Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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THE WEEK IN THE COMMUNITY

December 2 - December 8, 1968

THE COMMON MARKET

Mansholt's Plan on Part Delivery

On December 9, Dr Sicco Mansholt presented orally to the Council of Ministers his ten-year plan for the restructuring of Common Market agriculture, and his proposals, agreed by the Commission, for action to cope with the immediate problems of the escalating budget and support costs of the common farm policy. Deadlines have always been at once a virtue and a problem for the Six, and this occasion was no exception. Despite intensive work by the Commission last week, it was still unable before this important Council meeting to complete its work on the report promised in October, and it will be another week, probably, before the Commission can publish its definitive proposals in report form. In the absence of such a document, therefore, the Council was unable to go into any real debate on the matter, which will now have to be referred again to the permanent representatives, who should have at least two weeks with the report as such in their hands before the ministers resume their discussion, probably on January 13 and 14. Despite this, however, the Commission's ideas have at last been aired officially, although much was indeed known of the general tenor of the plan beforehand (see No 485), and it was Mansholt himself who presented his proposals to the press on Tuesday, December 10.

As far as the ministers are concerned, the Commission Vice-President chose to put forward the plan as a challenge to the Six and to society in the Community: restructuring in agriculture, which had reached such a critical pass in the EEC, could only be taken on as a task for all sectors: governments, the European Parliament, professional and workers' associations and the people at large. Particularly symptomatic of the problems faced were the fact that, despite the disappearance in recent times of some 5 million people every ten years from the land, productivity was rising at 7% per annum, much in excess of the rate in industry, but this was coupled with the fact that consumption of agricultural products, as might be expected with the increasing affluence of European society, was steadily dropping off, in relative terms. For instance, between 1960 and 1965 the increase in food consumption in the Six rose by 3.6% a year, while in the period 1965 to 1970, the rate is likely to be down to around 2.7% only. The present format of European farming can only aggravate the situation, and here Mansholt stresses that probably 75% of farms in the Community provide work for only three-quarters of a man: in dairying, for instance, the proper ratio is somewhere around one man to 40-60 cows, whilst most farms were of 10 hectares or less, and 80% of all dairy farms had fewer than ten cows. Measures taken so far had proved far too slow in modifying this situation: it took two-and-a-half years in France to increase the average size of a holding by one hectare, and no less than ten to achieve the same result in Germany - it would be the end of this century at least, therefore, before anything like rational sizes of farm could be effected by the sort of scheme so far used.

The Commission's plans for agriculture in the long term, which as we have stated are yet to be published officially, were, in Mansholt's presentation, very similar to what has already been suggested: reduction of the land given over to farming by 7% (from 70 to 65 million hectares), the soil thus gained being used for re-afforestation and green belt development; reduction of the numbers employed on the land by half by 1980 (from 10 to 5 million); the promotion of optimal size farms (80 - 120 hectares for cereals; 40-60 cows for dairying; 150-200 cattle for beef; 100,000 p.a. output for poultry farms; 10,000 layers for eggs; 450-600 pigs for pork) and so on. More specific proposals were also pr-sented concerning incentives to be offered to farmers to leave the land, and more will probably be heard of these on Friday, December 13, when Mansholt is to meet representatives of COPA - the official body representing European farmers, to present his case to them: this may also enable us to sample the climate of feeling likely to be aroused amongst those most affected by the plans: previous demonstrations in Brussels, and indeed on the highways of Europe, are still fresh in many minds.

Perhaps the chief object of the exercise on Monday, however, was for the proposals on immediate action required in the farm sector, to get under discussion, and it was on these that the Commission had concentrated. The long-term objective, said Mansholt, was to get FEOGA expenditure on surplus food subsidies down from $ 2,000 million for 1968-9 to only $ 750 million by 1980 - and $ 250 million of this would be for the dairy sector. Even to begin on this path, however, crash measures were called for, especially on that symbol of the present wrongness of Community agriculture, the 300,000 ton plus "butter mountain" that by next Easter could burst Community storage facilities. Radical price and taxation measures were therefore suggested for this and other problematic farm products at present yielding costly surpluses.

As far as butter was concerned, it was proposed that the intervention price be dropped forthwith from Ff 8.7 per kilo to Ff 5.5 - a drop of 30%, while that of powdered skim milk would be increased by no less than 80% from Ff 205 to Ff 360, which would mean an increase in subsidy costs for this item from around $ 220 million to about $ 580 million. In addition to this incentive change for dairy undertakings as such, financial measures were also proposed to reduce competition to butter from other products: there should be a tax of about $ 60 per ton on most edible oils,of about $ 20 per ton on such items as groundnut fats, and about $ 30 a ton on oil - cake, fatty substances and fish-meal. Again, Mansholt mentioned specifically his ideas on reducing the cow population of the Community, stressing here as elsewhere that there were many instances where the long-term plan for Community agriculture could not be separated from immediate measures. Right from the start, there should be a 250,000 per annum slaughtering target for dairy cows, and premiums offered of $ 250 a beast as an incentive: this should further reduce butter production by 30,000 tons a year. Not mentioned specifically by Mansholt was the Commission's suggestion last week that by way of increasing outlets for the butter surplus, it should now be offered to member states' armed forces at the vastly reduced minimum price of Ff 1.25 per kilo.

Mansholt's pricing recommendation also extended to various other problem crops: intervention prices for soft wheat, barley and rye should be dropped by 10%, although maize, rice and hard wheat prices should stay as they are. The price of sugar beet should be dropped by about $ 1 a ton, and production quotas for this reduced from 6.4 million tons to 6.005. The price of refined sugar would also be dropped from about $ 223 a ton to nearer $ 220.

Fairly specific suggestions were also made as to how people might be induced to leave the land under the long-term rationalisation plan. Broadly, the idea is to lose 5 million farm workers by 1980, half of them through natural wastage (50% of present farm owners are over 57 years of age), and the other by channelling into industrial employment through incentives. In the first place, there would of course be financial inducements to farmers to "collectivise" (remember that in most cases, "farmer" is synonymous with "farm worker"), and $ 7,000 dollars is the sum suggested as a grant from FEOGA to those wishing to set up production centres (see No 485) of the type sought. In addition, national authorities would be asked to find some 30% more of the initial investment costs of such ventures, plus various forms of credit incentives. Where complete relinquishment of the land, for its putting over to other uses, was called for, the tenant should be offered the lump-sum equivalent of his income from 8-10 years of farming. The Community would further offer grants of say $ 600 a year to young farm workers wishing to learn farm administration and management techniques, to be applied in the new, larger units and centres. Where the older farmers are concerned, those of 55 and over would be offered an annual indemnity equal to the difference between $ 1,000 and the amount of any pension they might be offered by their national ministries, provided they agreed to allow their land to be put over to the rationalisation scheme. Indemnities would also be granted to those moving from the land to another job, regardless of their new wage levels. Those who failed to find alternative work would be given redundancy payments to bridge the gap while awaiting employment or retraining. This last series of measures is seen as vital to stressing the voluntary nature of the scheme, and it will be interesting to see how COPA reacts.

While to the public at large, however, the majority of the plan is now clear enough, the fact remains that the Community's institutions have to work according to the Treaty, and following specific terms of reference. In this regard, the Mansholt plan must come to the Council as a written series of proposals; this they still do not have, and in this sense, the plan has arrived as a "part delivery" - until it comes in its official form, we can expect no real action at the top, and it will now take us into the new year before the ministers get any further with the overall problem, and before we can get a more precise idea of how much the whole exercise is likely to cost.

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TECHNOLOGY

Stalemate Broken

The long period of stagnation which has afflicted the work of the Marechal Committee set up by the Science and Technology Ministers of the Six to discuss ways of technological cooperation within the Community has now come to an end following a compromise between the Netherlands and France. The work of the Marechal Committee had been blocked by the Netherlands, later joined by Italy, because France refused to extend the discussions in this sphere to include the candidate countries. At long last however the permanent pepresentatives of the Six in Brussels have managed to work out a solution acceptable to both sides, which was finalised by the meeting of MM Debre and Luns in Paris last week before being given the go-ahead by the Council of Ministers on Tuesday.

The main lines of the compromise are as follows. The text agreed upon by the permanent representatives will go to the Marechal Committee which will start work immediately on a report to be made to the Council of Ministers in early March. Once they have studied it along with their experts, and drawn their first conclusions, the report and the conclusions will be sent to European states which have expressed an interest in the ideas - "principally the candidate countries" but also including neutrals such as Austria, Sweden and Switzerland. When replies have been received from the various capitals, a decision will be taken to hold either a technological conference or a series of specific conferences to discuss further steps. At present however it is uncertain which method will be chosen. The sectors which it is envisaged will be discussed include metallurgy, space, computers, aviation, air-cushion transportation systems, and oceanography.

Further progress towards cooperation between the Six and countries outside the present Community came when France agreed that for an effective European patents system to be established, other countries should be allowed to take part in working out how this could be established, but only after the Six had reached a common position amongst themselves to start with.

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E.C.S.C.

Common Energy Policy Taking Shape

The EEC Commission has just had its first discussion as to the suggestions that should be put forward by the Commission to the Council on the draft common energy policy, in a document that will be called the "initial guidelines for a common energy policy". This must first be shaped for final adoption by the Commission itself, whereafter it will be submitted not only to the Council, but also to the Economic & Social Committee and to the ECSC Consultative Committee, and will in all three cases furnish the substance for resuming the debate on Community energy which lapsed a year ago. The document approaches the problems of energy from three angles:

1) The political implications that stem from consumers' needs, both quantitative and qualitative, i.e. the reconciliation of the need for low-price energy with that of security of supply.

2) The need to achieve the common energy market, embracing all sources of energy.

3) The creation of a framework that will allow of harmonising all legislation covering energy at Community, national and company level.

Initially, the problem of securing supplies has been approached seriously for only a few specific sectors, and an overall solution to this problem, covering all energy requirements, will be sought at a later stage.

The Commission will continue its appraisal of the suggestions offered during its meeting on December 18, and is hopeful of being able to forward its final draft to the Council before the end of the year.

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Job Security: Steelmen Lobby the Commission

Signor Lionello Levi-Sandri, vice-president of the Commission with special responsability for social affairs, has received from the hands of a delegation representing the free metallurgical workers' unions of the Community a European social plan aimed at securing the position of steelworkers threatened by loss of jobs and income. The plan envisages wage guarantees for workers affected by labour-force reductions occasioned by structural change, technical innovation and organisational modifications, or any other restriction of employment connected with the development of the steel market or technical improvements. The idea is that such workers, in addition to the guarantees already furnished under the provisions of Article 56, para 2 of the Paris Treaty, should be granted income guarantees, various indemnities, the right to go into early retirement etc. In addition, the unions are asking for management to be compelled to give early warnings to both works committees and union organisations of any redundancies planned and the measures to be taken, such warning to be given at least six months prior to the event so that any discussion and negotiation required can be gone through in good time.

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French Steel Credits Approved

The F 2,700 million that France has granted to her steel industries in the form of credits between 1966 and 1970 has been accepted as compatible with the terms of the Paris Treaty by the Commission. However, because the aid is offered at the very favourable interest rates of 3% for the first five years, and 4% only for the next twenty years, the Commission feels that this aid must be kept under close surveillance, lest it has too adverse an effect on the competitive standing of other member states. To this end it will re-appraise its decision regularly on the basis of information provided by the French Government.

* * *

TRADE

U.S. Textile Duties: Kennedy Round Infringement?

The EEC Commission is examining the possible repercussions of President Johnson's decision not to veto Congress's recent voting of protective duties for wool-blended textile imports. Regret has been expressed in the Community over this, and the Italian textiles industry in particular is likely to be effected by the measures. What in fact has happened is that Congress had decided to transfer certain textiles from one dutiable classification (Ad valorem) to another (specific duties), by deciding to include wool-blended fabrics with pure wool fabrics for the purposes of levying duty. In many instances this will increase the amount that exporters of the goods have to pay on entry into the U.S.A. such that effectively Washington has raised the level of duty on these items above that agreed at the talks in Geneva.

If the Commission decides to lodge a complaint with GATT on this issue, and if its case is accepted, then it will press either for the right to demand compensation or to apply countervailing measures. It would at all events be most dangerous to allow any proven infringement of Kennedy Round agreements to go unheeded. No complaint has yet been lodged, however, and the fact remains that President Johnson reserved his right of veto in this matter pending an enquiry into the repercussions of the measures, and their possible effect on international trade agreements: should this enquiry so indicate, there may yet be some revision of the measures adopted.

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FRANCE

Exchange Controls Approved

The EEC Commission, with much less difficulty than after the May-June crisis, has now (on December 4) approved France's latest series of exchange control measures, taken to stem the flight from France of speculative capital on November 25. To recapitulate, these in brief were:

1) To prohibit or subject to prior authorisation the transaction or negotiation of business involving the transfer out of the country of capital.

2) To limit or subject to prior authorisation imports and exports of funds needed for business trips.

3) To require all import and export operations covering merchandise to be transacted through the offices of approved agents ("Domiciliation") and to place a limit of 180 days on payments for goods exported from France.

France's unilateral safeguard measures were this time taken under Article 109 of the Rome Treaty, and the Commission itself has acted under the preceding article, which states that it can authorise a member state in such difficulties to take remedial steps, and that it shall determine the conditions and particulars of these. All such actions in fact stem from Article 104 which provides for the maintenance of members' balance of payments equilibria in the wider interest of the Community of which they form a part. Provisos included in Article 109 state that a member state acting in this way must disturb the functioning of the Community to the least possible degree, and that the scope of the measures must be no greater than necessary to restore the situation. If this fails, "mutual assistance" may then be sought under Article 108. Should the measures be deemed illicit, the Council can order their amendment, suspension or abolition, after receiving the opinion of the Commission and consulting with the Monetary Committee. This Council meeting in fact comes up on December 12, but it seems unlikely that any modifications will be demanded.

In approving the measures, the Commission offered the following comments: "the French Government's austere programme of economic and financial restrictions, observing the rules of the Treaty clearly cannot be pursued without the temporary protection of its exchange reserves, in particular where movements of capital are concerned - capital movements, that is, in the purely financial sense, as opposed to current transactions in goods and services and other such invisible transactions". The Commission goes on to say that the French provisions may be applied "up to the moment when measures for redressing the overall balance of the French economy have eliminated the danger of speculative movements of capital".

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MONETARY MATTERS

The pressing need for some form of closer monetary co-ordination and co-operation between the countries of the Common Market as well as between Western European states outside the Community has been given a fresh topicality due to recent events. A great deal is being said, but it seems doubtful whether any real progress will be made towards a solution for some time yet because of various political divergences. In the words of M. Jean Deniau, French Commission member responsible for external trade, "A European currency would not conduce to, but rather stem from political unity". M. Deniau pointed out that if the countries of the Common Market were to overcome speculative movements such as those seen in recent weeks then they must cooperate to a much greater degree than before. A similar theme was taken up by the leader of the Independent Republican party and former French Finance Minister, M. Giscard d'Estaing in a speech to the national convention on the "Perspectives & Realities". He said that the recent crisis justified the position of those who had for a long time proposed the creation of a European monetary institution, "If in 1968 such an organisation had existed the crisis might well have been avoided or at least tempered". M. Giscard d'Estaing said that Britain, France and West Germany must straighten out their monetary situation before attending any world monetary conference, unless they wished deliberately to precipitate world-wide speculation. Furthermore both France and Europe should set about establishing a monetary organisation, for there could be no Common Market without a common monetary organisation. According to the former Finance Minister there were three main points which in any moves in this direction should include; 1) The pooling by the Common Market countries of part of their exchange reserves; 2) the creation of a unit of account whose value would always remain that of the least-devalued currency amongst the member countries, and which would be gradually introduced into financial operations within the Community; 3) the merger of the Common Market countries' IMF quotas.

M. Giscard d'Estaing stressed the positive importance of the economic strength of West Germany, which was necessary if Europe was to be able to answer the challenge of the United States. However there was need to ensure a balance within the Community, and

Britain's membership of the Six would help to achieve this. He expressed the hope that negotiations to examine the practical aspects of the problem could begin in the near future.

In West Germany, the reaction to the latest crisis has also made many people think afresh of the need for a European currency. According to Herr Markscheffel, the chief press officer of the Social Democrats, a meeting of the Finance Ministers of the Six has been arranged for early next year with the aim of discussing the creation of a European monetary fund, which at a later date might be enlarged to include countries outside the present Community. Italy, West Germany, Belgium, the Netherlands and Luxembourg are all reported as having agreed to attend, and in Herr Markscheffel's view it is unlikely that Paris will refuse to join them.

The Commission, at the meeting of the Ministers on December 12 to discuss the short-term economic outlook, is likely to put forward plans for closer cooperation between the Six. One of the Commissioners, Hans Van der Groeben, after the Bonn meeting came up with the suggestion of a permanent conference of EEC Finance Ministers in order to deal with new crises, and this might well provide a new point of departure. The Commission's new approach is aimed at replacing the existing procedure under which vague plans, unlikely to annoy or upset any country, are put forward at each meeting before being filed away. According to the Commission, if a new and more dynamic approach involving closer cooperation between the member governments is not put into effect soon, the Community may well face even greater difficulties than those it has recently experienced. The Commission will not come armed with any formal proposal but with facts and figures about the present situation and outlook for the future; it may well suggest that the Council should hold a special private meeting so that major decisions can be taken in secret.

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WEST GERMANY

Following talks between the West German delegate for relations with East Germany, Herr Willi Kleindienst and a representative of the Domocratic Republic, Herr Heinz Behrendt, Professor Schiller, the West German Economics Minister, was able to announce to a press conference on Friday that the two separate Germanies would be able to embark upon more friendly trade over the next six years. The Berlin agreement contains a number of concessions by the West Germans in the hope that the Democratic Republic will in future safeguard their right of passage to West Berlin via the various corridors, and also gradually improve the somewhat limited telecommunications between the two zones of the country. This hope as yet has not been expressed in any formal way but merely added as a rider to the verbal statement made by Herr Kleindienst after letters concerning trade relations had been exchanged in East Berlin.

The major West German concession entails an agreement to make a refund of Dm 120 million (some £ 12,400,000) to settle a dispute over oil deliveries which the East Germans made to the West. Several years ago the Federal government changed its tax policy to bring it better into line with EEC policy but in doing so cut into the East Germans' oil profits. They are now to pay back this sum in two separate portions, but the money has to be spent on West German machinery.

In addition to this, the West Germans have also given an undertaking to raise the ceiling on the barter arrangement for machinery, motor vehicles, and electronic a apparatus which at present stands at Dm 300 million. (£ 31.25 m.) This limit will be gradually raised up to 1975 when it should be more than doubled (Dm 650 m or £ 67.70 m) and this will be accompanied by a removal or slackening of trading regulations which had previously hampered long term business arrangements. Previously, the amount to which the increase had been utilised had to be paid in cash annually, though the West Germans normally questioned its right to cash payment. This right has now been waived so that the East Germans now get interest free credit for the full amount of the increase.

Another matter with which the West Germans are at present concerned is the use of ships from Eastern bloc countries for the supply of aid to developing countries under the European Development Fund. The German authorities have complained to the Commission that such use of ships bearing Communist bloc countries' flags may give the wrong impression to the recipient African and other countries. A particular case has been quoted - that of the supply of fertiliser and allied products to the Cameroon, financed entirely by the EDF. The contract had been entrusted to the Dutch concern, Melchemie of Arnhem which gave the transportation contract to Polish and East German shipping companies.

The West German government is seeking for the inclusion of a special clause in EDF supply contracts which stipulates that "shipping contracts must be carried out by companies that trade in one or other of the member countries of the Community".

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At the beginning of this month the German coalition government marked up two years in office, an event which was chosen by the Stuttgarter Zeitung for an exclusive interview with Chancellor Kiesinger. Three main points came out during the course of this interview: that General de Gaulle is unlikely to change his position regarding the membership of Britain to the Common Market, that President Nixon will continue his policy of detente with Moscow and that it will be a long time before anything positive comes out of Bonn's Eastern Policies. In regard to British membership he said: "There are those people who think that there is going to be a change. I for one do not think the General will modify his policy. It is a question of knowing whether we can go on building up the structures of the Community. France has said that it is ready to do this and has even laid a certain stress on its efforts in this direction. Others are unwilling to do anything. I think personally that the work within the confines of the Community will continue even if the process is slow and there is friction". Nor did he hold out much hope for a break-through in the East; Bonn's policy of reunification and the opening up of relations with the East was condemned to stagnation. "I am afraid that we will have our way blocked for some time yet. The Soviet Union is politically so weak in the satellite countries - its power there is only military - that it can only follow a policy of isolationism."

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ENLARGEMENT

No Go on Commercial Arrangements

Although progress may have been made in the technological sector by both the permanent representatives and the Council, the situation regarding the various proposals for commercial arrangements between the Six and the candidate countries has not changed. So far the permanent representatives have not been able to deal in detail with the matter, but on Tuesday M. Debre made it quite clear that his proposals contained in the Plan bearing his name could not be extended any further.

Under the Debre Plan there would be a 30 % tariff cut on certain industrial products over a four-year period. This would however be open to all interested European countries without containing any commiment to full membership. The cuts would be limited to those industrial products which were covered by the maximum 50% tariff cut under the Kennedy Round negotiations, thus avoiding any lower tariffs for "sensitive" products, and according to French figures this would cover 48% of British sales to the EEC countries, 54% of Swedish sales, 33% for Norway, 60% for Denmark (mainly agricultural products) and 40% for Austria, Finaland and Switzerland. In the case of Britain, only 30% of EEC exports would benefit by a lower tariff under the arrangement, but France considers the difference could be compensated for by special treatment favouring exports of Community agricultural produce, such as dairy products, cereals and fruit.

The drawbacks of the Debre Plan are that it is not limited to the candidates and since it leads not to full membership, it would probably clash with GATT rules. The United States has already criticised the Brandt compromise plan on these grounds, but Bonn has replied that Herr Brandt's proposals are aimed at facilitating full membership. The Commission also supports the view that any arrangements would only make sense if they resulted in an enlarged Community, and it is unwilling to provide information in this context except as regards the candidate countries. Both the Netherlands and Belgium back the need for full membership to be the eventual aim, although Dr. Luns, the Dutch Foreign Minister who is probably the strongest supporter of British entry, has made it clear that it might help if the British government would make a fresh statement regarding their views as to the proposed commercial arrangements.

Another attempt to find a way around the present period of fruitless argument was made by Italy, with an ingenious compromise plan. This envisages two separate types of arrangement. The first, which would be offered to candidate countries, would be compatible with the GATT regulations, and avoid infringing the "most-favoured nation clause", by offering them a commercial arrangement on the understanding that it would result in full membership. The other form of arrangement would be more like a preferential trading agreement, and this could be suitable for countries with a neutral status such as Austria, Finland and Switzerland. Although backed by Belgium, the Netherlands, Luxembourg, West Germany and the Commission itself, it was rejected by the opposing vote of M. Debre.

It remains to be seen whether the pressure of events during coming months may bring about a change in the attitude taken by France. At present, despite the apparent willingness to push ahead over technological and patent cooperation, there are few firm signs that Paris will modify its basic opposition, to an enlarged Community on any terms not its own.

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EURATOM

Crisis Meeting of European Parliament

The crisis over the future of Euratom, because of major divergences of view between the member states as to what should be its governing aims during the next few years, has become so serious that a special meeting of the European Parliament is being held on Friday to discuss the situation. When the Euratom Council met a fortnight ago little progress was made towards producing an acceptable compromise solution, although a special study group of experts was set up to discuss or develop an "alternative programme" to ensure that the best use is made of the joint research facilities, to examine the possibilities of the "supplementary programmes" and to look at ways of using existing installations for for new tasks in the research and technological sectors.

Only a few observers would consider that Euratom's chances of survival as an organisation dealing with purely nuclear matters are very great. However since the Council of Ministers on Tuesday decided to give the go-ahead for the Marechal Committee to start work again in the techological cooperation sector, there is a possibility that Euratom may be used to form the basis of an enlarged Technological Community. The Euratom Council will meet on December 20th to discuss the experts' report and it is then that Euratom's fate is likely to be revealed.

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TRADE

Council of Ministers Discusses Commercial Policy

At the Council of Ministers' meeting on Monday a major advance was made towards the formualation of a common commercial policy. Three important new measures were adopted which will cover a large tranche of the Community's imports from third countries and include them under common regulations. Exception was however made of the Communist bloc as no agreement could be obtained here, mainly due to West German objections. (but see "West Germany").

The first regulation adopted by the Ministers embodies a list of products and countries which will not be subject to quotas on the part of any of the member countries. The Six have thus given an undertaking to grant complete liberalisation of these goods, but the way is left open to reverse this decision in the case of any individual product if a crisis arises and if the qualified majority is gained in favour of such a move in the Council. The list accounts for some two-thirds of the goods covered by Community tariffs and this will be gradually added to under the direction of the Commission. A majority decision by the Council could then involve the removal of quotas on certain products by individual member countries if the Council were to accept the Commission's proposals.

The second regulation deals with the alignment of quotas between individual member countries, to be more precise the establishment of common quotas for the whole Community on products that are at present subject to differing national quotas. The Commission will put forward its recommendations on the value of such quotas and on their allocation between the individual member states, and the Council will decide on whether to implement the proposals by majority vote.

The third regulation provides for a "surveillance" of goods which stand midway between the two extremes of being too sensitive to be completely liberalised and not sensitive enough to require quota restrictions. The Council is to draw up a list of such products which stem mostly from countries with state trading organisations or those with abnormally low labour costs. The Commission will subsequently survey the effect of such products on Community industries, and have the choice of recommending them for inclusion under a quota scheme, liberalising them or leaving them as they are.

All three of these new regulations apply to the Community's agricultural and industrial imports from third countries with the exception of Communist countries which will not be included under the scheme until the end of 1969. Agricultural products for which there is a common organisation in the Six will however be included. West Germany objects to any blanket Community regulation of trade with the Eastern bloc countries because it sees trade with these countries as the only political lever open to the individual government to achieve its objectives, and as such it should be a national prerogative. These regulations nevertheless constitute an important step towards the harmonisation of Community trade policy towards third countries, the full realisation of which should be achieved by the end of 1969.

On Tuesday discussions of commercial harmonisation became more specific, the key product for discussion being wine. At the present time the wine market is still controlled by national legislation, but by October 31, 1969 at the very latest domestic legislation on table wines must be standardised throughout the Community. Until now, the Council has hardly gone into this question of wine apart from formulating new regulations for the control of quality wines from certain specific districts which will now go under the label 'V.Q.P.R.D.' The Commission has now taken steps to overcome the lack of provisions for the wine sector and this week put forward certain suggestions to the Council for the organisation of the common market for wine. The French however are of the opinion that the Commission's two proposals are too piecemeal to overcome the whole problem of community wine production and marketing policy, and are attacking it on two specific fronts - that a policy of quality control should be introduced and that the total amount of supply should be geared to current demand. What the French seem to fear is the recurrence of similar problems to those experienced in the dairy, cereals and fruit sectors in this the wine sector, for if the necessary structures are not built into the system from the very outset, it will be impossible to overcome imbalances between supply and demand at a later date. There is in addition a factor which makes the problem all the more tricky, that is that the international market for wines is very tight and therefore unable to absorb any excess supply. Gross international trade in wine only amounts to 20 million hectolitres, most of which comes from the Maghreb states.

The French delegation thus wants to deal harshly with imports from third countries. Imports should only be for wines "of a complementary nature", that is to say imports from third countries should only be for those wines which cannot be produced within the confines of the Community at any given time. The French feel that the Commission's proposal to liberate the wine trade with third countries to a certain extent (the only restriction on trade being a customs tariff and the application of a fairly low sluice-gate price which would be fixed 15% above the floor price) would only protect the medium to low quality wines selling at low prices and would leave the high quality wines completely unprotected. The French delegate thus proffered the idea of establishing a system based on the threshold price, which is itself based on a guidance price equivalent to the rate that the Council would like to see established within the Community. In which case the price scale should be set up based on a political decision by the Six members of the Community and not merely on a simple reference to the past; and the threshold price could then be lowered if the need for additional imports became apparent.

STUDIES AND BRENDS

The Soviet Economy Since the Reforms of 1965

by Albert Masnata, Lausanne

On September 27, 1965, Mr Kosygin, chairman of the Council of Ministers of the U.S.S.R. presented the Central Committee of the Communist Party with a report criticising certain aspects of the economic organisation of the economic organisation of the country, and announcing reforms. On October 2, the Supreme Soviet decided to amend articles 70 and 78 of the constitution, in order to legitimise the reforms propounded. It is early days yet to assess the internal and external consequences of the decision taken at that time, but we have at least to hand enough data to form an impression of the effects, and offer some sort of picture of the pattern that is emerging.

First of all, however, let us make three points: 1) The fact that centralised economic planning still continues in the U.S.SR. places a very different complexion on the workings of the economy to that which we usually find in the West; 2) Although Soviet administrative practices are known to have deleterious effects, these may in fact be discernible only in certain specific sectors, and may not undermine the general running of the economy at large; 3) According to Marxist-Leninist doctrine, general planning makes smooth the path of economic progress, so bedevilled by fluctuations in the so-called capitalist economy; nevertheless, unforeseen deflections still mark the growth of the Soviet economy. These are attributed not to the system itself, but to deficient elements in the organisation of the economy that have failed to remove these "contradictions". Thus it is these elements alone that from time to time need to be subjected to some degree of modification.

The reforms of the autumn of 1965 therefore steer clear completely of the immutable principles of "democratic centralisation" and follow the pattern of earlier reforms, albeit in a more radical manner. The problem always is to strike a delicate balance between, on the one hand, the central decision-making nucleus and on the other those companies and undertakings that form the vital cells of the economy, and the institutions between that are so necessary to an economy as vast as that of the Soviet Union.

I - Principles of Organisation before and after the Reforms

Prior to the reforms of 1965, the organisation of the economy, fixed in 1957 and partially revised in 1962, was the preserve of a few specialist ministers working to the state Plan, the "Gosplan", the establishment of which harks back to the beginnings of the regime itself, and which depends on a number of intermediate institutions, namely the Gosplans, and ministries of the union-republics and the Sovkhaozi, or local economic committees; the role of these is vital, in that they operate in a similar manner to company administration councils, which in fact are under their strict control.

The reforms were introduced on the recommendation of various economists - the best-known of whom in the West of Professor Libermann of Kharkov - but it was the heads of the Party and the Government as such that accepted and implemented them. In fact, the main provision was that the Sovkhozi should be suppressed, and in itself this looked like a move towards decentralisation, in that greater initiative and responsibility would thus rebound upon undertakings. However, this provision was accompanied by another, increasing considerably the number of central technical ministers for the various branches of the economy, and giving them a far greater degree of control: at the same time, the Gosplan's terms of reference remained completely intact.

To Western observers, what is most significant about the new-look Soviet economy is the stress on company viability and profitability. This is not an erroneous impression, but it is only one side of the picture. "Economic arithmetic" - the notion that production and distribution units should operate profitably - was not omitted from all preceding five-year plans. True, in practice, it often tended to be overlooked, and this was why in the 1965 reforms the granting of greater autonomy to undertakings as regards the preparation and execution of plans, was coupled with an effort to put them more in mind of their balance sheets. This involvement affects both the company as such and its administration and workforce: to varying degrees, according to salary, executives and workers alike are now covered by profit-sharing schemes. As under the old system, new companies are floated on state capital, but those that are already going concerns are now supposed in principle to finance themselves, ploughing back profits, and their supplementary capital requirements are no longer met by subsidies, but by the granting of interest-bearing credits.

Bear in mind here, however, that company activities are still rigidly bound by the centralised planning system, such that the concepts of profit and viability have a much narrower scope and meaning than in the West. Once the plans have been formulated, they must be observed, and they can in no way be coloured by what is one of the most radical regulators in the West, the free play of prices: these are still fixed in an authoritarian manner, and often remain absolutely constant over long periods.

II - Initial Results and Criticisms

The reforms were gradually brought in as from January 1, 1966, and statistics subsequently published have shown appreciable development of the Soviet economy. Therefore, admitted always that it is difficult to assess the quantitative growth of industrial production and trade, Mr. Baibakov, deputy chairman of the Soviet government, and chairman of the Gosplan, would appear to be on safe ground when he says that: "during the last two years of the five-year plan (1966-7), we have (thanks to the reforms) achieved the most significant results; the rate of our economic growth has accelerated, and the efficiency indices of our collective production have improved".

Nevertheless, Mr. Baibakov does add: "Our results might have been even more promising, had we taken fuller advantage of the socialist planning system. Unfortunately, there are still a number of faults to be rectified in the running of our economy. The working methods and approach adopted by our economic planning and administration bodies adapt themselves all too slowly to the needs of the new system, and to the boost that must be effected in the working of the economy." Here, clearly and concisely, is a pointer to those features we should study if we are to unearth some of the realities of the Soviet economy and the causes of those phenomena that either hamper or stimulate this market.

III - Planning, Companies and the "Socialist Market"

Whilst production plans are formulated in close collaboration with undertakings, once they have been adopted and ratified by the Gosplan, they must be applied to the letter. It could be that an individual undertaking's own interests clash with the general objectives of the plan, and it frequently happens, for instance, that one or other company, following the dictates of the plan, presses on with production of low-demand goods to the detriment of other lines for which demand might be high.

Various factors may underlie such supply and demand disequilibria: the difficulty, in an economy so large, of coordinating the various production and distribution plans; the need for companies to observe certain rules of financial administration, or undertakings made against the receipt of credits; the desire to boost profits or profit-sharing whilst remaining bound by the quantities and nature of goods laid down in the plan, i.e. by minimising supply and production costs. The quest for "profits", in the sense of this word in the Soviet context, is in fact likely to conduce to another economic blunder: producing goods of the lowest quality by using the cheapest raw materials. In its turn, an error like this can lead us into technical stagnation, as technical progress in the first place leads to the emergence of more expensive materials, and in the second depends for its furtherance upon them.

Of course, the Soviet authorities are aware of this situation, and are much concerned with "rectifying" the role played by profit making and sharing, and the damaging effects it can have on production and trade. They are endeavouring also to improve the workings of other important economic systems, such as planned viability norms and fixed prices, which they are now making more flexible and diverse. But these are not easy problems to solve within the framework of a centralised planning system, particularly as they have close affinities with another major stumbling-block peculiar to the system, the nature of the "socialist market".

A Soviet economist has defined this market as follows: "It lends concrete form to the economic relationship between producers and consumers as regards the circulation of goods. It consists in the planned organisation of exchanges of merchandise to the end of developing the national economy and satisfying as far as possible the growing needs of the workers". Although the expressed aim therefore is to see the "socialist market" exerting a greater influence over the circulation of goods, it nevertheless remains strictly organised and planned. It therefore has but little in common with a free competition market: seen from the West, the measures taken to improve the circulation of goods, be it the exchange of industrial goods between manufacturers or the channelling of goods direct to the consumer, are little more or less than "substitutes" for what would be the pressures of an open market. This does not mean that Soviet planners are blind to the faults that must be rectified in this field, nor is there any lack of evidence to bear this out.

IV - Seeking a more "Fluid" Approach to the Economic System

Prices are a key factor affecting the workings of the economy. By the very fact that they are fixed by fiat they restrict the natural effects of the economic mechanism, so much so that more and more suggestions are being made for the adoption of a simpler policy in this sphere, a policy better adapted to the movements set up within the economy in spite of, and in connection with the Plans. Moreover, certain economists, including some of the more influential ones, are now demanding a revision of wholesale prices - not just one single revision raising or lowering prices over a relatively long period of time, but a permanent one, the scope of which can be altered to suit the changing conditions of production and demand. They are also seeking the right for factories to fix different prices from the established norms for certain products in collaboration with the wholesale trading organisations.

In addition to prices there is another factor to be taken into account in the marketing of goods - delivery contracts. Within the context of the reforms they are now extolling the virtues of "direct relations" between producers and consumer groups. The value of launching wholesale, regional and interregional fairs has been stressed; these would have the function of sounding out consumer demand before starting production, whereas at the present time they continue to be considered primarily as a method of getting rid of any remaining surpluses. The efforts made in this direction have not been wholly unfruitful. But as supply and demand remain planned in principle, the result is a situation which is hardly conducive to effective trade, namely the setting up of two separate yet parallel trends, one due to the plan and the other to direct relations.

The excessive rigidity of planning, in spite of so-called reform, remains a central problem in the operation of the economic system. The plan does more than give guidelines; it tells undertakings what to do, in spite of the fact that undertakings from different branches, between which it was intended to create direct relations, find themselves unable to by-pass the intermediate governmental organs which stand in their way. But according to Messrs. Libermann and Jitnisky in an article in the magazine, "Planovoye Khozaistvo", the formal rights of these organs constitute one of the principle obstacles to the extension of reform.

In truth, effective liaison between production and consumption is hampered by the fact that inter-company relationships are based exclusively on this formal legal bond, namely the delivery contract. Still today, they are having difficulty in redressing the imbalances set up in the supply and distribution of products; witness the fact that in such cases they have to have recourse to measures to control the companies at fault, in particular by imposing fines.

V - Financial Administration and Investments - Companies and the State.

One of the major provisions of the reforms is the revision of the principles of company finance, that is to say a revision of the principles themselves as well as a revision of their relationship with the state. Increasing the return from companies is to be achieved by giving them an increased autonomy in the first place and by allowing them profit-sharing schemes. This means in effect that for all or part of their investments they will be allowed a measure of self-financing, and they will be expected to contribute more extensively to the state budget since increased profits will no doubt lead to increased tax contributions.

The substitution of credit for subsidies is part of the same scheme, and appreciable results have already been achieved. In 1967 the total profits from companies working to the new norms rose to R 21.6 million, of which 3,000 million (that is 13.9%) were paid into the budget as interest. In 1968 there was a profit of R 43,400 million which included a contribution to the State of R 8,000 million (18 %). In addition, having received their normal cut of the profits, stocked up their reserves and covered other expenses inherent in the plan, these companies ought still to have a surplus of more than R 20,700 million, enough to allow additional payments to the State (see Ekonomitecheskaya Gazeta, No 32/68).

The considerable increase in production, especially in the capital goods sector where the reforms have been particularly effective, is due for the most part to increases in productivity rather than to any improvement in financial administration. This latter question will continue to be the source of many problems until solutions to past difficulties are found. Thus, the contributions of the State in the form of "basic capital" are often not enough to cover the setting up of working capital funds. From now on credit ought to be made available to companies if they want to increase their production plant, phase out old equipment, adopt new techniques and finally obtain better returns. The fact that the amount of credit which thus becomes available to them (instead of the old subsidies) is currently higher than the total amount of their own capital is itself the source of problems for the State, for it is the State which in the final analysis has command of the control levers. However, according to a recent decree, the government intends to encourage borrowing to an even greater degree by authorising the Gosplan, the Gosbank (the State Bank) and the Finance Minister to open up credits to companies on a differential basis, without taking into account their relationship with the profit gained over and above the fixed plans - all of which may be conducive to an overall easing up of the plan approach.

Moreover, the fact that interests paid on basic funds vary considerably (between 2 and 12%) from company to company is also a source of much criticism. It is easy to say that self-finance and the increase in the economic efficiency will have the effect of improving the financial and technical administration of companies as well as improving productivity. But in the present state of the economic system, this can only be half the answer.

This analysis of some of the characteristic aspects of the reforms can be of help in forming a general view of present developments, but it cannot lead to the formulation of a definitive picture of the situation. According to a recent article in Pravda by the Chairman of the Gosplan, more than 25,000 companies, which account for more than 70% of industrial production and 80% of industrial profits, have already adopted the new administration and planning methods. Since the reforms came into force industrial production has gone up by 20% and workers' real income has risen by 12%.

It now remains to be proved that the measures taken to increase the efficiency of the economy are sufficient to right the faults of the system. Can economic mechanisms really produce all the desired effects? What has become apparent is the persistent difficulty of coordinating the action of these mechanisms with the principles of central planning still maintained. To all intents and purposes, it would be quite erroneous to interpret the reforms as the beginning of a return to the laws of the liberal market economy.

As regards relations with foreign countries, the reforms do not yet seem to have introduced any concrete elements which will allow the Soviet Union's Western trading partners to draw on any benefits save those which they already enjoy under the existing foreign trade plans and treaties. Although it may be admitted within the USSR that companies may be consulted to a greater extent than before over trading agreements reached by the government agencies with foreign countries, there is nevertheless a refusal to admit that the companies may have direct contact with the outside world. This is however the position that the head of the Gosplan took up at the last national economic conference at Moscow in reply to questions put by representatives of the large industrial organisations, which wanted to enlarge their export and import activities. It is worthwhile noting that within the framework of plans utilising the new methods, the companies have been entrusted with the explicit task of looking into the problems of exporting their own goods, and of controlling the quality of their export goods. In contributing to the development and the improvement of industrial production in the Soviet Union, the reforms have thus had the significant effect of reinforcing the Soviet presence on the world markets.

EUROFLASH : HEADLINES

AUSTRALIA	Dutch AMEV stake in motor distributors' insurance company	L
BELGIUM	FLAIG laboratory glass forms Bf 6 m. manufacturing company	K
BRITAIN	BRITISH SIDAC (Belgian UCB) takes 25% in LEATHER'S CHEMICAL	D
FRANCE	CARBORUNDUM reorganises and merges two subsidiaries	C
	ENTREPRISE MINIERE & CHIMIQUE concentrates chemical plant	D
	C.d.F. concentrates all chemical interests within S.C.C.	D
	MANURHIN's CHELLE takes over BREIL & MARTEL dairy plant	H
	SCIACKY group (world interests) takes over SCULFORT lathes	I
	GLYNN MILLS takes holding in RIVAUD & CIE bank	I
	B-S-N to merge subsidiaries, once held joint with St GOBAIN	K
	German ELBEO knitwear plans mill to employ 300 people	M
	S.C.O.A. to take over PARIBAS French, African affiliates	N
	GENERALE TRANSATLANTIQUE, NAVIGATION MIXTE pool services	N
GERMANY	DESOWAG (SOLVAY group) transfers sales interests to HENKEL	C
	French DE WENDEL reorganises Ruhr coal, chemical interests	C
	LURGI group, private POLYSIUS link for acid, chemical plant	G
	BLANZY-OUEST forms petroleum distribution company	L
ITALY	CITROEN re-equips subsidiary, prepares for FIAT alliance	B
	SCHWEIZERISCHE ALUMINIUM/MONTEDISON subsidiary wound up	F
	French SOAF and SHUNT link for water purifying plant	G
NETHERLANDS	ZOUT-ORGANON, BILLITON link for electrolytic zinc plant	H
SPAIN	DIEBOLD GROUP forms computer management systems company	L
SUDAN	DEUTSCHE INDUSTRIEANLAGEN to build zip fastener factory	E

CONTENTS

ADVERTISING

** The Puteaux, Hauts-de-Seine marketing concern CERCA-PROMOTION - CIE EUROPEENNE DE RECHERCHE, CONSEIL & APPLICATION EN PROMOTION SA has formed a subsidiary in Milan, PROMIT - STE INTERNAZIONALE DI PROMOZIONE VENDITE SpA. The founder was formed in 1966 as a subsidiary of the Franco-American advertising and marketing concern AGENCE FRANCAISE DE PROPAGANDE BATES & CIE SA, Paris (affiliated to the New York group TED BATES & CO INC - see No 416).

The new subsidiary (capital Lire 10 m), like its parent company, will be operative at all three levels of consumption (sales force, distributor and consumer). It will be run by MM. J. Kieffer (director of the parent), J.C.E. Perelman of Paris and V. Neri of Milan.

** The Dutch agency NV INTERLANDEN, BUREAU VOOR RECLAMEDIENSTEN, Haarlem has strengthened its position in the Benelux countries by forming a subsidiary in Belgium called INTERLANDEN NV BUREAU VOOR RECLAMEDIENSTEN, Etterbeek-Brussels (capital Bf 500,000) whose directors are Messrs J. Landen and J. van Beek along with Mme Moerland.

AUTOMOBILES

** The Paris motor group CITROEN SA (see No 489) is to strengthen its Italian sales and after-sales services (sales have increased by 300% since 1966) by putting its Milan subsidiary CITROEN ITALIA SpA on to new plant at Pregnana-Vanzago. This concern (formerly S.A.I. - Costruzioni Automobili SpA) has Lire 600 million capital and Sig G. Rigausias as president, which position he also holds in the sister company, Finanziaria Italiana Costruzioni Automobili SpA, Milan.

The French group is also increasing its own capital to F 490.79 million which, further to the agreements recently concluded, will enable the FIAT SpA group of Turin to invest some F 110 million in becoming a 15% shareholder (cooperation agreement - see Nos 485 and 486). This stake will later be transferred to a joint holding company that will have 62% control of Citroen.

BUILDING & CIVIL ENGINEERING

** The Dutch NV EXPLOITATIEMIJ P. HOPPENBROUWERS & ZONEN NV, Bergen-op-Zoom, has sponsored and taken part in the formation in Antwerp of HOPPENBROUWERS ALGEMENE BOUWWERKEN NV (capital Bf 2 m), also a civil engineering concern. It is joined in the venture by its subsidiaries, Hoppenbrouwers Aannemersbedrijf NV (see No 225) and Hofabel NV of Bergen-op-Zoom.

CHEMICALS

** DESOWAG CHEMIE GmbH Düsseldorf (capital Dm 3.5 m), a member of the Brussels SOLVAY & CIE SA group (see No 490) through Deutsche Solvay Werke GmbH, Solingen-Ohligs, has made over its disinfectants sales division (trademarks Incidin and Spitacid) to the Düsseldorf chemicals group HENKEL & CIE GmbH (see No 482), which will integrate this with its cleaning, degreasing and disinfectant products division.

Desowag Chemie, which has a branch in London (see No 398) in 1967 made over its wood preservation interests (see No 406) to Desowag-Bayer Holzschutz GmbH, Düsseldorf, in which it is linked 50-50 with the Farbenfabriken Bayer group, Leverkusen.

** VAN KRANENBURG NV (see No 456), the Rotterdam-based industrial cleansing plant and abrasives manufacturer, has formed a subsidiary in Antwerp called VAN KRANENBURG & BELGIE NV (capital Bf 1 m). This will manufacture machinery, acessories, etc.

For several months the founder has acted as sales agent in Europe for abrasives made by Fanner Continental NV, Utrecht, a member of the American group Teztron Inc, Providence Island through its "Fahner Co" division.

** Although the Paris group DE WENDEL & CIE SA (see No 489) has made over the coal-mining interests of its subsidiaries STEINKOHLENBERGWERK FRIEDRICH HEINRICH AG, Kampt-Lintford and STEINKOHLENBERGWERK HEINRICH ROBERT AG, Herringen, Hamm to the new coal group RUHRKOHLEN AG, Essen (see No 490), it still intends to push ahead with its manufacturing interests in the Ruhr. Negotiations have therefore begun with the aim of acquiring a stake in a local chemical concern.

Within West Germany, the French group has majority control of the wire-drawing concern Suddeutsche Drahtindustrie AG, Mannheim-Waldhof - directly and through the Dutch firm Mi. Tot. Exploitatie Van Limburgische Steenkohlenmijnen, Heerlen (Oranje-Nassau-Mijnen - see No 409). This also has a wholly-owned subsidiary, Drahtwarenfabrik Germania GmbH.

** The American abrasives, electronic components, polishing machines and refractories group THE CARBORUNDUM CO, Niagara Falls, New York (see No 304) is to streamline its French interests by having CARBORUNDUM FRANCE SA, Vincennes, Val-de-Marne (capital F 17.37 m) absorb SA DES MEULES ARTIFICIELLES - S.A.M.A., Vizille, Isere (capital F 1.48 m), which it took over in 1966 (assets valued at F 12.54 M).

The group, whose 1967 turnover was $ 238 million, has some 14,200 people on its payroll and controls various EEC interests: 20% in Les Abrasifs du Sud-Oest SA, Paris (works at Beyrede, Hautes Pyrenees), the main stake in which (66.4%) is held by the holding company Seicheme - Ste d'Exploitations & d'Interets Chimiques & Metallurgiques SA, Lyons (50.5% subsidiary of the Pechiney SA group - see No 475); Carborundum Werke GmbH, Düsseldorf-Reisholz (capital Dm 16.2 m), which has sales offices in Stuttgart and Berlin; Carborundum-Nederland NV, Rotterdam; Carborundum Italia SpA, Milan etc.

** ENTERPRISE MINIERE & CHIMIQUE SA, Paris (see No 487), which came of the 1967 merger of the two state concerns O.N.I.A. and STE DES MINES DE POTASSE D'ALSACE SA (see No 428) has made over its plant in Paris, Toulouse, Sete (Herault), Fleury (Loiret) and Oissel (Seine Maritime) - gross assets of F 466 million - to its Toulouse subsidiary AZOTE & PRODUITS CHIMIQUES (A.P.C.) SA (see No 470), the capital of which has thus been raised to F 200 million.

** BRITISH SIDAC LTD, St Helens, Lancs., manufacturer of cellulose and plastic films and an affiliate of the Belgian group, U.C.B. - UNION CHIMIQUE SA (through its Luxembourg holding company Cie Financiere de la Cellulose SA) has taken a 25% interest in LEATHER'S CHEMICAL CO. LTD, Bradford, Yorks, which has specialised in the production of sulphuric acid for more than two hundred years. On the board it will have its own Mr. C. Farrell and Mr. H.M. Gordon-Williams.

The Bradford company, which was recently affiliated 10% to the Midland Montagu Industrial Finance Ltd (the new subsidiary of the Samuel Montagu and Co Ltd and Midland Bank Ltd - see especially No 487), is about to construct a 200,000 tons p.a. sulphuric acid factory at St Helens which will be operational by the end of 1969.

** The state-owned group CdF - CHARBONNAGES DE FRANCE (see No 489) has concentrated the whole of its chemical interests within its subsidiary STE CHIMIQUE DES CHARBONNAGES SA - S.C.C. (see No 485). This was formed in 1967 (see No 428), and has now had its capital increased to F 397 million, and its terms of reference widened to include control of the group's six chemical complexes and its interests in the chemical sector.

S.C.C.'s trading network includes C.D.F. CHIMIE SA (see No 483) for chemical products and plastics; Comptoir Francais de l'Azote SA for simple fertilizers and Engrais de France SA (see No 466) for compound fertilizers.

ELECTRICAL ENGINEERING

** MARTIN-LINSSEN & CO. Pvba, Buggenhout, the Belgian trader in electrical plant and machinery, has opened a branch in Duisburg under the direction of Herr Anton Gaupp. The parent company which was formed in 1962 has a capital of Bf 120,000.

ELECTRONICS

** The American DISC INSTRUMENTS INC, Santa Ana has established a Munich sales subsidiary called DISC INSTRUMENTS GmbH (capital Dm 600,000). The manager is Mr. Patrick Gilgallon, London director of the subsidiary, Disc Instruments Ltd formed in August 1966 (capital £ 12,000).

Until now the firm was represented in West Germany by the Heidelberg firm, ANALYTICAL INSTRUMENTS ASSOCIATES GmbH.

** The American manufacturer of electronic equipment ANALOG DEVICES INC, Cambridge, Massachusetts has formed a West German subsidiary called ANALOG DEVICES GmbH, Munich (capital Dm 20,000) with Herr Franz Donaubauer as manager and Mr. David Erwin of Cambridge as director.

The founder's operational linear amplifiers are sold in France by Techniques & Produits SA, Sevres Hauts-de-Seine (see No 461).

** BECKMAN INSTRUMENTS INC., the Fullerton, California specialists in electric and electronic instruments for medical, scientific, industrial and educational applications (1967-68 sales $ 130 m) has set up its eleventh overseas subsidiary in Rotterdam, BECKMAN INSTRUMENTS NEDERLAND NV. Under the direction of Mr. A.H. Tenthof van Noorden, the new firm will coordinate the activities of the two local distributors, IRCA, Voorburg and KEMPFF, The Hague.

The parent company has numerous interests in Europe (see No 475) - subsidiaries in Geneva, Paris, Munich, Vienna, Glenrothes (Scotland) and London. It has recently formed (through its Swiss subsidiary Beckman Instruments International SA) an association in Sweden with L.K.B. - Producter A/B, Stockholm for the distribution of its products in that country; the result of this association has been the formation of a 49/51 subsidiary in Stockholm, L.K.B. - Beckman Instruments A/B, directed by Mr. Bo Lindwall.

ENGINEERING & METAL

** The Berlin company DEUTSCHE INDUSTRIEANLAGENGmbH, Berlin (see No 482) intends to build a zip factory in Khartoum, Sudan. A company will be formed in Khartoum controlled 45-55 with a local businessman, Mr. S. Ortashi.

The founder (capital Dm 65 m) exists mainly to re-group West Berlin's main heavy engineering and machine-tool concerns. In 1968 its turnover is expected to exceed Dm 400 million.

** The German industrial and laboratory balances concern PFISTER WAAGEN KG, Augsburg, has formed a sales subsidiary in France called PFISTER-FRANCE PESAGE Sarl, Melun, Seine-et-Marne, with F 100,000 capital and M. Erwin Pfister as manager. Until now, Pfister's French sales interests have been handled by the affiliated CARIP - CANNESSON-RIVIERE-PFISTER SA, Lagny, Seine-et-Marne, which makes metal scaffolding, boilers and plant.

The parent company has 700 people on its payroll, and its turnover is close on Dm 25 million.

** The German aircraft equipment concern FRITZ HOCHHEIM MASCHINENFABRIK, Münchengladbach, has moved into the French market by forming a subsidiary in Strasbourg called STE AEROTECHNIQUE HOCHHEIM FRANCE Sarl. The founder is owned by Herr L. Hochheim and employs about 100 people.

** The groups SCHWEIZERISCHE ALUMINIUM AG, Zurich, the capital of which is soon to be raised to Sf 250 million (see No 486) and MONTECATINI EDISON SpA, Milan (see No 489) have decided to wind up their joint subsidiary ASA Snc, Sesto S. Giovanni, Milan, which produces high grade metal and precision parts for fluid gauges and regulators, pressure reducers and indicators, welding equipment etc.

The two groups are linked 50-50 in another aluminium and non-ferrous sheet metal concern L.L.L. - Lavorazione Leghe Leggere SpA, Milan (see No 305), which at Fusina and Porto Marghera, Venice, operates some of the largest plant in Europe.

** N.V. MIJ. TOT BEHEER VAN HET AFGESCHEIDEN VERMOGEN VAN N.D.S.M. has just been formed as an investment company in Rotterdam with Fl 10,000 capital as a subsidiary of the shipbuilding group VEROLME VERENIGDE SCHEEPSWERVEN N.V., Rotterdam (see No 467), backed 10% directly and 90% through the subsidiary Verolme Beheer Mij N.V., Rotterdam. It is mainly to handle the group's interests in the shipyard NED. DOK - & SCHEEPSBOUWMIJ - N.D.S.M. v.o.f., Amsterdam, a 50-50 joint construction subsidiary of NED. DOU MIJ. N.V. and NED. SCHEEPSBOUW MIJ N.V., which is to be taken over by Verenigde Scheepswerven N.V., Rotterdam (see No 467).

** KRAUSS-MAFFEI AG, Munich (see No 466), a member of the German metal group BUDERUS'SCHE EISEN-WERKE, Wetzlar (subsidiary of FRIEDRICH FLICK KG, Düsseldorf - see No 476) has wound up its Milan affiliate CHEMIOPLASTICA Srl (see No 394), and placed Sig Umberto Govone in charge of the operation.

Krauss-Maffei formed this company late in 1966, in association with two affiliates, Fellner & Ziegler GmbH, Frankfurt and Eckert & Ziegler GmbH, Wissenburg, Baraina to import and distribute machinery, materials and tools for the plastic and chemical industries.

** STA METALLURGICA ITALIANA SpA, Rome and Florence (see No 438), the non-ferrous metals, copper and stainless steel company, and a member of the Florence group G.I.M. -GENERALE INDUSTRIE METALLURGICHE SpA (see No 458) is to absorb two property companies: SpA GESTIONE IMMOBILI-SAGI, Milan and STA FARMACEUTICA SpA, Campo Tizzoro. This operation will increase its capital to Lire 13.4 million.

** The American wrapping and packing machinery concern (mainly for aerosols), J.G. MACHINE WORKS, Little Ferry, New Jersey, has enlarged its EEC interests interests by forming a sales subsidiary in Milan, J.G. INTERNATIONAL PACKAGING MACHINES Srl (IMPA) (capital Lire 900,000; directed by Sig G. Albini, who has a 50% interest).

The parent company has for two years been represented on the Dutch market by a sales subsidiary in The Hague, J.G. Machine Works N.V., directed by Mr. James Gottlieb, who with Mr. Murray Fishman, runs the parent company.

The French CIE D'ETUDES & DE RECHERCHES SOAF SA, Issy-les-Moulineaux has joined 50-50 with SHUNT ITALIANA SpA, Milan and Caponago in forming a water purification plant company in Milan named SOAF ITALIANA SpA (capital Lire 1 m - president Sig D.U. Cazzolini).

The French founder, formed in 1965 after the break-up of Ouest Assainissement SA, (Ste-Luce-sur-Loire, Loire Atlantique), has the following chief subsidiaries or affiliates: Soaf Atlantique SA, Ste-Luce-sur-Loire; S.E.R.I.C. Industrie SA, Montrouge, Hauts-de-Seine, (which in its turn controls Shunt Christin SA, Montrouge); Stratisoaf - Ste Industrielle de Stratifies Pour l'Assainissement SA, Ste-Luce-sur-Loire, and Depurasoaf SA, Madrid, etc.

A cooperation agreement covering the design and construction of industrial plant (for the production of sulphuric and phosphoric acid, as well as cement) has been reached in West Germany between LURGI GESELLSCHAEFT FUER CHEMIE & HUETTENWESEN mbH, Frankfurt (a member of the Metallgesellschaft AG, Frankfurt - see No 478) and POLYSIUS GmbH, Neubeckum.

The latter is a family concern (capital Dm 21 m) and it has 1,700 employees. There are three main foreign subsidiaries : Polysius Sarl, Paris(capital F 10 m), Polysius Ltd, Ascot, Berkshire and Polysius SA, Madrid. In Belgium, its affiliate Ateliers Louis Carton SA, whose capital was raised to Bf 80 million during May 1968 controls Magil-Materiel De Genie Civil SA, Brussels (capital Bf 7 m).

** The Basle-based MAC GREGOR INTERNATIONAL SA, which forms part of the European network of the American metallurgical and engineering group MAC GREGOR COMARAIN INC. Middletown, Pennsylvania (see No 291), has opened a new Brussels office under Mr. H. Tarkpwaki of Paris.

The Middletown group already has a Paris associate company Mac Gregor Comarain SA. Its European subsidiaries are International Mac Gregor SA, Monte Carlo, Mac Gregor SA, Oslo; Anotherm SA, Vanves, Hauts-de-Seine, France (ventilating and air-conditioning equipment).

** The Swedish heat-treatment and boiler company C.T.C. A/B, Gothenburg (see No 483) has strengthened its position in Germany by setting up a branch in Kleve to its Düsseldorg subsidiary C.T.C.GmbH (capital Dm 3.5 m - see No 451), in addition to those already opened in Munich and Düsseldorf. This new concern will assume control of the heat exchangers and steel boilers works recently acquired from the Essen, FRIED KRUPP GmbH group (see No 451).

The Swedish group, headed by the Gothenburg concern CORONAVERKEN A/B, has another subsidiary in Germany, API - Maschinen GmbH, Frankfurt.

** ETS. DEVEANNE DIQUESNOY SA, Wattrelos, Nord, has made a commercial, technical and financial agreement with STE GEORGES BOUTEMY Sarl, Roubaix, Nord for the manufacture of lifting trucks and containers. The move may later lead to the re-grouping of the two companies' interests.

The American automobile and precision engineers, EATON YALE & TOWNE INC, Cleveland, Ohio (see No 454) is about to rationalise its sales and manufacturing interests in Italy by having its subsidiaries, EATON ELPA SpA, Casale Monferrato, Alessandria and EATON PRODUCTS SpA, Rivarolo Cavanese, Turin, taken over by EATON LIVIA SpA, Rivarole Cananese. Under its president Mr. J.C. Sprague and its managing director Sig F. Palazzo, the latter company will as a result increase its capital to Lire 1,211 million.

Acquired a few months ago, Eaton Elpa (formerly Elettrotecnica Padana Srl) specialises in precision electrical instruments and controls (timers in particular) for electrical and domestic equipment. Eaton Products was formed in 1966 (see No 381) by the group's Dutch subsidiary, Eaton & Towns Europa NV of The Hague, in order to manufacture tools and equipment for motors. The American group has another subsidiary in Italy, Yale SpA, Aprila which specialises in locks, bolts, keys etc.

** The civil engineering plant and materials group, RICHIER SA, Paris (see No 487) is about to rationalise its interests in the castings sector (concrete mixers and cranes especially). It is to merge its interests in this sector to form a new concern, FONDERIES & ACIERIES ELECTRIQUES DE FEURS SA, Feurs, Loire (capital F 20.1 m) out of three associates: 1) Fonderies & Acieries de Feurs SA, Feurs; with a capital of F 2.5 million (gross assets F 31.46 m) the latter's president is M. R. Tayot, who directs another firm in the group, Fonderie Nouvelle SA, Mezieries, Ardennes; 2) SA de Constructions Mecanique Noralpe SA, Paris (capital F 2 m) whose assets (F 4.16 m) comprise, amongst others, its scoop factory in Grenoble; 3) Ste Nouvelle des Ets Mecaest SA, Charleville, Ardennes (capital F 50,000).

** The association concluded in the Netherlands between the chemical and pharmaceutical group, KON. ZOUT-ORGANON NV, Arnhem (see No 484) and the metals group, BILLITON MIJ. NV, The Hague (see No 482) for the construction of a 100,000 tons p.a. electrolytic zinc plant, involving an investment of around Fl 100 million and the creation of 300 jobs, will be supported by a wholly-owned subsidiary of the former, NV KEMPENSCHE ZINKMIJ. NV, Budel (see No 368), in which the latter is to take a 50% interest.

This operation does not affect the direct holding of Kempensche Zinkmij. (former subsidiary of Kon. Zout-Ketjen NV, Hengelo, which in 1967 merged with NV Kon. Zwanenberg-Organon within Kon. Zout-Organon) in Zinc-Organon C.V., Budel (see No 383), a 70% direct and indirect subsidiary of Zout-Organon in association with the Banque de Paris & des Pays-Bas SA, Paris amongst others.

** Having recently taken over (see No 466) the food manufacturing machinery department of TUNZINI-AMELIORAIR SA, Paris, the French group, MANURHIN-MANUFACTUR DES MACHINES DU HAUT-RHIN SA, Mulhouse is continuing to build up its machinery interests around ETS. CHELLE SA, Alfortville, Val-de-Marne which it acquired in 1967. The latter firm is about to take over STE BREIL & MARTEL SA, Paris (see No 322), which with a capital of F 2 million is affiliated amongst others to S.N.P.A.- Societe Nationale des Petroles d'Acquitaine SA (27.57% and a member of the E.R.A.P. group) the company produces plant for milk processing.

Manurhin (annual turnover in the order of F 110 m, of which 61.23% goes in exports) is affiliated to the English Electric Co. Ltd of London through its Luxembourg holding company Elliot Automation Continental SA and to Sade-Ste Alsacienne de Development & d'Expansion SA.

** The Vitry-sur-Seine resistance, electron and argon arc welding equipment concern SCIACKY SA (see No 439) has taken over the machine-lathes concern SCHULFORT SA, Paris and Maubeuge, Nord (see No 352). The latter was put into legal liquidation a year ago, and at the beginning of 1968 handed over the administration of its works to a new company formed in Maubeuge, STE NOUVELLE D'EXPLOITATION DES ETS SCULFORT S.E.S. Sarl (capital F 220,000), managed by M. Andre Closset. It has two overseas interests, Sculfort Iberica SA, Madrid, and Sifmo SA, Fribourg, Switzerland.

The Sciacky group, with over 1,000 on its payroll in France, has a wide network of foreign interests, especially in Wiesbaden, Barcelona, Gothenburg, Slough, Chicago, New York, Boston, Philadelphia, Detroit, Los Angeles, Atlanta (Georgia) and Euclid (Ohio), Fairfield (New South Wales) etc.

FINANCE

** The Paris bank RIVAUD & CIE Scs (main partner RIVAUD SA, Paris - see No 466), which is directed by M. Jacques Pillet-Will, has just admitted as a partner the London bank GLYNN MILLS & CO LTD (see No 465).

The Paris group C.C.F. - Crèdit Commercial de France SA (see No 448) a few months ago strengthened its links (see No 445) with Rivaud & Cie Scs (formerly MM. Rivaud & Cie Snc - see No 439) by purchasing a 20% holding in it, thus raising its capital to F 10 million In 1967 Rivaud & Cie had made a similar move by becoming a minority shareholder of C.C.F. - Credit Commercial de France SA.

** The Rome state group I.R.I. - ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE SpA (see No 489), which is continuing to reorganise its interests, is to merge some nine subsidiaries in various fields of activity within STA DI PARTECIPAZIONI AZIONARI SpA, Rome (see No 485).

This company has interests in some 25 companies (accounting for Lire 1,319.3 million on the balance sheet at the end of 1967), and after this move will change its name to Sta Finanziaria di Partecipazioni Azionarie SpA (capital raised to Lire 25,000 m). It will then gain control of : Monte Amianta SpA, Rome (see No 392); Saivo - Soc. Italiana del Vettro d'Ottica SpA, Florence; Maccarese SpA, Rome (see No 422); Manifatture Cotoniere Meridionali SpA, Naples; Il Fabbricone Lanificio Italiana SpA, Prato , Florence; Edindustria Editoriale SpA, Rome; Tipografica Cremona Nuova SpA, Cremona; Intersomer - Soc Mercantile Internazionale SpA, Rome, and Circumvesuviana SpA, Naples.

** BANQUE DE LA CITE SA, Paris (president M. J.B. Dardel) has acquired at 12.5% interest in BANQUE ROY-STE JEAN ROY & CIE Scs, Douai, Nord, controlled by Mme Roy-Cleenewerck and M. Jean Roy, which has just raised its share capital to F 1 million.

The Banque de la Cite group (capital F 6 m), which in particular comprises Banque Hispano-Francaise SA, Biarritz; Ste Hispano-Francaise de Credit-Credhifa SA, Biarritz and Ste Financiere Suisse & Francaise SA, Paris, a year ago acquired a large holding in Banque Lair SA, Nice (president M A.C. Lair).

FOOD AND DRINK

** Another amalgamation has been agreed upon in the Italian sugar industry; STA ITALIANA PER L'INDUSTRIA DEGLI ZUCCHERI SpA of Rome and Genoa (see No 351) with a capital of Lire 6,850 million is to take over two companies in the property and real estate sectors, SPAMA-STA PER AZIONI MIGLIORAMENTI AGRARI SpA, Rome and FARNIA SpA, Varese.

** The Dutch vegetable and animal oils and fats, margarines, salad dressings, sauces and animal feeds concern KONINKLIJKE FABRIEKEN T. DUYVIS JZ NV, Koog a.d. Zaan (see No 456) has taken over the Vlaardingen family concern ZWERVER'S VERENIGDE MIJEN NV. This employs about 300 people and runs an oil purifying plant, a margarine and a cooking oil factory, either directly or through its Vlaardingen subsidiaries, Oliefabrieken J.M. Zwerver NV and Rotterdamsche Margarine Industrie J.M. Zwerver NV.

Its new parent company is already active in this sector with a wholly-owned subsidiary, NV Oliefabrieken "De Toekomst", Wormerveer, which has about 100 people on its payroll. In 1966, it took over the preserved foods concern, Wilco Conserven NV, Assen, which provided it with a West German sales subsidiary, Wilco Holland Conserven GmbH, Rellingen, plus interests in The Hague in NV Centrale Europese Conserven Industrieen - C.E.C.I. It has also a subsidiary of its own in Hamburg, Kon. Fabrieken T. Duyvis JZ GmbH, and another in France, Mayolande SA, Seclin, Nord, well known for its "Benedicta" mayonnaises and sauces, and wherein it is linked with the Seclin firm of Eeckman Sarl.

** STE DE FABRIQUES DE SUCRE SA, Paris (capital F 4.32 m, now being raised) is, after negotiation, to make over its stake in CIE D'ETUDES & DE PARTICIPATIONS SUCRIERES - S.E.P.A.S. SA, Paris to the investment company CONSORTIUM FRANCAIS DE GESTION CINEMATOGRAPHIQUE-COFRAGEC. C.E.P.A.S. specialises in backing manufacturing and trading companies in the sugar sector. It was formed in June of this year with the backing of Consortium Francais de Gestion Cinematographique-Cofragec, and is headed by MM E. de Rouvre, J. de Brye and J. Riotte.

** VERENIGDE LEVENSMIDDELEN FABRIEKEN (VLF) NV is being formed to implement a cooperation agreement following the takeover (see No 490) of V. VAN DER PLAATS, KOFFIEBRANDERIJ & THEEHANDEL NV, Bolsward, by the Groningen tobacco, cigarettes, coffee roasting and tea trading concern, THEODORUS NIEMEYER NV. The new firm is to invest some Fl 10 million in a factory that will employ about 250 people. Apart from pursuing Niemeyer's normal activities, it will also process and distribute goods imported by CATZ INTERNATIONAL NV, Rotterdam, with which it will cooperate closely and produce lines developed by the Wormerveer division (Crok & Laan NV) of NV Verenigde Textiel- & Oliefabrieken, Krommenie (see No 455). It will further control the Van der Plaats subsidiary, Noord Nederlandse Margarinefabriek NV, Bolsward.

GLASS

** Having brought from the CIE DE SAINT-GOBAIN SA, Neuilly, Hauts-de-Seine (see No 485) its interest in their joint subsidiaries, SEPROSY - STE EUROPEENNE POUR LA TRANSFORMATION DES PRODUITS DE SYNTHESE SA, Paris (see No 469) and SEDAPAC - STE EUROPEENNE POUR LE DEVELOPPEMENT DE L'EMBALLAGE SA, the glass group B.S.N. - BOUSSOIS, SOUCHON NEUVESEL SA, Paris (see No 487) is to have the first of these two subsidiaries taken over by the second. Sedapac (capital F 2 m) will make over its assets valued at F 3,075,000 to Seprosy, which will thereby raise its capital from F 9,950,000 to F 11,200,000 and carry on the manufacturing activities of the firm it has taken over (plastic packagings for pharmaceutical products, drinks and housekeeping requisites) at the same time as its own (packagings, extrusion and injection moulding machinery).

Saint-Gobain and B.S.N. remain associated (64/26) within the Ste Francaise de Glaces de Securite-Securiglace Sarl, Paris (capital F 650,000) which in turn controls the Ste Commerciale des Glaces de Securite-Securit Sarl, Neuilly (formerly Ste Commerciale de Glaces de Securite - Clarit Sarl - see No 292) which has a capital of F 460,000. The two groups have decided to transform these two concerns into "groupements d'interet economiques" in Paris, with Messrs Marcel Benard and Jean Prevot as managers.

** W.G. FLAIG & SONS LTD, Broadstairs, Kent (see No 404) which in February 1967 acquired control of ADRESC Pvba, Edegem, Antwerp and made it into a branch, has now established a subsidiary EXELO W.G. FLAIG & SONS NV, Edegem, Antwerp. The founder (glass for research and laboratory purposes, chemicals and pharmaceuticals) has contributed gross assets worth 6.37 million. The new company (capital Bf 3.7 m) has Messrs R. Flaig, H. Thomas and F. Flaig as directors.

INSURANCE

** NV ALGEMENE MIJ TOT EXPLOITATIE VAN VERZEKERINGSMIJEN (see No 488), having recently gained control of Northern Life Insurance Co of Australia (Pty) Ltd, through its Melbourne subsidiary Amev of Australia (Pty) Ltd, has now gone on to strengthen also its stake in the Australian fire, accident and divers risks insurance sector.

It has purchased a 25% holding from the Australian motor distributors' association, VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE, Melbourne, in VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE INSURANCE CO (PTY) LTD, Melbourne (policy portfolio of A £ 16 m). In return, the association has received a 20% stake in Northern Life Insurance Co of Australia.

AMEV has also (through NV Versekering Mij "Johan de Witt", Tilburg) recently formed an indirect subsidiary in Utrecht, Amev Computer Centrum NV (capital Fl 200,000), specialising in contracted administration work.

OIL, GAS & PETROCHEMICALS

** UNION INDUSTRIELLE DE BLANZY-OUEST SA (see No 472) of Paris (formerly Blanzy-Ouest SA) has sponsored the formation in Duisburg under M. Hubert Draber of Paris of the petroleum dustribution company, BLANZY-WEST MINERALOELHANDEL GmbH (capital Dm 20,000).

Blanzy-Ouest, which already has an indirect foreign interest in Cie de Prospection Geophysique Belge SA, Watermael-Boitsfort (see No 469), is backed mainly by Cie Generale d'Electricite - C.G.E. SA (see No 486), Paris (through Cie Generale d'Electro-Metallurgie SA, Paris); Ste Generale de Belgique SA (see No 489), Brussels (through Traction & Electricite SA), and the Belgian Empain group (see No 476), through Ste Parisienne d'Etudes & de Participations SA, Paris.

SERVICES

** The Brussels subsidiary of the American information services and computerised management systems consultants, THE DIEBOLD GROUP INC. (see No 459) and the leader of the company's European research programme, DIEBOLD EUROPE SA (president for the past year M. A. Chargueraud) has formed a 50% subsidiary in Madrid, DIEBOLD ESPANOLA SA. This new firm has a capital of Pts 9.8 million, of which the balance is held by the Banco Espanol de Credito SA - Banesto, Madrid (see No 411) and the Banco de Financiacion Industrial SA - Indubah, Madrid and Barcelona (see No 471).

The latter bank has as shareholders : the Banco de Vizcaya SA (see No 339) and and international banking group consisting of the Banque de L'Union Europeenne Industrielle & Financiere SA, Paris, Dresdner Bank AG, Düsseldorf, Credit Lyonnais SA, Paris, Algemene Bank Nederland NV, Amsterdam, Worms & Cie SA, Paris, International Banking Corp., New York (First National City Bank group), Hill Samuel & Co. Ltd, London, Westminster Foreign Bank Ltd, London and Sofis SA, Geneva (Cie Financiere de Suez & de L'Union Parisienne.).

** The Swiss organisation, marketing, information services consultants, ATOR AG FUER UNTERNEHMENSBERATUNG, Berne (see No 447) has set up a subsidiary in Stuttgart called ATOR GmbH UNTERNEHMENS BERATUNG & DATENVERARBEITUNG (capital Dm 200,000) whose directors are Herren Ernst Langenegger, Rene Schaerlig and Gerhard Opitz. The new venture will take over the functions of the former branch which the company opened up in Stuttgart in June 1967 (see No 404).

Ator, which also has a branch in West Germany in Essen (formed in 1966), recently closed down its Milan branch, also set up in 1966 (see No 377).

TEXTILES

** Under an agreement, ETS L. DEVANLEY & RECOING Sarl, Troyes, Aube (see No 489) is to sell knitteds and lingerie produced by an indirected subsidiary of the Paris RHONE-POULENC SA group. Owned through Rhodiaceta SA, the subsidiary is ETS VENTEX, COMPTOIR DE LA BONNETERIE & DU TEXTILE SA, Paris. This has some 1,800 people on its payroll (capital F 6 m.) and runs mills at Villemonble, Seine-St-Denis; St-Andre-les-Vergers and La Chapelle-St-Luc, Aube; Ganges, Herault, and St-Andre-de-Majencoules, Gard.

** The Augsburg ELBEO hosiery and knitwear group (see No 476), which until now has had only a sales interest in France (Elbeo Sarl, Paris), is to add a manufacturing stake in the form of a mill at Selestat, Bas-Rhin, employing about 300 people by 1970.

The group is headed by the sister companies, ELBEO-WERKE oHG and LOUIS BAHNER ELBEO-WERKE GmbH, each of which has Dm 10 million capital. Its other foreign subsidiaries are Romo SA, Brussels; Elbeo Manufacturing Ltd and Elbeo Ltd, both at Millons, Notts; Elbeo AG, St Gall etc. In West Germany, it has outright control of the Kiel company, Tilly Strumpffabrik GmbH (capital Dm 2.5 m.).

** The West German company HAMMERSTEINER KUNSTLEDER GmbH, Wuppertal-Wohwinkel (plastic-coated cloths, synthetic leathers and floor-coverings) has dissolved its Paris subsidiary LATATISS Sarl. This was formed in 1962 with a capital of F 10,000.

The Wuppertal firm (capital Dm 3.5 m.) is under Herren W. Wagner and Rudolf Schetty, Basle. Herr Schetty is also president of the dyeing and finishing firm, Basler Stückfaberei AG (capital Sf 4 m) and Farberei Schetty AG, (capital Sf 3m) both of which are based in Basle.

TOURISM

** ROTHSCHILD FRERES SA, Paris (see No 483) have taken a 10% interest in the travel concern C.E.T. - CLUB EUROPEENNE DE TOURISME SA, Paris (see No 471), the balance of this firm's capital is now broken down as follows: 53% (-7%) to Cie Financiere de Paris & des Pays-Bas SA (see No 489); 27% (-3%) to M. Francois Huet, Chairman of C.E.T. and 10% (unaltered) to the Paris bank De Neuflize, Schlumberger Mallet & Cie Snc.

TRADE

** STE COMMERCIALE DE L'OUEST AFRICAIN - S.C.O.A. SA, Paris, further to the reorganisation whereby it intends to increase its operation outside the West African theatre, has concluded negotiations started last August (see No 475) with the BANQUE DE PARIS & DES PAYS-BAS SA group (see No 489).

The plan now is to have some dozen companies affiliated to CEGEPAR - Cie Generale de Participations & d'Entreprises SA (subsidiary of Paribas - see No 475) regrouped within S.C.O.A. All these concerns, both by terms of references and by geographical location (France, Morocco, Madagascar, Reunion etc) have activities complementary to those of S.C.O.A. When the move is complete, Cegepar (capital raised recently to F 17.67 m. after the absorption of Ste Financiere de Participations & d'Entreprises and Ste Financiere pour le Developpement du Cameroun SA - respective assets of F 4.84 and 1.81 m.) will have an interest in S.C.O.A. of about 20%.

** Mr Serge B. Hainich, an American living in Geneva, has taken 80% in forming a company in Milan named CODIGEL ITALIANA SpA (capital Lire 10 m., with balance held by M. J.P. Croissier) to import and distribute tools, equipment and supplies for institutions, hotels, restaurants, canteens, hospitals etc.

TRANSPORT

** CIE DES MESSAGERIES MARITIMES SA, Paris (see No 426), which is controlled by the French state, and is affiliated to the CHARGEURS REUNIS SA group has acquired from UNITED STATES LINES CO, New York (see No 445) its general agency for passages booked to France, Benelux, Italy, Switzerland, Spain, Portugal, the Near and Middle East and the French-speaking countries of Africa. The American firm has therefore closed its Paris agency, a number of the staff of which will be taken over by Messageries Maritimes.

** Negotiations are now under way between the two French shipping companies, C.G.T.-CIE GENERALE TRANSATLANTIQUE SA, Paris (see No 488) and the CIE DE NAVIGATION MIXTE SA, Marseilles (see No 441) with a view to cooperating in the joint running of the technical and sales sides of their Mediterranean lines. To effect this move they are to form a joint 65/35 subsidiary, CIE GENERALE TRANSMEDITERANEENNE, to which the first of these companies intends to contribute five ships as well as its forwarding agents at Marseilles and Nice, whilst the second is to contribute three ships, its forwarding agents and its Tunis and Algiers offices.

Navigation Mixte is affiliated 16.95 % to C.G.T. and to the Cie de Navigation Paquet SA, Marseilles, which is itself strongly linked to the Chargeurs Reunis SA group of Paris through the Nouvelle Cie de Paquebots SA and the S.C.I.M. SA, and to the insurance group, La Fortune, Cie d'Assurances Maritimes & Terrestres SA, Le Havre.

VARIOUS

** A link-up between three Dutch furniture firms from Ijsselstein has resulted in the formation of a joint subsidiary called TRIKING MEUBEL NV, Ijsselstein (capital Fl 300,000) which will be run by Messrs J. de Bruin and H. Vink. The founders are DE HOOP FABRIEK VAN ANKERMEUBELEN NV, NV HOUTWAREN- & MEUBELFABRIEK HOFA and MEUBELFABRIEK M. VINK & ZOON. The total number employees of the three companies is around 100.

** The Dutch farm and horticultural seeds concern NUNHEM'S ZADEN NV, Haelen has opened a branch in West Germany at Straelen, Niederrhein. It was formed in 1967 and has Fl 300,000 capital.

** The Dutch cabinet-making concern, BERKVENS' DEURENFABRIEK NEDERLAND NV, Someren, has sponsored and given 5% backing to the formation in Paris of BERKVENS FRANCE Sarl (capital F 20,000). Under M. J.L. Robin as manager, the new company is 95% controlled by one of the founder's directors, Mr. P.J.F. Berkvens.

** R.I.P. - RAFFINERIA ITALIANA PELLI SpA (skins and hides processing - especially calf) has merged with another Milan concern of its type - BALTIMORE PELLI SpA - and changed its name to R.I.P. BALTIMORE SpA, raising its capital to Lire 150 million.

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CORRECTION:

BROWN BOVERI (Issue No 489, p.J): BROWN BOVERI & CIE AG, Baden, Aargau, has an interest in BROWN BOVERI & CO AG, Mannheim, of 55.5%, and not 46% as stated.

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