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A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

CONTENTS

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Opera Mundi ***EUROPE***

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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COMMENT

A Letter from Paris

THE NEED FOR AN ENLIGHTENED PAPER POLICY

"The degree of civilization of any country can be measured by the amounts of paper used by its inhabitants", said the French sociologist and economist Andre Siegfried. There are no figures available for the amounts of papyrus and parchment used by the Egyptians and Romans so there is no way of estimating the exact relationship between their civilization and their consumption of paper. However, it is a Chinese invention dating back to the First Century AD - which, after being industrialized in Europe since the year 1000 and especially since the eighteenth and nineteenth centuries - forms the basis of Siegfried's definition. According to tradition it was a Cantonese poet Tsai Lun who in 105 AD observed that wasps pulled fibres from certain plants and moulded them together in their mouths to form strong coverings for their nests. So the poet had the idea of taking reeds and bamboos and using a heavy stone to pound them into a paste with water. The paste would then be spread on a screen and dried in the sun.

This was the origin of paper pulp, the raw material for the various kinds of paper and cardboard perfected by our fore-fathers. For a long time rags were used to provide the cellulose required for the pulp but demand grew so rapidly that in 1719 the French physicist and naturalist Reaumur wrote to the Academy of Science advocating the revival of the Chinese method, or rather that of the wasps: paper pulp should be made from wood fibres. By adopting this method and inventing in the 19th Century flow production paper machines manufacturers have gradually managed to reduce costs. This is why world production of paper is constantly increasing and has reached its present level of around 90 million tons a year. In this way paper can indeed be called a measure of civilization, in the way meant by Siegfried.

This is simple to say; it is not so easy to discover exactly why. Obviously paper is an ideal vehicle for human ideas even in its simplest form as a letter or report. At first glance, it might appear that these uses are limited and offer little opportunity for further development. The amount of paper used by educated people for private correspondence is decreasing but increased literacy in under-developed countries provides an opposing factor. Business correspondence is rapidly increasing to keep pace with the growth of world trade. Here as in the case of business documents and work reports of all kinds (technical, scientific, etc), the last few years have shown the relativity of the economic theory of "satisfying demand", and in some cases - contrary to the theory - it is the producing agent itself which creates the demand: the development of rapid and handy photocopying machines and their increasing use in offices have produced great heaps of paper to an extent in fact undreamed-of twenty or twenty-five years ago. Demand has increased with the advent of equipment capable of coping with it: "The more you have the more you want" could be translated into economic terms as "equipment creates its own needs". Despite a certain amount of wastage, the new demands created in this way are certainly a factor of civilization - both material and educational - because the growth and speed-up of human communications through photocopying have undoubtedly aided the spread of civilization.

However, despite the economic importance of the still young photocopying machine industry (in which Xerox leads the field) the increase it has caused in paper consumption is way below that occurring in other sectors where high-speed automatic pasteboard or printing machines have to be fed continuously. Here the demand is threefold: paper is required for packaging, book-printing, and the press (daily newspapers and periodicals). The relationship between each of these sectors and the progress of civilization, both on the material and physical plane, is obvious.

(1) In this age of marketing, the package - and general appearance of the product - is of increasing importance; everyone knows the importance of kraft paper and cardboard for this purpose, along with plastics and other special materials. It is also clear that clever presentation is largely responsible for drawing customers to a product; in this respect America is some way ahead of Europe.

(2) Books, the essential vehicles of human thought, are being sold in ever-increasing numbers especially since the introduction of paperback pocket editions.

(3) Finally, the press too is directly linked with civilization in its widest sense. Newspapers and periodicals are obvious means of spreading information and knowledge and are justifiably considered essential media of culture. At the same time, because of certain specific factors in their development, they are closely related to material progress, at any rate in countries where distribution of goods is backed up by large-scale advertising. (In passing it should be noted that the Soviet Union, which up to now has been somewhat contemptuous of commercial advertising, not long ago discovered that advertising is of fundamental economic importance in any system, whether capitalist or collectivist). Advertising is the most effective known means of informing the public about goods available and consequently of allowing manufacturers to produce in sufficiently large quantities to benefit from the lower costs implied in any mass-production system.

In spite of competition from other media, the press is still the best means of advertising. In this way it performs an important economic function, which tends to be protected by EEC authorities especially when they are fixing customs tariffs for newsprint, the raw material for newspapers and periodicals. (Here, one should underline Britain's good record: she has always had very liberal customs policies for newsprint and magazine papers).

Because of glaring contradictions in this respect between countries within the EEC, it is important that the matter should be thoroughly explored. In the EEC countries the press is certainly better treated than other sectors of the economy as far as postal charges and taxes are concerned, but this is principally on account of its political and cultural roles: its function as an economic power is hardly considered at all in determining these advantages. However, as the Common Market develops, this aspect will become increasingly important; there is no question that when the huge single consumer market is finally realized, advertising will be of the utmost importance.

In 1964 the Gross National Product of the United States rose to $ 638,800 million dollars, while that of the EEC with only a slightly smaller population, was only $ 274,600 million. There are various reasons for this enormous difference, including, of course, the vastly greater sources of raw materials in the United States; nevertheless, the different concepts of advertising are also an important factor, because it is not possible to build a vast consumer goods market without massive advertising: this is the only way to expand and improve distribution, which is vital if turnover is to increase. In the USA, despite the enormous use -and abuse - of radio and television advertising, the press is still the main advertising medium. In 1964 the total expenditure on advertising was $ 4,620 million ($ 3,230 million for the dailies and $ 1,399 million for periodicals) or $ 24 per head of the population compared with $ 2,725 million for radio and television and $ 2,590 million for other media.

Beside this, the figure for the Common Market looks very modest: press advertising in 1964 cost the Six $ 1,950 millions, or $ 10.7 dollars a head. This makes the EEC look like an under-developed area as far as advertising is concerned, and it has a very great deal of ground to make up if it wants to make any sort of showing beside the USA.. The difference appears even greater if the member countries' figures are looked at singly: press advertising (newspapers and periodicals) in France, for instance, only amounted to $ 364 millions in 1964, while in Germany the figure was $ 1,085 millions. The figure per head of population in the EEC countries was a follows: Belgium - $ 8.3, France - $ 7.5, Germany - $ 19, Italy - $ 4.3, Netherlands - $ 15.7. This makes it clear that the EEC needs both a general boost in advertising and an improved balance of expenditure on it between the Six members.

For the Press to fulfil its natural function as the bulwark of improved advertising, however, the powers-that-be will have to re-think their whole attitude to paper policy. This at the moment seems to be motivated generally, not by far-sighted appreciation of the Press's economic importance as an advertising medium, but by a preoccupation with the customs protection of the Six's national paper industries, at the expense of the consumer. The national governments seem for all the world to live in blissful ignorance of the economic relevance of the Press and advertising, or as if they regarded the latter as being of minor importance to the interests of the sector which furnishes its stock-in-trade - paper. It is, too, a highly debatable point whether such a policy will really further the long-term interests of the paper industry. Nestling as it is under cosy customs protection, it has sadly neglected the improvement of its own productivity, apparently unaware that all too soon the day may come when the Scandinavians - in the wake of Britain - join the Common Market and sweep away its shelter - the Common External Tariff.

The whole question is going to come into the limelight, now that the Kennedy Round negotiations have focussed on paper for newspapers and periodicals. The arbitrary way in which the Common External Tariff was fixed for these commodities has only aggravated the problem: the tariff in question is anything but the arithmetic mean of the various national tariffs, and in fact was chiefly inspired by a protectionist way of thinking.. If the spirit of the Rome Treaty is to be observed in policy decisions on the future of paper, then it is patently obvious that the arrangements as they stand at present are in dire need of revision.

VIEWPOINT

TRENDS IN EUROPEAN FINANCING

By J.P. Koszul
Senior Vice-President of the
First National City Bank

Forecasting the future is never a safe job, and the future for financial trends is about as difficult to predict as the weather is. That is why the aim of this study cannot be to provide answers which would readily apply to business decision-making, even though it would be helpful to have them, but to try to analyse the main factors which are likely to come into play this year in European financing. Then, and only then, may we indulge in conclusions, tentative as well as provisional.

"Trends in European Financing": this is a fairly general title; it covers quite a variety of different problems but this study will only review briefly conditions and prospects in two areas;

a) the international capital market - i.e. the long term, 10 to 20-year, money market in Europe.
b) the Euro-dollar and Euro-currencies markets - or, rather, the Euro-dollar Market, which is so much more important than the others - i.e. the international short term money market in Europe.

These are separate, but overlapping fields. Neither fully deserve to be called European - save for the fact that the main intermediaries are banks and bankers in Europe - since on the supply as well as on the demand side, many other parts of the world are involved, although to a lesser degree than Europe.

I - The Capital Market

Present conditions are certainly not satisfactory on the Capital Market and prospects appear bleak:

A sudden "borrowing spree" has swept over Europe. Since the beginning of this year, in less than 3 months, issues launched in Europe, or announced, on behalf of American corporations, total about $250 million, which compares with $350 million for the whole of 1965. It is commonly admitted that for the whole of 1966, such issues may amount to a figure ranging between $700 and $900 million. There are indications that some borrowers worrying about possible further tightening of the market have launched issues well ahead of the time when they will actually need the money - and have asked for amounts which cover far more than their current year's needs.

Led by similar expectations of higher rates - expectations which in their case are hopes and not fears - potential lenders are proving less and less enthusiastic while interest rates go higher and higher. They are waiting for still better times'. It is a well known fact that buyers stop buying in a falling market, and the rise of interest rates means that debentures are selling at a discount which has kept widening for many months.

Interest rates have risen so much that 10-year straight debentures are now currently yielding between $6\frac{1}{2}$ and 7%, which has not proved to be enough to find ready purchasers for all the bonds offered and which accounts for the development of a new feature: the convertible bond. But convertible bonds have of late suffered from Wall Street's less good behaviour and consequently the convertibility clause has lost, for the moment, part of its appeal.

As a result, several banks in Europe have had problems in placing bonds and are burdened with carry-overs which make them wish for breathing time. They are moreover, reluctant to participate in new issue syndicates.

Another result is that local borrowers experience difficulties in finding the money they need. They incriminate the American competition which, they say, is unfair: How can they compete with American corporations, whose bonds appeal all the more to lenders since these companies are often the largest of their kind in the world, known for their strength, their dynamism, their success? Hence the complaints from both borrowers and bankers, who turn together for help to their respective governments.

All this of course is due to the American guide-lines devised to protect the American capital market against foreign borrowing ("Interest Equalization Tax") and to stem the tide of American direct investments abroad, in order to remedy the deficits of the U.S. balance of payments.

There is no likelihood that the voluntary restraint measures will be relaxed in 1966.

Furthermore, long term interest rates in the U.S.A., which have not risen nearly as much as short term interest rates, may be allowed by Washington to increase. This would certainly be an efficient way of supporting the effect of the voluntary restraint measures and would make it still more desirable for American corporations to find financing abroad.

The situation is difficult, but is it such as to warrant the pessimism which now seems to be shared by so many observers?

It is just when the weather looks bad that it becomes stimulating to try to discover rays of light and to find some reasons to hope for better times. Certainly, there is no valid basis on which to expect the European capital market soon to enjoy some degree of relaxation. Everything still points to the continuation of a fairly tight market.

But it may be that interest rates will not rise much higher; perhaps the market will know how to adapt itself both on the side of supply and of demand; perhaps the "bottleneck period" we are now experiencing is not going to last - and pessimism should not be pushed too far: a number of elements are sometimes overlooked.

1) There is, firstly, the fact that the European capital market has been steadily developing in recent years. Demand has increased continously, either coming from Europe itself or from outside. But the fact is - and this is a remarkable fact which has been somewhat overlooked, it seems - that supply has kept pace with demand, to such an extent that - up to a few months ago, when the market was abruptly flooded with issues in an all-too-inconsiderate way - interest rates had not tightened very much.
   Indeed, up to a very recent date, the European Capital Market lived up to circumstances fairly well and, by the same token, to the hopes expressed by Secretary Dillon in Rome in 1962.
2) This has been the consequence of two fundamental facts which deserve to be stressed: the recovery of Europe has brought about a development of savings and, furthermore, - as years of monetary stability have passed by since the return of several European currencies to external convertibility in 1959 - the percentage of these savings which is invested long term keeps on increasing.
3) Faith should not be lost quickly in the forces of the market, a market which in recent years has managed to develop in spite of such a long past of severe trials, wars and inflation. One hopes that the lessons of the last three months are not lost, that high interest rates will, naturally enough, induce at least some borrowers to wait and spread their demands more evenly over a period of time or reduce them; there have been a few encouraging examples in this respect in recent weeks. Banks, some of them burdened with bonds they cannot unload, will help issuers to see more clearly their real interest; will help them to a self-restraint and a self-discipline which for being real self-restraint and real self-discipline - is certainly no less desirable. Why should enlightened self-interest not be a good teacher or self-discipline? As soon as there is evidence of such moderation on the part of borrowers, lenders will also change their minds and will stop waiting for better rates.
4) Neither should it be forgotten that substantial relief can be brought to medium and long term financing in a number of European countries by specialized institutions ready to help local concerns, whether the subsidiaries of foreign companies, or not.

The word is going round in some quarters that the Washington Administration has been approached on behalf of certain European countries, and asked that steps be taken on the American side to restrain the borrowing spree abroad. If this is in fact the case, then such moves are questionable in the extreme:

Firstly, it is best to keep as a last resort any form of recourse to official intervention, as this is yet another more or less artificial device. Secondly, it is not easy to determine what exactly would be the outcome of representations from Europe to Washington. Would they be suggesting some new guide-line inviting American corporations to terminate or reduce their borrowing operations abroad? Combined with the previous guide-lines, it boils down to American corporations not being permitted either to send money abroad to help their subsidiaries or to borrow money abroad to cover the financial needs of these subsidiaries, which would be tantamount to forcing American corporations to forego at least part of their development plans abroad.

Is it possible that, on the European side, steps could be taken to limit foreign issues on the national markets while indeed in Switzerland, Italy and France, particularly, the policies applying are already rather restrictive? To be really effective, the European Governments would have to go further and to prohibit, or to submit to individual approval, all purchases of foreign bonds by residents. In France, for instance, where public issues of foreign bonds are not yet authorized, such a limitation would definitely mean a step backwards inasmuch as the regulations now prevailing do permit residents to buy any amount of foreign exchange for the purpose of acquiring securities abroad, provided these securities are listed on at least one foreign stock exchange, which is no problem in the case of international bond issues because as a general rule these bonds are almost immediately listed. It is difficult to picture Governments in Europe light-heartedly going back on the slow and painful process of the capital movement liberalization started among OECD countries, and especially among the Six, during the last seven or eight years.

II -The Euro-Dollar Market

For the time being: the Euro-Dollar Market raises fewer problems than the long term capital market.

First of all, there is no "bottleneck" in the Euro-Dollar Market and the ease with which that market has up to now responded to tensions is really worth noting. It responded very well, among other things, to the American voluntary restraint measures which were bound to cut its supply of funds and at the same time develop demand, since American corporations were requested to slow down their investments abroad and no repatriate as much as possible of their sometimes huge liquidities, while U.S. banks were asked to limit strictly the rate of increase of their loans to non-residents.

It also with-stood bravely the strain of exceptionally high interest rates in Germany and the tightening short term money market in the U.S.A. True, interest rates have gone up for the last 2 years on the Euro-dollar market, but the rise has been moderate in view of the above-mentioned circumstances. On the whole, since the beginning of 1964, that is to say in the course of two years, 3 month Euro-dollar interest rates have only risen from $4\frac{1}{2}\%$ to a little more than $5\frac{3}{4}\%$.

During the same period, short term interest rates rose more in the U.S.A., the result being, - and this is particularly true if one does not lose sight of the American habit of "compensating balances" - that there does not remain much, of the previous incentive to shift money from one side of the Ocean to the other - which incidentally is almost as true for long term money, thanks to the Interest Equalization Tax.

It is healthy to remember, that the Euro-dollar market may be a dangerous one. It rests essentially on demand or short term deposits - and on this precarious basis a whole structure has been built on top of which there is perhaps a little too much more or less frozen money. This is what is meant when this market is referred to as "pyramidal".

But the market's mechanism has proved well-oiled and supple, as witnessed by the very thin profits made by intermediaries and the market's performance of these last years.

Indeed the good behaviour of the market was not impossible to foresee, and it is interesting to note that many of the factors which prevented rates from going higher in 1965 will still be at work in 1966:

a) First of all, as soon as interest rates rise enough on the Euro-dollar market to make it profitable, taking into consideration the cost of forward cover, then shifting money to the Euro-dollar market becomes a physical act: large holders of dollars (Central Banks, international organizations, wealthy Governments or individuals from Europe, from the Near East, the middle East, also from the United States itself, indeed from everywhere) take advantage of interest rate differential. So much for supply. Conversely, rises in interest rates have the natural effect of discouraging demand and of inducing borrowers to give up, or to postpone, or reduce their operations, or to have recourse to national markets in Europe which may, by comparison, become cheaper.

b) In this last respect, it is particularly interesting to review briefly the attitude of the main countries on the Continent to monetary policy. Monetary authorities in Europe are all confronted with the same problem, which is to know how to steer an arduous course between economic stagnation and a too rapid economic expansion. To the extent that, locally, the fiscal policy weapon is not used enough, or proves insufficient, to direct the country in its course, they resort to monetary policy. This means that no country in Europe is prepared to see its monetary policy jeopardized by possible repercussions on its market of tensions appearing on an external market like that of the Euro-dollar.

It is clear that in countries like Italy, where the priority problem remains that of reviving expansion after the 1963 crisis, - or France, where the Government is as eager to prevent a return to inflation as not to slow down too much the pace of economic expansion, - or Switzerland, traditionally a country of cheap money, where interest rates and particularly mortgage interest rates are closely watched, - or indeed Belgium - the monetary authorities are ready to intervene if necessary, in order to prevent any tension of internal interest rates that would be thought undesirable.

In Germany and the Netherlands, interest rates are high, so high that it is not considered likely that they can go very much higher.

In general it is not unrealistic to hope - and this has been expressed on the American side - that credit and monetary policies in Europe may contribute to offset, at least partially, the repercussions of the American voluntary restraint measures abroad.

c) The Federal Reserve Bank of New York and the Deutsche Bundesbank have been intervening to complement the supply on the Euro-dollar market at periods when the aggravation and prolongation of tensions of interest rates on that market threatened to render them too attractive and to determine conversions of £ into $. (Indeed, the Sterling crisis at times, in 1965, helped feed the Euro-dollar market to such an extent that it determined conversions of £ into $).

d) Italy, previously a large borrower on the Euro-dollar market, took advantage of its substantial balance of payments surplus in 1965 (around $1,750 millions) to repay substantial amounts which thus brought to the Euro-dollar market last year, it seems, over $1,000 millions. It is unlikely that the Euro-dollar market will receive such huge amounts from Italy in 1966: but this source of money cannot be deemed exhausted, as the Italians are likely to have a handsome surplus in their balance of payments for the current year.

To conclude, it appears that unless something new turns up in the months to come: interest rates will remain high, a further but limited rise should not be excluded, but, during the period, money will be available and it is not likely that any really steep rise will take place, other than momentarily. Needless to say, this guess eminently belongs to that type of forecast which has to be kept constantly under review in order to be adjusted in the light of the everchanging circumstances.

On the whole, a substantial relaxation of long term or short term money rates can hardly be expected in the near future, but there are enough redeeming factors to stop us giving way to pessimism.

THE WEEK IN THE COMMUNITY
April 11-17, 1966

From our Correspondents in Brussels and Luxembourg

Will Re-Distribution of Customs Revenue be Necessary?

The proposal made last year by the EEC Commission that all levies and customs duties should be paid into a common fund, might be revolutionary from the political point of view, but technically it was very useful. By its common sense the proposal resolved a number of thorny problems, which are about to confront the Six again. One of these problems, stressed by West Germany amongst others, concerned the following point: when there is a free market within the EEC, and therefore a common external tariff, what will happen to the customs revenue? If the revenue is kept by the country where the goods are landed, instead of the one where they will be used, there is likely to be a bitter struggle between European ports, with the support of their governments, to attract the maximum quantity of traffic to their docks and their customs officers. Payment of this revenue into a common fund has now been temporarily put aside, except for the payment of the agricultural levies at a probable 90% level to FEOGA, renamed "national contributions" in deference to political considerations. If the upheavals which have been mentioned above are to be avoided there remains the equalization solution, in other words the redistribution of customs duty revenue and of the balance of the levies, not paid to the Community exchequer.

This is the German delegation's proposal; according to them, free circulation of goods without an equalization of customs revenue would cost West Germany over Dm 500 million. Bonn's fears have been received with some scepticism by the Commission and her five partners. They have pointed out that the complete abolition of customs duties within the Six was not the same as free circulation of goods, that differences in import taxes and other entry charges would continue until they were harmonized and that in these conditions importers will continue to clear goods through the customs of the country of destination. Besides, more and more goods are now cleared by the customs nearest to the place where they are going to be used, rather than at the ports. Of course, the Commission and West Germany's partners do not deny the existence of the problem, but they think that it will remain more theoretical than real during a limited period after the achievement of the customs union.

Germany has nevertheless maintained her position so strongly that studies are going to be carried out to discover the extent of the danger. These will give an overall picture and break it down sector by sector. The experts will have to see whether import tax differences really militate against distortions to the flow of customs revenue. They will also have to study the customs legislation and the systems of valuing for duty in the Six to see whether their differences might tempt importers to get customs clearance in one country rather than another. It will not be easy work. But the problem, which is not only financial, must be solved just the same. Germany has requested that a decision on this point be taken at the same time as the agreement on the agricultural finance policy. France has reacted against this proposal, as it increases the size of

IN THE COMMUNITY

the package deal, but even so she has put forward a compromise solution: that for a limited period after the free circulation of goods has been achieved, the situation arising should be closely watched. If this reveals any distortion of important customs revenue, then the Commission could make sure that the necessary steps are taken. It remains to be seen, however, whether Bonn will be satisfied with this guarantee.

* * *

Another Empty Chair

The French experts will now be missing from the working group which has been set up by an intergovernmental convention to establish a "European Penal Code". The purpose of this convention, which has been under consideration since 1962 is to harmonize national legislation on the discovery and prevention of infractions of the obligatory regulations and other rules of the Community. As far as the French government is concerned, the Treaty does not specify any such harmonization; this is true as far as the letter of the law is concerned, but more debatable as far as the spirit is concerned, since article 5 contains the following general principle: "The member states shall take all general or specific measures required to ensure the fulfilment of the obligations contained in this Treaty or resulting from the action of the Community's institutions". Paris also feels that the convention's preliminary draft will certainly be rejected by the governments. It leaves one wondering whether the French government has not taken umbrage at a move aimed at a particularly delicate area of national sovereignty or whether in a more general way it has decided to oppose the harmful excesses of the Treaty of Rome.

* * *

Belgian Industrialists and the Kennedy Round

The Federation of Belgian Industry has just made public the text of a statement it agreed upon recently, in expectation of an early resumption of the Kennedy Round. The FIB's statement confirms that it is still in favour of the general principle, but it is much more concerned about the details of its application. Thus the FIB underlines, once again, the need for an all-embracing negotiation, dealing at the same time with tariff, near-tariff and non-tariff bariers to trade. Keeping in this line of thought, the Federation demands the outright abolition of the American Selling Price and a "considerable modification" of the Buy American Act. It also says that it is "equally concerned" at "the protectionist pressures exercised on the American Government". The Federation states "only recently, the American anti-dumping legislation has been strengthened, notwithstanding the protests raised by members of the Common Market countries". Other modifications of the same legislation, also inspired by protectionist interests are being discussed in Congress. If this continues, the success of the Kennedy Round itself may be endangered".

For all those products not classed as exceptions or subject to disparity the FIB believes "that given the number and size of the problems in suspense, it would be premature, in the actual state of the negotiations to adopt a fixed, uniform rate of linear reduction to be applied". The Federation thinks "that this rate can only be fixed once a satisfactory overall solution has been found". The text continues, "It will no doubt be necessary to foresee differential reduction by sectors, which can take into account both the reductions offered by the main trading partners in the sector under consideration, and the importance of the near and non-tariff barriers, which might still exist after the Kennedy Round, for the main export markets in that sector".

In conclusion, the FIB stresses the urgent need for the Community to adopt anti-dumping regulations as well as other rules of common commercial policy "covering all situations arising from an unbalancing of markets due to abnormally low-priced imports".

* * *

ECSC

Outlook Rather Bleak for the Coal Policy

Luxembourg: Delegates from the Six attending the High Authority's ad hoc committee on coal policy have been unable to reach unanimous agreement on most of the basic problems confronting the industry. Their report thus seems unlikely to do much more than outline the underlying differences of opinion, and it will fall to the Council itself to take the necessary decisions, which must needs be political.

All the delegations were of course agreed that funds must be raised and new protective measures must be adopted if EEC coal production is to be maintained at the hoped-for level of 190 million tons a year in 1970, but the means of achieving these ends never came close to being settled. The ad hoc committee on the whole agrees with the High Authority that quotas must be fixed, some time between now and 1970. This in turn would call for a studied programme of pit-closures, in order to ensure a stable and capable labour-force for the surviving mines.

As regards security of supplies, the Council will be recommended to have a full independent study made for all types of fuel.

The German delegation brought up the problem of Community solidarity in consumption, pointing out that those countries which are currently maintaining a high level of production for local and social reasons are doing a favour to the other member countries. Within the scope of normal trade they are providing safe supplies of coal and ensuring that, in times of crisis, it would be possible to undertake the sort of redistribution that is envisaged by Article 59 of the Treaty of Paris. The Germans were seconded by France when they said it would not be right to expect these producers to bear the burden of such high production alone; that is, by selling it within the

the Common Market at prices aligned with those of non-member countries. The thing to aim for was a price-levelling scheme that would in fact help the Community's coal producing members.

The High Authority itself declared that it favoured some sort of financial machinery to deal with coking coal, and stressed that if the approach to the problem were at all negative there could be the gravest political repercussions.

After the Italian delegation had said its piece, the Committee could only conclude that all factors relating to a form of machinery to deal with the price-levelling of EEC coking coal had not yet been studied sufficiently, and that a fuller examination of the question was called for.

The problem of imports from non-member countries takes on a different complexion according to the type and quality of the coal involved. Regarding domestic coal, for instance, the Belgian, French and Italian delegations were against any sort of reduction in imports of anthracite and lean coal: these opinions were, of course, nationally-biased. They also maintained - contrary to the High Authority's opinion - that in view of the competition between domestic coal and other forms of fuel (oil and natural gas), quotas on imports from non-member countries could only result in increasing the demand for these rival products, without doing anything to improve the lot of Community coal. The German, Dutch and Luxembourg delegates, in complete contrast to this, were all in favour of the High Authority's proposed quotas.

Most of the delegations' views on small coke were coloured by the problem of the competitiveness of the iron and steel industry. The Italians pointed out that the problem of prices for this commodity was particularly acute for foundries located on the coast; they had had to spend vast sums in safeguarding their supplies, and had even, on occasion, had to get ships built for the express purpose of importing American coal.

The Luxembourg delegation was also amongst those who expressed their support for the principle that small coke imports should be freely available to all members: this, indeed, is a most vital issue for that small country.

All in all, there are major differences between the various delegations' standpoints on the possibilities of quotas for coal imports from non-member countries. It remains for the Council of Ministers, which meets on May 3, to make the political decisions that are called for, or to give further directives to the ad hoc committee on coal.

EURATOM

Preliminary Programme for Nuclear Power

On the heels of the High Authority's memorandum on the future of the coal industry and the EEC Commission's note on the oil policy, comes the Euratom Commission's forecast for the future. It has just formally adopted a preliminary programme for targets of nuclear power production and the investment required to carry it out. The future single Commission will therefore take over three basic documents covering practically the whole of the energy problem. It is to be hoped that after years of shilly-shallying a genuine policy on energy will finally come about.

The Euratom Commission's programme is virtually the one which was submitted to the Economic and Social Committee last June and which has since been largely approved. It indicates, between 1969 and 1970, three stages which correspond to the development of the various kinds of reactors: proven reactors, advanced converters and fast breeder reactors. The first target is twenty power-stations fitted with proven reactors capable of producing 4,000 MW. At the same time two or three prototypes of advanced converters should be operating, including the Orgel "heavy water" prototype which has been developed at the Ispra research centre. Five years later the proven reactors will still be leading the way but they will be much larger (and consequently more profitable) and it is anticipated that 12 to 15 stations with a total installed power capacity of 10,000 MW will have been built by then. However the advanced type reactor will be catching up: provision has been made for the construction of new prototypes and the result will probably be three or four major stations with a total capacity of 2,000 MW. It is also hoped that by 1970 the first fast-breeder reactor will be in operation in the form of a 100 MW prototype.

The proven types still dominate in 1979: 25 new main power stations will have been built. In fact the climax of their importance will only be reached in 1989 when the total installed power of these first-generation reactors will be somewhere in the region of 70,000 MW. However this will also bring their eclipse and after this date these "fore-runners" will probably be superseded. In the meantime their successors should have made their mark. From 1979 there should be half a dozen advanced converters supplying huge power stations (500 to 1000 MW) and two high power fast-breeder reactors. Ten years later the advanced types should represent 46,000 MW and the fast-breeders 19,000. By the turn of the next century the latter type should have taken over completely: 185,000 MW installed compared with 115,000 for the second generation and 70,000 for the first generation type.

In the meantime however the proven reactors will produce most of the Common Market's nuclear electricity. So there will still be a problem of deciding between the two proven elements, enriched uranium (USA) and natural uranium (France). The Commission has taken care not to commit itself to any stand on this delicate question. It considers that there is little to choose between the two. It is also vague on another controversial question: the possibility of the Community's setting up a plant for separating isotopes, which could be used to enrich uranium. The productive capacity of the Western world seems to be sufficient to cover foreseeable needs until 1980; nevertheless, it does not deny the possibility of a common move if present supply conditions should change.

In the case of natural uranium, known community reserves will only be enough to cover 50% of needs until 1980. The Commission is proposing to intensify drilling and to extend plant for processing minerals. At the same time the industry will have to make sure of certain supplies from non-Common Market sources. A considerable effort should also be made to develop the Community's productive capacity of combustible elements and heavy water, to meet the requirements of the target programme.

Carrying out this programme will involve speeding up Euratom's research programme. This means that an immediate decision must be taken to build the Orgel prototype and a fast-breeder reactor prototype. Also if the "Nuclear Europe" is to get off the ground, industry will have to receive considerably more assistance than at present, when all that is available is certain tax concessions resulting from the common enterprise statute. There is little chance of "spontaneous" progress, mainly because of the risks and the heavy cost involved, so the Commission considers it essential to lay down a real industrial policy at Community level, although it does not go so far as to suggest how this should be done.

Page		
I	FOOD & DRINK	Belgium: J. LYONS, London raises the capital of its Belgian subsidiary TONIBELL (ice-cream). RAFFINERIE TIRLEMONTOISE, Brussels and BARTON DISTILLERS, Chicago form Brussels distilling and sales company. Britain: London subsidiary of the Italian liqueur group FRANCESCO CINZANO will sell products of the French liqueur company MARIE BRIZARD & ROGER in Britain. Italy: MEAT HOLDING, Basle takes third share in MEAT IMPORT DI ORESTE DUGHERA, Milan.
J	GLASS	Belgium: Two Belgian glass companies VERRERIES DES HAMENDES and SPLINTEX merge their mirror departments.
J	INSURANCE	Italy: VULCAN BOILER & GENERAL, Manchester (LONDON ASSURANCE group) expands its Genoa agency (industrial risks).
J	MINING	France: LORRAINE ESCAUT (iron-founders) makes over its mining interests to three new Paris management companies on being taken over by USINOR, Paris.
J	OIL, GAS & PETRO-CHEMICALS	Italy: STANDARD OIL, New York continues to centralize its European interests, by forming new Milan administration company for ESSO CHIMICA, Genoa. Luxembourg: CONTINENTAL OIL, USA forms Luxembourg finance company to further its European expansion.
K	PAPER & PACKAGING	Germany: AMERICAN CAN CO, New York gains control of the German packing-machine firm UNION VERPACKUNGS.
K	PHARMA-CEUTICALS	Germany: STE BELGE D'AZOTE, Liege reviews the financial position of WOELM LAGAZ, Düsseldorf.
L	PLASTICS	Germany: PURE CHEMICALS, Kirkby, Liverpool (RIO TINTO ZINC group) and HOESCH, Duren form INTERSTAB, Duren (stabilizers for polyvinyl chloride). Italy: The Danish toy makers KRISTIANSEN form Milan sales company BILOFIX.
L	PRINTING & PUBLISHING	The American technical publishers INTERNATIONAL UNIVERSITY BOOKSELLERS form Munich subsidiary.
M	TEXTILES	Austria: TRIUMPH INTERNATIONAL, Munich (corsetry) forms Vienna sales company. Belgium: The Dutch clothing manufacturer G.H. KAYSER takes over ready-made factory of BENOIT, Wervik, Belgium. France: GENERALE DES INDUSTRIES TEXTILES, Roubaix takes over two wool subsidiaries.
M	TRADE	France: The Franco-Belgian group WAGONS-LITS & GRANDS EXPRESS EUROPEENS forms SOGERT, Paris to run hotels and

restaurants in France. The Polish state-owned foreign trade company METAL-EXPORT opens French branch. Italy: BOSNAEXPORT KAPEDZIC, Munich (import-export of Yugoslav goods) takes 50% in BIHEX ITALIANA, Milan (wholesale of food, chemicals etc).

M TRANSPORT

Belgium: BANQUE LAMBERT, Brussels becomes majority shareholder in TERRE-TRANS-EUROPE RAILROUTE EXPRESS, Brussels (road-rail freight). Netherlands: PENINSULAR & ORIENTAL STEAM NAVIGATION, London forms Rotterdam agency. Two Dutch charter and warehouse groups BLAAUWHOED and THOMSEN will exchange shareholdings.

N VARIOUS

Belgium: CENTRE D'ANALYSE & DE PROGRAMMATION, Paris and SOCOBIN, Brussels form CAP, Brussels to sell electronic control systems in Belgium. Britain: CFP, Paris forms subsidiary TOTAL OIL REFINERIES to run its British oil-refineries. Canada: SOFICAL, Paris takes 51% in new Canadian tobacco-processing firm. France: CLARK, DODGE & CO, New York (brokers) forms Paris subsidiary. Germany: BOSBOOM & HENEGER, Amsterdam (management consultants) and COPIC, Paris form Düsseldorf subsidiary.

AUTOMOBILES

** The West German company, BRISTOL SAUNDERS GmbH, Rothenburg ob der Tauber, formed in March 1963 (see No 198) as a joint enterprise of KARL SCHAEFF KG MASCHINENFABRIK, Langenburg, Wurttemburg, and H.A. SAUNDERS, London, has been taken over by BRISTOL SAUNDERS SALES LTD, Worcester, Britain, a wholly-owned subsidiary of the London group. H.A. Saunders is mainly concerned with the distribution of Austin cars made by the BRITISH MOTOR CORP LTD, Birmingham, and through BRISTOL TRACTORS LTD with the distribution of industrial and agricultural tractors. In 1965, it dissolved the Paris subsidiary BRISTOL SAUNDERS Sarl, it had formed in May 1962 (see No 152).

BUILDING & CIVIL ENGINEERING

** CEMENTIR-CEMENTERIE DEL TIRENNO SpA, Rome (capital Lire 7,000 million - see No 325) which, with a production of about 4 million tons a year, covers almost 13.5% of Italian cement manufacture, is taking over several cement companies in its group: CEMENTI ALBA SpA, Porto Torres (capital Lire 500 million); TERNI-CEMENTERIA DI SPOLETO SpA, Spoleto (capital Lire 250 million); L'ENERGIA SpA, Rome (capital Lire 75 million and IDROELETTRICA AIETA SpA, Naples (capital Lire 30 million).

Cementir, whose main shareholders are FINSIDER SpA of the IRI group (42.9%); MONTECATINI EDISON SpA (about 27%) and SME-STA MERIDIONALE FINANZIARIA SpA (12.1%) in 1964 took over ELETTRICA CALABRI SpA, Naples (see No 241) and prior to that CEMENTERIA DI LIVORNO SpA and CAVE MERIDIONALI SpA, Rome (see No 229). It is directly involved in the running of seven industrial complexes at Bagnoli, Naples; Tarento; Arquata Scrivia; Leghorn and Marghera. The group also has an interest in TRANSBETON SpA, Milan and in CEMENMAR-CEMENTOS DEL MAR, Madrid.

** SGI-STA GENERALE IMMOBILIARE DI LAVORI DI UTILITA PUBBLICA & AGRICOLA SpA, the Rome property development group (see No 343; capital Lire 32,120 millions), is to take over six similar companies in Milan and Rome. Of these, the three largest are IMMOBILIARE FLEO SpA, Milan; IMMOBILIARE HORTI FLAVIANI SpA, Rome (capital Lire 500 millions in either case), and SVILLUPO INDUSTRIALE AGRICOLO-SIA SpA, Rome (capital Lire 26 millions).

In November 1965, General Immobiliare made a similar move to the present one, when it took over eleven building and development companies in Rome, Milan and Latina (see No 300).

** NED AANEMING MIJ v/h FIRMA H.F. BOERSMA NV (civil engineering), the Hague (see No 326) has bought shares in WACO BETON NV, Rotterdam (prefabricated concrete, which was formed in 1964 (capital Fl 500,000) by KON ROTTERDAMSCHE BETON-UND AANEMINGSMIJ v/h VAN WANING & CO NV, Rotterdam; it runs a number of concrete depots at Krimpen, Ijssel, Meppel and Goes.

** DUROMIT BELGE SA, Etterbeek, Brussels (see No 129), a subsidiary of the German concrete and civil engineering firm DUROMIT-BETONGES DIPL. ING. WESTPHAL SACHSE & CO KG, Berlin has joined 50-50 with USINES SAMSONS Sprl, Auderghem to form ECIP-ENGINEERING & CONSTRUCTION INDUSTRIELLE PERFORMEE SA (capital Bf 1 million) to build industrial and other buildings using prefabricated metal sections, in Belgium and abroad.

Usines Samsons (manager M.S.L. Abraaham) is already linked with Duromit Belge in SIMI-STE D'IMPORTATION DE MATERIEL INDUSTRIEL SA which was formed four years ago. The Berlin group has many foreign interests especially in France: DUROMIT Sarl, Paris; Italy: ITAL-DUROMIT Srl, Milan; and Great Britain: DUROMIT LTD, London, etc.

CHEMICALS

** STE D'ELECTROCHIMIE & D'ELECTROMETALLURGIE & DES ACIERIES ELECTRIQUES D'UGINE SA (see No 351) and SOFDIC, Paris will have a minority shareholding in SOC ELETTRICA & ELETTROCHIMICA DEL CAFFARO SpA, Milan (see No 241) when it takes over their joint subsidiary SEUC-SOC ELETTROCHIMICA UGINE-CAFFARO SpA, Milan (see No 133).

SEUC (capital Lire 600 million) is owned 45% by Caffaro (Ugine also has 45% and Sofdic 10%) had M. G. Benker as its president. It was formed in December 1961 to manufacture chemical products (it started production at Brescia in March 1963). This operation will be followed by a reorganization of Caffaro's capital (the group is linked with MEDIOBANCA-BANCA DI CREDITO FINANZIARIO SpA): it will first of all reduce its capital and then raise it to Lire 6,065,000. Its name will also be changed to CAFFARO SpA-SOC PER L'INDUSTRIA CHIMICA & ELETTROCHIMICA.

ELECTRONICS

** The Geneva holding company LAMPROS FINANCIERE SA, Geneva which was formed in 1963 (capital Sf 50,000) has backed TERMACON Sas, Milan (capital Lire 10 million). The new company will make electronic and electromechanical components and electrical goods using plastic materials.

ELECTRICAL ENGINEERING

** CIE FRANCAISE THOMSON HOUSTON SA, Paris (see No 342) and ISOLA SA, the leading Greek maker of domestic appliances (refrigerators, deep-freezes, cookers, water-heaters and washing-machines, etc...)have signed a licence agreement. Under this, Isola will be able to manufacture television sets, radios, record-players and tape-recorders at Kallithea, Athens. These will be marketed under the trade names "ISOLA" and "DUCRETET THOMSON".

** DEUTSCHE WAGGON & MASCHINENFABRIK GmbH, Berlin (see No 228) and TELEFONBAU & NORMALZEIT LEHNER & CO KG, Frankfurt are to co-operate in making automatic distributors: their production programmes will be co-ordinated and they will also have a joint sales subsidiary TN-VERKAUF-SAUTOMATEN GmbH, Frankfurt. Deutsche Waggon is linked with the QUANDT group through INDUSTRIEWERKE KARLSRUHE AG, Karlsruhe. Telefonbau Lehner and its subsidiary TELEFONBAU & NORMALZEIT GmbH, Frankfurt together employ about 13,000 workers (see No 238).

** AEG-ALLGEMEINE ELEKTRICITAETS GES AG, Frankfurt (see No 347) is reorganizing its cables business: its 63.1% subsidiary NORDDEUTSCHE KABELWERKE AG, Berlin is being taken over by KABELWERK DUISBURG, Duisburg which has now raised its capital from DM 9 million to DM 19 million. The other main shareholder in Norddeutsche Kabel is BANK FUER HANDEL & INDUSTRIE AG, Berlin (a wholly-owned subsidiary of DRESDNER BANK AG - see No 350) which owns 25%.

Kabelwerk Duisburg has an annual turnover of more than DM 70 million and employs about 2000 workers in the production of cables for transmitting power and telecommunications, insulating wires, cables for cars, transformer-reducers etc. Its wholly-owned subsidiaries include KABELVERTRIEBS GES HAMBURG mbH, Hamburg, KABELVERTRIEBS GmbH, Frankfurt, and KABELVERTRIEBS GES NIEDERSACHSEN mbH, Hanover. Norddeutsche Kabel makes similar products and with about 1500 employees, has a turnover of more than DM 73 million. It has full control of NORDKABEL FURSORGE GmbH, Berlin.

** The electrical engineering and component group P.R. MALLORY & CO INC, Indianapolis (see No 207) has changed the Anderlecht, Brussels sales subsidiary of P.R. MALLORY INTERNATIONAL INC (directed by M. C. Minten) which makes batteries, relays, switches, electric clocks and calculators etc into a subsidiary called MALLORY BATTERIES NV (capital Bf 250,000). The new company will be directed by Messrs J. Duncan Buchanan of Reigate, Surrey and I.E. Mackie.

P.R. Mallory & Co has wide sales and manufacturing interests in Europe, often in association with local interests which include: in France, MALLORY BATTERIES SA, Paris which is 75% controlled by its subsidiary MALLORY BATTERIES LTD, Crawley, Sussex (25% owned by THE EVER READY CO-GREAT BRITAIN-LTD - see No 203); in West Germany, MALLORY BATTERIES GmbH, Cologne (75% subsidiary) and ERO-TANTAL KONDENSATOREN GmbH, Landshut (30% interest-control held by ERNST ROEDERSTEIN SPEZIALFABRIK FUER KONDENSATOREN GmbH - see No 283); in Italy, MALLORY BATTERIES Srl, Milan and MALLORY TIMERS CONTINENTAL SpA, Rome (50-50 with AUTOVOX SpA - see No 302 - of the LA CENTRALE FINANZIARIA GENERALE SpA group, Milan) which recently set up "MTC" branches in Germany and Spain to expand foreign sales; in Britain, besides the Crawley subsidiary, it has MALLORY TIMERS LTD, London (recently formed with a £100 capital) and MALLORY METALLURGICAL PRODUCTS LTD, London (a 40% subsidiary), control belonging to JOHNSON, MATTHEY & CO LTD (see No 307).

** The Swiss tool and electrical engine makers (drills, pneumatic drills and tools etc) PERLES ELEKTROWERKZEUGE & MOTOREN AG, Pieterlen (capital recently raised from Sf 1 million to Sf 1.5 million) has set up a sales subsidiary in Munich. The new company, PERLES ELEKTROWERKZEUGE & MOTOREN GmbH (capital DM 40,000) will be run by Herr W. Hangartner of Küsnacht and Herr W. Roth of Munich. The Swiss company already has sales subsidiaries in Italy - MAPO UTENSILI ELETTRICI SpA, Sesto San Giovanni, Milan (see No 268) - and in Belgium: PERLES BELGIUM Sprl, Anderlecht, Brussels (see No 328).

** WESTINGHOUSE ELECTRIC INTERNATIONAL SA, Geneva (capital Sf 5 million) has opened a branch in Milan (director M.G.R. Bises) with a working capital of Lire 3 million to deal mainly with several Mediterranean countries: Cyprus, Greece, Israel, Italy, Malta and Yugoslavia. The Geneva company was formed in 1958 by WESTINGHOUSE ELECTRIC CORP, New York to expand and manage its financial and industrial interests in Europe.

The American group is linked with the following EEC groups by recent agreements:
(1) PHILIPS' GLOEILANPENFABRIEKEN NV, Eindhoven through reciprocal licensing and knowhow agreements for integrated electronic systems;
(2) FIAT SpA, Turin (see No 352) for the manufacture in the USA, under Italian licence, of diesel-electric marine engines. FIAT has been a licensee of the New York group since 1948 for the production of refrigeration equipment, since 1954 for gas turbines and since 1957 for the production of nuclear reactors.

ENGINEERING & METAL

** The Italian steel group, ITALSIDER SpA is going to take over seven manufacturing, financial, property, transport and sales companies, which are already linked with it. These are SIDERUGICA DELL'OSSOLA, Genoa, MERIDIONALE AZOTO SpA, Naples, IMMOBILIARE BORGO SpA, Genoa. MONFERRO SpA, Milan, SIGIM SpA, Genoa, SOC ACQUEDOTTI DELLA VERSILIA SpA and SOC FERROVIE MARCHIGIANE SpA, both of Rome. Italsider is a member of the IRI group through FINSIDER SpA (48.87%) and SME-STA MERIDIONALE FINANZIARIA SpA (16.42%) and it has a mineral transportation subsidiary, STA MINERARIA SIDERUGICA FERROMIN SpA, Genoa.

** The German machine-tool makers SCHIESS AG, Düsseldorf have bought a 25% interest (with an option on a large shareholding) in the special machine company WIEDEMANN KG, Düsseldorf (mainly high precision reaming-machines) which will now become a limited company (GmbH). In association with its subsidiary SOEST-FERRUM APPARATEBAU GmbH, Düsseldorf, Schiess also recently gained control of JULIUS MONTZ, Hilden, Düsseldorf (see No 339).

Schiess had a turnover of DM 80 million in 1965. It is also associated (through SCHIESS-DEFRIES HEBEZEUG & KRANBAU GmbH, Düsseldorf) with SHERMAN CAR WASH EQUIPMENT CO, Palmyra, New Jersey (see No 308) in a joint subsidiary formed in October 1964 (see No 278), EURO-CAR-WASH GmbH, Düsseldorf (capital DM 80,000).

** The metallurgical group ETS BROSSETTE & FILS, F. BROSSETTE & CIE Sca, Lyons (see No 295) has backed the formation of SOC COMMERCIALE PRODOTTI PER L'INDUSTRIA & L'EDILIZIA SpA, Milan to produce and sell iron, steel and other metallic materials mainly for use in industrial buildings. The new company has a starting capital of Lire 1 million which has been put up 50-50 by Sig A. Pighini and Sig F. Mossali of Milan. The board which is made up of MM H. Brossette, Neuilly-sur-Seine, D. Geneve, Lyons, H. Rochat (Swiss but living in Milan) and Sig P. Maestroni, Milan, can raise the capital by stages to Lire 500 million.

** GLAENZER SPICER SA, Poissy, Yvelines (capital Ff 10.5 million) which makes cardan drives and universal joints has formed AMORTISSEUR GHL Sarl, Montreuil-sous-Bois, Seine-St-Denis (capital Ff 200,000) to make and sell suspension parts for automobiles, civil engineering machinery, agricultural machinery, railway equipment etc. in association with the precision machinery company ETS G. LELAURAIN SA, Montreuil (capital Ff 1,035,000).

Glaenzer Spicer already has a subsidiary in France GLAENZER WALTERSCHEID Sarl, Poissy and in Belgium has a 27.7% interest in SA BELGE GLAENZER-SEURRE, Ixelles, Brussels (see No 113). The German holding company UNI-CARDAN AG, Lohmar, Rhineland - owned 32.3% by BIRFIELD LTD, London - recently increased its holding in Glaenzer Spicer to 45% (see No 323).

** As part of the reorganisation and regrouping of its French business interests, ATLAS COPCO A/B, Stockholm, is taking over CRAELIUS SA, Paris, (capital Ff 1.6 million) through its subsidiary ATLAS COPCO FRANCE SA, St. Cloud, Hauts-de-Seine, (capital Ff 5.5 millions). Craelius recently sold its drilling equipment (mainly diamond heads) factory at Gentilly, Val-de-Marne, to DIABOR Sarl, Paris, which then raised its capital from Ff 225,000 to Ff 500,000.

** FAEMA SpA, Milan, (espresso coffee machines) has extended its West German sales network by forming an Essen branch of its Frankfurt subsidiary FAEMA GmbH, which was itself formed last July (capital DM 300,000; see No 322). The new branch is to have Sig A. Ridelli as its director. Faema is represented in France by FAEMA PARIS SA (see No 320).

FINANCE

** In addition to the current major link-up operation it is undertaking with the French groups SCHNEIDER ET CIE and BANQUE DE L'INDOCHINE SA, Paris, the Belgian group EMPAIN (see No 352) is regrouping four of its investment companies. The company that will profit from the move is ELECTRORAIL SA, Brussels, which has a total interest of over 20.1% in Schneider.

Electrorail (in which BANQUE LAMBERT and CIE D'OUTREMER have only recently ceased to be shareholders - see No 349) will absorb three subsidiaries. These are STE FINANCIERE DU LITTORAL SA, Brussels (capital Bf 100 million - see No 346), SDIC-STE FINANCIERE DE SERAING POUR LE DEVELOPPEMENT INDUSTRIEL ET COMMERCIAL SA, Brussels (capital Bf 315 million - see No 282) formerly called STE D'ELECTRICITE DE SERAING, Liege, and STE HAINAUT-LIEGE POUR LE DEVELOPPEMENT INDUSTRIEL ET COMMERCIAL SA, (capital Bf 800 million - see No 346). The three companies, which have common interests, are shareholders in France in Schneider et Cie, STE PARISIENNE POUR L'INDUSTRIE ELECTRIQUE SA, BALNZY QUEST SA and CONSTRUCTIONS ELECTRO-MECANIQUES JEUMONT SCHNEIDER SA (see No 341). For its part Electrorail shares the ownership in France of SEA-STE D'ELECTRONIQUE ET D'AUTOMATISME SA, STE DE CONSTRUCTION DES BATIGNOLLES SA, STE CARBONISATION ET CHARBONS ACTIFS SA, STE FRANCAISE DES DISTILLERIES D'INDOCHINE SA, STE INDUSTRIELLE ET AGRICOLE DE POINTE A PITRE SA, etc.

FOOD & DRINK

** CINZANO LTD, London (see No 326) a sales subsidiary of the Italian liqueur, aperitif and vermouth group FRANCESCO CINZANO & CO SpA, Turin has signed a sales agreement with the French liqueur house MARIE BRIZARD & ROGER SA, Bordeaux, Gironde (see No 267) to represent the latter's interests in the British market.

The Italian group's distribution network in Britain has recently been strenghthened by a bottling agreement made with GILBEY TWISS LTD, London, member of the INTERNATIONAL DISTILLERS & VINTERS LTD group (see No 230), of whom another member TWISS & BROWNINGS & HALLOWES LTD was, until now, the British representative for Marie-Brizzard.

** BARTON DISTILLERS (EUROPE) SA, Brussels (capital Bf 500,000 - president Mr L.S. Abelson), following a recent agreement has been formed 50-50 by RAFFINERIE TIRLEMONTOISE SA, Brussels and BARTON DISTILLING CO, Chicago, for the distillation and sale in the Common Market of whisky and imported alcohols (see No 350). The American company holds 47% of the shares, and 1% each is held by BARTON WAREHOUSE & DISTILLERY CORP, Chicago, KENTUCKY DISTILLERS DISTRIBUTING CO INC, Chicago and BARTON DISTILLERS IMPORT CORP, New York. Raffinerie Tirlemontoise holds 47% of the Belgian interests, and SADEM - SA D'ENTREPOTS & DE MAGASINS, Brussels, RAFFINERIE BELGE SA, Woluwe-St-Pierre and STE SUCRIERE D'ETUDES & DE CONSEILS SA, Tirlemont, each hold 1%.

** MEAT HOLDING AG, Basle (formed last October with a capital of Sf 150,000) has taken a third share in backing MEAT IMPORT DI ORESTE DUGHERA & CO Sas, Milan (imports of cattle, beasts for slaughter, breeding etc). The new company, with funds up to Lire 60 million has two other partners with one-third each: Sig O. Dughera of Vercelli (manager) and Sig A. Lalatta of Parma.

** J. LYONS & CO, London (see No 326) has raised the capital of TONIBELL SA, (ice-cream; formerly MISTER SOFTEE EUROPE SA; see No 299) to Bf 15,800,000, through INTERNATIONAL ENTERPRISES (BELGIUM) SA, Brussels, a subsidiary of the group through GLACIER FOODS LTD, London (see No 217). Other investors are the BRITISH AMERICAN TOBACCO group firms, TONIBELL MANUFACTURING CO LTD, R.E.A.PETERS AND CO (HOLDINGS) LTD, and SINOT FINANCE CO LTD, all of Boreham Wood.

GLASS

** The two Belgian glass companies VERRERIES DES HAMENDES L. LAMBERT SA, Jumet (see No 250) and SPLINTEX BELGE SA, Ixelles (see No 91) - both controlled by VERRERIES DE MARIEMONT SA, Brussels-are to merge their "Mirror-making" Department. Splintex will take over all the former's assets and increase its own capital to Bf 73 million. Some years ago, Lambert also transferred its Merxem Division to BOUTEILLERIES REUNIES BELGES SA (see No 209) of which it is a shareholder. Splintex (in which REGIE RENAULT, Boulogne-Billancourt is a minority shareholder) makes safety-glass and, since taking over SOBELEVER SA, Lodelinsart in 1961, also glass panes, and "Pan-O-Glass" enamelled glass.

VERRERIES DE MARIEMONT (capital Bf 164 million) is mainly owned by STE GENERALE DE BELGIQUE SA, Brussels; BRUFINA-STE DE BRUXELLES POUR LA FINANCE & L'INDUSTRIE SA, Brussels and CIE DE SAINT-GOBAIN SA, Neuilly, Seine.

INSURANCE

** THE VULCAN BOILER & GENERAL INSURANCE CO LTD, Manchester, a member of the London group THE LONDON ASSURANCE LTD (see No 312) has been authorized to expand its Genoa agency which deals with industrial risks arising from machine damage and erection risks. Another subsidiary of the same group THE SEA INSURANCE CO, Liverpool recently received permission to cover the same risks for the Italian agency.

MINING

** LORRAINE ESCAUT SA, Paris (iron-founding; see No 345), which is being taken over by USINOR-UNION SIDERURGIQUE DU NORD DE LA FRANCE, Paris (see No 346), is to make over all its mining interests to three newly-formed administrative companies in Paris. All three are to be managed by M.P. Aussure, and each has Ff 10,000 capital: they are STE DES MINES DE FER D'ANGEVILLIERS Sarl (ore deposits at Angevilliers, Moselle), STE DES MINES DE FER DE LIMELE Sarl (Limele, Loire - Atlantique) and STE MINIERE DE BRIEY - LONGWY, Sarl, (mines at Longwy, Turqueguieux and Jarny, Meurthe et Moselle, lime-kilns at Billemont, Meuse.

OIL, GAS & PETROCHEMICALS

** CONTINENTAL OIL CO, Houston, Texas (see No 349), has set up a finance house in Luxembourg, CONTINENTAL OIL INTERNATIONAL FINANCE CO SA, as a means of furthering its expansion in Europe and acquiring essential local capital on the spot. The new company is soon to issue a $ 20 million short-term loan with a banking syndicate headed by MORGAN GUARANTEE TRUST CO acting as guarantors.

The American group, through CONOCO AG, Zug, has a 3% shareholding in the four TAL pipe-line companies between Trieste and the industrial area at Ingolstadt, Neustadt, W. Germany. It also has an interest in the Luxembourg holding company TRANSALPINE FINANCE HOLDINGS SA (see No 343). It plans to build a 60,000 barrels-a-day refinery at South Killingholme, Lincolnshire, Britain while recently it gained control of the Irish distribution firm, ARROW OIL CO, Dublin. JET PETROLEUM LTD, which now has almost 700 service stations dotted around Britain, is also under its control (see No 306). In Germany, where it controls SOPI MINERALOLPRODUKTE GmbH(see No 329) it has formed a sales subsidiary in Munich, with a branch in Hamburg, for CONOCO DEUTSCHLAND INC, Wilmington, as part of its scheme to popularise its "CONOCO" brand products in that country. It has sales subsidiaries in Austria, Belgium (SECA-STE EUROPEENNE DES CARBURANTS SA, Vilvorde; see No 235), Italy, the Netherlands, Spain, and both subsidiaries and minor shareholdings in West Germany.

** STANDARD OIL CO OF NEW JERSEY, New York (see No 352) is centralising its European subsidiaries and in a few months time this will lead to the formation of a number of special organizations (see No 339). After opening a London branch for ESSO EUROPE INC (see No 340) the group has now established the administration of ESSO CHIMICA SpA, Genoa (see No 350) in Milan. This company was formed recently (capital Lire 200 million) by ESSO STANDARD ITALIANA SpA, Genoa (90%) and SARDIP-SARDA DISTRIBUZIONE PETROLI SpA, Sassari (10%).

Esso Chimica (president Sig V. Cazzaniga, managing director Mr B.J. Morrow and director Mr J.F. Wright of Brussels) runs the group's chemical business in Italy; in the same way ESSO CHEMIE GmbH, Hamburg (see No 340) will look after the chemical business in Germany and ESSO CHEMIE NV, The Hague which was recently established, will take over in the Netherlands.

PAPER & PACKAGING

** AMERICAN CAN CO, New York (see No 329) has gained control of the German firm UNION VERPACKUNGS GmbH, Kempten (see No 279) which makes packing machines and equipment for the food industry. This company (capital DM 1.4 million) was previously owned by Herr H. and I. Jacobowitz and with a payroll of about 200 has a turnover of around Dm 9 million a year; it has three foreign branches, in Milan, Gothenburg and Berne.

The American group, which at the end of 1965 joined 50-50 with SKELLY OIL CO, Tulsa, Oklahoma to form CHEMPLEX CO, USA, has subsidiaries in France, The Netherlands, Sweden, Switzerland, etc. (see No 254). In Germany it already controls M & T METALLIC GmbH (through M & T CHEMICALS INC) and DIXIE-MARATHON VERPACKUNGEN GmbH which was formed at Koblenz in 1964 (see No 260).

PHARMACEUTICALS

** STE BELGE D'AZOTE ET DES PRODUITS CHIMIQUES DU MARLY SA, Liege, Belgium (see No 336) is reviewing the financial structure of its 30% subsidiary WOELM LAGAZ GmbH, Düsseldorf (see No 338) as a step towards consolidating its own position in the German market.

PLASTICS

** PURE CHEMICALS LTD, Kirkby, Liverpool - a member of the RIO TINTO ZINC CORP LTD, London (see No 351) through IMPERIAL SMELTING CORP LTD, London - and CHEMISCHE FABRIK HOESCH KG, Duren have joined 50-50 to form INTERSTAB-CHEMIE GmbH & CO KG, Duren (stabilisers for polyvinyl chloride). The new company (directors Herr A. Szczepanek and Herr M. Vogt) will begin production in June and its products will be sold throughout the Common Market and in Switzerland, Austria and Denmark. The German parent is owned by Herr O. and Herr R. Hoesch who also jointly control SILIKAT CHEMIE GmbH and JULIUS HOESCH Ohg, both at Duren. The British group's interests in Germany were previously confined to a 22.5% share (through RIO TINTO ZINC EUROPEA LTD, London) in the nuclear fuel research and production company NUKEM-NUKLEAR-CHEMIE & METALLURGIE GmbH, Wolfgang bei Hanau, Main.

** The Danish manufacturer of educational building and assembly kits in plastic and wood BILO v/G.K. KRISTIANSEN, Kolding (see No 268) has set up a sales subsidiary in Milan BILOFIX Srl. Almost all the Lire 3 million capital is held by Mr G.K. Kristiansen who owns the parent company.

The Danish firm which is well represented abroad (in France, Belgium etc) is linked with WALDMEIER & CO AG, Basle for its German sales through a joint subsidiary BILOFIX-SPEILWAREN GmbH & CO HOLZ- & PLASTIKSPIELWAREN KG, Flensburg.

PRINTING & PUBLISHING

** The technical publishers INTERNATIONAL UNIVERSITY BOOKSELLERS INC, New York has formed a Munich subsidiary INTERNATIONALER UNIVERSITAETS BUCHHANDEL GmbH (capital DM 20,000). It will be run by Messrs M. Holmes and G. Meier (president and vice-president of the American company) and Herr H. Lutz, a Munich publisher.

TEXTILES

** CIE GENERALE DES INDUSTRIES TEXTILES SA, Roubaix, is to take over two of its subsidiaries, ETS A. DUTHOIT SA, Fourmies, Nord (woollen yarns) and PEIGNAGE DE TOURCOING SA, Roubaix (capital raised recently from Ff 720,000 to Ff 1,980,000).

The new parent company (president M. C. Saint), which has factories for twisting, felt, weaving and millinery at Roubaix, Wattrelos, Nord; bohain, Aisne and Warcoing, Belgium, will increase its capital to Ff 8,010,000 through this consolidating move. In France it still controls FILATURE DU NORD SA, Wasquehal, Nord, and CIE D'IMPORTATION DE LAINES SA, Tourcoing. In the USA it is linked with CANDEPUTTE FILS & CIE SA, Tourcoing, in the New York marketing concern, AMTEX TRADING ASSOCIATES INC.

** The Dutch clothing manufacturer CONFECTIEFABRIEK G H KAYSER NV (trade mark "LONNEKER") has expanded its foreign interests by taking over the making-up factory belonging to BENOIT, Wervik, Belgium, which will be requipped and modernised. Confectiefabriek recently formed a sales subsidiary at Gronau, Westphalia, to supply the Germany market.

** The international corset group headed by TRIUMPH INTERNATIONAL AG, Munich, (see No 350), has formed a sales company in Vienna, TRIUMPH INTERCONTINENTAL HANDELS GmbH (capital Sch 100,000; managers Herren A. Kafonek, Vienna, and K. Hausner, Munich). Herr Hausner is already president of TRIUMPH INTERNATIONAL TEXTIL AG, Vienna, (factory at Wiener-Neustadt) and of TRIUMPH INTERTRADE EX- & IMPORT GmbH, Vienna: he also manages TRIUMPH INTERNATIONAL CORSET VERTRIEBS GmbH, Vienna.

TRADE

** The Franco-Belgian group CIE INTERNATIONALE DES WAGONS-LITS & DES GRANDS EXPRESS EUROPEENS SA, Brussels (administration in Paris) is continuing its penetration of the French hotel and restaurant industry by forming SOGERT-STE D'EXPLOITATION & DE GESTION DE RESTAURANTS TOURISTIQUES SA, Paris. The group holds a direct 49% of the capital (Ff 50,000) in association with G. ROSELL SA, Paris (24%), an ice-cream caterer specializing in the hire of restaurant equipment and STE DE GESTION IMMOBILIERE & DE TRANSACTIONS SA, Pais (23%).

The group also recently formed STE GENERALE D'EXPLOITATION DES DRUG-STORES SA (see No 321) 50-50 with GRANDE MAISON DE BLANC SA, Paris; and also FRANTEL-STE FRANCAISE D'HOTELLERIE SA (see No 337) in which the mainshareholder is CAISSE CENTRALE DE CREDIT HOTELIER, COMMERCIAL & INDUSTRIEL, Paris.

** BOSNAEXPORT KAPEDZIC & CO, Munich which imports and exports Yugoslav goods has taken 50% in the new company BIHEX ITALIANA Srl, Milan which will wholesale food, wood, chemicals, paper, textiles etc. This company (capital Lire 500,000) will be run by a Yugoslav Mr J. Levi of Serajevo who also has a 50% interest.

** The Polish state-owned foreign trade company METALEXPORT, Warsaw, is opening a French branch. It has bought offices from EUROMAG SA, Paris.

At the premises of BANKA POLSKA KASA OPIEKI, it is also setting up a subsidiary by the name of METALEX-FRANCE SA (founder M. R. Ollier; capital Ff 500,000). The new company is to market machine tools and every type of metal product from Poland: it will also handle their warehousing and provide after-sales service.

TRANSPORT

** BANQUE LAMBERT Scs, Brussels (see No 350) has enlarged its investment portfolio by becoming the majority shareholder in TERRE, TRANS EUROPE RAIL-ROUTE

EXPRESS (BENELUX-ITALIA) SA, Brussels which has been set up to arrange rail convoys carrying special road-rail containers. The board of the new company includes Messrs M. Litvine of Ixelles, Brussels and M. Kluge of New York. The capital of Bf 1 million has been almost entirely paid-up by CIE D'OUTREMER POUR L'INDUSTRIE & LA FINANCE SA, Brussels. The remainder has been put up by Banque Lambert and two companies of the group in Brussels: SOGES SA and INTEROCEAN SA.

** PENINUSLAR & ORIENTAL STEAM NAVIGATION CO, London, has formed a Rotterdam agency as part of its plan to increase its freight and passenger services with the Continent, especially with the Netherlands, Switzerland and West Germany. Its subsidiary, THE GENERAL STEAM NAVIGATION CO LTD, London, had already put P & O's plan into effect by forming ASCANIA VERKEHRS AGENTUR GmbH, Düsseldorf (capital Dm 20,000 - see No 322) in August 1965.

** Two Dutch charter, transport and dock warehousing groups, BLAAUWHOED NV, Amsterdam (see No 324) and THOMSEN's VER BEDRIJVEN, Rotterdam (see No 332) are about to link up financially, with the aim of coordinating their activities. Minority crossed shareholdings will be bought especially to counter balance the manufacturing assests made over to THOMSON by BLAAUWHOED.

Blaauwhoed (capital Fl 15 million) has an important home and foreign network of subsidiaries: these are in Antwerp, Brussels, Hamburg Bremen, London, Bale and Zurich, and are called VNV BELGISCH BLAUUW RIESVEEM, DEUTSCHE BLAUFRIESVEEM TRANSPORT & LAGERHAUS AG, BRITISH BLUEFRIES WHARFAGE & TRANSPORT LTD, and BLAUFRIES AG. The Rotterdam group has a joint shareholding with TRANSPORT DEVELOPMENT GROUP LTD, London (see No 332) in the Rotterdam holding company EUROPA TRANSPORT ONTWIKKELINGSMIJETOM NV. It also has numerous foreign subsidiaries: in Belgium THOMEN'S HAVENBEDRIJF NV, Antwerp, in West Germany INTERN STAUEREI & TRANSPORT AGENTUR GmbH in association with LINIEN STAUEREI GmbH, FRIEDRICH PEUSCH & CO KG, and HENRI KROGER TRANSPORT GmbH, all of Hamburg. In South Africa it owns the SASS CO PTY LTD, Durban with branches in Port Elizabeth, East London, Lourenco Marques and Kaapstad.

VARIOUS

** RAADGEVEND EFFICIENCY BUREAU BOSBOOM & HENEGER NV, Amsterdam (management consultancy) has just signed an agreement with COPIC SA, Paris, to extend its activities in West Germany, and a new company has accordingly been formed in Düsseldorf, BOSBOOM COPIC GmbH & CO KG, managed by Herren S. Hosang and C.J. Bethe.

** The consultancy company CENTRE D'ANALYSE & DE PROGRAMMATION SA, Paris (see No 277) has formed a 70-30 association with SOCOBIN-SOC COOPERATIVE D'INVESTISSEMENTS SA, Brussels to expand its electronic calculating and control systems into Belgium, and a joint subsidiary CAP BELGIQUE SA, Brussels (capital Bf 500,000) is being formed. It will be directed by M. P. Sanke who represents the Belgian minority shareholder.

** SOFICAL - STE DE FINANCEMENT INDUSTRIEL ET COMMERCIAL SA, Paris is to take a 51% shareholding in a new Canadian company (capital $1,200,000) which will run a tobacco processing factory at Louiseville, Quebec. Its partners will be SEITA-SERVICE D'EXPLOITATION INDUSTRIELLE DES TABACS ET ALLUMETTES, Paris, a State-owned company with a capital of Ff 1,600,000 (see No 305) which will have a 33% interest, and STE JOB SA, Perpignan (see No 309) will hold the balance.

Until now the only foreign interests of Sofical (a member of thw BASTOS group) were in Belgium: CIE INDEPENDANTE DES TABACS - CINTA SA, Schaerbeek, Brussels (owned by MANUFACTURE ALSACIENNE DES TABACS SA, Strasbourg). It also has interests in several French-speaking African states (the Cameroon Republic, Madagascar, Ivory Coast and Senegal) and in Vietnam (STE INDOCHINOISE DES TABACS, CIGARS ET CIGARETTES J. BASTOS) and in Cambodia (CIE DES TABACS C.K.T.). For its part, Job Sa (Cigarette paper production) is associated with Sofical in several of its African subsidiaries, and it owns a Swiss subsidiary UNITED CIGARETTES CO LTD, Carouge (see No 308).

** CFP-CIE FRANCAISE DES PETROLES SA, Paris (see No 348) has formed a new subsidiary TOTAL OIL REFINERIES (GB) LTD (capital £100) with the aim of running refineries in Britain (see No 293). It has already obtained sites at the mouth of the Humber in Lincolnshire.

Until now the French group's British interests were mainly represented by two companies: a distribution company TOTAL OIL PRODUCTS (GB) LTD (capital £6,500,000) and the off-shore research company operating in the North Sea, TOTAL OIL MARINE formed in July 1964 (capital £100,000 - see No 263). It has also had a British investment company since July 1964, TOTAL FINANCE LTD (capital £100).

** CLARK, DODGE AND CO INC, New York (brokers and financial advisers - managing director is Mr E.M. Geddes), is going to extend its interests to France. It has formed a Paris subsidiary CLARK DODGE Sarl (capital Ff 50,000) which will work in close cooperation with the London office of the parent company, managed by Mr C. Waterhouse. The minority shareholder in the French company is Mr J. Allen.