F.T. 9.9.83

BIOTECHNOLOGY INVESTMENTS' LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO

Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

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● It must employ not only scientists of high calibre but also first-rate business managers, so that the team is "ready and able to establish a successful venture."

● Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.

● Its potential rate of return must be in line with the risk being taken.

● It must have a sponsor to act as lead investor and to accept responsibility for the venture. (Although the fund itself has been known to act in this role.)

● The company must have plans for releasing the investment, normally through a public share issue.

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Change

By this summer the scene had changed dramatically. No fewer than four of the fund's investments have gone public, in each case advantageously: Amgen, Applied Biosystems, Integrated Genetics and Immunex (see table). Mr David Leathers, investment manager, says that the fund has no intention of selling companies which go public, but will still continue to apply the five rules by which they judged the original investment. Even so, he admits that the fund it did not expect so many of its unquoted investments to go public so soon.

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Left: Lord Rothschild—gathering together a wide range of biotechnology investments

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As Biotechnology Investments see it, the new company has been very modestly funded by its three partners — British Technology Group, Advent and Ultramar—at the outset, until the investors see the first business plan. Then the partners and other investors will be invited to plunge more heavily.

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[SIDEBAR TABLE:]

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[COLUMN LABELS:] Company % Country Business

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Left [PHOTO OF LORD ROTHSCHILD LOOKING TO HIS LEFT AND POINTING HIS CIGARETTE-HOLDING FINGERS AT SOMETHING IN A SCOLDING MANNER]: Lord Rothschild—gathering together a wide range of biotechnology investments

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EDITED BY ALAN CANE

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DATA STORAGE

Drexler laser card —interest grows

BY GEOFFREY CHARLISH

WHILE THE financial institutions and conventional card companies seem to be keeping the Drexon high capacity laser card at arm's length, interest is growing fast in Japan and the U.S. in the idea of using the card to carry programs, leaving the business microcomputer's *floppy or miniature Winchester* disc free to read and write user data only.

These wallet-sized read-only cards caused a flurry of interest when they were first announced two years ago. They deploy optical modification of a special surface rather than magnetic or semiconductor technology. Five micron diameter black holes on a silvery surface represent digits and are read by simple photo-diode arrays. (A micron is a millionth of a metre.)

Although Jerome Drexler, in London recently to drum up European business, originally may have seen Drexon as a competitor to magnetic stripe financial cards, it looks now as if as first applications will emerge in small computer program storage.

Investment

For the established card companies, with a history and large investment in magnetic technology, Drexon could be seen as a threat, even though it might offer significant user advantages.

Nine electronics companies have taken licences for system development and manufacture (the cards will be made only by Drexler). They are Canon, Elbit, Ericsson, Fujitsu, Kanto Denshi, NCR, Omron, Toshiba and Wang and *the revenue* yield for Drexler so far is US$1.9m. Although the names are indicative of the way things are going, it is understood that a dozen banks in Japan have also looked at the system.

Drexler says that one of the Japanese licensees plans to use 7m cards in 1985 for microcomputer software. Commercial equipments are expected from several of them by mid-1984.

Significant however, is the fact that none of the leading micro makers has adopted the technique. Drexler believes this is because no single leading company could obtain an advantage since its immediate competitors would follow suit. He expects companies below number five in the micro league table to be first in the field, and probably in a business PC costing over $3,000.

At this level, the $70 to $100 cost addition for the card reader is a *small risk*—not the case at the bottom end of the market with machines costing a few hundred dollars.

Two kinds

Is there a good reason for a PC maker to build two kinds of bulk storage device into his machine?

Cost is the key according to Drexler. The cards, of which 100,000 can be produced daily *at a new* $3m plant at Sunnyvale, are priced at about $1.5 each at such volume levels.

On each card 16m bits (2m characters or some 800 pages of text) can be recorded in sequential form at the plant for about *US$5. In this way*, 20 or more programs of the kind used in PCs can be stored and kept in the user's *pocket* along with his credit cards.

Drexler thinks semiconductor *read-only* memory (ROM) cannot compete at $30 to $40 for a megabit in quantities of 10,000. And although chip prices may decline, the capacity of his optical medium can be expected to quadruple, he says.

But Drexler is unlikely to *have it all his own way. The* cost of conventional magnetics continues to fall (although there may be an irreducible minimum in the rotary mechanics), and just emerging from companies like Verimag in *the U.S. are the so called* "vertical" magnetic discs in which the magnetic particles are placed on end to cram more in and increase the recording density.

Furthermore, there has just been an announcement from Sony and Kokusai Denshin Denwa of the joint development of a re-recordable laser disc described in a brief statement as "magnetic-optical." There are no technical details but the disc's capacity is claimed to be 30 gigabits (30 thousand million bits) and Sony intends to begin commercial production within two years.

Plastics

Du Pont's new process

DU PONT has announced a polymer plastics development called group transfer polymerisation (GTP) which is said to give exceptional control over polymer molecular weight, allow precise introduction of functional properties and give "unprecedented" control of the final composition.

The new process is particularly applicable to the production of acrylic polymers

Property

Computer valuations

AGENTS and institutions in*terested* in the commercial property sector can now calculate residual valuations, equated yields, leasehold tenures and other valuation formulae on a portable computer.

Stafford Robert and Partners in conjunction with William Higgins and Company and Haslemere Estates, have developed a suite of programs which run on the Epsom HX-20, one of the new breed of small Japanese portable machines.

The developers say these programs have previously only been available on mainframe computers. Cost of the computer plus programs is £875 plus VAT. "This means" Stafford Robert says, "That each partner can afford to have his own computer which he himself will find easy to operate without the intervention of a trained operator." More on 01-351 3522.

French correction

In yesterday's article on computing services, CAP/*Gemini / Sogeti* was described as having acquired a stake in Sema. It should have read Sesa; Sema Metra is owned by Paribas.

https://archive.org/stream/FinancialTimes1983UKEnglish/Sep%2009%201983%2C%20Financial%20Times%2C%20%2329115%2C%20UK%20%28en%29#page/n5/mode/1up

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,115 Friday September 9 1983 D 8523 B

U.S. banks start to feel debt exposure, Page 16

NEWS SUMMARY

GENERAL

Marines return fire in Beirut

U.S. Marines came under shell attack at Beirut Airport yesterday, just one day after Syrian-backed Druze militiamen pledged not to fire on Western peace-keeping forces.

Three shells landed close to the Marines' position. In response, a U.S. warship and Marine gunners fired at a Lebanese milita position in the hills thought to be occupied by anti-government Druze. It was the second successive day that the U.S. forces had fired their guns.

As fighting intensified in the Lebanese mountains, Syria would support anti-government forces there if asked. Page 16

Punjab uprising

Police in Punjab, northern India, used batons and tear gas to disperse an anti-government demonstration, injuring 63 people.

Airport attacked

At least two people were killed at Managua airport when opponents of Nicaragua's left-wing Government launched a rocket attack on a neighbouring military base and set the airport control tower alight.

Freedom setback

Zimbabwe's Home Affairs Minister, Dr Herbert Ushewokunze, denounced the High Court acquittal last week of six white air force officers dimming hopes that the men, detained after the hearing, would soon be released.

Election violence

Seven people were shot dead and four others injured in Pakistan's south-western province of Baluchistan when supporters of one municipal election candidate opened fire on rival supporters.

Up, up and away

A Czechoslovak racing cyclist and his family were granted political asylum in Austria after floating across the border in a home-made hot air balloon.

Rebels killed

Angolan Government forces claimed to have killed 77 rebels and captured large quantities of arms and ammunition in southern Angola during the past few days.

Abortion vote

The Irish Republic voted by more than two to one in a referendum to impose a constitutional ban on abortion. The voting showed a sharp split between urban and rural areas.

Peron staying

Ex-Argentine President Maria Peron broke months of silence to declare from her home in Spain that she does not want to return to Buenos Aires until civilian rule is restored.

Executions listed

The names of 7,748 people who have been executed in Iran since June 1981 were released by the People's Mojahedeen, the country's main guerrilla opposition movement.

Briefly . . .

China endorsed North Korean leader Kim Il-Sung's plans to be succeeded by his son.

Former Sudanese president General Ibrahim Abboud died, aged 83.

First of 13,000 refugees taking 30,000 cattle to western Uganda began their 250km trek.

Hong Kong battened down as Typhoon Ellen approached.

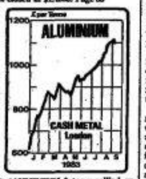
BUSINESS

Brazil 'needs extra $11bn'

● WESTERN governments and banks are now working on the basis that Brazil will need about $11bn in new external finance before the end of next year – $1bn more than anticipated. At the special debt conference in Caracas convened by the Organisation of American States, the U.S. yesterday succeeded in toning down radical proposals aimed at easing the region's $300bn foreign debt. Page 4

● DOLLAR closed in London weaker overall at DM 2.6775 (DM 2.687), SwFr 2.173 (SwFr 2.1805), FFr 8.0575 (FFr 8.085) and Y244.55 (Y245.7). Its trade-weighted index was 129 (129.5). In New York, it closed at DM 2.6837; SwFr 2.1785; FFr 8.0775; and Y245.05. Page 33

● STERLING closed in London up 5 points at $1.492 ($1.4915) but down at DM 3.9975 (DM 4.01), SwFr 3.245 (SwFr 3.255), FFr 12.02 (FFr 12.055) and Y365 (Y366). Its trade-weighted index was 84.8 (84.6). In New York, it closed at $1.4925. Page 33



● ALUMINIUM futures rallied on the London Metal Exchange after setbacks earlier in the week. Cash aluminium closed £9.25 higher at £1,098.25 a tonne but below the record £1,114.5 reached on Monday. Page 32

● TOKYO: The Nikkei Dow index slipped 23.19 points to 9,332.47. The Stock Exchange index lost 2.21 points to 686.32. Report, Page 23; leading prices, other exchanges, Page 25

● WALL STREET: The Dow Jones index closed up 2.83 at 1,246.14. Report, Page 23; full share listings, Pages 24–26

● GOLD rose $0.75 an ounce in London to finish at $414.375. In New York the Comex September settlement was $414.9 ($414.5). Page 32

● LONDON: The FT Industrial Ordinary Index closed up 1.2 at 713.8. In government securities, shorts achieved small improvements while longs steadied. Report, FT Share Information Service, Pages 25–27

● DOME PETROLEUM's president, Mr Bill Richards, said he would resign on October 1, the day Mr Howard Macdonald takes over as chairman and chief executive of the financially-troubled group, based in Calgary.

● INTERNATIONAL Association of Tanker Owners said 75 supertankers should be scrapped in order to balance the world tanker market. Page 16

● GREECE and the U.S. signed a defence and economic co-operation agreement in Athens.

● NICHOLAS KIWI, Australian-based pharmaceuticals-to-shoe polish group, reported net profits up 39.4 per cent from A$15.5m to A$21.7m ($18.9m).

● SWISS Bank Corporation has taken over the Bodenkreditbank in Basle for SwFr 3.8m ($1.78m).

● PRIVATBANKEN, Denmark's third largest commercial bank, reported first-half profits up from DKr 63m to DKr 1.36bn ($150m).

Shultz calls Gromyko's 747 account 'preposterous'

BY PAUL BETTS AND DAVID WHITE IN MADRID

RELATIONS between Washington and Moscow deteriorated further yesterday after a two-hour meeting between Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister.

Mr Shultz, seeking a comprehensive explanation from Mr Gromyko of the shooting down of the South Korean Boeing 747, described the Soviet Minister's response as "even more unsatisfactory" than the response he gave during his address to the Conference on Security and Co-operation in Europe (CSCE) in Madrid yesterday.

The two men were meeting for the first time since the Boeing incident. Mr Shultz appeared unusually emotional after the meeting.

Calling Mr Gromyko's explanation "preposterous" and "totally unacceptable," he warned "this is not the end of the matter." Mr Shultz said: "In the days and weeks ahead, the U.S., along with others throughout the international community, will press hard for justice for the families of those murdered and safety and security for innocent travellers."

A special meeting of Nato allies was called late last night in Madrid to try to hammer out a quick and common response to Moscow.

The Kremlin alleges the plane was on a U.S. spy mission and that Soviet interceptors "cut short" its flight when the jumbo jet ignored warnings to land in Soviet territory.

More details are expected from the Soviet side today at a news conference to be given for Western reporters in Moscow by Chief of General Staff Nikolai Orgarkov.

Japan was told by Moscow yesterday that Soviet search vessels had found wreckage of the plane near Sakhalin Island and that further information would be passed on soon.

American officials said Mr Gromyko did not want to discuss the Korean incident when he met Mr Shultz, at the residence in Madrid of the U.S. ambassador.

Mr Gromyko had wanted to talk about arms control, U.S. officials said, and described his comments on this issue as "lengthy and stale."

Mr Shultz, they said, asked Mr Gromyko not only for an explanation of the incident but for agreement on steps to prevent such an episode ever recurring.

The U.S. officials said Mr Gromyko had again sought to shift responsibility for the affair onto the [...] when it was clear that further discussion on the subject would not be constructive, Mr Shultz decided the meeting should come to an end," the American officials explained.

The officials added that there had been no discussions of further talks between Mr Shultz and Mr Gromyko. They said the question of a meeting later this month between the two in New York for the opening of the UN General Assembly had not been addressed yesterday.

Despite the sharp worsening in relations between Moscow and Washington, U.S. officials were keen to emphasise that the issue was not just a U.S.-Soviet problem but an international matter. This is the line Western foreign ministers have been taking throughout the Madrid meetings, suggesting that the West, including the U.S., is anxious to keep the East-West dialogue alive.

The White House was late yesterday expected to announce further unilateral countermeasures as part of President Ronald Reagan's "measured response" to the Soviet Union. It was not thought however that the U.S. would take major new economic or political sanctions.

The U.S. has been painstakingly trying to avoid another controversy with its allies on sanctions. But the Americans were lobbying hard last night to secure an agreement on action against Moscow before the end of the Madrid meeting today.

The main proposals due to be put

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Madrid conference, Page 2

Sweden set to double sterling credit

By Peter Montagnon in London

SWEDEN was yesterday set to double to £500m ($748m) the size of the credit it is raising from banks in the City of London. The loan has been heavily over-subscribed, even before general syndication has begun.

The credit, which was already the largest international operation in domestic sterling when it was launched 10 days ago at £250m by merchant bank Samuel Montagu, has attracted commitments from lead managers totalling nearly £800m. Bankers say this has revealed an unexpected depth to the growing market for such loans.

This has developed following last year's regulatory changes whereby local government authorities in the UK are no longer able to raise bank loans – they are now funded entirely by a government agency, the Public Works Loan Board. As the authorities repay their borrowings foreign banks particulary have found themselves flush with sterling when there are only limited lending opportunities.

Sweden has thus been able to attract about 30 lead managers for its credit, despite setting the interest margin at a low ¼ per cent above money market rates for the first two years, rising to ⅜ per cent for up to a further 10.

Samuel Montagu said yesterday that interest in the loan has come from a broad spectrum of banks. Included among lead managers, who still have formally to approve the increase, is Central Trustee Savings Bank of the UK, which is not normally a major international lender and is committing £30m.

Another lead manager with a similar commitment is Deutsche Bank, of West Germany, which is traditionally cautious about international loans carrying low margins.

"We knew we were going into uncharted water both with the size and the margin, but our view of the market proved to be right," said Mr Brian Woolley, a senior executive of Samuel Montagu, who has been co-ordinating responses to the credit.

More banks are expected to subscribe to the loan when it goes into general syndication shortly.

The Bank of England, Britain's central bank, is understood to be monitoring the development of the market, particularly since a sharp rise in capital exports could affect the exchange rate when Britain's balance of payments has moved into deficit.

Capital markets, Page 34

Thomson and CGE close to assets accord

BY DAVID HOUSEGO IN PARIS

THOMSON-BRANDT and Compagnie Générale de l'Electricité (CGE), the two state-owned conglomerates of the French electronics industry, appear close to an agreement on a major rationalisation plan to concentrate and complement their activities.

Thomson would shed its loss-making communications division to concentrate on consumer electronics, components and military equipment. It would also sell its cable interests to CGE.

CGE would make over to Thomson what remains of its military division (mainly its Sintra subsidiary) and its interests in components and consumer electrical goods. It would focus its activities on telecommunications, electrical power equipment and information technology.

But the most controversial part of the accord – threshed out in the summer between M Alain Gomez, chairman of Thomson, and M Georges Pebereau, managing director of CGE – is a proposal to hive off Thomson's telecommunication interests to a new holding company under CGE management.

The two electronics groups are apparently proposing that the state should pump cash into the company in which it would take a 50 per cent stake. Thomson would retain a 40 per cent interest leaving CGE with 10 per cent.

But in placing the company under CGE management the ultimate goal would seem to be a merger of Thomson's communications activities with CIT-Alcatel, a subsidiary of CGE and manufacturer of the successful E10 digital telephone exchange.

Thomson has had serious problems in developing its own MT20/25 electronic exchange and the link if approved would pave the way for a single major French telephone company.

These far reaching changes, intended to strengthen the competitiveness of the French electronics and telecommunications industry when rival major international groups such as AT&T of the U.S. and Philips have been making important link-ups, have yet to be approved by the French Government. They would be reinforced by Thomson becoming a privileged supplier of components to CGE.

Yesterday the two companies declined to comment formally or were unavailable for comment. The Ministry of Industry said that reports of an accord were "without foundation."

Negotiations towards a redistribution of roles in the electronics and telecommunications sector appear to have sprung from the companies themselves, in spite of their being nationalised industries.

Since taking over as chairman in February last year, M Gomez has

Continued on Page 16

German Lombard rate up by ½ point

By John Davies in Frankfurt

THE BUNDESBANK, West Germany's central bank, tightened its credit policy yesterday by increasing its Lombard rate from 5 per cent to 5.5 per cent.

The central bank said that it was acting to try to curb the growth of money supply, but also indicated it was anxious to stem a weakening of the D-Mark in foreign exchange markets.

The Austrian central bank yesterday also raised its Lombard rate from 4.25 per cent to 4.75 per cent, but the Swiss central bank ruled out any immediate decision to follow suit.

The Dutch central bank also raised its interest rates by ½ per cent. The discount rate was lifted to 5 per cent, the secured loan rate (equivalent to the Lombard rate) to 5.5 per cent and the promissory note rate to 6 per cent.

There has been speculation for weeks that the Bundesbank might toughen its credit policy stance because of the danger that excessive money supply growth and a weaker D-Mark might rekindle inflation.

The bank's monetary policymaking committee had refrained from lifting key interest rates at a meeting four weeks ago even though the dollar was particularly buoyant and showed further restraint a fortnight

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Westinghouse in UK search for Egypt N-bid aid

BY PETER BRUCE IN LONDON

SAMUEL MONTAGU, the British Merchant Bank, has been appointed by Westinghouse Electric of the U.S. to help to raise a large portion of the money needed to finance a $2.4bn nuclear power plant it hopes to build in Egypt. The U.S. Eximbank had previously rejected Westinghouse's approach.

The merchant bank, approached by Westinghouse three weeks ago is now understood to be talking to the UK Government in an effort to win official support for the project and to arrange and export credit facility. If Westinghouse wins the turnkey contract, orders of up to $700m might be placed with UK companies supplying the nuclear industry.

Westinghouse, which is bidding for the contract with Mitsubishi Heavy Industries against Framatome of France, Kraftwerk Union of West Germany and Combustion Engineering of the U.S., has told the Government that UK companies will be taken on as exclusive partners if enough financial support is forthcoming for a successful bid.

Bids for the project, the construction of a 900,000 to 1m kilowatt pressurised water reactor at El Dab'a, on the coast west of Alexandria, have to be in by November 28. Although Egypt is probably the second most important recipient of U.S. aid, next to Israel, the U.S. Eximbank is understood to have voted three to two against funding the project, because it feared Egypt would not be able to repay the loan.

The split Eximbank decision forced Westinghouse to turn to Mitsubishi, whose supply of turbine generators for the plant seems likely to win up to $500m in official Japanese support.

Senior Westinghouse officials are expected to hold further talks with the UK Government in the next few days. They will tell ministers and officials that the level of UK financial support will directly influence the extent to which British companies will be allowed to participate in the bid.

At least one alternative source of financing, Italy, is known to have instructed its leading nuclear supply companies, including Ansaldo and Nuovo Pignone, not to bid with the Americans but to ally themselves to the French bid.

There are, however, companies in Germany, such as Deutsche Babcock, and France, not associated with existing bids, with which Westinghouse could work if their bid succeeds and if German and French government support is forthcoming. Spain has also been mentioned as a possible source of finance.

In an effort to identify what equipment the UK could supply, Westinghouse is understood to have held preliminary talks with about 15 British companies, including GEC, NEI, the Wier Group, Babcock, Foster Wheeler and Davy Corporation.

Talbot UK back in profit after 10 years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PEUGEOT's British subsidiary, Talbot UK, made its first profit for 10 years in the first half of this year. Talbot, the smallest of Britain's "big four" car makers, made £1.5m ($2.24m) net profit, against a £40.6m loss in the comparable period of 1982.

Mr George Turnbull, chairman, suggested yesterday that the result should make the French parent group better disposed towards further investment in its British subsidiary.

Mr Turnbull forecast that Talbot UK, formerly Chrysler UK, would operate profitably for the rest of the year.

Talbot's profit is mainly due to a turnround in the contract to supply car kits based on the old Hillman Hunter to Iran, where they are made into the Leykan, that country's best-selling model.

Because of financing problems in Iran, only 35,000 kits were shipped from the Coventry plant last year and orders for spare parts also dried up. In the first half of this year Talbot shipped about 40,000 kits and received orders worth £12m for spares.

Mr Turnbull revealed that Iran had asked for 110,000 kits to be supplied in the year which ends in March 1984, compared with the break-even level of 50,000.

"There are still years of good business to be had from Iran," Mr Turnbull insisted.

Talbot has waited for some months to hear whether Peugeot will invest more cash in its factory to pave the way for a new model.

Talks about Talbot's future between Peugeot and the British Government will now be held in October or November.

Mr Turnbull said: "It is not a question of whether Peugeot will put more money in, but only of when and how much."

Mr Turnbull became chairman soon after Peugeot bought all Chrysler's European assets, including the UK business. He will leave when he has completed his five-year contract next April but insisted yesterday he will stay on until then.

New Bank scrutiny for London SE

By Alan Friedman in London

THE Bank of England, Britain's central bank, is planning to expand significantly its involvement in supervising the affairs of the London Stock Exchange.

In an interview with the Financial Times, Mr Robin Leigh-Pemberton, the Bank's Governor, said he sees a "very substantial monitoring role" for the Bank.

The role, which stems from proposed reforms of the stock exchange, will be "a major responsibility" for the Bank. The Governor made clear that he regards the Bank of England as "the right organisation to do this."

The Governor's statement comes six weeks after Mr Cecil Parkinson, UK Minister of Trade and Industry, told members of Parliament he would make arrangements for his own department and the Bank of England to work together on implementing key new measures, such as the abolition of the stock ex-

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TECHNOLOGY

EDITED BY ALAN CANE

BIOTECHNOLOGY INVESTMENTS' LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO

Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

"OUR INTENTION is to seek a much higher than average return on the unquoted part of your portfolio within a three to seven-year time-scale," Lord Rothschild says in the second annual report of Biotechnology Investments. His report suggests that it is making good progress—indeed, it reads like a catalogue of the "blue chip" end of the spectrum of new biotechnology companies which have blossomed in the past few years.

Increase

With two-thirds of the $61m fund now invested, almost equally in quoted and unquoted biotechnology companies, it is showing a 25 per cent increase in net asset value per share on the year, and 35 per cent over two years.

Biotechnology Investments, set up on the initiative of Lord Rothschild, as an offshoot of N. M. Rothschild Asset Management, now has a portfolio of 31 investments, both big and very small. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild summarises the five rules as follows:

- It must employ not only scientists of high calibre but also first-rate business managers, so that the team is "ready and able to establish a successful venture."
- Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.
- Its potential rate of return must be in line with the risk being taken.
- It must have a sponsor to act as lead investor and to accept responsibility for the venture. (Although the fund itself has been known to act in this role.)
- The company must have plans for releasing the investment, normally through a public share issue.

In the year ending May 31, the fund received 82 investment proposals, of which 57 came from the U.S., compared with 16 from Britain, three from Israel and one apiece from Belgium, Canada, Finland, France, West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytica, where the $1m invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a treatment for AIDS (auto-immune deficiency syndrome).

Left: Lord Rothschild—gathering together a wide range of biotechnology investments

Change

By this summer the scene had changed dramatically. No fewer than four of the fund's investments have gone public, in each case advantageously: Amgen, Applied Biosystems, Integrated Genetics and Immunex (see table). Mr David Leathers, investment manager, says that the fund has no intention of selling companies which go public, but will still continue to apply the five rules by which they judged the original investment. Even so, he admits that the fund it did not expect so many of its unquoted investments to go public so soon.

Another dramatic change is the view the fund takes of British biotechnology investments. In the past Lord Rothschild has been forthright in expressing disappointment with the calibre of companies coming forward with investment proposals. Other London finance houses have suggested that they see the need for a more creative approach in Britain, to produce packages appropriate to a situation, rather than passively judge a proposal as Biotechnology Investments has tended to do in the UK.

During the year the fund made its first-ever investment in an unquoted British company. It is also its biggest investment in this sector. The fund has £5.1m in Celltech, the company with an inside track to the

BIOTECHNOLOGY INVESTMENTS: UNQUOTED STOCKS

Company	Equity Interest %	Country	Business
Advanced Mineral Technologies	25	U.S.	Mining/pollution
Agrigenetics	1.2	U.S.	Seeds, etc.
Amgen†	1.6	U.S.	Health care, etc.
Applied Biosystems†	7.4	U.S.	Instruments
Catalytica	10.4	U.S.	Catalysis
Celltech	11.4	UK	Health care, etc.
CW Ventures	3.1	U.S.	Bio-funds
DNA Plant Technology	3.8	U.S.	Plant science
Genetic Systems	2.5	U.S.	Health care
Genzyme	5.6	U.S./UK	Diagnostics
Immunex†	4.7	U.S.	Health care
Integrated Genetics†	4.5	U.S.	Health care
Plant Genetics	9.1	U.S.	Vegetable crops
Queue Systems	6.0	U.S.	Laboratory equipment
Repligen	9.5*	U.S.	Health care and agri-science

* Shortly to be increased. † Now public.

Criteria

Celltech, to quote brokers Scrimgeour, Kemp-Gee and Co. last month: "fulfills the main criteria necessary for mounting a successful operation in this fast-developing, highly-technical, field. The management team comprises both eminent scientists and sound commercial/financial managers and the company is able not just to make scientific discoveries but to scale-up, extract, purify, and market its products, as evidenced by its first product, the anti-interferon monoclonal antibody."

The current position, according to David Leathers, is that the fund is evaluating half-a-dozen British potential investments but has no new ones "on the front burner" from the U.S. It is, however, considering the investment of another $1m in Repligen, one of its first investments, which now needs more cash to help build a pilot fermentation plant.

Coy

Of the British prospects, the fund is coy for the moment. One that interests them is the Agricultural Genetics Company, set up this summer as a "country cousin" of Celltech, to try to exploit the plant genetics research of the Agricultural Research Council.

As Biotechnology Investments see it, the new company has been very modestly funded by its three partners — British Technology Group, Advent and Ultramar—at the outset, until the investors see the first business plan. Then the partners and other investors will be invited to plunge more heavily.

Two of the funds older U.S. investments, Genetic Systems and Applied Biosystems, have just announced a joint venture in immunodiagnostics, to develop two new diagnostic systems, one simple and inexpensive for doctors' surgeries, the other automated for clinics and hospitals.

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, and cancer, cardio-vascular and genetic disease. Round at Rothschilds, they see the move as an important one for both companies.

One further recent investment which excites the fund managers is the $1m they have plunged on Genzyme, a U.S. company set up to acquire Whatman Biochemicals in Britain. This company makes diagnostic enzymes. It has since bought Koch-Light Laboratories, another British company, making fine chemicals.

Genzyme plans to use these two UK companies as a base for developing biotechnology interests. Biotechnology Investments see the company as virtually British but driven by American entrepreneurial initiative.

DATA STORAGE

Drexler laser card —interest grows

BY GEOFFREY CHARLISH

WHILE THE financial institutions and conventional card companies seem to be keeping the Drexon high capacity laser card at arm's length, interest is growing fast in Japan and the U.S. in the idea of using the card to carry programs, leaving the business microcomputer's floppy or miniature Winchester disc free to read and write user data only.

These walletsized read-only cards caused a flurry of interest when they were first announced two years ago. They deploy optical modification of a special surface rather than magnetic or semiconductor technology. Five micron diameter black holes on a silvery surface represent digits and are read by simple photodiode arrays. (A micron is a millionth of a metre.)

Although Jerome Drexler, in London recently to drum up European business, originally may have seen Drexon as a competitor to magnetic stripe financial cards, it looks now as if its first applications will emerge in small computer program storage.

Investment

For the established card companies, with a history and large investment in magnetic technology, Drexon could be seen as a threat, even though it might offer significant user advantages.

Nine electronics companies have taken licences for system development and manufacture (the cards will be made only by Drexler). They are Canon, Elbit, Ericsson, Fujitsu, Kanto Denshi, NCR, Omron, Toshiba and Wang and the revenue yield for Drexler so far is US$1.9m. Although the names are indicative of the way things are going, it is understood that a dozen banks in Japan have also looked at the system.

Drexler says that one of the Japanese licensees plans to use 7m cards in 1985 for microcomputer software. Commercial equipments are expected from several of them by mid-1984.

Significant however, is the fact that none of the leading micro makers has adopted the technique. Drexler believes this is because no single leading company could obtain an advantage since its immediate competitors would follow suit. He expects companies below number five in the micro league table to be first in the field, and probably in a business PC costing over $3,000.

At this level, the $70 to $100 cost addition for the card reader is a small risk—not the case at the bottom end of the market with machines costing a few hundred dollars.

Two kinds

Is there a good reason for a PC maker to build two kinds of bulk storage device into his machine?

Cost is the key according to Drexler. The cards, of which 100,000 can be produced daily at a new $3m plant at Sunnyvale, are priced at about $1.5 each at such volume levels.

On each card 16m bits (2m characters or some 800 pages of text) can be recorded in sequential form at the plant for about US$5. In this way, 20 or more programs of the kind used in PCs can be stored and kept in the user's pocket along with his credit cards.

Drexler thinks semiconductor read-only memory (ROM) cannot compete at $30 to $40 for a megabit in quantities of 10,000. And although chip prices may decline, the capacity of his optical medium can be expected to quadruple, he says.

But Drexler is unlikely to have it all his own way. The cost of conventional magnetics continues to fall (although there may be an irreducible minimum in the rotary mechanics), and just emerging from companies like Vertimag in the U.S. are the so called "vertical" magnetic discs in which the magnetic particles are placed on end to cram more in and increase the recording density.

Furthermore, there has just been an announcement from Sony and Kokusai Denshin Denwa of the joint development of a re-recordable laser disc described in a brief statement as "magnetic-optical." There are no technical details but the disc's capacity is claimed to be 30 gigabits (30 thousand million bits) and Sony intends to begin commercial production within two years.

Plastics

Du Pont's new process

DU PONT has announced a polymer plastics development called group transfer polymerisation (GTP) which is said to give exceptional control over polymer molecular weight, allow precise introduction of functional properties and give "unprecedented" control of the final composition.

The new process is particularly applicable to the production of acrylic polymers

Property

Computer valuations

AGENTS and institutions interested in the commercial property sector can now calculate residual valuations, equated yields, leasehold tenures and other valuation formulae on a portable computer.

Stafford Robert and Partners in conjunction with William Higgins and Company and Haslemere Estates, have developed a suite of programs which run on the Epsom HX-20, one of the new breed of small Japanese portable machines.

The developers say these programs have previously only been available on mainframe computers. Cost of the computer plus programs is £875 plus VAT. "This means" Stafford Robert says, "That each partner can afford to have his own computer which he himself will find easy to operate without the intervention of a trained operator." More on 01-351 3522.

French correction

In yesterday's article on computing services, CAP/Gemini / Sogeti was described as having acquired a stake in Sema. It should have read Sesa; Sema Metra is owned by Paribas.

هكذا من الكيل

David Fishlock. (Sep. 09, 1983). Blue chip genes promise high returns, re. Lord Victor Rothschild, Biotechnology Investments Limited (BIL), Guernsey Reg. No. 9767, formed Apr. 16, 1981; successor International Biotechnology Trust Plc, UK Co. No. 02892872, formed Jan. 31, 1994, financed by N.M. Rothschild Asset Mangement, p.6. Financial Times.

SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday September 9 1983

Lockheed noses out Rockwell for $2.5bn space shuttle deal

BY WILLIAM HALL IN NEW YORK

A GROUP of companies led by Lockheed has beaten a rival consortium led by Rockwell International and landed the lucrative $2.5bn contract to overhaul the U.S. space shuttle.

The U.S. Administration has for some time wanted more of the space shuttle programme to be subcontracted to the private sector, and the award of the shuttle processing contract is the biggest of three contracts which will be awarded to the private sector. Earlier this year, the National Aeronautics and Space Administration (NASA) selected EG&G, diversified electronic equipment manufacturer, to provide base support operations at the Kennedy Space Centre in Florida in a three-year contract valued at $193m. A further contract to handle the processing of shuttle cargoes still has to be awarded. The purpose of the contracts is to reduce the number of bodies NASA has to deal with and make the operation of the shuttle more efficient and commercial.

The award of the contract is a major blow for Rockwell, which has built all the shuttles to date and played a leading role in servicing them. The Rockwell team bidding for the shuttle processing contract included Boeing, Martin Marietta, the USBI Launch Services Corporation and United Aerospace. Rockwell was believed to be the frontrunner for the contract because of its familiarity with the shuttle which it largely constructed.

Although Lockheed would not comment on the reasons why it won the contract, it is understood that there was a feeling that some NASA officials wanted a change of contractor in the interests of efficiency.

At present some 15 separate companies perform various servicing tasks on the shuttle after it has landed. By consolidating these contracts into one, NASA believes that it will save money and reduce bureaucracy.

The Lockheed consortium, which includes Grumman Aerospace, Morton Thiokol and Pan American Airways, covers the ground processing, launch and landing of the shuttle fleet and operation and maintenance of the shuttle's associated ground systems at both the Kennedy Space Centre and Vandenberg Air Force Base in California. According to Lockheed the value of the latest contract is $2.5bn for the first two three-year periods and could total more than $6bn over the next 15 years.

The space shuttle programme lies at the heart of the U.S. space programme, and when all four shuttles are delivered they are expected to be flying back and forth into space with commercial and defence cargoes every fortnight or so.

Seagram slows down

FRENCH AIRCRAFT MAKER STRESSES IMPORTANCE OF AIRBUS VENTURE

Aerospatiale expects a bumpy ride

BY DAVID MARSH IN PARIS

THE INTERNATIONAL civil airliner market is unlikely to pick up until the end of 1984 or the beginning of 1985, says M Jean Martre, the chairman of Aerospatiale, the French nationalised aerospace group.

Aerospatiale, after several years of fast expansion, is in the midst of a difficult period of commercial belt-tightening as a result of the simultaneous downturn in its most important civil and military markets.

The company, which boosted sales 30 per cent last year to FFr 21.4bn ($2.6bn) and has followed a policy of rapid staff expansion in recent years, faces much lower sales growth in 1983 and is trying to slim its workforce through early retirements and natural wastage.

In constrast to other international aerospace groups, the company has firmly ruled out redundancies among its 36,000 employees. But to adapt production to lower orders, it is making fresh cuts in working hours throughout the group, to 38 per week at the end of the year (from 38.3 at present).

Aerospatiale, which made net profits of FFr 96.2m last year (well down from FFr 158.6m in 1981) looks likely to record a worse result in 1983, although it still hopes to remain in the black. As a prelude to difficulties ahead, new orders last year plummeted to FFr 16.3bn from FFr 22.3bn, while the company's debts were multiplied by five to FFr 3bn.

M Martre, former head of the Government's arms directorate agency, who took over as chairman following the retirement of General Jacques Mitterrand in May, added his weight to persistent French aerospace collaboration among the French, West German and British governments, would go ahead before the end of the year.

As for the suggested year for entry into service of the aircraft, M Martre said that 1983 still seemed "a good date". Other European partners, together with some of the international airlines who would be customers for the plane, believe that 1989/90 would be a more realistic date. No formal agreement for the $2bn development project has yet been reached.

If the Airbus Industrie consortium did not succeed with the further development of the aeroplane, he said, "Europe risks being totally absent from the commercial airliner market, and leaving the market open to the Americans."

General Mitterrand, brother of the French president, earlier this year blamed the downturn in Airbus sales partly on lack of sufficient financial support from banks in Britain and West Germany. M Martre said talks were underway between export credit agencies in France and its two European partners to try to achieve "more homogeneity" in the provision of Airbus export credits. This was necessary to compete with financial terms available from U.S. rivals Boeing and McDonnell Douglas.

M Martre defined his objectives for Aerospatiale as to maintain its "healthy" financial management "and to make profits." But like his predecessor, he made no bones about the sombre short-term outlook.

The recession has hit three of Aerospatiale's four operating divisions particularly hard – aero-

● Aircraft, which make up 36.6 per cent of group turnover with sales of FFr 7.77bn last year (up 38 per cent from 1981) is encountering difficulties from the slump in Airbus sales.

M Martre says the present Airbus production rate is down to five a month (against earlier plans of building up to eight by next year) and output would have to be cut further unless new orders came in. Airbus activities accounted for 72 per cent of the aircraft division's sales last year, against 66 per cent in 1981.

The division has also been affected by the downturn in sales and orders for the fighter aircraft and executive jets made by France's second national aircraft manufacturer, Avions Marcel Dassault-Breguet, for which Aerospatiale carries out subcontracting work.

AEROSPATIALE'S RECENT PERFORMANCE

	Sales FFr	Net profit or loss FFr
1976	9.0bn	621m*
1977	9.5bn	447m*
1978	9.5bn	87m*
1979	11.4bn	8m
1980	13.2bn	138m
1981	16.5bn	159m
1982	21.4bn	96m

+ Loss

In particular, orders for the Mirage 2000 fighter made by Dassault-Breguet have been severely affected by French defence budget cuts, while Falcon executive jet output has had to be slashed because of the general business downturn. Aerospatiale, however, has had some compensation as a result of plane, mostly from outside France and Italy. On the possibility of securing a deal to sell the aircraft to China, on which some in the aircraft industry are pinning high hopes, M Martre said negotiations with the Chinese were "always difficult."

On general prospects for the civil aircraft market, M Martre said there were already some signs of a recovery in world passenger traffic and in the financial situation of international airlines. But a general recovery would have to wait at least until the end of 1984 or the start of 1985.

● Aerospatiale's helicopter division, which makes up 19.8 per cent of turnover (1982 sales were up 26 per cent at FFr 4.3bn), has been hard hit by the downturn in the important civil sector in the U.S., where Aerospatiale has 20 per cent of the market (especially for offshore oil installations). M Martre said there were "relatively fragile" signs of a recovery in this market, but no general upturn was expected before the end of 1983 or the middle of 1984.

He pointed out that orders for Aerospatiale's military helicopters, in operation in about 50 countries, were restrained by cutbacks in defence budgets in the West and the Third World.

● Tactical missiles, which accounted for 25.8 per cent of turnover last year (sales of FFr 5.5bn, up 28 per cent), have also been affected by defence cuts and the division is "not particularly flourishing," according to M Martre. Its main product is the Exocet anti-ship weapon, of which 2,000 have been ordered for use by 27 navies around the world.

Aerospatiale also collaborates in building the French-German Milan publicised use of the Exocet by the Argentine navy during last year's Falklands war, M Martre denied that the episode had prompted any "significant" increase in Exocet orders. He said the Falklands publicity had merely shown that the extent of public knowledge of the Exocet's effectiveness was lagging well behind already well-established professional opinion about the weapon around the world's navies.

● Space and ballistic systems, Aerospatiale's fourth operating division, making up 17.8 per cent of sales (FFr 3.66bn last year, up 28 per cent from 1981), has also been affected by budgetary squeezes.

Around 77 per cent of the division's orders are from the military, and it plays a vital role in equipping France's independent nuclear force. M Martre confirmed that delays in French government programmes for a mobile SX nuclear missile and for a new generation of M 5 multiple-warhead missiles for the country's nuclear submarines were "causing a problem."

These hold-ups have been only partly compensated for by the Government's decision to start development work on a new 350 km-range semiballistic nuclear weapon, the Hades, to replace the Pluton rocket in the early 1990s.

Although Aerospatiale is going ahead at full steam with building current and future series of Europe's space rocket Ariane, satellite activities have been hit by international uncertainties over orders for television and other communications satellites. Eurosatellite, the mainly Franco-German satellite company in which Aerospatiale has an important stake, is still waiting

Heinz ahead in first quarter

By Our New York Staff

H. J. HEINZ, the U.S. processed foods manufacturer, raised its net earnings by 11.2 per cent in the first quarter to July while sales rose by 3.4 per cent to $940m.

The increase in earnings, from $55m to $61m, was roughly in line with trading profits, which went up by 10.2 per cent to $112.6m.

Non-trading profits declined from $7m to $4.7m, but this was more than offset by a reduction in interest payments of $3.8m to $10.3m. Net earnings per share emerged at $1.30 against $1.07 in the first quarter, following a higher tax charge of $45.8m against $40m.

The results underline Heinz's efforts to reduce costs and improve margins. Mr Anthony O'Reilly, president and chief executive, said unit volume in the domestic and overseas markets went up by approximately 3 per cent, but that lower currency exchange rates used to translate foreign sales this year had reduced the figure by approximately $35m.

Mr O'Reilly sounded an optimistic note for the full year, saying that he expected the company to benefit from the improvement in the general economic environment both in the U.S. and overseas.

AT & T in video venture

By Louise Kehoe
In San Francisco

https://archive.org/stream/FinancialTimes1983UKEnglish/Sep%2009%201983%2C%20Financial%20Times%2C%20%2329115%2C%20UK%20%28en%29#page/n5/mode/1up

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BERMUDA V

British Colony is only 770 miles from America's eastern seaboard

Big U.S. influence on economy

TO MANY BUSINESSMEN here, Bermuda is a British colony in name only, and the argument is difficult to fault. Aside from such colonial hallmarks as the island's British bobbies and its British Governor, Bermuda is inextricably linked to the U.S. The evidence is everywhere.

Retailers' shelves groan under the weight of U.S.-made goods, which accounted for well over half Bermuda's 1981 visible imports of $322.7m, compared to Britain's share of about 11 per cent—less than half what it was eight years ago. Supermarket cash tills hold dollars—U.S. and local—the shops are full of mostly American tourists, and U.S. corporations predominate among Bermuda's 5,600 offshore companies.

The strength of U.S. economic influence derives in large part from the island's close proximity to the eastern seaboard—a distance of about 770 miles. This factor alone accounts for the fact that Americans make up close on 90 per cent of the half million or so tourists who arrive here by the plane and boatload every year. It does not explain another important aspect of U.S. influence, namely the role of the mighty American dollar, which is allowed to circulate here alongside the Bermuda dollar.

Alternative

That phenomenon, by comparison, owes less to local geography than to Britain's decision to exclude Bermuda from the sterling area. The decision, which took effect on June 23, 1972, severed what were then considered to be essential currency links with the UK, and forced the colony to seek an alternative economic ally. It turned, not surprisingly, to the U.S.

The Bermuda Monetary Authority, in its annual report for that year noted: "Overnight, Bermuda found that an exchange control fence had been erected between her and what remained of the sterling area . . . Bermuda's first reaction was to try to obtain readmittance. It soon became clear, however, that the UK Government was not prepared to amend its decision to exclude Bermuda . . . although assurances were given that no rapid repatriation of funds would be called for by the UK authorities."

Compounding Bermuda's fears of being left out in the cold by her mother country was Britain's decision to allow sterling to float. The island's dilemma was thus complete. If the Bermuda dollar, which was created in 1970, was to remain pegged to sterling, the colony would have to accept a move to a variable discount depending on the British pound's fluctuations.

So it was that on July 31, 1972, the Bermuda dollar was formally pegged to the U.S. currency and given a one-to-one exchange rate. Bermuda still had her fragile economy to protect. The island could no longer look to the rapidly-diminishing sterling area for exchange control protection. It therefore decided to set up its own controls—for an interim period.

The interim period was short-lived. The exchange control act came into force on May 1 1983. Its liberal provisions did little to, and were not intended to, staunch the flow of much-needed U.S. tourist dollars which were allowed to circulate alongside the then fledgling local dollar. Monetary controls thus became, and still are, almost impossible to apply. The supply of Bermuda dollars alone reached $313m in 1978.

By 1980 it had topped $400m and 12 months later had risen almost 18 per cent to $473m. Last year it increased 15 per cent to $546m, of which about $400m was on deposit with the banks, $100m with local deposit-taking companies and the rest in circulation.

The problem was and still is the U.S. dollar. Its parallel circulation makes total money supply statistics impossible to compile and the effect on the economy little more than a guessing game.

Bermuda has become a victim of its own success, according to the monetary authority's policy research specialist, Mr Bob Richards. He is careful to distinguish between imported and locally generated inflation, but argues that money supply growth has almost certainly pushed up the domestic components in Bermuda's retail price index. He describes the island's 6.5 per cent annual rate of inflation as "totally unacceptable" compared to the significantly lower levels achieved in the U.S. but points out that without the introduction of stiffer exchange controls "monetary management of the economy is not so much out of control as outside our control."

Mr Richards acknowledges Bermuda's close ties with North America, demonstrated not only in trade terms but in the presence of the U.S. naval air station and its two and a half thousand servicemen and dependents. He says he has yet to see firm statistical evidence of some economic links.

"Everybody talks about this correlation as if it were a matter of fact, but it doesn't always check out and we don't always see tourism decline when, for example, U.S. unemployment increases," he says. Even so, he admits that Bermuda's relationship with the U.S. is close to parasitic. It is not always cordial, though.

Regardless of White House intentions, the U.S. Internal Revenue service has long had its revenue-hungry eye on Bermuda. Just two years ago the IRS prepared a 235-page report on the size of America's multi-billion dollar tax avoidance problem and recommended punitive options to "isolate abusive tax havens."

These included prohibiting U.S. airlines from flying to "designated" havens, slapping a 50 per cent tax on payments to haven-based recipients and disallowing tax deductions claimed against haven activities. It was not so much these which annoyed many Bermudians, as the fact that the island was described as one of the world's "most important tax havens" and placed in the same category as the Bahamas, the Netherland Antilles and the Cayman Islands.

Long fight

Bermuda has fought long and hard against the tax haven label which somehow persists in getting, attached to the island despite its oft-repeated assertion that it is a legitimate international business centre. The colony did little to further its case when, in September 1981, it joined with the Bahamas in issuing a combined plea to the U.S. to lift tax restrictions imposed on corporations holding overseas conferences here.

Up until the late 1970s. U.S. companies staging conventions in Bermuda could offset conference expenses against their tax liabilities. That was before the U.S. Treasury blew the whistle.

It decided that only overseas conventions held in Canada, Mexico, and, more recently, Jamaica, would be eligible to qualify for tax deductions. The result was that many U.S. corporations stopped coming to Bermuda.

The island has complained bitterly ever since that it is losing millions of dollars every year in lost business, a complaint that has become increasingly vehement the softer the island's tourism market gets. The issue has in consequence strained relations with the U.S.

There are signs that a solution is imminent. Bermuda has been included in President Reagan's controversial Carribbean Basin initiative. In addition to promoting greater trade links with several Caribbean states, the initiative proposed to exempt Bermuda from the convention tax restructions.

There is, however, a catch. The initiative, which was recently approved by Congress. demands that the island should cooperate with the IRS investigations of American companies registered here. Bermuda's finance minister, David Gibbons this month wrote to the U.S. Treasury suggesting talks over this so far unacceptable condition.

Predictably, the *quid pro quo* idea has gained little support in Bermuda, but with more than 5,500 international companies registered here it would have been surprising if it had.

What is surprising though is that the U.S. Treasury has not seen fit to open an IRS office here, considering the importance it seems to attach to Bermuda. Instead, the IRS office in Nassau in the Bahamas periodically sends one of its officers to Bermuda. As one American official here, who has regular contact with the Treasury, puts it. "The IR" tends the nets that catch the most fish."

Roger Scotton

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