Opera Mundi EUROPE

A WEEKLY REPORT ON THE ECONOMY OF THE COMMON MARKET

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COMMENT

from our Paris Correspondent

Devaluation: Crude Balm for French Economy

There is really no scientific way of resolving the dialogue between Jean Marcel Jeanneney, former Minister of State under General de Gaulle's legislature and Valery Giscard d'Estaing, present Minister for Economics and Finance in France, the crux of which is whether the recent devaluation was really inevitable. M. Jeanneney is quite convinced that it was not, and is most sceptical of this as a means of firming up the wavering franc. Conversely, M. Giscard d'Estaing sees devaluation as the only possible first step towards a complete overhaul of the balance of the economy, and he is quite clear in his own mind that no other decision could have been made if the disastrous run on France's monetary reserves was to be arrested. His basic philosophy emerges quite clearly from his recent televised speech: "the value of a currency is not a matter of arbitrary decision, rather of observation. There is no question of wishful thinking in the valuation of a currency: it is worth what it can be seen to be worth".

There is something to be said for both sides. Whilst it is true that on foreign markets it had become impossible, before devaluation, to sell French bank-notes except with a 10 to 15% discount, commercial dealings of the straight import and export type were still being transacted at rates very close to official parity. But the fact remained that on the futures market, as M. Giscard d'Estaing says, "foreigners outside know the real value of the franc, and the risk they run if they hang on to our national currency for even a month". Indeed, the discount rate was running at something like 11 or 12%. Just the same, there is no shortage of precedents for discount rates of similar or even higher proportions than these - not just for the franc - being slashed or even disappearing entirely from one day to the next, as soon as confidence was restored in the currency in question, i.e. as soon as requisite measures had been taken by the Government responsible, or indeed steps had been taken to restore the psychological climate. So, the mere existence of a heavy discount rate for a given national currency does not in itself compel the issuing Government to own it,by devaluing its currency to an equal extent. We have a sort of parallel in the London gold market: since the central banks stopped supporting exchange rates there (i.e. since March 17, 1968), the dollar has been subject to a discount rate of almost 20%, at times creeping as high as 25%, against gold. But this has not tended in the least to force the authorities in Washington to "admit" this disparity by devaluing the dollar by a similar amount.

To return to France, we can nevertheless appreciate that the Government may have seen fit to devalue as the least evil of various alternatives open to it. Of course, any discount rate of the franc would have disappeared straightaway if it had proved possible to restore foreign confidence in France's finances, and the level of the reserves at the Bank of France would immediately have taken an up-turn. But to be able both to discern and to implement ways of restoring confidence is an art based on many imponderable factors, and unfortunately each Government stands entirely alone in the role of assessing its own persuasive powers and resources for achieving such an objective. Few operations are more delicate than that of eliminating the credibility gap in finance, and there are no short cuts. It is of course always better to cure an infected part rather than go in for amputation, but how would you dissuade a surgeon from the latter course when he is convinced that all other remedies at his disposal have failed? The medical and the ruling professions are alike in this, in that they have to rely on their own assessment of the situation: their role (in some ways unfortunately) is vital.

There is nothing of the panacea about devaluation, and M. Giscard d'Estaing is the first to admit this. In the first place, it can have no possible beneficial effects on the trade balance unless ways are found of preventing it from sparking off a whole chain of price and wage increases, and unless the Government allies to it measures for eliminating certain anomalies which have unquestionably aggravated the French monetary crisis, in particular export rebates. Again, on the psychological level, there can be no question of the weight of the decision. In Paris experts tend to compare such a move with Vesuvius erupting: once it has happened, it is at least statistically improbable that it will recur very quickly. Past experience shows that once the axe has fallen in this way the franc can expect a reasonably long period of stability. Foreign confidence flows back towards it, and one can already see that discount rates on French bank-notes have almost disappeared. However, more stringent measures yet are needed if this climate of confidence is to be fostered and improved.

As far as the Common Market is concerned, it is obviously a great pity that the formula adopted has had to be the isolation of the French agricultural market as a result of the new parity of the franc. But at least it should beg the question in our minds whether or not the devaluation of the franc would have been inevitable if the Six had travelled further along the road of harmonising economic and financial policy, and indeed if France herself had not eschewed certain principles of Community cooperation, especially after the events of May and June 1968.

We are all of us only too well aware of the ill effects of runaway inflation, but at times we tend not to differentiate sufficiently between the untoward effects of overheating in private enterprise, and the more radically inflationary effects or indeed the sheer calculated monetary risks involved in certain types of governmental decision. An industrial sector workingat full pitch does not upset the economic balance, for the goods produced duly travel round a complete circuit, meeting consumers' needs that for the most part are those of producers themselves, and often of workers. Goods sold in this way soak up the additional liquidity created by the accelerated production process, and so the wheel turns full circle. Were it not for other inflationary factors complicating the issue in a society operating in this way, there would never really be any inflation problem, even if accelerating production bred a degree of labour shortage: indeed the free circulation of workers inside the Community would quite naturally operate in those circumstances as a remedial factor. Likewise wage increases precipitated by the excess of vacancies offered, would be restrained automatically, cost prices and hence selling prices being on the increase, and so damping down demand, especially for exports. However, when Government expenditure exceeds the level required for normal vigilance over private business and becomes excessive, perhaps for the sake of keeping an unwieldy administration in operation, perhaps for maintaining too high a level of production in sectors that are outside the normal consumer cycle (e.g. armaments), then a fiscal regime within normal limits of tolerance will not suffice to meet these non-productive items of expenditure and the whole mechanism becomes overloaded. Then and only then can we really talk in terms of inflation.

This is especially true of France since last year, when to the state's habitual profligacy was added the Government's deliberate attempt at that time to boost the economy after the events of May. The means chosen, with the Treasury becoming the main fount of monetary resources during the period from May to October, was described by M. Giscard d'Estaing himself in an interview last December (to l'Express) as "a bad choice". Now Minister of Economics and Finance, M. Giscard d'Estaing has gone on record as saying that an examination of the various items in the Bank of France's balance sheet, listed as support to the state, "will show that all the capital it put at the disposal of the Treasury during the five months before the November 1968 crisis (i.e. the monetary crisis which forced France to re-impose exchange controls), comes to 14,000 million francs (about $ 2,800 million). Curious: currency losses between May and October were of just about the same order".

This, then, was an instance of deliberate creation of inflation, which acted on the French economy like a sort of pep pill, and the contrast between the situation in France and that in other EEC states became all the more pronounced. When the process of European integration is being pursued steadily, such a contrast can only spell trouble. Thus it is scarcely surprising that M. Giscard d'Estaing's latest restorative measures place the utmost priority on balancing the budget.

Such extravagances on the part of the state contributed greatly to the turning sour of the monetary situation in France, but there were other decisions on the part of the state governing private affairs that contributed also. There is nothing strange about the aim of boosting exports after the 1968 May crisis, but the manner in which this aim was pursued was totally phoney: it was really courting disaster to grant export rebates at such absurdly low rates and in such massive proportions - apart from which, this was yet another measure flouting EEC principles. In the interview already mentioned, M. Giscard d'Estaing referred to this process in the following terms: "short-term export credits rose between May 2 and 31 October 1968 from 4,400 to 7,100 million francs, that is almost 3,000 million. This stemmed from a most extraordinary decision. When the discount rate was raised in July from 3.5% to 5%, the export rebates rate was actually reduced, from 3% to 2%: "cheap money", was the first thought to enter the heads of industrial leaders, and they used the greater part of these credits for financing all their operations, which enabled them to grant credits to their foreign buyers and thus to hamper the repatriation of the currency they were earning. Exports did not rise in proportion, but the growth of monetary resources was considerable... You simply cannot allow the general volume of monetary resources to grow beyond a certain level without stimulating either a huge increase in prices or the flight of liquidity out of the country: we had the flight of liquidity".

This flight went on with impunity, because the larger part of the process took place during a period when exchange controls had been suppressed in France. Nevertheless this dramatic phenomenon still continues to a certain extent, even though the situation was saved on November 25, 1968. If we are to accept the round figures offered by M. Giscard d'Estaing, then the dwindling of the reserves of the Bank of France between November 1968 and the end of this year comes to some $ 2,800 million, while the trade balance deficit for the same period comes to only 1,547 million. Those best informed in the matter feel that illicit expatriation of French bank-notes during this period has been insignificant, and that intervention by the Bank of France to support the franc on foreign markets has been negligible. Nevertheless, all the wealth of export credits granted has yet to filter back, even if the discount rate has at least now become more normal, having been brought down steadily, before devaluation, to 5% for short-term and 3% for medium-term (the latter having been raised again since devaluation to 7% and 4% respectively). The continuation of credits to foreign buyers, and the speeding-up of payments on imports, have largely done the trick. According to the experts, this two-way redirection of the monetary cycle more than explains the gap between the quantity of reserves lost and the amount of the trade deficit, and a more intensive study of this would no doubt yield valuable knowledge for the future.

But over and above it all, what France's experience in recent months really shows is that in a Europe where the process of integration is already well advanced, that country which swims against the tide is heading for trouble. The fact is that all the measures chosen as ways of offsetting the untoward effects of the May 1968 crisis were of a nature contradictory to Community principles. It is understandable enough that M. Pompidou and the Government of M. Chaban Delmas should have decided that things had gone too far to be set to rights other than with the initial stimulus of a devaluation (relatively modest at that), even though such a decision is again against Community principles, albeit within the letter of the Rome Treaty. As Raymond Barre, vice-president of the Brussels Commission, holding the monetary questions portfolio, quite rightly said, in a speech to German industrialists on May 19 last: "we must seek to avoid the need for parity changes within the Community through improved coordination of economic policies. But until such coordination becomes really effective, situations may arise where such parity changes will be unavoidable. The existence of common farm prices cannot be deemed an immovable obstacle to the sort of currency adjustments that the general economic situation demands, and which member states have the right to resort to under the Treaties."

However, in this same speech, M. Barre also defined the vital basic principle that subsists beyond such short-term compromises: "the smooth running of the

Common Market entails stability in exchange rates. Not only is this stability imposed by the existence of common farm prices; it is also needed to provide a sound base for commercial and financial transactions. Member states of the Community must seek to avoid all parity modifications, and to this end they must reconcile all relative facets of their economic policies. However solemn, declarations of intent in this sphere are not enough". Witness France.

THE WEEK IN THE COMMUNITY

August 11 - August 17, 1969

W.E.U.

French Participation: "Oui, Mais..." Yet Again

Change the faces, and all's well - or at least, one is less inclined to look on the dark side. This facet of human behaviour seems always to come to the fore amongst "Community observers", who do at times show a predilection for wishful thinking when there is some sort of political reshuffle in the EEC. De Gaulle leaves, the Gaullist party stays in power: radical changes are hardly to be expected therefore, and so we hear tell of a "change of style". France devalues, her agriculture is isolated: thus weakened, we may expect a more flexible attitude from her, say the men on the spot. The same goes for other ingrained, but to the integrationist unhealthy characteristics of other member states: Germany's studied middle-of-the-road approach, Italy's lack of cooperation in fiscal reform, Dutch bargaining with technological cooperation... in short a hundred and one ways to which the Six still cling as the political vestiges of the sovereignty they have started to relinquish.

So it is with the Western European Union: this is the ideal forum, as we know, for Britain and the Six to use as the basis of consultation over the entry of the former into the Community. Under de Gaulle's hard-line anti-enlargement policies, and with M. Debre carrying the Foreign Affairs portfolio, it was really no surprise that last February (see No 500), France decided, on the grounds that WEU procedural rules had been flouted, to the end of getting the enlargement issue discussed, to resort to her not unprecedented "empty chair" tactics, and stay away from all subsequent Council meetings. She has nevertheless not withdrawn entirely from the W.E.U., even though while de Gaulle remained in power this was thought to be very much on the cards.

Now comes the "wishful thinking" element: not only is the more benign if astute image of Pompidou now associated with the French leadership, enhanced by the vague, but somewhat comforting noises that have been made since his arrival about such issues as enlargement: also, now, there has been the French devaluation, criticised only for its secrecy. By and large, this has evoked warm reactions from other states: inevitable as it had become on the practical level, the modest scope of it and the competence of the operation generally, coupled with the feeling that France is at least temporarily weakened by the move, as the isolation of her farming proves, have all compounded to take the chill out of some of the attitudes that had been developing, especially in fellow EEC member states. More to the point, France has had to bend the rules of the Common Agricultural Policy, that she has in the past insisted was something not to be meddled with, and also sent M. Giscard d'Estaing to Brussels on July 17 to give French ratification to the Barre Plan, knowing the previous day that devaluation, in contravention of this Plan, was already fixed. This, some might at least assume, has both made her in a sense "beholden" to the Community, and also compromised her. With many years past of bargaining from strength under Gaullist tactics, this new condition in France comes as too tempting a trait for the "observers" to let it pass unnoticed.

Therefore, the speculative machine gets set in motion: is it attributable to the "silly season" that on this occasion the whole thing hinges on one word? The fact is that several newspapers last week reported that France, or rather her Foreign Minister M. Schumann, had announced that she was now "disposed" to resuming her full role in the W.E.U. - interpretation: that yet another aspect of Gaullist intransigence was being cast down, and that we could look forward to ever more constructive consultations between the Six and Britain. Since discussion of the enlargement issue remains on the W.E.U. General Assembly agenda, this also implied that fresh progress towards entry was on the cards. As far as timing is concerned, the General Assembly meets on December 15, and the Council should gather some six weeks before that.

But to return to the key word: that France was thus "disposed" was revealed by the Paris correspondent of an American paper, who in fact was only quoting M. Schumann's reply to a parliamentary question from the radical deputy M. Peronnet, as to when France would resume her role in the W.E.U. These were his words as transcribed in the 'Journal Officiel' of the Chamber of Deputies:

"The French Government is disposed to resume its place in the W.E.U. as soon as there is agreement on a return to the procedures as followed there prior to the crisis of last February. I should also stress that this government was in no way responsible for that crisis. In the meantime, and having a care not to poison a difference which does not alter the good relations we have with other members of the organisation, France will continue to play her full part in the activities both of the W.E.U. Assembly and of the armaments control agency and the permanent arms committee".

It is hard to see that this is anything more than an expression of French intent to "be nice" about something on which there seems to be little prospect of any early change of attitude. She interprets the W.E.U. Treaty as meaning that all decisions must be unanimous; Britain sees this as applying to policy decisions only, and not to discussions of procedure. Neither has veered in the least from those basic standpoints, and clearly there will be no French minister present at the Council until one or the other does bend. At this time, France does not seem likely to do so: a change of style may be refreshing, but in terms of action, alas, it adds up to not very much.

* * *

EEC ECONOMY

Manpower Shortage Queers the Pitch

The EEC Commission's latest report on the economies of the Six, both corporately and severally, states that up to the beginning of the summer the tendency for industrial production to expand in lively fashion was showing little sign of abating. Germany continues to top the performance chart, with for instance output nearly 20% higher in May of this year than in the same month of 1968. Productivity in general has increased accordingly, although the continuing manpower shortage, especially of skilled labour, means that figures of employed have risen rather less. France, as well as other member states, is now following the trend, after a few months' minor recession, or at least trailing off of the expansion trace. Capital goods in particular are in greater demand in France, although the labour shortage again is hampering things. Elsewhere in the Community production prospects are equally rosy, with home and foreign demand stimulating output in the Benelux, while in Italy strikes, rather than mere labour shortage, have taken their toll of the overall record.

The manpower shortfall has perhaps become especially noticeable in recent months with the seasonal factor coming in: such sectors as building and certain services allied to tourism have felt the pinch as they have come to tap a labour market already under-supplied, and this has stressed the problem generally. Indicative of this is an increased level of labour importing, with Germany in particular showing an all-time record of 1.4 million foreign workers in employment at the end of June. Italy comes at the other extreme, where seasonal labour requirements - mostly for unskilled categories in fact - have been filled from national resources.

Consumer prices continue to rise, as they usually do at this time of year, but there are signs of lively demand playing a part in this trend. The trend ranged from France, with a consumer price index 6.5 points up between May 1968 and May 1969, and the Netherlands, where it actually remained constant, largely through the price-freeze policy and its side-effects.

With such boom conditions inside the Community, imports were of course dynamic, and as opposed to the situation earlier in the year, exports had picked up considerably also, not least because the end of the American dock strikes meant hard work catching up on the backlog. Germany's monthly trade surplus now balances at around the $300 million mark, while even that of Italy, albeit adjusted, is now almost on the credit side. All other member states showed a generally improving trend. Exports to EFTA in particular are improving, as indeed are those to other member states, although the country to derive the greatest benefit from the end of the U.S. strike was in fact Belgium. Currency speculation in April and May led to enlivened activity on the futures market especially in Germany, and there does seem to be a possibility that buyers may have overstocked on German goods, to the extent that the export record may decline somewhat in the coming months.

Between the last three months of 1968 and the first three of this year, the volume of intra-Community trade swelled by no less than 6%, with the continuing favourable trend in this sphere of activity. Both supply and demand are forging ahead in all member states, and this is duly reflected in their trade with one another, with only Italy keeping to a modest degree of increase in the amount of her imports from other member states, despite buoyant conditions at home.

The rise in international interest rates grew even steeper in the second quarter. Banks in the United States raised the prime rate again in June, from 7.5% to 8.5%. On the Eurodollar market more than 12.5% interest had at times to be paid for three-month loans, while the situation on the Community's money markets tightened further. In addition, the monetary authorities in all member countries used Bank rate as an instrument with which to curb the expansion of credit at home and, even more important, to reduce exports of capital. Only in Germany, where such exports are desireable to offset large surpluses on current account, were purely domestic reasons decisive for the change in the discount rate, which was raised from 3% to 5% in two stages. In Italy, a two-tier discount rate was introduced to discourage certain forms of capital export which were unwelcome for internal economic reasons. After July 1, banks exceeding a certain ceiling for paper rediscounted pay a Bank rate of 5% instead of the usual 3.5%, which otherwise continues to apply.

The total volume of credit expanded vigorously in all countries of the Community. Because of the growing risk that the economy might become overheated, the monetary authorities in most member countries took firmer steps to control lending. Belgium introduced credit ceilings and reduced the rediscount facilities available to the commercial banks. In France, the existing restrictions on credit were extended for a further period of six months, to December 31, 1969. Terms for instalment sales credit were also made more difficult, both here and in Belgium. In Germany, the Bundesbank increased the minimum reserve rates on June 1 and announced another to take effect from August 1, thus taking some Dm 4,300 million out of circulation. Interest rates for loans made by the central bank were also raised in all member countries; in all of them except Germany the move was largely due to balance-of-payments considerations.

In the second quarter, the trend of gross official gold and foreign exchange reserves reflected the revival of speculation on a revaluation of the Dm. Between the end of April and the middle of May there was a considerable inflow of foreign exchange into Germany, mainly from other European countries and the Euro-dollar market. Only some of this foreign exchange was withdrawn after the Federal Government's decision to leave the parity of the Dm unchanged. In fact, a large part of the increase in reserves was attributable to an improvement in the leads and lags situation, so that it was trade and industry rather than the commercial banks which benefited, foreign buyers having paid for their goods early while German importers had postponed settling their accounts. Another factor was that parent companies abroad were switching liquid resources to their subsidiaries in Germany. The heaviest loss of reserves among the Member States occurred in France in May, where speculation on the German mark may have been reinforced by political uncertainty towards the end of April and early May. In the other countries, the net figure of official foreign exchange reserves had risen further by the end of the period.

E.C.S.C.

Enlargement and the Common Steel Market

Up till quite recently, it had looked as though Britain's steel sector might be one of the less welcome to Community industry, once the process of British entry begins, and British steel is phased into the common steel market of the Community. However, as is pointed out in a recent edition of the Belgian daily, "le Soir", Britain's recent expansion and modernisation record makes even that of the Six pale somewhat. The Common Market countries are looking forward this year to topping the 100 million tons mark for crude steel production for the first time. Not only that, they are anticipating an increase in production volume of something over 20% in the next three years, to achieve an output figure of the order of 132 million tons in 1972. Against this, British steel, with its new complex at Port Talbot (despite current difficulties on the labour side), is planned to achieve an increase in production from the 1968 figure of 23.6 million tons to 30 or even 34 million tons by 1975, an increase of 27% or anything up to 44% in volume, and this with a workforce reduced by 50,000 men.

Britain's expansion plans centre chiefly on Port Talbot, where existing plant is being phased out and replaced in particular with two 300-ton oxygen converters, and on Teesside and Scunthorpe. The Clyde and Immingham are also scheduled as major port development areas for ore offloading.

As far as productivity in E.C.S.C. industries is concerned, the basic facts are that in crude steel production the workforce has fallen from 463,700 in 1957 to 424,000 in 1967, while production in the same period rose from under 60 million tons of crude steel to over 90 million tons. If we include the rolling, galvanising and tinning sectors, the workforce at the start of this period was about 106,000, with a productivity ratio of around 550 tons per man per annum: this had risen in 1967 to 900 t.p.a. per man, and last year it jumped again to 1,090 t.p.a., the overall workforce having dropped to 90,000 men in these allied sectors - i.e., here production has almost doubled in ten years.

The chief problem put forward when inclusion of British steel in the E.C.S.C. is talked of is the basic structural difference between the former, consisting as it does for the most part in the nationalised British Steel Corporation, and the private enterprise format, in particular of Belgium and German steel production (Italy is not so different from Britain, in fact, in this respect). However, B.S.C. Chairman Lord Melchett's latest plan, now before Parliament, could do much to remedy this problem by placing the Corporation on its own feet as it were, and running it on a strictly profit-making basis. The cornerstone of the plan is to convert £700 million worth of the Corporation's initial debt of £834 million into public dividend capital, which will remove the vast majority of a load of indebtedness to the Government, that at present takes the form of a burden of around £35 per ton produced.

In the long term, also, British and E.C.S.C. steel interests are tending to look in the same direction. Both are taking the line that for the foreseeable future at least there will be no particular break in or shortening of the vertical production cycle within Europe, and that the continent will continue to produce its own crude steel. The very long-term projections seem to indicate that in the future, as economical sources of ore get used up, not only extraction, but transformation into crude steel, even into semi-finished products may polarise in one or two ideally-placed centres like Australia and Brazil. When that happens, all the sort of political problems that we have had to contend with in such key sectors as oil will again arise, and European steelmakers will have to concentrate on advanced technology final processing of steel. But this is very much the long-term prospect, and there seems little doubt that the investments that Britain and the E.C.S.C. have made in steel plant will be well and truly amortised, one anticipates in close cooperation, well before then.

* * *

Fall in Steel Production in the EEC in July

Production of crude steel in the Community fell in July to 8,664 million tons compared with 9,212 million tons in June. This fall in production is attributed to the start of the paid holiday period, especially in Belgium, France, the Netherlands and Italy. In these four countries production has indeed dropped slightly, while it has remained very high in West Germany and Luxembourg.

Production in the first seven months of this year totalled 62,799 million tons, or 6,461 million tons more than in the equivalent period of 1968, giving a rise of 11.5% in crude steel production.

* * *

EURATOM

Know-How Exchanges within the Community

The EEC Commission recently concluded an agreement for exchanges of know-how and experimental data on nuclear power stations with the Stade nuclear power station. This is the first such agreement signed under Community auspices.

Under the agreement know-how will be transmitted to the Commission and hence made available to member states and interested parties by application of Article 13 of the Euratom Treaty and the procedure laid down there. The Commission's part is to take steps to expedite the transmission, exploitation and application of experiments and knowledge coming into its hands, in particular that which can have a bearing on the building and running of the 630 MWe pressurised water reactor.

Since 1961 the Community has been promoting the construction of commercial reators by a policy of "participation". To this end it has been endeavouring to encourage the building of reactors through financial support and also by disseminating information and data acquired in work done on reactors under the Euratom Treaty. Participation has in fact involved Euratom in financing five nuclear power stations to the tune of $32 million: Carigliano (150 M We) and Latina (200 M We) in Italy; the joint Franco-Belgian project at Chooz (266 M We); Gundremmingen (237 M We) in Germany, and Dodewaard (51.5 M We) in the Netherlands.

Participation contracts will enable the Commission in various ways to amass the data needed, either by requiring contractees to submit documents direct to the Commission and keep it abreast of developments, or by having Commission-sponsored engineers on the spot, working side by side with others from industrial or supply companies. Other companies having the status of joint undertakings will also be called upon to pass on their findings, i.e. those running the reactors of Lingen (237 M We) and Obrigheim (283 M We).

So far, the seven generating stations in question have submitted 2,833 documents to the Commission. The twelve Euratom engineers, who have been detailed to these stations for several years now, have themselves drafted 595 technical progress reports on construction and operation. Many industrial companies, institutes and electricity distribution concerns have taken advantage of the opportunity given to them of sending fact-finders to the power stations, and in this way some 210 engineers have spent varying lengths of time there and sent in 137 reports. Such figures only give a rough guide to the importance of the data gleaned under participation contracts, and joint undertakings. One imponderable, for instance, is the value that we may be able to attach to the amount of direct knowledge and experience that is acquired under the system, and this indeed was why since 1962 the Commission has had nine "teach-ins" on the subject of nuclear power stations.

Experience has shown the Commission that it is not just the directly sponsored pooling of information under participation contracts that needs to be sought, but the general sharing of experience in commercial reactor technology. This is why, for several years past, the Community has been sponsoring the free and direct exchange of information by all those running nuclear power stations, or indeed planning to do so. Under this scheme since 1966 there have been twelve meetings of working groups and two symposiums. All such moves, claims the Commission, are contributing towards the ease of technological advance in this sector, and this is why in its five-year research programme (see Nos 510 and 520) it expresses the intention of amplifying this facility through technological information systems, linking reactor operators, builders and public authorities.

* * *

TRADE

Invisible Barriers: Export Credit Insurance

The EEC Commission has forwarded to the Council a draft directive concerning the adoption of a common policy to govern medium and long-term operations in the public procurement sector. A very important aspect of this, in the creation of a common commercial policy, is the way in which export credit insurance is operated in the Six. What was needed were proposals for common policies concerning short, medium and long-term credit, a) for suppliers, i.e. those credits where the exporter receives the guarantee, and b) for purchasers, where it is the procurer who is guaranteed, and these to be offered for the three alternatives of individual policies, overall policies or subscription policies.

The text now in the hands of the Council in fact relates only to supplier's credit, for medium and long term operations involving public purchases. The Commission has tackled this aspect first, as it embraces the largest and most important volume of transactions. The Commission's proposals include:

1) The text now before the Council, which moots the principle of the common policy, for application as from January 1, 1970. This draft directive also makes provision for the setting up of a "Consultative Committee for export credit insurance", that would be the arbiter in any problems arising over the common policy, or questions coming under the export credit insurance heading.
2) The text "common policy for medium and long term operations involving public purchasers".
3) Two additional clauses concerning extension of the guarantee.
4) Explanatory notes on the common policy, with examples.
5) "Recommendations" on the inclusion of act of God clauses.
6) The draft of a second directive, covering the adoption of a list of exceptions to the provisions of the common policy, and a draft annex list.

* * *

INDUSTRY

French T.V. Tubes under U.S. Control

The American CORNING GLASS WORKS CO, of Corning, New York, has taken over the French special glass manufacturer SOVIREL - STE DES VERRERIES REUNIES DU LOING SA, of Levallois-Perret, Hauts-de-Seine, which is the only company in France making tubes for black and white or colour television, which account for some 45% of turnover. The move was made with Corning buying up half of the 48% interest held in the capital of this company by the SAINT-GOBAIN group. At the outset, when Sovirel was formed in 1955 by the merger of Le Pyrex with Verreries de Bagneaux & Appert Freres, the capital breakdown was: Saint-Gobain - 46%; Corning - 32%; Boussois - 17%, and 5% with small investors. Boussois had to sell its share when it merged with Souchon-Neuvesel, and Corning then bought up sufficient stock to make its stake equal to that of Saint-Gobain.

Sovirel has a turnover in the region of F 250 million, while that of its new parent company amounts to something like $440 per annum. Apart from TV tubes, Sovirel produces optical glass, laboratory glass and of course Pyrex ovenware. It is now in course of constructing a new domestic glassware plant at Chateauroux, with an 80 t.p.a. capacity: some speculation has arisen as to whether it will now in fact manufacture there under Corning direction ovenware lines in competition with those of B-S-N and indeed Saint-Gobain itself.

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FISCAL

American Objections to the TVA

In an answer to a question in the European Parliament, the EEC Commission has stated its position on United States objections to the Added Value Tax System as it will be operated in the Community. It states: "the United States is still expressing its doubts on the modifications to fiscal adjustments at the frontier that will come in when TVA is generalised in the Community, even though the system is perfectly admissible under GATT regulations concerning duties. According to these rules, consumer taxes should be reimbursed in international transactions by applying the principle of the country of destination, while other taxes falling under the country of origin heading should enjoy no such rebate. The United States authorities claim that the generalisation of the TVA, demanding complete reimbursements at the frontier, enables countries that formerly used cascade tax systems - most member states in fact - to go over from an incomplete frontier tax reimbursement system to a full one. According to the United States Government the introduction of TVA would therefore improve the position of these countries in international trade".

Of course, the Commission begs to differ. It maintains, "by adopting the TVA, which puts an end to frontier reimbursement on turnover tax in member states or in those sectors where they might exist, but which at the same time makes over-compensation impossible, the Community is instituting a uniform taxation system that takes all inequalities out of the competitive pattern and thus conduces to the eventual suppression of fiscal frontiers between member states. The only result can be an improved position in competitive conditions in trade through strict application of GATT principles governing consumer tax.

"Moreover, little importance can be attached to the effects on trade of going over to TVA, since under-compensation is or was a rare phenomenon. Again, any such effects are often very much diluted by a) interim rules restricting the amount of tax that might be applied to previous stocks and investments or new investments, or b) by vestigial taxation stemming from limitations on the right to deduct taxes already paid.

"More to the point, one has to bear in mind the relative importance of such fiscal modifications, when compared with everyday factors, often of far greater scope than these, that weigh upon the workings of international trade, and indeed the terms of trade, and which in particular manifest themselves in unequal cost and price increase rates."

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ADVERTISING

** Having failed to agree on a closer form of cooperation, the agencies CLAR GmbH & CO WERBEAGENTUR (G.W.A.), Heidelberg (see No 403) and COMPTON ADVERTISING INC, New York (see No 492) have decided, as from 1970, to wind up the international cooperation pact into which they entered some years ago. In particular, the two firms are linked in West Germany in the joint Heidelberg agency, COMPTON - CLAR INTERNATIONAL WERBEAGENTUR GmbH, formed in February 1967 with Dm 800,000 capital and Mr. Dick Zuver as manager.

** The Munich agency NORD-SUD WERBUNG GmbH & CO KG had made a cooperation agreement with the French printing house of STE DRAEGER FRERES SA, Montrouge, Hauts-de-Seine (capital F 8.57 m), headed by MM. Charles, Jacques and Alain Draeger, and which runs two advertising divisions under the "Wallace & Draeger" and "Wallace" banners. The agreement covers advertising and market intelligence swaps, and international cooperation.

** DORLAND WERBE GmbH, Düsseldorf (capital Dm 50,000) has been formed with Messrs Peter Roth and Michael J. Hanks, South Ascot as managers. Mr. Roth is already manager of the Düsseldorf agency, DORLAND INTERNATIONAL WERBEAGENTUR GmbH & CO KG (controlled by Dorland International Werbeagentur GmbH) part of the international group headed by DORLAND ADVERTISING HOLDINGS LTD, London (see No 492).

AUTOMOBILES

** The Lyons group AUTOMOBILES M. BERLIET SA (see No 496) the subsidiary of the CITROEN SA group, Paris (see No 523), itself a 15% affiliate of the Turin group, FIAT SpA, has reduced the capital of its West German subsidiary AUTOMOBILES M. BERLIET DEUTSCHLAND GmbH, Gross-Gerau from Dm 2.5 million to Dm 750,000.

The latter was formed in December 1961 and its capital was gradually raised from Dm 20,000 to Dm 500,000 (March 1963) to Dm 2 million (December 1965), to Dm 2.5 million (February 1966). It is an 86% interest of its founder, with 20% held directly, and the remainder through Interautomobile SA, Geneva (60% - capital Sf 1 m) and CITTEX - Cie d'Importation, Transit, Transportation & Exportation SA, Marseilles (6%). The remainder is held by SEGEX - Ste d'Etudes & de Gestion Pour Le Commerce Exterieur Sarl, Paris (see No 468), a member of the Banque Francaise du Commerce Exterieur SA group (see No 515).

BUILDING & CIVIL ENGINEERING

** OMNIUM TECHNIQUE DE L'HABITATION - O.T.H. SA, Paris (see No 517), member of the CIE FINANCIERE DE PARIS & DES PAYS-BAS SA, through its holding company Omnium de Participations Financieres & Industrielles SA (see No 524), has strengthened its North American emplacement by forming two new subsidiaries through OTH AMERIQUE DU NORD LTD, Montreal (capital $ Can 500,000).

The first new company takes the name COSYSCO LTD (capital Can $ 200,000), is based in Montreal, and takes the form of a joint venture between OTH and the engineering consultancy concern LAMARRE VALOIS INTERNATIONAL, of that city. The second is based in New York; named IBS INDUSTRIALISED BUILDING SYSTEMS INC, it is a three-way equal interest venture with the PAUL WEIDLINGER & COSENTINI ASSOCIATES consultancy, and with the ROUSE CONSTRUCTION CORP, both of New York. Both new companies are to exploit building techniques developed in Europe by OTH on the North American market.

** A merger between two West German companies will involve JULIUS BERGER AG, Wiesbaden taking over BAUBOAG AG FUER INGENIEURBAUTEN DES HOCH- & TIEFBAUES, Düsseldorf (capital Dm 5 m) changing its name to JULIUS BERGER-BAUBOAG AG, with its capital raised from Dm 9 to 16 million. Both companies are affiliates of the DRESDNER BANK AG, Frankfurt (see No 525) which has a 90% stake in the Düsseldorf concern and 25% in Berger. When the move is completed, Dresdner Bank will have 66.6% of the new group, which with some 5,000 employees, has an annual turnover of around Dm 220 million.

** The Belgian dredging and sand and gravel transporting concern BAGGER- & TRANSPORTBEDRIJF DRAGETA NV, Maaseik (see No 462) has taken 25% in the formation in Utrecht of a mortar and cement concern named INTER-ZUID NV (capital Fl 800,000) under the direction of Messrs H.C. van der Maas and C. Craayeveld. It is linked 50% and 25% herein with two Dutch firms: HANDEL & INDUSTRIEONDERNEMING H.C. VAN DER MAAS NV, Eindhoven, and M.G.F. DEKKER AZN'S GRINT & ZAND-BAGGERBEDRIJF NV, Sliedrecht.

The Belgian founder linked last year with Dutch interests (Naarden based) and Belgian investors (from Antwerp and Bressoux) in the building materials concern, SA Briqueterie Silico-Calcaire, Lommel.

CHEMICALS

** Following the conclusion last August (see No 475) of its refractory products cooperation agreement with KLOECKNER WERKE AG, Duisburg (see No 525), DIDIER-WERKE AG of Wiesbaden has now purchased a 50% holding in the special subsidiary of the former, RHEINISCHE CHAMOTTE & DINAS WERKE AG, Bad Godesberg, Bonn.

Didier-Werke (chief affiliations to the Deutsche Bank of Frankfurt - over 25%, and to the Hoesch AG group - 8.83%) turned over Dm 435 consolidated in 1968. Its new affiliate has Dm 4.35 million capital, and with 750 personnel turns over Dm 25 million plus per annum.

** The Rotterdam firm VITOL NV (see No 450) which trades in chemical and oil products, has extended its interests to West Germany with the formation of VITOL GmbH, Düsseldorf (capital Dm 100,000). This has the founder's own head, Mr. Hendrik E. Vietor, as manager.

There is also a Rotterdam sister-company, Vitrop NV, and a Swiss subsidiary, Vitol Trade Co AG, Zug (capital Sf 100,000) formed during February 1968.

** The West German porcelain manufacturer PORZELLANFABRIKEN LORENZ HUTSCHENREUTHER AG, Selb, Bavaria (see No 286 - a 25%+ affiliate of the Munich insurance group Munchener Rückversicherungsgesellschaft - see No 522) has acquired a stake of around 80% in another firm in the same sector, C.M. HUTSCHENREUTHER-PORZELLAN AG, Hohenberg, Eger, and it intends to raise this to 90% at a later date.

The Hohenberg concern employs some 800 persons in the manufacture of fine porcelain, porcelain and plastic-based dental products. With a capital of Dm 3.5 million and an annual turnover of Dm 16 million, this was previously controlled by Herr Oberste-Padtberg, as well as being a 15% affiliate of Karl Schmidt Bankgeschaft Hof, Saal. Its new parent company (capital Dm 7.5m) has some 2,600 employees with an annual turnover exceeding Dm 50 million from its sales of fine and industrial porcelain. Its main 50% affiliate is Keramische Rohstoffwerke Bauschermandt GmbH, Weiden.

** The Ludwigshafen B.A.S.F. group - BAYERISCHE ANILIN & SODA-FABRIK AG (see No 525) has expanded in the U.S.A. through its Willemstadt, Dutch West Indies subsidiary BASF OVERZEE NV, by purchasing a stake of around 10% (later to be raised to 25%) in the Wyandotte, Michigan concern WYANDOTTE CHEMICALS CORP.

Hitherto under the 70% control of the issue of its founder, J.B. Ford, and a 14% affiliate of the American AUMEND & CO, this concern has a 60% Italian subsidiary, Wyandotte SpA, Pontivole-Assago, Milan, which itself has offices in Brussels, while in France it commands a 45% holding in Marles-Kuhlmann-Wyandotte SA (controlled by Ste des Produits Chimiques Marles-Kuhlmann SA).

** Further to its merger with the Paris RHONE-POULENC SA group (see No 508), the PROGIL SA company is to make over all its industrial and trading interests (valued at F 679.3m) to its subsidiary SOFICHIM- STE FINANCIERE & INDUSTRIELLE POUR L'INDUSTRIE CHIMIQUE SA, Paris (see No 364). This will then become the second STE PROGIL SA to have the name, and will raise its capital to F 157.2 million.

This move, which will take effect once Progil has completed the operation now in hand of raising its capital to F 170.6 million, will enable it to become a holding company, prior to merging with Rhone-Poulenc.

** STE FRANCAISE DES GLYCERINES SA, Puteaux, Hauts-de-Seine, has made over its remaining industrial assets to APPLICATIONS NOUVELLES DES PLASTIQUES - ANOPLAS SA, Puteaux. This move follows the relinquishment last year and last month respectively of its glycerine division to Union Generale des Glycerines SA (see No 469) and of its fuller's earth, bentonite and decolourants division to Ste Francaise des Bentonites & Derives SA, Puteaux.

Anoplas is an almost wholly-owned subsidiary of NOBEL BOZEL SA, Puteaux, which is itself a 21.4 % affiliate of the CENTRALE DE DYNAMITE group (see No 518), and as a result of this move, it has raised its capital to F 1.25 million. Francaise des Glycerines will now become an investment company, before being absorbed in the Centrale de Dynamite grouping: when this happens, the latter will receive assets valued at F 76.5 million, and raise its capital to F 31.4 million.

: The Hugarian chemicals concern TISZA has made an agreement with the erman paint and lacquer concern LESONALOWERKE CHR. LECHLER & SOHN NACHF. ACK- & LACKFARBEN KG, Stuttgart-Feuerbach (see No 502), which recently came under e control of the Dutch KON ZOUT-ORGANON NV group of Arnhem, under which it will ceive the latter's licence to manufacture - and on certain markets also sell - paints produced r the electrophoresis process.

The Italian varnish, paint and synthetic and plastic wall covering and corative products concern GIANCARLO BATTISTI, Trento, has formed a sales subsidiary St-Josse-ten-Noode in Brussels, named STE BELGE DES INDUSTRIES CHIMIQUES TTISTI Sprl (capital Bf 250,000). This is managed by Mme J. Grenier-Franck, and is ntrolled by the three owners of the parent company, Sigs Giancarlo, Giuliano and Mario ttisti.

The Belgian detergent and surface activant concern STE DES PRODUITS ENSIO-ACTIFS & DERIVES "TENSIA" SA, Liege (see No 497) has added to its foreign sales twork a subsidiary in The Hague named Tensia Nederland NV (capital Fl 70,000) under the rectorship of M. F. van Vondelen.

The parent company has sales subsidiaries or affiliates at St-Cloud, Hauts-de-Seine; ilan, London, Barcelona and Zurich. Its capital, raised recently to Bf 115.5 million, is)% controlled by the S.B.A. group - STE BELGE DE L'AZOTE & DES PRODUITS CHIMIQUES U MARLY SA, Renory-Ougree (see No 504), the balance being split 30-20 between ARBOCHIMIQUE SA, Brussels (see No 513) and U.F.I. - UNION FINANCIERE & INDUSTRIELLE IEGEOISE SA, Liege (see No 512).

CONSUMER GOODS

* The Spanish wood furniture concern AGROLIMEN SA, Barcelona (capital ts 830.6m) has formed an investment company in Luxembourg named Agrolimen International A with $ 10 million authorised capital, and under the management of the chairman of the arent company, S. Luis Carcella Canals.

* With the general concentration agreed between them in the domestic ppliances sector (mainly refrigerators and washing machines - see No 512), it has now been ecided that INDUSTRIE A. ZANUSSI SpA of Pordenone will in fact absorb CASTOR SpA of ivoli, Turin (capital Lire 2.4m).

Zanussi, with Lire 6,500 million capital, is also preparing to absorb its Pordenone nd Scandicci, Florence subsidiary Gruppo Industriale Elettrodomestici SpA (formerly tice SpA - see No 521) plus that of the associated concern IMEL - Industria Motori Elettrici rl, Chiusa S. Michele, Turin (see No 510), which it had been agreed in 1968 would merge ith Castor (see No 453).

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COSMETICS

** The Italian interests of the Swiss chemical and pharmaceutical group F. HOFFMANN-LA ROCHE & CO AG, Basle (see No 434) have been rationalised through the merger in Milan between ESROLKO ITALIANA SpA (aromatic products - see No 330) and L. GIVAUDAN & CIE SpA. The latter's capital has been increased to Lire 510 million as a result of this move.

Givaudan, Milan is the subsidiary of the cosmetics, natural and synthetic essences firm L. GIVAUDAN & CIE SA, Vernier (see No 514) a company affiliated to Hoffmann-La Roche.

** The New York group RICHARDSON MERREL INC (see No 521) has strengthened its French interests in the cosmetics, cream, talc, hair products and "Dermadouce" baby products sector with its subsidiary LABORATOIRE LACHARTE SA, Paris and Blois (see No 489), acquiring control of LABORATOIRES PIERRE BLANCHART, Thouars, Deux-Sevres. The group gained control of Laboratoire Lacharte (formerly M.I.L.A. - see Bo 399) and this recently absorbed another subsidiary, Laboratoires Vick SA, Paris (controlled by Vick International SA, Paris) and as a result raised its own capital to F 1.45 million. Since 1966, Richardson Merrel's main French pharmaceutical subsidiary has been Laboratoires Toraude (see No 515) and it recently boosted its interests in this sector by taking control of Laboratoires Coirre SA, Ville d'Avray, Hauts-de-Seine.

** The New York chemicals and pharmaceuticals group STERLING DRUG INC (see No 445) has rationalised its French business by merging the two Ivry-sur-Seine, Val-de-Marne cosmetics and toiletries concerns PARFUMERIE J. LESQUENDIEU SA and DOROTHY GRAY FRANCE SA within the latter. This will change its name to GRAY LABORATORIES INTERNATIONAL SA, and has raised its capital to F 500,000. Both firms were directly the subsidiaries of LEHN & FINK PRODUCTS INC, Bloomfield, New Jersey, before the merger of this concern with Sterling Drug in 1966. In the EEC, Sterling's chief interests are its control, whether direct or through its Swiss holding company Sterwin AG, Zug, of WINTHROP laboratories in Milan; Clichy, Hauts-de-Seine, Frankfurt, Uccle-Brussels, and of the Hamburg concern Schülke & Mayr GmbH.

DATA PROCESSING

** BROWN BOVERI & CO AG, Mannheim subsidiary of the Swiss group BROWN BOVERI & CO AG, Baden, Aargau (see No 524) has ceded to the Berlin and Munich SIEMENS AG group (see No 525) its 30% stake in the Bad Hersfeld computer building concern ZUSE KG, which thus becomes a wholly-owned Siemens subsidiary.

With a payroll of 700, Zuse achieves an annual turnover of about Dm 50 million. In 1964 (see No 474) it came under the control of the Mannheim concern, which subsequently sold the 70% majority stake to Siemens. It has subsidiaries in Austria (Zuse GmbH, Vienna) and Britain (Zuse Britain Ltd, Chepstow), but in May 1967 (see No 417) wound up its subsidiary Zuse-Belgium Pvba.

ELECTRICAL ENGINEERING

** THE WELLMAN ENGINEERING CORP LTD, London (see No 472) has received a licence from the German ERO-STARKSTROM KONDENSATOREN GmbH, Landshut, a member of the Landshut group ERNST ROEDERSTEIN SPEZIALFABRIK FUER KONDENSATOREN GmbH (see No 524) for the manufacture and sale of condensors.

The London group recently negotiated the making over of its "cranes" division to the Durham group CLARKE CHAPMAN & CO LTD, which thus took control of Wellman Machines Ltd, Darlaston, Staffs; Wellman Structures Ltd, Dukinfield, Cheshire, and Wellman Boyd Ltd. Further, it has sold off its South African subsidiary Wellman-Incandescent Africa (Pty) Ltd, and wound up its Smethwick, Staffs subsidiary Wellman Metal Porcelains Ltd.

** THE LIMITORQUE CORP, King of Prussia, Pennsylvania (automatic valve control and operation systems) has extended its interests to West Germany with the formation of LIMITORQUE GmbH, Sulzbach, Saar. This has a capital of Dm 100,000 and Herr H.J. Albrich has been appointed the first manager.

The founder's products are represented in France by Limitorque France Sarl, on whose board is represented Metra SA, Paris, and which is controlled by the affiliated British company Opperman Gears (Holdings) Ltd, London. There is also a British licensee, Limitorque Valve Controls Ltd, the subsidiary of Opperman.

** The Berlin AEG-TELEFUNKEN group (see No 525) has conceded a licence to the Japanese electrical company MEIDENSHA ELECTRIC MFG CO LTD, Tokyo (of the Osaka SUMITOMO group - see No 487) covering the manufacture of current rectifiers and electrical equipment used for cold rolling mill auxiliary installations.

ELECTRONICS

** The British group GEORGE KENT LTD, Luton, Bedfordshire (see No 525) has made the sales office it established some months ago in Scheveningen (see No 491) - through its Milan subsidiary KENT INSTRUMENT (EUROPA) SA - into a subsidiary. The new Dutch company is called KENT INSTRUMENT (EUROPA) NV, The Hague (capital Fl 100,000) and it is directly controlled by the Milan subsidiary.

The new concern will be run by Signor F. Tieghi, Milan, along with Messrs J. H. Van Room and A.R. Sibley - managing director of the subsidiary bearing the same name in Brussels (see No 502). It will provide electronic control and instrumentation systems for the petrochemical industry.

** The German electronic component base materials concern BISTERFELD & STOLTING KG, Radewormwald (impregnated paper and tissue, metal plates, tubes and extrusions - capital Dm 8.4 m) has been taken over by the UNIVERSAL OIL PRODUCTS CO, Des Plaines, Illinois (see No 504), which has changed its name to U.O.P. BISTERFELD & STOLTING GmbH.

This company had been since 1964 under the control (see No 269) of the Hamburg oil company ESSO AG, of the STANDARD OIL CO OF NEW JERSEY group (see No 524), and before that was owned by the Bisterfeld family. It now becomes sister company in Germany to UOP Fragrances Riechstoffe GmbH, Hamburg and the plastic goods concern UOP Kunststoffe GmbH, Egerpohl (capital Dm 3.6 m), formed in March of this year.

** Further to existing links in the field of magnetic audio and computer tapes, E.M.I. - ELECTRIC & MUSICAL INDUSTRIES LTD, Hayes, Middlesex (see No 514) and NV PHILIPS GLOEILAMPENFABRIEKEN, Eindhoven (see No 525) are to join in a manufacturing venture based on the electric lamp bulb factory at Tilburg formerly belonging to NV VOLT-METAALDRAADLAMPENFABRIEK, Tilburg and the Hague, which Philips took over last year.

Accordingly, there will be formed a joint subsidiary at Oosterhout, named NV MAGNETBANDFABRIEK OOSTERHOUT NV, with Mr. J. Muntendam as director, and under the 51% control of the Dutch partner.

ENGINEERING & METAL

** SCHLOEMANN AG, Düsseldorf, 50-50 joint subsidiary of GUTEHOFFNUNGSHUTTE AKTIENVEREIN, Nuremburg (see No 514) and its Augsburg subsidiary M.A.N. - MASCHINENFABRIK AUGSBURG NUERNBERG (see No 493), has raised its stake in the Zurich engineering concern CONCAST AG to a majority stake. In December 1968 the Paris Marine Firminy SA group (see No 520) raised from 15% to 22% its stake in this firm, which specialises in continuous flow steel production. A further holding therein is in the hands of the British UNITED STEEL COS LTD, Sheffield.

Gutehoffnungshütte - G.H.H. is a member of the HANIEL group (see No 512), and of late has also strengthened its indirect interests in the iron, tubes and general metal trading sector, by taking over ROEHRENLAGER LEHRTE AG, Düsseldorf (capital Dm 2 m). This move was made through Röhrenlager Mannheim AG, which is under the direct control - one third each - of its subsidiary Ferrostaal AG, of its associate Franz Haniel & Cie GmbH and of Mr. Alfred Sonder of New York. G.H.H. recently raised its holding in M.A.N. to 77%, by dint of granting it control of the Oberhausen heavy engineering concern Gutehoffnungs Hütte Sterkrade AG.

** The Cologne heavy engineering group KLOECKNER-HUMBOLDT-DEUTZ AG (see No 510) has merged the tractor and farm machinery distribution network of MASCHINENFABRIK FAHR AG, Gottmadingen, Baden (see No 469), which became a 51% subsidiary in February 1968, with its own marketing organisation, within a new subsidiary named DEUTZ-FAHR-VERTRIEBS GmbH, Cologne (capital Dm 500,000).

Farh recently ceased production at the plant of its Buenos Aires subsidiary Fahr Argentina SA, this capacity having been leased to Fabrica Argentina de Engranajes SA, subsidiary of the Swiss group Werkzeugmaschinenfabrik Oerlikon-Bührle & Co, Zurich (see No 485). In July of last year, it made over its plastics processing machinery interests to a subsidiary formed 47-53 jointly with Bucher-Guyer AG Maschinenfabrik, Niederweningen, Zurich, namely Fahr-Bucher GmbH, Gottmadingen (capital Dm 1.5 m).

** The S.N.I. - STE NATIONALE D'INVESTISSEMENT SA, Brussels (see No 522) and the CIE LAMBERT POUR L'INDUSTRIE & LA FINANCE SA (of the group Banque Lambert Scs, Brussels - see No 524) have together purchased a minority holding in a company supplying plant and turnkey factories to the export trade, named SOBERI - STE BELGE D'ETUDES & DE REPRESENTATIONS INDUSTRIELLES SA, Etterbeek.

This firm, which has on its order book several factories for abroad, especially in Madagascar (meat processing) and Yugoslavia (copper refinery) was formed late in 1961, and its other shareholders are: Basse Sambre - Etudes Entreprises SA, Moustier-sur-Sambre, and Anc. Ets. Nobels-Peelman SA, St-Niklaas-Waas.

** The British general and automobile engineering group ASSOCIATED ENGINEERING LTD, Leamington Spa, Warwicks (see No 510), which is strengthening its Italian interests, is also planning to rationalise its organisation in France.

Firstly, it has raised to Lire 2,000 million the capital of its piston and cylinder jackets subsidiary PISTONE A.E. BORGO SpA, Alpignano, Turin and Milan, and changed its name to Associated Engineering Italy SpA. Also, it has set in motion the machinery of merging STE FRANCAISE DU PISTON BORGO SA, Carrieres sur Seine, Yvelines, and Associated Engineering France SA, Ivry-sur-Seine, Val-de-Marne within the latter, which specialises in engine spares (formerly Ste. E. Demolin SA).

** The Oberhausen concern DEUTSCHE BABCOCK & WILCOX AG (see No 513), affiliated to the London group BABCOCK & WILCOX LTD, and to BERLINER HANDELS-GESELLSCHAFT, Berlin and Frankfurt, has made a cooperation agreement with TURBON VENTILATOREN- & APPARATEBAU GmbH, Berlin, covering air conditioning processes and installations.

Turbon (capital Dm 1.5 m) has a turnover in excess of Dm 20 million p.a. and employs some 500 people, having sales offices in Antwerp, Amsterdam, Oslo, Stockholm, Copenhagen, Athens and Vienna.

** By agreement, the sewing machine manufacturer MEISTER-WERKE GmbH, Schweinfurt, is to take over production of "Phoenix" sewing machines, at present handled by the ANKER-PHOENIX NAEHMASCHINEN GmbH, Bielefeld subsidiary of the Bielefeld group ANKER-WERKE AG. Output of these machines was stopped a short time ago (see No 525), when Anker-Werke reached its decision to specialise in office equipment.

Meister-Werke (capital Dm 132,000) has some 300 people on its payroll, and has undertaken for a term of five years to service and maintain all machines bearing the "Phoenix" trademark, hitherto distributed by Anker-Phoenix Vertriebs GmbH, which the Bielefeld group has now also frozen.

** The Pernis, Rotterdam civil engineering, transport and general warehousing concern NV v/h H. TROOST (see No 508) has taken over the Dordrecht metal assembling and engineering concern KON FABRIEK PENN & BAUDUIN NV.

Penn & Bauduin, sometime family business with Fl 2.95 million capital and a payroll of 400, produces a whole range of machines and installations, from dock cranes to food manufacturing machinery and chemical plant.

** Further to an agreement just forged between the INTERLAKE STEEL CORP, Chicago (see No 519) and the German P.W. LENZEN, KALTWALZWERK, Letmathe, Sauerland, and covering steel wrapping strap, a joint subsidiary is to be formed, and its products will be marketed by the American partner.

In 1968 Interlake turned over $285 million. It recently sold its Paris subsidiary FERALCO SA (metal products distribution) to the British DEXION LTD, Wembley Park, Middx. It nevertheless remains established in Europe, with a 50% stake in the London concern Gerrard Industries Ltd, wherein it is linked with the British Steel Corporation.

** ATLAS COPCO DEUTSCHLAND GmbH (capital Dm 3.1m), 72% Essen-Kupferdreh subsidiary of the Stockholm engineering group ATLAS COPCO A/B (see No 434), the balance being held by VECTURA A/B, Stockholm (of the group Förvaltings A/B Providentia - see No 268), has formed AUTOMAN-DRICKLUFTMASCHINEN GmbH in Essen to distribute tools for motor repairs.

In Germany, Atlas Copco has another subsidiary in Bremen, Atlas Copco MCT GmbH and at Bremen-Mahndorf is putting up a factory to produce caterpillar-tracked self-propelled drilling derricks. Its Swedish subsidiary Atlas Copco MCT A/B also signed recently a licensing agreement covering stone-working tools and explosives with the Swiss Maschinenfabr Habergger AG, Thun, Berne, a move which should later lead to the formation of a joint subdidiary, Atlas Copco Maschinen AG.

** GEBR. NETZSCH MASCHINENFABRIK KG, Selb, West German producer of machinery for the ceramics, glass and enamelling sectors, has formed NETZSCH ITALIANA Srl at Sona, Verona (capital Lire 900,000), with MM. C. Nasi and H. Bieberle as managers to administer its trading interests in Italy.

The parent company is controlled by the investment concern NETZSCH BETEILIGUNGS GmbH, Selb (itself headed by Herr Erich Netzsch), and has various sister-companies in West Germany: 1) Netzsch Mohno-Pompen GmbH, Waldkreiburg, Obb, which makes fluid pumps for the chemical, ceramics and food industries, and which has an affiliate in Luxembourg, Monho-Pumpen AG, which administers its patents; 2) the trading concern Netzsch Vertriebs GmbH and the industrial and scientific equipment concern Netzsch Gerätebau GmbH, both based in Selb and managed by Herr Wolfgang Netzsch.

** The German EISENWERKE WESERHÜTTE AG, Bad Oeynhausen (see No 507 has formed an Australian subsidiary at Sydney, under the name WESERHÜTTE OTTO WOLFF (AUSTRALIA) PTY LTD. The purpose of this new company is to implement the parent's contract with NABALLO (PTY) LTD, Sydney, subsidiary of the Zurich group SCHWEIZERISCHE ALUMINIUM AG, to build a bauxite enriching, transporting, storing and reduction complex, the total capital cost of which is Dm 70 million.

The new subsidiary is an almost wholly-owned interests of the Cologne Otto Wolff AG group. An undertaking has been made that the first section of the new industrial complex will come on stream in 1971.

** The German machinery construction concern AULMANN & BECKSCHULTE MASCHINENFABRIK, Bergneustadt, has granted a licence to the British NEWELL DUNFORD ENGINEERING LTD, Surbiton, Surrey, to produce and sell its crushers (trademark "ND-Aubema").

The British firm is a member of the London group NATIONAL & GRINDLAYS BANK LTD (see No 520), through DUNFORD & ELLIOT (SHEFFIELD) LTD, which is directly controlled by Wm. BRANDT'S SONS & CO LTD.

FINANCE

** The Frankfurt holding company ALLGEMEINE LOKALBAHN & KRAFTWERKE AG (see No 497), 75% subsidiary of the Berlin and Frankfurt BERLINER HANDELSGESELLSCHAFT (see No 506) has sponsored three moves through two of its subsidiaries.

WUERTTEMBERGISCHE ELEKTRIZITAETS AG, Stuttgart (see No 316) - a 50% B.H. interest, with a further 25% of the equity commanded by AG FUER LICHT- & KRAFT-VERSORGUNG (LUK), Munich (see No 506), has taken a minority holding in the hydraulic engineering concern KARL DIERKES ROHRLEITUNGS- & WASSERWERKEBAU GmbH, Nienburg, Wese, and in the gas and electricity distribution concern BADISCHE GAS- & ELEKTRIZITAETSVERSORGUNG AG, Lörrach (capital Dm 3 m).

KRAFTANLAGEN AG, Heidelberg (see No 428), in which the B.H. majority is of 95%, and which cooperates closely with the Gummerbach consultant engineers Kienbaum Berätungen GmbH, recently bought a 50% interest in the Munich engineering consultancy firm of INGENIEURBUERO OSKAR VON MUELLER GmbH.

** The two Luxembourg holding companies MUTUELLE DE PARTICIPATIONS-MUPAR SA and MUTUELLE DE PLACEMENTS FINANCIERS-MUPLAF SA have joined 50-50 in forming two investment subsidiaries: FUND RESEARCH & MANAGEMENT CY-FRAM SA (capital $ 60,000) and MANAGEMENT FUND SA ($ 200,000).

** STE GENERALE SA and BANQUE DE NEUFLIZE SCHLUMBERGER MALLET SA (capital raised recently to F 40 m) have joined 50-50 in forming at the head office of the latter, a variable capital investment company named STE GENERALE POUR L'EPARGNE & L'INVESTISSEMENT EN VALEURS MOBILIERES - SOGINCO (capital F 20 m). The new firm will go into business with initial assets of Fl 25 million. It has M. Jean Bochery as president and its directors include M. Henri Freppel (see No 522) and Ste Generale Alsacienne de Banque SA, Strasbourg (see No 498), subsidiary of Ste Generale.

This move follows the recent formation in Paris of the investment and savings trust AG FONDS (see No 522), the joint venture of the two instigators of this operation with Banque de Paris & des Pays-Bas and Assurances Generales de France SA. In June 1964 Ste Generale and Neuflize joined similarly with Ste Generale Alsacienne de Banque in forming Ste Generale d'Epargne & de Placements Internationaux - Soginter SA (see No 260).

FOOD AND DRINK

** In the German sugar sector, ZUCKERFABRIK RETHEN AG, Rethen, Leine (see No 477) is about to absorb ZUCKERFABRIK WEETZEN, WARNECKE & CO KG, Weetzen, and then change its name to Hannoversche Zucker AG, raising its capital through the move from Dm 3.55 to 6.018 million.

The company being submerged (capital Dm 980,000) turns over something like Dm 16 million per annum, with 150 people on its payroll, while Rethen itself has already made such a move as this, with the takeover early this year of Zuckerfabrik Nordstemmen GmbH, Nordstemmen. It was already closely associated with the latter and with other firms in the sector in a company promoting the "Diamant-Zucker" trademark, namely Diamant Zucker Fabriken GmbH, Hanover (capital Dm 200,000).

** The New York COLGATE PALMOLIVE CO (see No 486) is to centre the streamlining of its Italian organisation on its Milan subsidiary Colgate Palmolive SpA, headed by Sig C. Vucciro. This is to absorb the affiliated canned foods and soups concern LOMBARDI SpA of Tresigallo, Ferrara (see No 371).

Lombardi (headed by Sig Alfredo Lombardi) came under the control of the American group a few years ago, along with the associated MM. Lombardi SpA, of Milan and Anzio, although the latter was absorbed back in 1966 by another firm in the group, Sila - Soc Italiana Lavorazioni Alimentari SpA, Ferrara.

** STE DES RAFFINERIES & SUCRERIES SAY SA, Paris (see No 500) is to absorb RAFFINERIE DE CHANTENAY SA, Paris (see No 451), its joint subsidiary with STE F. BEGHIN SA, Thumeries, Nord (see No 519). Say is itself a 50% subsidiary of Beghin through CEIS - Cie Europeene d'Industrie Sucriere SA, its 33.4% affiliate, the balance being shared between Eridania Zuccherifici Nazionali SpA, Genoa (15.6%), and European Sugar Franc SA, Paris (51%), which is a joint interest of the groups Raffinerie Tirlemontoise SA, Brussels, and Tate & Lyle Ltd, London (56.7 - 43.3 - see No 462). Say, which will receive assets of F 21 million from the company it is absorbing, in 1968 turned over F 443 million.

** The French champagne group VEUVE CLICQUOT - PONSARDIN SA, Rheims Marne (see No 516) has sold its minority holding in the wine and alcohol importing concern SIERPA Sarl, subsidiary of the Cognac, Charente concern JAS. HENNESSY & CO SA (see No 522

The shares in this concern were bought by CHAMPAGNE HEIDSIECK & CO MONOPOL SA, Rheims (former distributer J. Carmona SA, Paris) and CRUSE & FILS FRERES Sarl, Bordeaux, for which it has been Paris region distributor since late last year.

Clicquot-Ponsardin (capital F 16.2 m; 1968 sales of F 41.44m) controls interests in the following: 1) G. Deuil Sarl of Rheims and Debrise Freres SA of La Plaine-St-Denis, plus 45.3% in the spirits concern Debrise-Dulac & Cie SA, Pont l'Eveque, Calvados; 2) J. Pecastaing SA, Madrid and H. Parrot & Co (1964) Ltd in Britain.

** The Dutch distillery NV ZUID NEDERLANDSCHE SPIRITUSFABRIEK, Bergen op Zoom (owned by sugar interests) plans to take over a similar company in Hendrik-Ido-Ambacht, J.M. HENKES' DISTILLEERDERIJ NV (see No 512), which has Fl 1.26 million capital.

The Bergen concern already controls the Delft distillery DE PAPEGAAI ("Mops" trademark), and its main shareholders are CENTRALEZUIKER MIJ NV (directly, and through NV Noord-Nederlandsche Beetwortelsuikerfabriek, Vierverlaten - see No 499) of Amsterdam, and SUIKER UNIE CV of Rotterdam (see No 371).

** The Turin group MARTINI & ROSSI SpA (see No 522) has boosted its indirect French interests by having its St Ouen subsidiary STE FRANCAISE MARTINI & ROSSI SA (annual sales of over F 120 m) buy a large holding in the Strasbourg spirits concern DOLFI - GRANDE DISTILLERIE STRASBOURGEOISE SA, in which Sig Theo Rossi now becomes a joint director-general.

Dolfi (capital F 1.2 m) is headed by MM. Renaud, Andre and Jean Dolfi, who also control in the same city A L'ALSACIENNE - EAUX DE VIE DE FRUITS & LIQUEURS D'ALSACE SA (formerly Grande Distillerie de Fruits E. Levy), and in Strasbourg-Neudorf the caviar importing concern Kempf Freres & Cie SA ("Kempfrekoff" trademark).

GLASS

** In the Belgian glass industry, the current regrouping programme (see Nos 501 and 511) is about to involve a move centring on GLACERIES DE SAINT-ROCH SA (see No 511), which is linked by crossed holdings with the CIE DE SAINT GOBAIN SA, Neuilly-sur-Seine (see No 525). The chief effect of the move planned will be to raise the Saint-Roch stake in GLAVERBEL SA, Watermael-Boitsfort (see No 487), which is affiliated both directly, and through Mecaniver SA, Brussels (see No 487) to the Paris group B-S-N - BOUSSOIS-SOUCHON-NEUVESEL SA (see No 523).

Saint-Roch is also absorbing its 52.08% subsidiary Ste de Participations Verrieres - SOPAVERRE SA, Brussels (capital Bf 71.4 m - see No 468), and the 55.44% subsidiary of this, Verreries Bennert-Bivort & Courcelles Reunies SA, Jumet, Charleroi (capital Bf 46.12 m - see No 250). The Brussels investment company VERRERIES DE MARIEMONT SA, which holds 25.56% and 11.92% respectively in Sopaverre and Bennert Bivort, itself being 29% and 23% affiliated respectively to the Ste Generale de Belgique SA and Brufina SA, will raise to 95.84% its controlling interest in the Brussels investment company VERRERIES DE CRONFESTU SA (holding 1.5% in Glaverbel), by buying up the 43.9% holding of Saint-Roch. This swapping around of holdings will also result in Saint-Roch acquiring a 35% interest in BOUTEILLERIES BELGES REUNIES SA, Jumet (capital Bf 225 m - see No 451), the balance of the capital of which is shared 35-30 between Verreries de Mariemont and Verlica Momignies SA, Brussels (of the Empain group - see No 349).

INSURANCE

** COLONIA KOELNISCHE VERSICHERUNGS AG, Cologne (see No 501) is to absorb NATIONAL ALLGEMEINE VERSICHERUNGS AG of Lübeck and change its name to COLONIA NATIONAL VERSICHERUNG AG, in the latest concentration announced in the German insurance sector. After this move, with capital raised to Dm 29 million authorised, the resultant company will enter into negotiations for the takeover of GLADBACHER FEUERVERSICHERUNGS AG, Mönchengladbach and SCHLESISCHE FEUERVERSICHERUNGS GES., Cologne.

The move provides the follow-up to the recent decision to merge (see No 525) between Aachener & Münchener Lebensversicherungs AG, Karlsruhe, and Volkshilfe Lebensversicherungs AG, Berlin and Cologne, an operation that in fact hinged upon an agreement (crossed holdings and cooperation) between AACHENER & MUENCHENER FEUERVERSICHERUNGS-GES., Aachen, 52% mother company of the Karlsruhe concern, and Colonia. Under that agreement, A & M Lebens and its associate THURINGIA VERSICHERUNGS AG of Munich received from Colonia's associate KOELNISCHE RUECKVERSICHERUNGS GES., Cologne, a 26% stake in Volkshilfe. At the same time, A & M Feuer took a 25% interest in Kölnische Rückversicherungs, roughly balancing the 25% or so that it made over to Colonia in Schlesische Feuerversicherungs.

Colonia - which since the beginning of this year has been linked by aid and cooperation agreements with Sta Reale Mutua di Assicurazioni SpA, Turin (see No 501) and La Paix SA, Paris - has as its main shareholders: Aachener & Münchener Feuer (31.03%); Kölnische Verwaltungs Ges. (27.32%); National Allgemeine (13.66%) and Kölnische Glas-Versicherungs AG (13.12%). National Allgemeine, on the other hand, is under the direct/indirect control of the bank, BANKHAUS SAL. OPPENHEIM JR & CO, Cologne (see No 500), and it is affiliated chiefly to Stettiner Rückversicherungs AG (its own 78.3% subsidiary).

OIL, GAS & PETROCHEMICALS

** The Rotterdam ROYAL DUTCH SHELL group (see No 522), in pursuit of its French rationalisation programme, is about to have its direct 79.7% subsidiary, STE MARITIME SHELL SA (see No 459) absorbed by SHELL FRANCAISE SA (see No 498), which is its partner in the venture and which will thus raise its capital to F 588.2 million.

Maritime Shell, with estimated gross assets of F 407 million, having twelve oil tankers representing 860,000 tons (i.e. 20% of the entire French oil fleet), achieved a 1968 turnover of around F 5,000 million with some 13.5 million tons of crude oil transported.

PAPER & PACKAGING

** INTERNATIONAL PAPER CO, New York (see No 469) has decided to close down its West German trading subsidiary, INTERNATIONAL PAPER CO (EUROPE) GmbH, Frankfurt, which was formed in 1965 with Dm 50,000 capital.

This decision is part of the group's overhaul of its European sales network, under which the Zurich subsidiary INTERNATIONAL PAPER CO (EUROPE) LTD (capital Sf 100,000) with Herr Jürgen Doissler as director (manager of the French subsidiary) is now responsible for the Austrian, Swiss and West German markets.

ASTICS

BASF TRANSATLANTICA SA, Panamanian subsidiary of the German group ;S.F. - BADISCHE ANILIN- & SODA-FABRIK AG, Ludwigshafen (see No 523), has decided ıild a 2,800 t.p.a. polystyrene plant in Argentina. This will also produce 800 t.p.a. of ne, 2,500 t.p.a. of acrylic dispersions for the leather and textiles industries, and 0 t.p.a. of additives for the paper, textiles and similar industries. This complex, the ling of which will call for an investment of some $5 million, is to be run by a subsidiary being formed under the name BASF ARGENTINA SA.

In Argentina the German group already has a half interest in Sulfisud Fabrica ntina de Hidrosulfita & Afines SA, Buenos-Aires, which produces intermediate products he tanning industry, and in which it is linked 50-50 with a local company, Bunge & Born SA.

The German PVC and synthetic fibre wall and floor coverings concern JLAN-WERKE AG, Frankenthal (see No 466) has raised its 75% holding in the moquettes ern LAMBRECHTER TEPPICHBODEN GmbH, Lambrecht, Pfalz, to 100% (i.e. Dm 1m). lan-Werke had already removed the industrial equipment of this company to the Otterberg, factory of its subsidiary PEGULAN TEPPICHBODEN GmbH (capital Dm 3m), with which s plans ultimately to merge.

The group has Dm 25 million capital and in 1968 turned over Dm 206 million. It ntly raised its stake in its Milan agent Prodotti Pegulan SpA (capital Lire 30m), which had a 3.33% affiliate, and it has also strengthened its position on the Scandinavian market rming a new Stockholm subsidiary, Skandinaviska Pegulan A/B (capital Kr 100,000). Its foreign manufacturing unit, at Linz in Austria, is about to come into production, mainly pply the EFTA market.

PVC KUNSTSTOFFWERK STAUFFEN GmbH, Stauffen, Brisgau, West ıan subsidiary of the Swiss group SCHWEIZERISCHE ALUMINIUM AG, Zurich and Chippis No 513), through its Zurich holding company CHEMINVESTA AG FUR CHEMIEBETEILIGUNGEN No 400), has acquired the plastic sheeting division at Bötzingen of BADISCHE PLASTIC-KE GmbH (see No 466), a member of the Frankenthal group PEGULAN-WERKE AG.

PVC Kunststoffwerk Stauffen (one of Europe's main producers of PVC) had Dm 5 million l and 200 people on its payroll, and is also purchasing a site near Bötsingen of 180 square es.

Under an agreement negotiated at the request of BANCO DE COMERCIO DE ICO, FARBWERKE HOECHST AG, Frankfurt-Hoechst (see No 523) and PRODUITS IIQUES PECHINEY-SAINT-GOBAIN SA, Neuilly, Hauts-de-Seine (see No 521) are each to 20% backing (the balance being held by local interests) to the building in Mexico of a)00 t.p.a. PVC factory, the capital cost of which will be the equivalent of F 40 million.

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PRINTING AND PUBLISHING

** As decided in 1968 (see No 476), the two Amsterdam printing and publishing houses, DRUKKERIJ EIKELENBOOM NV and GRAFISCHE INDUSTRIE HABO NV, which between them employ 125 people, have now merged within a joint Amsterdam holding company, NV GRAFISCHE INDUSTRIE EIKELENBOOM-HABO (capital Fl 2.55m).

The new company is directed by its majority shareholders, Messrs. W.S. Eikelenboom and J.A. van den Hauten, and a minority is in the hands of the record and musical publications distribution concern VERKOOPMIJ. BOVEMA NV, Heemstede (see No 506).

RUBBER

** The Cologne concern KOELNISCHE GUMMIFAEDEN-FABRIK VORM. FERD KOHLSTADT & CO AG (rubber goods - elastic bands, balls, gloves, bathing caps etc - see No 405), has acquired a 50% stake in a similar concern in Spain, NORLAT SA, Santander (capital Pts 6m), which remains affiliated to local interests.

The German concern has Dm 5 million capital and its main backers are, with 23.5% and 20.2% respectively, Mme J. Wagner and M. R. Rompf. It has an annual turnover in the region of Dm 30 million and there are some 1,000 people on the payroll. In Spain it already operates a rubber products factory in the free port of Vigo.

** DUNLOP AG, Hanau, West German subsidiary of the London rubber group DUNLOP RUBBER CO LTD (see No 512), having recently had its capital raised to Dm 72.5 million, has enlarged its sports goods division by taking over ERBACHER HEINRICH HAMMER SPORT-GERATE- & HOLZWARENFABRIK, Erbach, Württemberg. Hitherto owned by the Hammer and Bool families, this company has a turnover in the region of Dm 12 million (payroll 330) from manufacture of wood, metal and plastic skis, tennis and table tennis racquets, toboggans and garden and children's furniture.

German Dunlop recently decided to build a new tyre factory at Wittlich, Eifel (mainly for lorries), which will create 2,000 new jobs when it comes into operation early next year, the investment being of the order of Dm 200 million. This will produce, initially, some 5,500 (mainly radial) tyres per day.

** 4 CO (HOLDING) LTD, London (rubber blocks and mouldings for printing; headed by Messrs Douglas G. Potten and C. Grapes) has formed a subsidiary in its own name in Amsterdam (capital Fl 100,000). Under the direction of Mr. G. Hennekes, this will give employment to some 30 people in its factory now being built at Horst, Limburg, and its sales brief covers the whole of the Benelux and West Germany.

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TEXTILES

** The Belgian lingerie concern FEMILUX SA, Oudenaarde (see No 321) has formed a sales subsidiary in West Germany, FEMILUX MIEDERWAREN GmbH, Rodenkirchen (capital Dm 20,000) with as its managers MM. Lieven Nachtergaele (who heads the Belgian concern) and Alfred Koenn. Since the end of 1965 the parent company has had a French branch at Flers-lez-Lille, Nord.

** The streamlining of the Paris cotton group DOLLFUS MIEG & CIE SA (see No 514) has been implemented according to plan with the absorption of J. DEMEESTERE-DEMEESTERE by DESCAMPS L'AINE SA, Lille. This has now changed its name to Descamps-Demeestere SA, with M. Philippe Demeestere as president, and raised its capital to F 18.34 million against receipt of assets valued at F 17.18 million gross.

The Paris group is also negotiating with J. & P. COATS LTD, Glasgow (of the group Coats Patons Ltd - see No 518) the rationalisation of their respective interests in Argentina. In France the group has also just concluded with Pricel SA (of the "Gillet", Lyons group) an agreement under which they will concentrate their spinning and weaving divisions within two new companies (see No 519).

** Herr Richard Götz, who owns the German making-up concern GEBR. GOETZ, Urach, Würth - no links with the Ravensburg group GOETZ AG (see No 506) - has been appointed manager, with Herr Walter Götz, of the new concern GEBRUEDER GOETZ GmbH, Krems, formed with Sch 100,000 capital to be the German company's Austrian agent.

** The Italian wool-knitting concern FRATELLI BRUNI Snc, Prato, Florence, has formed two head office investment subsidiaries with Lire 1 million capital apiece; FINMAGLIA SpA and E. FI. Lan - ENTE FINANZIARIO LANIERE SpA, directed by their respective owners, Sigs Osvaldo Bruni and Aldo Bruni.

** PARIS-VOILE, DIE GARDINE MIT DEM FRANZOESISCHEN CHIC GmbH, Hofheim, Taunus, formed in November 1966 (see No 386) by four French textiles companies for West German promotion of their curtaining, has had its name changed to PARIS-VOILE, DIE GARDINE MIT FRANZOESISCHEM CHIC GmbH, and its capital raised from Dm 20,000 to 140,000.

The capital increase was subscribed in proportion to their stakes by the founders of the company, i.e. Giron & Demolliere SA, Tissages Monard-Guyot Sarl,SA des Tissus Fantaisie and Thivel Freres SA, all of Tarare, Rhone.

** The two Dutch textiles groups KON TEXTIELFABRIEKEN NIJVERDAL TEN-CATE NV, Almelo, and KON NEDERLANDSCHE TEXTIEL-UNIE NV, Enschede, have joined 50-50 on home ground (see No 522) to manufacture fabrics for ladies clothing. There is a new joint subsidiary, ARTUCK NV (authorised capital Fl 1 m) directed by Messrs A.M.J. Van Huystee and A.H. ter Weeme. The founders are already linked in the export cooperative CONET (see No 517) and in Hollantor NV, Veenendaal (see No 420) and Tokatex NV, Voorburg (see No 397).

** The Rome public group E.N.I. - ENTE NAZIONALE IDROCARBURI SpA (see No 525) has strengthened its interests in the textiles sector (see No 393 especially) by acquiring a new affiliate, MARLANE SpA, under the direct 70-30 control of SOFID - SOC. FINANZIAMENTI IDROCARBURI SpA, Milan, and the LANEROSSI SpA group (see No 284). This is to assume control of the manufacturing assets at Maratea, Potenza and Praia a Mare of LANIFICIO DI MARATEA SpA (see No 386), which until now has been controlled (capital Lire 3,300) by the RIVETTI wool group through its holding company GRUPPO FINANZIARIO TESSILE Sas, Turin (see No 517).

Lanerossi (capital Lire 11,000 m), which last year turned over Lire 62,000 million, belongs to the E.N.I. group through its investment subsidiaries ANIC (40.2%) and SOFID (12%). Its chief subsidiaries or affiliates in Italy are: Lebole Euroconf SpA, Arezzo; Europea Rossiflor SpA, Milan (in association with the American group West Point Pepperell Inc - see No 482); Rossitex SpA, Torrebelvicino, Venice, and Rossigala SpA, Schio, Vicenza.

TOURISM

** The Boston, Massachusetts group HOTEL CORP OF AMERICA (see No 481) has delegated ANNA M.M. VOGEL to the building of another hotel in Germany, this time in Hamburg. This will have 600 beds, and a subsidiary is being formed to run it.

In September of last year, the group decided to build a hotel of this same size in Munich, and this is now being built by HAWA GRUNDSTUECKSVERWALTUNGS GmbH, of that city, a wholly-owned subsidiary of the BAYERISCHE VEREINSBANK, Munich (see No 524), on a site leased from the milling company, Kunstmühle Tivoli AG. The latter (capital Dm 2.4 m) is also the 95%+ subsidiary of the Munich bank, which plans to capture the balance of its capital. Last March it shut down its last industrial facilities in Munich and Schwandorf to concentrate solely on property dealing and cereals trading.

TRADE

** Having established close cooperation links early this year with the Belgian chain-store group ETS DELHAIZE FRERES & CIE "LE LION" SA, Molenbeek-St-Jean, the French out-of-town shopping centre concern CARREFOUR SUPERMARCHE SA, Paris, is now carrying out a similar project in conjunction with the Swiss MERKUR AG KAFFEE-SPEZIALGESCHAEFT, NAHRUNGS- & GENUSMITTEL, Berne, which in association with various other Swiss interests is taking 70% to Carrefour's 30% in the formation of HYPERMARCHES SA DE PARTICIPATION (capital Sf 1.5 m).

The new company is for the promotion in Switzerland of the out-of-town type of supermarket, and it is launching its campaign with the setting up at Romanel, Lausanne of such a complex, having over 6,000 sq. metres of sales area, and demanding the investment of Sf 15 million in all.

** STE D'INVESTISSEMENT LUXO-HELVETIQUE SA (see No 265) and ITHACA SA, both holding companies, formed in 1964 and 1965 respectively under the auspices of the BANQUE INTERNATIONALE A LUXEMBOURG SA (see No 515) have taken equal shares in forming COFICOM Sarl in Luxembourg with Lux f 1 million capital.

This new company, managed by M. Fr. Lentz, is to trade in base farm products, chiefly oilseeds, fluid edible oils and oilcake.

TRANSPORT

** In reorganising its inland waterway transport interests the Bonn and Berlin VEBA group - VEREINIGTE ELEKTRIZITAETS- & BERGWERKS AG (see No 525) has transferred control of FENDEL SCHIFFAHRTS AG, Mannheim (see No 516) from HIBERNIA AG, Herne to its Mülheim, Ruhr subsidiary HUGO STINNES AG (see No 524).

At the same time, Stinnes has made over to Fendel (capital raised from Dm 30.6 to 31.7 m) its controlling stake in its own subsidiary Vereinigte Stinnes Rhein-reedereien GmbH, Duisburg, which runs a fleet of about 60,000 tons.

VARIOUS

** The American gems, costume jewellery and paste decoration concern SARAH COVENTRY INC, Newark, New York, has formed a manufacturing and trading subsidiary in Brussels named Sarah Coventry SA (capital Bf 1 m).

** The Hawthorne, California group MATTEL INC (see No 498), hitherto represented in France by the independent LES JOUETS RATIONELS SA (see No 492) has now formed a Paris subsidiary of its own under the name of MATTEL FRANCE SA (capital F 100,000 - president M. C. Lesecq).

The parent company (annual sales of over $ 210 m) recently expanded in Europe manufacturing subsidiaries already in Babenhausen, Main and Wellingborough, Northants) by forming a subsidiary in Milan: Mattel SpA, which immediately took over the Arona, Verona doll-making concern Ratti & Vallenzasca Sas (see No 497). Also, it has acquired majority stakes in: 1) the Belgian distributor E.B.I.E.X. SA, Brussels; 2) in the Italian toy manufacturer Mebetoys, Cologno Monzese, Milan.

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