genoa group Eridania Zuccherificio Nazionali SpA (see No 405) is about to take place. ZUCCHERIFICIO DI CECINA SpA (capital reduced in 1966 to Lire 30 million from 300 million) will be merged with its parent company ZUCCHERIFICIO DI SERMIDE SpA. The latter produces around 20,000 tons of sugar annually in its refinery at Serminda, Mantua.

** The San Francisco group CALIFORNIA PACKING CORP (see No 357) has opened a branch in Brussels (headed by Messrs. J. B. Ghirardo and F. A. Stanislaus) to its subsidiary MONTE INTERNATIONAL INC, Panama, which is responsible for the foreign sales of its "Del Monte" drinks and fruit juices.

The group already has a Brussels sales subsidiary, Del Monte Europe SA, headed by M. F. A. Stanislaus, which is responsible for all the subsidiary's business in Italy, Spain and Britain.

** Headed by Mr Samuel Bronfman, the Montreal group DISTILLERS CORP - SEAGRAMS LTD (see No 333) has gained control of its Belgian representative and distributor VAN DEN WYNGAERT IMPORT & BOTTLING Pvba, Antwerp. This has been changed to SEAGRAMS BELGIUM NV and its capital riased to Bf 5 million held directly by Seagrams Overseas Corp Ltd, Montreal. The new board will include M. Louis F. van den Wyngaert (the former owner) and Mr Richard L. Thomas, London a director of one of the Canadian group's British subsidiaries Seagrams Distillers Ltd, Paisley, Scotland.

** The Milan food group MOTTA SpA (see No 370) is to make over its poultry-breeding subsidiary OVOMOTTA SpA, Brescia and Gavardo, Garda (Lire 250 million) to the associate group CIP-ZOO SpA, Brescia and Opera, Milano (see No 348) which already holds a 50% interest.

CIP-ZOO (capital Lire 3,000 million) reorganised its internal structure in 1966 and manages several poultry farms and egg-production units at S. Martino Isea, Botticino, Pescheria, Montichiari, Savio di Ravenna. It is presided over by Sig. Enea Guarneri and the managing director is Sig. G. S. Treccani.

** The leading American producer of foodstuffs for animals and poultry, the RALSTON PURINA Co, Saint-Louis, Missouri (see No 312) has increased its French investments and thus strengthened the sales company VENTOR Sarl, Paris (formed in 1963) whose original capital has been increased to Ff 310,000. Ralston has some twenty factories throughout Europe, though these are mainly concentrated in West Germany, Spain, Italy and France.

Duquesne-Purina SA, Montfort-sur-Risles, Eure (see No 307) is the main French subsidiary of the American group. It has five factories and in 1966 produced over 500,000 tons of compounds feeds (this should more than double in 1967) representing a turnover of Ff 385 million. It also has four modern poultry abattoirs and several poultry breeding farms (280,000 birds per week), whose products are sold under the "Val Clair" brand name. Its sales network includes more than 700 wholesalers and 6,500 retailers.

** The Italian FRATELLI NEGRONI FU ANDREA-CASEIFICI SpA, Cremona (factory at San Vito di Casalbuttano, making and wholesaling cheese and delicatessen), has set up a sales subsidiary in Paris called Ste d'Importation & de Commerce de Produits Alimentaires Italiens SA. This has Ff 200,000 capital, 60% of which is held by Sig Paolo Negroni, president of the parent company and of Salamificio Pietro Negroni SpA, as well as being a director of Salamificio Cremonese SpA, Cavatigozzi.

The Negroni group, which is owned by the Negroni and Carotti families (Giuseppe and Gian Piero Carotti are minority shareholders of the new French company), has had a Swiss subsidiary since 1948 called Pietro Negroni SA, Chiasso (see No 247), the activities of which include Swiss agencies for wines produced by two Italian firms Ferrari, Dosima, and Melini, Pontassieve (Florence), through their Swiss subsidiaries, directed by Sig G. Ferrari.

** BOULIMEX SA, Vaduz, Liechtenstein (formed in February 1967 - capital Sf 50,000) which deals in raw materials for the bread industry has opened a Brussels branch headed by M. Johannes van Oorschot.

** On behalf of a Franco-Belgian sugar group comprising STE F. BEGHIN SA, Thumeries, Nord (see No 400) and RAFFINERIE TIRLEMONTOISE SA, Woluwe-St-Pierre (see No 393), the Paris bankers MM. VERNES & CIE have made a public offer to buy an interest of between 29 and 40% in RAFFINERIES & SUCRERIES SAY SA, the largest French sugar manufacturer with a production capacity of its own (quite apart from that of its subsidiaries) of 226,000 tons a year (about 13% of overall French production).

Failing intervention on the part of the French Treasury, this same group has offered to release some of the shares it buys in SAY to three other foreign companies: Eridiana Zuccherifici Nazionali SpA, Genoa; Süddeutsche Zucker AG, Mannheim (affiliated to Deutsche Bank AG, Frankfurt, and to Ste Generale de Sucreries & Raffineries en Roumanie SA, Brussels), and Tate & Lyle Ltd, London (see No 355).

INSURANCE

** THE BRITISH OAK INSURANCE CO LTD (part of the London group GUARDIAN ASSURANCE GROUP LTD - see No 370) which has £1 million capital has appointed the WITLO insurance group (headed by M. Y. N. Whytlaw) as its Paris representative. It already carries out the same function for numerous London insurance companies: Guardian, Commercial Union Assurance Co Ltd (see No 403) Provincial Insurance Co Ltd (see No 244).

OIL, GAS & PETROCHEMICALS

** A merger is going to take place in Belgium between PETROCOM SA - Ste Commerciale Belge des Petroles (see No 349) and its 87% parent company PETROFINA SA, Brussels (see No 397). The latter will take over Petrocom (capital Bf 310 million).

The move will result in a considerable increase in the direct interests of Petrofina in the Congo (Kinshasa), Ruranda and Burundi, where Petrocom assets were estimated to be worth Bf 50.62 million for the financial year 1965-1966. In the Congo the companies involved are Petro Congo Scrl, Ste de Transports de Carburants Scrl, Petrokat Scrl, Socopetrol Scrl, Socopetrol Burundi S. L., Socotole Scrl, Socorep Scrl, AUXIMMO - Ste Auxiliaire Immobiliere Scrl; in the Cameroon Secrac SA (French-controlled); in the Gabon Ste Equatoriale de Raffinage SA (see No 328); and in Angola Cia de Combustiveis do Lobito SA.

** The West German coal and oil group GBAG - Gelsenkirchener Bergwerks AG, Essen (see No 399) and the American oil group MOBIL OIL CO INC, New York (see No 401) have linked to form a new firm transporting petroleum products LARA SCHEEPVAART MIJ NV, Rotterdam (capital Fl 10,000). This has come about through changing the German's partner's existing Rotterdam subsidiary Gelsenberg-Rotterdam-Deelneminmij NV (see No 264).

The two groups already have numerous links, and in the petroleum products transport sphere alone, they both hold shares in Mobil Gelsenberg Scheepvaart Mij. NV, The Hague (see No 335) and in Gelsenberg - & Mobil Oil Handels - & Transport GmbH, Mobil Oil Reederei GmbH and Heizölvertrieb Gelsenberg & Mobil Oil GmbH (all in Hamburg).

PAPER & PACKAGING

** The Italian paper group C.B.D.-CARTIERE BENDIAMINO DONZELLI SpA, Milan (see No 383), has absorbed its subsidiary CARTIERE MERIDIONALI SpA, Rome, which has a factory at Isolo del Liri, Frosinone (capital Lire 1,470,000). C.B.D. (authorised capital raised to Lire 2,640 million late in 1966) will also take over a property subsidiary in Milan, called IMMOBILIARE QUERCIA.

The C.B.D. group holds an important position in the Italian paper industry, and directly runs four factories: in Toscolano del Garda, Brescia; Besozzo, Verese; Gemono del Friuli and Vignola, Modena. Its other main subsidiaries are Cartiera della Valsugana (paper mill at Scurelle, Trento); Sacco-Fisi SpA, Milan (bag and packaging factory at St-Arcangelo di Romagna); Cartiera Mediterranea SpA, Bari (factory at Barletta) and Sta Lombardini SpA, which is one of the country's largest companies for pasta- and food-packaging materials.

** PAPETERIES DE BELGIQUE SA, Brussels (a member of the Generale de Belgique group - see No 383), has integrated its Dutch sales network with that of the German FELDMUEHLE AG group of Düsseldorf, which for over a year has held an indirect 25% interest in the Belgian paper group (see Nos. 337 and 399). A joint subsidiary has been formed to implement the move, called F.P.B. NEDERLAND NV.

** The Belgian ETS HENRI DELFELD SA, Brussels, which supplies paper rolls for office machines and computer printers etc., has formed a sales subsidiary at Epinay-sur-Seine called Delfeld-France Sarl. This is managed by M. Jean-Paul Delfeld, and has Ff 25,000 capital.

PHARMACEUTICALS

** The two Dutch pharmaceuticals groups, KON NED GIST- & SPIRITUS-FABRIEK NV, Delft (see No 290), and KON PHARMACEUTISCHE FABRIEKEN v/h BROCADES STEEHMAN & PHARMACIA NV, Meppel (see No 396), have agreed in principle to a non-financial concentration. They will transfer their industrial interests to a joint subsidiary, with Fl 29.5 million capital, which will have a turnover in excess of Fl 300 million.

The Delft group's main field is alcoholic beverages, both at home and in a number of other countries, especially Belgium (Bruges), West Germany (Monheim, Rhineland), Britain (Ipswich and Felixstowe), France (Prouvy, Nord), Portugal (Matosinhos, Oporto), etc. It also has an important pharmaceuticals division (yeast, penicillin, "Delproson" and "Paramicine"); in this sector, it has a 50% interest in Vemedia NV, Amsterdam, where it is linked with the Philips group, through its subsidiary Philips-Puphar Nederland NV. Brocades, for its part, concentrates on pharmaceuticals manufacture and wholesaling. In Amsterdam, it has a joint subsidiary with the German sanitary products group Lohmann KG, Fahrneuwield, Rhineland, and in Brussels it runs a sales company called Brocades-Belga NV.

** The Canadian pharmaceuticals group G. T. FULFORD CO, Toronto (chairman Mr. Peter Morgan), has gained control of the French chemicals and pharmaceuticals concern ETS P. BARRET, Asnieres, Hauts-de-Seine, and placed it in the charge of an investment company formed in the Netherlands under the name of Magedoma NV, The Hague. The latter has Fl 1 million authorised capital, and is headed by Messrs. P. Morgan and D. K. Tow, who is also from Toronto.

G. T. Fulford formed a sales subsidiary three years ago in Milan under the name of Fulford SpA (Lire 5 million capital), control of which it shares with its Toronto subsidiary Williams Medecine Co (Africa) Ltd.

PLASTICS

** The Belgian plastics firm NESPAK-BENELUX Sprl, St Gilles-Brussels, has formed a Dutch sales subsidiary NESPAK-NEDERLAND NV, Utrecht (authorised capital Fl 250,000), headed by M. Carl H. Thole, The Hague. The founder was formed last year; its manager and main shareholder is M. Robert L. G. Gillon, St Gilles-Brussels.

** UNILEVER NV, Rotterdam (see No 398), has extended its interests in the Dutch synthetic resins and plastics industry by gaining 70% control of the Zwolle concern SCADO-ARCHER-DANIELS NV (directed by Mr. W. A. N. Ten Dorschate - see No 369). This company produced alkyl, phenol and maleic resins, and monomeric, polymeric and polyester plasticisers. It was formerly affiliated to Billiton Mij NV, The Hague (see No 397), and to the American, Archer Daniels Midland Co (see No 404), which retains an interest of 30%.

Scado, having invested Fl 7 million in acquiring a controlling interest in Zaanchemie NV, Zaandam, a former Billiton subsidiary, now has a number of foreign subsidiaries itself (controlled through the Scado-Archer-Daniels AG holding company, Zurich - capital Sf 1.8 million), and these include companies in Ruhle, Meppen, West Germany; Fallaskra, Malmö, Sweden. There are also agencies throughout the world, including G. Collard and P. Colette, Brussels; Rex Campbell & Co Ltd, London; Alcrea, Milan and Ets Carbonnel and Jacquemot, Paris.

PRINTING & PUBLISHING

** The British WINTERBOTTOM PRODUCTS LTD, Salford, Lancashire (book cover materials), has formed a West German sales subsidiary WINTERBOTTOM PRODUCTS GmbH, Würzburg (capital DM 20,000), with Mr. Alfred Weiss, Salford, and Herr Edward Zeder, Würzburg, as managers.

The founder belongs to the English Sewing Cotton Co Ltd, Manchester (a 12.9% interest of ICI-Imperial Chemical Industries Ltd, London - see No 400), which since 1965 has held an interest in the sewing machine producer Zwirnerei & Nähfaden Fabrik Rhenania AG, Dülken, Rheinland (see No 302).

SHIPBUILDING

** The American CHRIS CRAFT CORP, Oakland, California, (formerly Nafi Corp), in view of the rapidly-expanding business of its only European manufacturing subsidiary, Chris Craft of Italy SpA, Rome (see No 337), has decided to triple its production capacity. This has been operating a shipbuilding yard at Fiumicino since 1952, and this has been equipped with new installations at a cost of Lire 500 million; it now employs 150 people and produces several types of pleasurecraft - the Cavalier, Corsair, Cutlass and Lancer models.

The Italian firm is directly controlled by the group's Swiss subsidiary, Chris Craft SA, Lausanne. It now exports 87% of its production, and in 1966 made a Lire 2,500 million turnover. The group's sales business in Italy since 1965 has been handled by a Cologne subsidiary (directed by Herr R. Schwarze), to the Swiss one, and in France by France Motors SA, Neuilly-sur-Seine.

TEXTILES

** CHATILLON SpA (a member of the MONTECATINI-EDISON group - see No 402) and one of Italy's leading producers of artificial and synthetic fibres and threads, has acquired a 50% interest in the elastic thread manufacturer PIRELLI LASTEX SpA (capital Lire 500 million - factory at Bergamo). Until now the latter was jointly owned by the Milan Pirelli SpA group (see No 403) and UniRoyal Inc, New York (formerly US Rubber Co).

The most recent joint move between the Montecatini-Edison and Pirelli groups was the acquisitiom by the former from Pirelli of half its share in the floor-covering manufacturer Sta Del Linoleum SpA, Narni and Milan (see No 401).

** The South African concern HOECHST FIBRES & CHEMICALS (PTY) LTD, which was formed in Capetown late in 1966 by FARBWERKE HOECHST AG, Frankfurt, is building a factory at Milnerton, whose initial capacity, when it goes into production later this year, will be 3,600 tons of "Trevira" fibres p.a. The German group holds 52% interest, whilst holdings of 24% each are retained by the Johannesburg firms, INDUSTRIAL DEVELOPMENT CORP OF SOUTH AFRICA LTD (see No 355) and ENGELHARD HANOVIA (PTY) LTD.

The second of these belongs to the American/South African group, Engelhard Hanovia Inc, Delaware, whose main interest is 69.4% in the Newark, New Jersey, concern Engelhard Industries Inc (see No 403).

** The West German textile concern GLANZSTOFF AG, Wuppertal (see No 394) has granted a licence covering the manufacture of Diolen fibres to the Israeli firm JERUCHAM LTD, Dimona. 1967 production is expected to be 600 tons.

The Wuppertal firm is controlled by the Dutch chemical and plastics group AKU-AG Kunstzijde Unie NV (a 75.7% interest) of Arnhem. It is about to close its Cologne subsidiary Glanzstoff-Köln GmbH (a 100% interest - capital DM 24 million), which specialises in making fibranne and rayon.

** The French spinning concern ETS AUGUSTE DESCHAMPS SA, Linselles, Nord (linen, cotton waste, rayon staple and synthetic fibres - capital Ff 2 million) has been acquired by the textile group M. J. WILLOT & CIE SA, Wasquehal, Nord (see No 381). A laboratory will be opened at Linselles, together with a plant making disposable nappies and cotton wool. Descamps has representatives in West Germany, Belgium, the Netherlands, Italy, Austria, and Sweden.

Willot (capital Ff 32 million) recently reshaped its manufacturing interests by taking over Ets Agache Sa, Perenchies, Nord (see No 391). The latter company accounts for more than half of all French linen production, and has acquired from its affiliate, Filatures & Filteries de France SA, Lille the linen-weaving mill at Commines, Nord.

TEXTILES

** INDUSTRIEBETEILIGUNGS GmbH, Heidelberg, has commenced negotiations with a view to taking over the interest formerly held by HUDSON STRUMPFFABRIK GmbH, Stuttgart, Vailingen, in the stockings concern, OPAL TEXTIELWERKE GmbH, Rheinfeld, Holstein (capital DM 5 million; capacity, 60, 000 pairs a day). This move follows the termination of the agreement, made about two years ago, between Hudson Strumpffabrik and another of the largest German stocking companies, SCHULTE & DIECKHOFF KG, Horstmar, Münster, whereby these equally shared control of Opal.

Industriebeteiligungs was formed in May 1960 with DM 150, 000 capital as a wholly-owned subsidiary of the trust company Falk & Co Revisions - & Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Heidelberg.

** The Danish tent and awning sales and renting concern DANSK PRESENNING-UDLEJNING A/S, Copenhagen has extended its West German sales network by giving its Hamburg subsidiary, D. P. PLANENVERLEIH GmbH (formed in 1958 with DM 50, 000 capital) a branch in Munich with Herr Hans-Werner Claussen of Hamburg as director.

** The German ladies' clothing making-up concern ADLER-MAENTEL KG, DAMENMAENTELFABRIK, Engen, Hegau (owned by the Adler family), which has DM 30, 000 capital, has opened a Zurich branch under Herr Heinrich Moser.

TOBACCO

** The Bremen cigarette manufacturer MARTIN BRINKMANN AG (an affiliate of the South African tobacco and cigarette producer Rembrandt Tobacco Corp SA, Stellenbosch) has formed a Hamburg subsidiary AMBASSADOR CIGARETTEN GmbH (capital DM 20, 000) with Herren Werner Papendieck, Hans Molsen and Paul Bodens as managers. The new company will exploit "Ambassador" brand cigarettes. Brinkmann AG recently formed a company in Bremen, Batavia Rauchtbank GmbH (see No 405) to carry out similar functions for its "Batavia" brand cigarettes.

** The representatives of the British firm CARRERAS LTD, Basildon, Essex on the board of the Belgian WELTAB SA are Messrs Ronald W. S. Plumley and Cecil A. C. Bulpitt, following the latter firm's decision to become a Societe Anonyme and Carreras' acquistion of a 33.3% interest. The Essex firm is an associate of the South African group Rembrandt Tobacco Corp S.A., Stellenbosch (see No 396).

Weltab is presided over and run by M. Lucien Welle (capital Bf 50 million) with M. M. de Vuyst in charge of sales, and M. Marcel Andre as technical director. It commands around 10% of the Belgian cigarette market with its "Armada" and "Visa" brands.

TOURISM

** The London GRAND METROPOLITAN HOTELS LTD, headed by Mr Maxwell Joseph is trying to increase its French and Italian (mainly Milan) interests. Mme F. Dupre, widow of M. F. Dupre, has been offered £6 million for SA Hotel George V, Paris (capital Ff 25 million) and two other Paris hotels Plazza-Athenee and La Tremoille, with some 600 beds all told. The companies running these three hotels are headed by Ste des Grands Hotels Associes SA, which belongs to the international hotel combine, Hotel Representative Inc, New York and Paris. This was formed early in 1966, and includes the Savoy Hotel, London, and the Italian C.I.G.A. - Cie Italiana Grandi Alberghi SpA group, Venice.

Only a few months ago Grand Metropolitan Hotels acquired a considerable interest in the French hotel industry, when it took over through Ste des Hotels Reumis SA, Paris (see No 352 and 388) the Lotti and Scribe in Paris, and the Carlton in Nice.

TRADE

** Two concerns belonging to the purchasing and branch store group PARIDOC Sarl Paris (see No 370), STE NORMANDE D'ALIMENTATION SA, Caen, Calvados (capital Ff 5.82 million) and NOUVELLES EPICERIES DU NORD SA, La Madeleine, Nord (capital Ff 3.39 million) have begun negotiations, which should lead to the former taking over Nouvelles Epiceries. This had taken over Docks Economiques du Cambresis SA, Ligny-en-Canbresis, Nord in 1964, and its annual sales are worth around Ff 80 million.

TRANSPORT

** The German sea and river shipping company RHENUS GESELLSCHAFT FUER SCHIFFAHRT, SPEDITION & LAREGEI mbH, Frankfurt (see No 337) has increased its Dutch interests by forming a 66.6% subsidiary NEDERLANDSE WERGVERVOER- & EXPEDITIE Co NEWEXCO NV. This is headed by Messrs A. J. Koeneman Jr., Hoogezand and B. Oldeboom, with the remainder of the Fl 1.2 million authorised capital held by a Rotterdam subsidiary Rhenus Transport Mij. NV.

Rhenus (capital DM 6 million) is controlled by the Mannheim transport group Fendel Schiffahrts AG (see No 356) which in turn forms part of the VEBA AG group of Berlin and Bonn (through Bergswerksgeselschaft Hibernia AG, Herne (see No 399).

VARIOUS

** STE D'ECONOMIE & DE MATHEMATIQUE APPLIQUEES-S.E.M.A. Sarl (capital Ff 3.2 million) has merged with two of its Paris subsidiaries S.A.C.S.- Ste d'Analyse & de Conception de Systemes Sarl (capital Ff 12,000) and SOFRES - Ste Francaise d'Enquetes par Sondages Sarl (capital Ff 500,000) and a new S.E.M.A. Sarl (capital Ff 5.62 million) has been formed. The former was the joint subsidiary of Banque de Paris & des Pays-Bas SA and Uniconsult Sarl (through S.E.E.P.-Ste Europeenne d'Etudes & de Participations Sarl as well of Synergie Publicite SA (part of the Rhone-Poulenc SA group).

The new SEMA - run by M. Marcel Loichot - has received as assets the four Paris offices of the former SEMA (estimated gross value is Ff 29.3 million) as well as those belonging to SACS and SOFRES. It will carry out all types of work connected with management consultancy, market research and advertising promotions, data-processing etc.

SACS (see No 283) was formed at the end of 1963 by Banque de Paris and the Paris group C.S.F. - Compagnie Generale de TSF, whilst SOFRES was formed a few months earlier (see No 322) with Synergie Roc SA (now SEMA International SA). SEMA's most recent move was to link (through SEMA organisation Sarl, formerly OTAD Sarl) with Edward H. Hay & Associates, Philadelphia to provide refresher courses for management.

** The London firm CHARLES HERVEY (CONSULTANTS) and the Düsseldorf marketing and public relations concern MARKT & MEINUNG GmbH have signed a reciprocal representation and co-operation agreement.

** The Yorkshire group SPOONERS (HULL) LTD which specialises in wood and prefabricated building materials has strengthened the Common Market sales network of one of its subsidiaries ASTRAL CARAVAN CO LTD, Hull (see No 400). A joint Amsterdam firm has been formed in association with AMSTERDAMSCH TRUSTEE'S KANTOOR NV: the new concern, ASTRAL CONTINENTAL NV is headed by the founder's chairman Mr John L. Spooner and almost all the Fl 60,000 capital is held by Astral Caravan Export Ltd, Hull.

A similar move was recently made in West Germany where a sales subsidiary was formed in Emmerich with DM 100,000 capital.

** ETS. JEAN CREUZET & FILS Sarl, Alfortville (medical and surgical equipment - hypodermic syringes and needles) has formed a Belgian sales subsidiary ETS CREUZET & CIE Sarl, Seroux, Mousty (capital Bf 110,000) with M. Rene A. Creuzet as manager (20% shareholder). M. Andre P. Donzel, a Paris chemist, also holds an interest.

** The British EMI-ELECTRIC & MUSICAL INDUSTRIES LTD, Hayes, Middlesex (see No 388) has paid Fl 2 million to acquire control of its Dutch agent and record distributor VERKOOPMAATCHAPPIJ BOVEMAN NV, Heemstede. The latter (an authorised capital of Fl 1 million) headed by M. Gerrit M. Oord Jr. has branches in Amsterdam and Haarlem. It also acts as agent for other record names "Capital", "Columbia", and "His Master's Voice".

** The Italian furniture company FANTONI ARREDAMENTI CASA-UFFICIO Sas, Osoppo, Venice, has made an agreement with the American GENERAL INTERIORS CORP, Lewisburg, Pennsylvania, whereby it acquires manufacturing and exclusive agency rights in Europe to the "Early American" furniture designed and produced in the USA by PENNSYLVANIA HOUSE CO, an associate company of the Lewisburg group.

General Interiors, which was formed as long ago as 1833, and is headed by Mr. C. C. Carpi, is one of the largest furniture concerns in the USA, achieving a 1965-66 turnover of $15,790,000.

** AUTOMATIC SPRINKLER OF AMERICA, Youngstown, Ohio (fire detection and prevention equipment and material; extinguishers, chemical foam, valves, etc. - see No 349), has opened a London branch, under Mr. F. D. Mauwy, to its Brussels subsidiary, PETROLEUM FIRE PROTECTION SA.

The latter was formed almost three years ago with Bf 2.5 million capital, and it is directed by Mr. Harold J. New. It recently set up a subsidiary in Madrid, Petroleum Fire Protection SA, and it has a sister company at Fieve Fissiraga, Milan, called Automatic Sprinkler Italiana SpA.

LATE FLASH

ENGINEERING & METAL: HOESCH AG HUETTENWERKE, Dortmund (formed by the merger of Hoesch AG and Dortmund-Hörder-Hüttenunion AG - see No 389), which already has a Milan interest, (Hoesche Italiana SpA - see No 250 - a direct subsidiary of the joint sales organisation Hoesch Export GmbH, Dortmund - see No 405) has made a close co-operation agreement with its Italian counter-part ACCIAIERIE E. FERRERIERE LOMBARDE FALCK SpA (see No 388), and will take a 0.4% share in the latter. In addition, Herr Friedrich Harbers, a member of Hoesch's board, will join the board of CANTIERI METALLURGICI ITALIANA SpA, Naples, a subsidiary of Falck.

The latter (capital Lire 22,000 million) is the leading private steel company in Italy with 9% of the market. Its interests range from electricity production, mining and quarrying to steel production, metallurgy and engineering (nine factories); its 1966 turnover amounted to some Lire 90,000 million.

Amongst its numerous subsidiaries are Nazionali Ferro Metalli Carboni SpA, Bergamo, Adriatica Ferramenta & Metalli SpA, Venice, and its main shareholdings are in Acciaieria Tubificio di Brescia SpA, Brescia (50% in association with Finsider), in Acciaierie di Bolzano SpA, Bolzano (40.3%), in STEI-Sta Termo Elettrica Italia SpA, Milan (20% in association with Montecatini Edison SpA, Agip SpA, and A.E.M., Milan). Abroad it has a 7% interest in the Ghent group SIDMAR-Siderurgie Maritime SA.

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