



# THE ECONOMIC TIMES

**More revenue from export duties**

Government raised an additional Rs. 36 million by way of export duties from the three main export products in 1968/69 more than in the previous year.

Rubber brought in an enhanced revenue of Rs. 54 million while revenue from tea was at the same level as in the previous year.

The export duty from coconut products, however, declined by Rs. 22 million. Revenue from minor crops on the other hand increased by Rs. 4 million.

Vol. 1 No. 3

Saturday, May 2nd 1970

Price 50 cts.

## Indo-Ceylon trade

# ADVERSE GAP HITS A NEW HIGH

BY A STAFF REPORTER

CEYLON'S RAPIDLY DETERIORATING BALANCE OF TRADE WITH INDIA WHICH STOOD AT RS. 130 MILLION IN 1968, REACHED AN ALL TIME HIGH OF RS. 187 MILLION IN 1969. THE ADVERSE TREND CONTINUED DURING THE FIRST TWO MONTHS OF 1970 AND THE FIGURE FOR THIS YEAR COULD WELL REACH RS. 200 MILLION, IF NO REMEDIAL MEASURES ARE TAKEN.

The Indo-Ceylon Trade figures for the past six years reveal an upward trend in Ceylon's imports from India, except for slight drops in 1965 and 1967. As against this, our exports to India showed a marked decline from Rs. 65.8 million in 1964 to Rs. 25 million last year. There was, however, a small increase of approximately Rs. 6 million in 1968, while the increase in 1969 over the 1968 figure was a mere Rs. 3 million.

The total trade between the two countries increased from Rs. 175.5 million in 1968 to Rs. 187.5 in 1969, an increase of Rs. 12 million.

### Unhealthy Trend

All attempts to curb the widening trade gap between the two countries have been of no avail, and official thinking in certain quarters is that

Ceylon has done her utmost to strengthen trade relations on her part, whereas India's intentions have been otherwise. Even informed quarters in India have expressed concern over this unhealthy trend in trade relations.

Among reasons adduced to support the view that Indo-Ceylon trade relations are worsening are :

\* India's intake of Ceylon produce has been cut by over 200 per cent over the last six years while Ceylon's imports of Indian goods have risen by over 100 per cent.

\* On the question of how the export quota of 928 million pounds of tea should be divided between India and Ceylon, India has so far refused to budge 'one inch' from her original stand that the export quota should be equally divided between the two countries, although her share of the world tea market was less than that of Ceylon. And even in this instance, all that the local authorities asked was that Ceylon be given 51 per cent and India 49 per cent of the export quota.

\* Another concrete instance of India's unyielding stand is the blocking of funds due to Ceylon on the CBC's advertising revenue. The sum involved was only Rs. 5-10 million, but this was one ready-made avenue where India could have shown more goodwill.

\* Even in the sphere of tourism where there was scope for

collaboration, no progress has been made after the initial Ministerial level meetings.

As a Trade Ministry official put it: "Indo-Ceylon Trade will soon end up on the rocks if early action is not taken to stir the Indian Authorities to this plight."

It is quite obvious that our trade agreements are vigorously implemented in India's case but only aborted in Ceylon's favour"

## CEYLON'S DETERIORATING TRADE BALANCE WITH INDIA

(In Rupees Million)

Year	1964	1965	1966	1967	1968	1969
Exports	658	42.5	20.3	16.1	22.9	25.0
Imports	166.7	133.8	135.4	123.2	152.6	212.6
Visible Balance of Trade	-100.9	-97.3	-115.1	-107.1	-129.7	-187.5

Source: (Ceylon Customs Returns)

## How import value goes up

Goods imported to Ceylon from Western Countries, particularly from Britain and the U.S.A. have invariably to be channelled through a "buying house."

This requirement involves the payment of a 3 per cent buying commission, in addition to the C.I.F. value of the goods. Besides, there are "other charges" which inflate the value of imports considerably, thus adding to the foreign exchange Component. Some of the main extra charges are in respect of:-

- \* Preparing Consular documents.
- \* Preparing Export Declarations.

- \* Completing bank documents
- \* Forwarding fees.
- \* Preparation of Aid Forms
- \* Export B/L Service.

Commodity aid from these countries too is channelled in

this manner, which means an enhanced foreign debt burden.

The Aid goods mainly comprise: machinery, and equipment, tractors, building material, engineering stores i.e., mainly intermediate goods, Commercial vehicles, motor spares etc.

## TARIFF CONCESSIONS LIKELY FOR DEVELOPING COUNTRIES

The developed countries are likely to offer tariff concessions for the exports of developing countries by January 1971, according to an Indian Express News Service Release.

The assessment of official sources is that a generalised scheme of preferences (G.S.P.) will come into operation at the beginning of the second development decade, which starts next year.

There was a deadlock on the question of preferences at the UNCTAD conference held in New Delhi in 1968. At that time it was proposed to have a common GSP for all countries. This has now turned out to be impracticable, and what is expected is a series of different tariff cuts from different Nations.

The U.S.A. has offered duty free entry for all exports of developing countries except for cotton textiles, leather manufactures, and petroleum products.

The UK has, however, proposed generally duty free and quota free imports from developing countries.

## Less Ceylon tea to London

The total quantity of Ceylon tea destined for the London Auctions in the first quarter of this year has fallen sharply, according to figures released by the Commissioner of Tea Exports.

Only 20,205,599 pounds were shipped to London Auctions during the period January-March this year, while in the same period last year, 25,395,346 pounds were exported.

The quantity of tea that was shipped to London this March

was 6,871,490 pounds compared with 9,220,399 pounds in March last year. See Table below :

	EXPORTS (lbs.)	
	Jan./ March 1970	Jan./ March 1969
High Grown	12,380,812	13,926,507
Medium Grown	7,297,429	9,343,146
Low Grown	527,358	2,125,693
Total..	20,205,599	25,395,346

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# MARKET PRICES

## COLOMBO

CLOSING PRICES 18.4.70

TEA (Rs. Cts. Per lb.)	BOPS		B. O. P-Fs	
	low	high	low	high
<b>High Growns</b>	1-80	4-45	2-10	4-10
1 at 4-80	1 at 4-90		2 at 4-25	1 at 4-35
1 at 5-05	1 at 5-20		1 at 4-45	1 at 4-55
<b>Medium Grown</b>	1-35	2-36	1-40	2-57
<b>Small leaf Low Grown</b>	1-30	1-42	1-35	1-50
<b>Tea for Price</b>	1-00	1-30	1-10	1-35
<b>Leafy B.O.P.</b>	1-35	1-45		
	<b>F. B. O. Ps.</b>		<b>F. B. O. Ps</b>	
<b>Tippy Teas</b>	1-35	1-47	1-30	5-00
1 at 1-56	1 at 1-47		1 at 5-15	1 at 5-20
			1 at 5-90	1 at 8-25

PRICES FOR THE WEEK ENDED 30.4.70

## RUBBER

(Rs. cts.—per lb.)

The Commissioner of Commodity Purchase paid the following prices to shippers.

	High	Low
Colombo		
RSS No. 1	91 1/2	
RSS No. 2	36 3/4	87
RSS No. 3	85 1/2	85 4/2

## COPRA

(Rs. per Candy)

	High	Low
Estate Copra	No. 1, 242.00	240.00

## COCONUT OIL

(Rs. per ton).

	High	Low
May.	1400	1375
June.	1360	1340

## POONAC

(Rs. per ton)

	High	Low
	410	390

PRICES FOR THE WEEK ENDING 12TH APRIL 1970

Cardamoms ..	Rs. 32/- 33/50
C'Mom Seeds ..	33/05 "
Cloves ..	18/- "
Clove Stems ..	3/40 "
Mace ..	5/- "
Nutmeg (Shelled) ..	4/- Nom:
Nutmeg (Unshelled) ..	2/10 "
Pepper (Black) ..	3/25 "
Pepper W(white) ..	—
Papain Brown ..	10/- Nom:
Papain White ..	15/- Nom:
Cinnamon H1 ..	4/05 "
Cinnamon H2 ..	4/00 "
	(Per Cwt)
Cocoa ..	325/- "
Cocoa ..	Unquoted 40% on true f.o.b
Coffee ..	325/- "
Kapok (Clean) ..	130/- "
Kapok (Unclean) ..	30/- "
Croton Seeds ..	130/- 140/-
Essential Oils ..	Per Oz/lb.
Citronella Oil Ordinary ..	5/35 per lb.

Margin of Prices for the Week ending Saturday—4/2/470.

At Buyer's stores, Equal Assortment, in bales of 100 lbs nett

	Rs	Rs.
<b>CINNAMON QUILLS:</b>		
Fine/0000 per lb. ..	4.10	6.10
No. 2 per lb. ..	4.00	4.15
Featherings per lb. ..	1.55	2.20

CINNAMON CHIPS: Loose at Buyer's Stores, sifted free from sand and dust per candy of 560 lbs. .. 290.00 300.00

CITRONELLA OIL: es-Seller's Stores without pkgs. per lb. .. 5.25 5.95

	Rs	Rs.
<b>COCONUTS:</b> Husked, at Buyer's Stores, per thousand:		
Large ..	285.00	315.00
Medium ..	200.00	285.00
Small ..	190.00	225.00

	Rs	Rs.
<b>FIBRES:</b> At Buyer's Stores:		
Coconut Bristle 1 tie per cwt. ..	32.00	33.00
Coconut Bristle 2 tie per cwt. ..	34.00	36.00
Coconut Bristle 3 tie per cwt. ..	37.00	39.00
Coconut Mattress No. 1 per cwt. ..	15.50	17.50
Coconut Mattress No. 2 per cwt. ..	13.50	14.50
<b>COCONUT SHELL CHARCOAL</b> —per ton (in Buyer's Bags)	225.00	295.00
Export Nuts		

## TEA REPORT

Nuwara-Eliya Teas. Quality was generally inferior to last and with less buying interest, a lower market was experienced.

## High Grown Teas.

The market opened to a good demand for better liquoring B.O.P.'s from Western Districts but prices were most irregular with buyers closely following quality. The overall tendency however was lower particularly in the second half of ex-Estate catalogues. Below best, better colour descriptions were firm to dearer but lighter, plainer sorts lower. Brither Uvas were irregular and often a little lower.

A few select lines of Orange Pekoes and Pekoes were markedly dearer following quality and other leaf grades firm to dearer.

Medium Grown Teas. Colour, best Western B.O.P.'s were a strong feature advancing by 10 to 20 cents per pound and plain sorts on average, by about 2 to 5 cents. Uvas opened 5 to 10 cents dearer but demand eased later with prices closing firm on last. Pekoes were about steady and Orange Pekoes firm to dearer.

Low Grown Teas. Leafy descriptions suitable for Middle East markets met with more general buying interests and prices hardened by 2 to 5 cents per pound. Small leaf B.O.P.s were also a few cents dearer except stakly, poorly made teas. Well made Orange Pekoes were 10 cents dearer and Pekoes firm to dearer.

B.O.P. Fannings. High Grown Western B.O.P. Fannings sold well but were irregular following quality. Better Medium sorts were slightly dearer and plainer descrip-

tions and Uvas 5 to 15 cents dearer, although opening rates were not maintained later in the Sale. Low Grown B.O.P. Fgs. were firm to dearer and small leaf Flowery Fannings 3 to 8 cents dearer. Best tippy sorts held firm while secondary sorts were about 10 cents dearer.

Off Grades. Best Western Fannings were irregular following quality, others were generally dearer. B.M.'s were about steady with quality Westers a little dearer.

Dusts. Some liquoring High Growns and clean leaf, grainy sorts were dearer but others tended easier.

## GENERAL:-

Although only 7.6 million pounds were catalogued at this week's Sale, the ex-Estate total of 3.3 million pounds represented the largest quantity ever offered in Supplementary Catalogues in any one Sale. Fortunately demand was strong for this weight of Medium and High Grown B.O.P.'s and B.O.P. Fgs., but with buyers very selective following quality, prices were most irregular. A few High Grown Western Estates continue to command prices of Rs. 4/50 and above and the top price for the Sale was a Dimbula B.O.P. of Rs. 5/25 per pound.

There was again a little more buying interest for leafy Low Grown teas suitable for Middle East markets and F.B.-O.P.'s hardened to between Rs. 1/40 to Rs. 1/45 per pound and B.O.P. 1's Rs. 1/35 to Rs. 1/38 per pound. Stalky sorts however were discounted.

## Commodity Commentary

## RUBBER REPORT

We give below the Rubber Market Report issued by the Colombo Brokers' Association for the Poya Week ending 27th April, 1970.

Easier conditions prevailed in World Rubber Markets this week with the GSA Stock Pile release programme and the impending strike declaration in U.S.A. over-shadowing the market. By mid-week a stronger undertone was noticed on good forward demand but covering interest for current month decreased the discount and further forwards tended to decline. A temporary rise in the East was due to an increase in the London market closely followed by a much higher March Export figure. The London market passed an uncertain week's trading on official news of a heavy stock position in the East and continued lack of interest. On balance London and Singapore declined by 5/8 pence and 3/8 dollar cents, respectively.

Sheet: RSS 1 opened the week at -/91 3/4 cents per pound showing an increase of -/01 1/2 cents on the previous week's closing figure, increased further by -/01 1/1 cts. the following day but declined by -/01 3/4 cts. the next day and remained at this figure for the next two days (International week-end), to close the week at -/90 1/2 cts. Approximately 109 tons of sheet rubber were sold by Members of our Association of which 55% consisted of No. 1 sheet.

Pepper: 5216ts totalling 2216 pounds were on offer, the best of which was sold at Rs. 3/45 per pound for quotation to be made at this price.

Cloves. Two lots totalling 191 pounds of Cloves were on offer. One lot of average quality was sold at Rs. 16/35 per pound. No quotation was made.

Cinnamon: 1245 pounds of Cinnamon were on offer and remained unsold due to the lack of suitable bids.

## Produce Report

We give below the Sundry Produce Market Report for the Poya Week ending 20th April, 1970.

Cardamoms: There were 76 lots on offer, totalling 4964 pounds, which showed an increase of 223 pounds on the previous week's figure. The market was firm to dearer and No. 1 was quoted at Rs. 32/60 to Rs. 33/90 per pound. One lot of superior quality cardamoms fetched Rs. 37/15 per pound.

Cocoa: 39 lots, totalling 200 cwt. were on offer at the sale, showing an increase of 56 cwt. on the previous week's figure. Again many lots of No. 1 quality were withdrawn due to lack of suitable bids and were sold by private treaty at prices ranging from 265/- to Rs. 269/- per cwt. No official quotation was made. Gea-

des next to best were transacted at between Rs. 250/- to Rs. 260/- per pound.

Coffee: Three lots totalling 10 cwt. 01 qr. 22 lbs. of Coffee were on offer and remained unsold due to the lack of suitable bids.

General: There being no transactions for any other Sundry Produce at the Public Auctions, we give below the prices paid by Dealers for No. 1 quality of the undermentioned commodities:-

Cloves ..	16.00	to	17.00	per pound.
Clove Stems ..	2.75	to	3.00	" "
Nutmeg Shelled ..	3.50	to	3.75	" "
Nutmeg Unshelled ..	1.75	to	2.00	" "
Papain White ..	14.60	to	15.00	" "
Papain Brown ..	9.00	to	9.50	" "
Cinnamon Quills H2 ..	4.00	—	—	" "
Mace ..	5.50	to	5.75	" "
Kapok cleaned ..	130.00	—	—	per cwt.
Kapok Uncleaned ..	30.00	—	—	" "
Croton Seed ..	140.00	to	150.00	" "
Coffee ..	250.00	—	—	" "

Export Duty: Ad valorem of 40% on the F.O.B. price on Cocoa and Cardamoms, 20% on Cinnamon Quills and 10% on Cinnamon Chips.

# 1969: A Boom Year for Rubber

(By Our Commodity Correspondent)

The Rubber Industry had one of its best years in recent times last year. Foreign exchange earnings from rubber had increased by 30 per cent over the 1968 value, despite a drop in the volume of rubber exported.

Ceylon's rubber production for the year amounted to 332 million pounds, registering an increase of 5 million pounds or one per cent over 1968. However, this increase is low compared to the annual increases achieved in the preceding years.

Output last May was severely affected by widespread rains reducing production by, as much as 14 million pounds. Although production upto the end of October increased by 25 million pounds (9.6 per cent over 1968) the spells of bad weather experienced both in November and December affected tapping operations to reduce the increase in output to only 5 million pounds.

The increase in production was confined largely to crepe rubber which rose by 5.0 million pounds, while sheet rubber output declined by 0.4 million pounds.

## EXPORT VOLUME

The volume of rubber exported registered a fall of 13 million pounds over 1968. Only 314.8 million pounds were exported last year compared with 328.3 million pounds in the previous year.

Exports of sheet rubber, and crepe (all varieties), decreased by 10 million pounds and 3 million pounds respectively.

## CHINA BEST CUSTOMER

Customs computations reveal that the Peoples' Republic of China once again emerged as Ceylon's best customer with purchases totalling 158 million pounds (50 per cent of total rubber exports) as compared with 183 million pounds in 1968 (56 per cent of total rubber exports).

## Rubber to go Metric

The Malaysian and Singapore rubber market will go metric next year probably from Jan. 2.

This is to bring the market in line with the present world tendency to convert to the metric system, including the London Rubber Market, which has declared its intention to convert to metric standards, and also the introduction of decimal currency in Britain.

The Malaysian Rubber Exchange and the Rubber Association of Singapore have set up a Joint Metrication Working Committee, under the MRE deputy chairman, Enche Abu Bakar bin Pawanchee, to look into this matter.

From the date of conversion, market quotations will be made in cents and decimals of a cent per kilo, replacing fraction currency in use.

The United States which was our second best buyer dropped to fourth place, purchasing only 18 million pounds in 1969, compared with 23 million pounds both in 1968, and 1967.

## SOVIET PURCHASES

The U.S.S.R. showed an appreciable rise in her rubber imports from Ceylon buying as much as 23.2 million pounds last year to move into second place.

In 1968, however, Russia bought only 18.4 million pounds and was our fourth biggest buyer.

The Federal Republic of Germany bought almost the

same quantity last year as in 1968. Poland and Romania also bought more last year taking 14.3 million pounds and 13.4 million pounds respectively. See Table 11.

## PRICE FLUCTUATIONS

The year 1969 was one of wide price movements for natural rubber both in world markets and in the local market, and these fluctuations were predominantly of a speculative nature.

In the Colombo Market, the average price of R.S.S. No. 1 followed a steady upward trend during the first eight months of the year, with the exception of a temporary fall of 3 cents per pound recorded in May, to reach the highest price of Rs. 1.12 per pound in August.

(Contd. on Page 6)

## How Tea fared from 1967-1969

### COLOMBO AUCTIONS

47 were held in Colombo during the year covering a total quantity of 387,446,050 lbs. Thus there was an increase of approximately 18 million pounds over the previous year's total and for the second year running, constituted a record. Once again there were some minor alterations to the Bye-laws and Conditions of Sale in an attempt to give better prices to the producer.

We give below the gross and nett sale averages for the last three years and the quantities sold in Colombo.

	1967		1968		1969	
	Gross	Nett	Gross	Nett	Gross	Nett
High-Grown ..	1.99	1.82	2.10	1.93	1.98	1.80
Medium-Grown ..	1.51	1.47	1.67	1.67	1.44	1.40
Low-Grown ..	1.21	1.20	1.65	1.63	1.39	1.38
Total ..	1.58	1.50	1.83	1.75	1.61	1.53 <sub>5</sub>
Total Offered ..	368,637,032 lbs.		368,832,316 lbs.		387,416,050 lb.	

### LONDON AUCTIONS

There was a surprising decline in the quantity of tea offered for sale in London in 1969. This was all the more remarkable because for the three years upto 1968 the weight of tea sold at the London auctions had been gradually increasing. This fall away was undoubtedly due to the general low level of prices, the hesitation of producers to ship to a terminal market at such a time, the rebate that could be enjoyed by selling in the Colombo Auctions and a vital necessity for a faster return on the sale of produce.

We give below the quantities sold for the last three years:—

	1967		1968		1969	
	Quantity	Value	Quantity	Value	Quantity	Value
High-Grown	56,159,265 lbs.	109,695,112 lbs.	59,201,280 lbs.	110,687,527 lbs.	50,622,211 lbs.	86,021,594 lbs.
Medium-Grown	45,491,127 ..	6,348,497 ..	41,065,860 ..	10,420,383 ..	32,543,860 ..	4,855,523 ..
Low-Grown	6,348,497 ..	10,420,383 ..	4,855,523 ..	32,543,860 ..	4,855,523 ..	10,420,383 ..
Total	109,695,112 lbs.	110,687,527 lbs.	110,687,527 lbs.	110,687,527 lbs.	86,021,594 lbs.	101,300,000 lbs.

### QUANTITY OF TEA SOLD AT THE LONDON AUCTIONS COUNTRYWISE AND THEIR AVERAGE PRICES.

	Quantity Sold at London Auctions (Mn-lbs.)			Average Prices (Sh. d. per lb.)		
	1967	1968	1969	1967	1968	1969
North India	113.3	139.4	133.1	4-5.74	4-0.66	3-9.25
South India	12.1	15.5	10.9	3-6.48	3-6.26	2-10.44
Ceylon	96.2	103.9	94.5	4-4.33	4-1.30	4-0.51
African Countries	56.0	72.9	77.4	3-4.60	3-8.12	3-2.88
Total	284.3	328.4	320.5	4-1.81	3-11.63	3-8.11

Source: The London Tea Brokers Association.

TABLE I:

### RUBBER PRODUCTION, EXPORTS AND PRICES

Year	Production Mn. Lbs.	Exports Mn. Lbs.	F.O.B. Price Rs. per pound	Colomb Market
				Price Rs. per Pound R.S.S. 1
1965 ..	260.8	266.8	1.14	0.91
1966 ..	288.8	298.4	1.13	0.89
1967 ..	315.7	290.9	0.97	0.79
1968 ..	327.9	328.3	1.01	0.88
1969 ..	332.4	314.8	1.37	1.04

Sources: Administration Reports of the Rubber Controller, Colombo Rubber Traders Association, Ceylon Customs Returns.

TABLE II:

### COUNTRY CLASSIFICATION OF RUBBER EXPORTS AND PERCENTAGE SHARES

Country	Volume Mn. lbs.		Percentage of Total	
	1968	1969	1968	1969
People's Republic of China	182.7	157.7	55.7	50.1
U.S.S.R.	18.4	23.2	5.6	7.4
West Germany	20.0	20.3	6.1	6.4
U.S.A.	22.7	18.0	6.9	5.7
Poland	11.8	14.3	3.6	4.5
Romania	10.4	13.4	3.2	4.3
Japan	11.0	9.0	3.3	2.9
Others	51.3	59.0	15.6	18.7
Total	328.3	314.8	100.0	100.0

Source: Ceylon Customs Returns.

## Share Market Report

Market conditions were quiet except for commercials which were firm.

	Previous Price		April 26		+ or -
	Rs.	cts.	Rs.	cts.	
<b>TEAS:</b>					
Great Westerns	15.00		15.00		
Mochas	13.50		14.00		+ .50
Poonagallas	6.25		6.25		
Strathedens	9.50		9.50		
Uplands	5.25		5.25		
<b>Tea-cum Rubbers:</b>					
Hunuwellas	7.50		7.50		
Neuchatels	6.00		6.00		
North Westerns	15.00		15.00		
Opatas	6.00		6.00		
Pine Hills	6.00		4.00		-2.00
Rayigams	5.50		5.50		
Panadura	6.00		6.25		.25
<b>Rubbers:</b>					
Labugamas	13.00		13.00		
<b>Commercials:</b>					
Ceylon Brewery	24.50		25.00		+ .50
Ceylon Nutritional Foods	16.00		17.00		+ 1.00
Pure Beverages	8.75		8.75		
Asian Cottons	13.50		14.50		+ 1.00
Browns	14.50		14.50		
Ceylon Silks	9.00		9.00		
Collettes	12.25		12.25		
Rowlands	7.75		7.75		
Lambrettas	11.00		11.00		
Lankems	17.00		18.25		+ 1.25
Commercial Banks	12.75		12.50		-.25
Salu Sala	3.00		3.10		+ .10
Cargills	9.50		9.50		
Hunters	3.25		3.00		-.25

The following were quoted ex dividend:—

Ceylon Tobacco Co. 4% Interim on 15.5.70

## FROM THE CHAMBERS

### Crop diversification & the need for an overall plan

Mr. B. Warasavitarnne, the outgoing Chairman of the Planters' Association of Ceylon, in his review of the Association's activities during 1969, made the following points:

"In July 1969 Government appointed a Committee to examine and report on a Crop Diversification Scheme for uneconomic tea and rubber lands. This Committee, which was Chaired by the Secretary of our Association, submitted its report on the 8th of August. Since then, slowly but surely the Government has taken the first steps towards implementing a Crop Diversification Scheme on an experimental and restricted basis on registered tea and rubber lands.

It is my belief that not only estates but also small-holdings which are uneconomic will take advantage of the Scheme in order to ensure better earnings for themselves and greater stability for the country's economy. We are aware that the head of the UNDP team is already in Ceylon working with Government on a detailed diversification plan.

I wish to stress the fact that the need to go into action in a matter of this sort is urgent from several points of view apart from viability and profit-making—adequate employment for labour and the need to fill the State's coffers with foreign exchange.

A well co-ordinated overall plan should, therefore, be formulated as early as possible. The field is vast; ventures of this sort will have to take into account not merely agronomic factors but also marketing problems and price stability. Quite apart from the question of subsidies for the crops suggested for diversification, the UNDP panel should have to examine the need to grant tax incentives or even pioneering status, in certain cases, to those who venture into new fields such as the planting of timber species for paper pulp. The potential in this area is tremendous and will continue to grow, but it has to be made worthwhile to an investor.

All this will mean a survey of consumer potential both for the home market and for export markets. Indeed, one would be inclined to state that the time is now ripe for International Organisations to map out global strategy for both producer and consumer. International interdependence is essential today more than ever before, in order to ensure that while rich nations are getting richer, the poor nations are not getting poorer.

I have no doubt that every possible aspect as well as impact of Crop Diversification will be subject to minute examination before full and final recommendations are made.

#### Rubber

Approximately 315 million lbs. of rubber were exported in 1969 as against 328 million lbs. in 1968. However, the total income from rubber exports for the year under review was nearly Rs. 431 million, an increase of Rs. 100 million over the 1968 figure. This figure represents 23% of our foreign exchange earnings for the year.

As I predicted in my Annual Report last year, rubber prices have remained high in the last twelve months. The increase in price of synthetic cis polyisoprene, the chemical analogue of natural rubber, has helped the latter to command an attractive price. This is the time, therefore, to consolidate the position of our product and we must make every endeavour to do so.

It is quite clear that new process rubbers will be the marketable product of the future, and the Government must examine this problem as one of urgent economic importance and take necessary action to encourage conversion into new process rubbers. I am glad to state that this has now been partly done. The Ceylon Daily News of 19th April reports that Government has approved imports of machinery for manufacture of new forms of rubber to be free of FEEDS.

#### New Processes

The production of new process rubbers could be usefully developed in crepe producing estates from field scrap such as cup coagulum and shell scrap and from fraction rubber. Since the capacity of the minimum commercial unit for new process rubbers is about 100 tons a month, such pale crepe manufacturing estates should obtain the balance raw material from the adjoining large estates, small estates and small-holders. It is understood that two crepe producing estates are making plans to erect such factories and this is very encouraging.

The time is opportune for more Agency Houses and Estates to consider the problem of co-operative efforts to produce block rubbers in Ceylon. The most promising area of new process rubber development in Ceylon is in scrap rubber, and of the 20,000 tons of scrap available, about 10,000 tons should be converted with the minimum delay into new process rubbers.

The other aspect of the rubber industry that calls for urgent attention is that of replanting. On the basis of a future rubber area of 500,000 acres and a replanting cycle of 33 years, the rate of replanting should be 15,000 acres per year. More than 45% of this replanting target, or approximately 7,000 acres per year, should be achieved in the large estate sector (above 100 acres); but this has fallen far below expectations for a number of years. Even in the year under review, we have fallen short of this target by 1,700 acres.

#### Replanting

A steady replanting programme is most important for the national economy as it ensures optimum utilization of rubber land, maintains employment in the planting sector and keeps Ceylon adequately armed in the competition with other producers of natural rubber as well as with synthetic rubber producers. Therefore, I would earnestly request Agency Houses and the owners of large estates to undertake a vigorous replanting programme immediately, so that we can replant all our old rubber by 1985.

#### Promotion

Whilst on this subject, I would like once again to stress the need for a Rubber Promotion Board. As I have stated on previous occasions, it is

essential for us to actively promote the sale of natural rubber in various countries. If rubber is to maintain its present bounce, we should as producers promote the consumption of rubber in the developed as well as the developing countries and endeavour to obtain for ourselves a good share of these markets.

#### Tea

Production for the year 1969 was 484 million lbs. representing a shortfall of 11 million lbs. from the production figure for 1968, the foreign exchange earnings realized were Rs. 1,061 million representing approximately 56% of our total export earnings. This shows a drop of Rs. 100 million from the previous year's earnings from tea. In the year under review, tea exports amounted to only 444 million lbs. which again were lower than the export figures for 1967 as well as 1968.

The year 1969 was generally a bleak year for tea. Much of the price recoveries regained in 1968 were lost and early in July net averages had fallen to their lowest point for several years with the total at Rs. 1.77 per lb. and the high grown average only Rs. 1.27 per lb. The result of this steep decline was that several estates have been barely viable and struggling through the second half of the year endeavouring to effect all economies

possible to avoid losses. In a good many cases this was not possible and in quite a few others they were only able to do so on account of the Government Export Duty Rebate Scheme which operated on a shdya scale from June onwards.

This rebate proved costly to Government in that the total for 1969 reached Rs. 34.5 million whilst the ad valorem duty was only Rs. 29.9 million. The worst affected tea areas, price-wise, were the mid-country and low-country. Many high grown estates enjoyed a fairly successful year. However, in this category too it is interesting to note from a study of a few sales that around 50 to 60% of the high grown teas sold at prices below Rs. 2 per lb. in December 1969 to January 1970.

In regard to London auction teas, it is interesting to note that the total quantity shipped direct was 88 million lbs. as against 110 million lbs. shipped in each of the years 1967 and 1968. The average price per lb. fetched at the London auctions was also only 48.5d as against 52.3d in 1967 and 49.3d in 1968. The total exports to the United Kingdom amounted to 131 million lbs. as against 162 million lbs. exported in 1968. This represents a shortfall of approximately 6% of the total of Ceylon's exports to her best customer.

#### Production Quotas

As against this background, it would appear only logical that international intervention for rescuing the industry had to be resorted to through producer co-operation.

The FAO convened a series of Conferences during the year under review starting with Kam pala, a Working Group discussion in Rome, a meeting in Mauritius and a final meeting for the year in Rome. What is most significant about these meetings is that the FAO was able to get producer interests together to study a common problem, the production and consumption of tea.

(Contd. on Page 6)

## I. D. B. GETS GOING

The reconstituted Industrial Development Board began its operations on the 20th of last month, when the Minister of Industries and Fisheries, Mr. Philip Gunawardene, inaugurated the functioning of the new Board at a brief ceremony at the IDB Headquarters at Gregory's Road, Colombo.

The Minister had appointed April 20, 1970 as the day for the take over of the business of the former IDB & Industrial Estates Corporation.

In terms of the Industrial Development Act of 1969

under which the new Board now functions, the IDB was given wider responsibilities and powers and financial backing in the form of a cess from industry.

The Minister, who was the Chief Guest on the day of the inauguration, was also presented on this occasion with two new publications of the IDB titled "Research and Industry" and "IDB Statistical Guide," and also copies of the IDB's weekly news digest.



The Minister is seen here with the members of the new Board. From left to right: Mr. H. R. de Zoysa, Director, Economic Affairs Division, General Treasury; Dr. W. Kuruppu, Professor of Mechanical Engineering, College of Technology; Mr. J. H. Lanerolle, Co-ordinating Director, IDB; Mr. D. W. Kananagara, General Manager, People's Bank; Mr. David Loos Director, Foreign Aid Division; The Minister; Mr. C. Mylvaganam, Chairman, IDB; Mr. N. Satyendra, Advocate; Dr. R. A. H. Weerakoon, Director, C.I.S.I.R.; and Mr. P. H. P. de Silva, Director of Commerce.

## New Chairman

Mr. Ranjan Wijeratne, was elected Chairman of the Planters' Association of Ceylon for 1970 at its Annual General Meeting held on 25th April 1970.

He is the youngest Chairman in the 116-year-old history of the Association.

## L.C.P.A. OFFICE BEARERS

The Low Country Products Association elected the following office bearers for 1970 at their recent Annual General Meeting:-

Mr. G. Hettiarachchi, Chairman.

Mr. N. L. A. de Mel, Deputy Chairman.

Mr. H. M. A. B. Fernando Hon. Secretary.

## Company Meeting Reports

## Hayleys make record profit

The Annual Report of Hayleys Ltd for the year ended 31st. March 1969 was released recently. Excerpts of the Chairman's Statement are given below:-

"As will be seen from the Profit and Loss Account, my optimism when forecasting the results for our financial year which ended on 31st March, 1969, has proved to be fully justified since the nett profit before taxation is, in fact, the highest recorded since incorporation as a Public Company. Economic conditions in some of the major consuming countries having been favourable, there was a steady demand for all grades of coir fibre throughout the year, which resulted in an increase in our export turnover in Coir Fibre.

The profit earned during the year on export of Sheet Rubber has been well below what might be expected in relation to the working capital required for handling this commodity and consequently towards the latter part of the financial year your directors decided to withdraw from this trade. Increased profits from imports can be attributed largely to a substantially greater volume of business having been transacted due to some of the items having been placed under Open General Licence. With the commission earnings on our activities as Steamship Agents qualifying for Foreign Exchange Entitlement certificates, the profitability of this department was significantly higher than in the preceding financial year.

Our remaining important source of revenue is, of course, our investment in the manufacture of agricultural spraying equipment, which, I am happy to be able to record, continued to show an improvement in earnings.

## Subsidiaries

For our Galle subsidiary, the year, although not without its difficulties, was a satisfactory one from the trading angle, in that all departments operated at a profit. The Board of Directors of Chas. P. Hayley & Co. Ltd. have recommended the payment of a first and final dividend of 10% which, under present day conditions, can be regarded as a very reasonable return.

It will be observed that for the first time the results of Haychem Limited, a subsidiary incorporated in collaboration with Farbenfabriken Bayer A. G. of Leverkusen, are included in the consolidated accounts. Haychem's factory commenced local formulation of Agro-Chemicals only in the latter part of March this year and consequently the debit balance in the Profit and Loss Account represents largely

that company's commencement expenses.

## Taxation.

Provision has been made for the payment of income and dividend tax, amounting to Rs. 1,358,609, which amounts to 55% of the nett profit before taxes.

## Dividend.

It is the recommendation of the Directors that a final dividend of 7 1/2% on the ordinary share capital should be paid, making a total of 15% the whole year, as opposed to 12 1/2% for the year ended 31st March, 1968. The entire final dividend is being paid out of the profits of a tax exempt undertaking of the Company and consequently will be exempt from tax in the hands of shareholders. Members will appreciate this represents a higher percentage in terms of an equivalent gross taxable dividend. As the tax exempt portion of this year's dividend is considerably more than that of the previous year, the return to many shareholders on this occasion would be substantially higher.

## Debentures.

In order to finance the purchase of 70% of the issued capital of Haychem Ltd., our subsidiary which formulates Agro-Chemicals, your Board issued, in December last year 8% unsecured debentures to the extent of a sum of Rs. 750,000/- These debentures are redeemable at the option of the Company after 31st December, 1972, or at the option of the registered holder after 31st December, 1975.

It is the Board's view that adequate provision should be made out of the profits of each year for the eventual redemption of the unsecured debentures and with this end in view a debenture redemption reserve has been created, to which your directors have credited a sum of Rs. 250,000/- appropriated from the profits of the financial year which ended on 31st March, 1969.

## Prospects.

In a business of the type which the Company operates, the ability to predict both local and overseas market trends some months ahead, is a determining factor as to whether a profit is made at the end. It is, therefore, extremely difficult to forecast accurately some seven months before the financial year ends what the final outcome will be. I can, however, assure shareholders that profits earned thus far give grounds for hoping that they will be satisfied with the final result.

Conditions in the field of export in which the Company is engaged, are not as favour-

able as those obtaining at this time last year and the demand for certain types of coir fibre is not as present as strong as it was twelve months ago. It is gratifying to be able to report that output in the harbour has, in recent weeks, improved to the extent that ship owners, whose agency the Company holds might, as a result of this make more use of the facilities available. Profits from our Import Department will continue to depend on the availability of foreign exchange and if the present policy, as regards import on Open General Licence is maintained, then there is no foreseeable cause for concern.

There is every indication that our agricultural spraying equipment division will be able to operate profitably during the current financial year and it is your directors' policy that every effort should be made to expand this side of our enterprise as soon as may

31st March	Salient Features	
	1968	1969
	Rs.	Rs.
Turnover	26,402,682	37,911,581
Net Profit before Tax	831,137	2,481,109
Net Profit after Tax	452,430	1,122,500
Net Earnings per ordinary share	3.32	9.2
Ordinary Dividend—Gross		
15% (1968—12 1/2%)	312,500	375,000
Tax—exempt dividend included above 7 1/2% (1968—3 1/2%)	87,500	187,500
Profit retained in the business	215,000	810,000
Depreciation	319,413	364,578
Shareholders' interest	6,390,000	7,200,000
Net worth per ordinary share	25.56	28.90

be possible, commensurate with providing our many customers with first rate service. The results for the first quarter of the Company's subsidiary at Galle are in line with those of the past financial year and there is every reason to believe that worthwhile profits will be earned by that company during the current year.

## Directorate.

Mr. M. G. Wright, who was for the past five years Sales

Manager of our Company, was appointed to the Board of Directors on 1st January, 1969. In accordance with the Articles of Association of the Company he retires at the annual General Meeting and offers himself for election by the members. The board is confident that Mr. Wright's knowledge and commercial experience will be of very great value to the Company."

## MANAGEMENT

## Management consultants in Britain

During the last decade the advice of management consultants has become recognised by the most progressive firms in British industry and trade as one of the most worthwhile sources of improved profitability and enhanced competitive strength.

Management consulting (as defined by the Institute of Management Consultants) is the service given by an independent and qualified person in investigating and identifying management problems concerned with policy, organisation, procedures and methods, recommending appropriate action and helping to implement those recommendations.

## Assignments and scope

It is estimated that there are nearly 4,000 professional management consultants now working in Britain. They may be employed by consultancy firms or they may be independent practitioners. A few large industrial companies have formed their own consulting divisions within their own organisations.

The services provided by consultants may be conveniently divided into five broad groups: company development and policy information, frequently extending to full-scale appraisals of a company's policies, performance and structure; production aspects, incorporating layout of plant, product design, work study, training, costs and quality control and associated problems; marketing, including research and forecasting, sales organisa-

tion, and design and location of retail and wholesale outlets; financial problems—budgeting accounting and costing systems, application of computer and data processing techniques; and personnel organisation and planning, including staff grading, management selection and training, and industrial and human relations.

Some consultants offer a wide range of services, some tend to specialise in a particular industry or sector of industry, in certain areas of business activity, or in serving organisations of a particular size. Their functions, however, require a close acquaintance with the most up-to-date techniques and concepts of potential or actual value of management and the ability to demonstrate how these can be applied in solving particular problems.

The representative organisation of professional firms is the Management Consultants' Association (MCA), whose 20 member firms between them employ about 2,600 consultants and account for almost three-quarters of the management consulting business done by British firms.

## Professional standards.

The professional body for individual management consultants in Britain is the Institute of Management Consultants (IMC), incorporated in 1962, which now has over 2,000 members. The objects of the IMC are to promote the advancement of knowledge of members in the profession

of management consulting and to maintain high professional standards in terms of a code of conduct.

The IMC has identified a body of essential knowledge, admits as members only those individuals who meet its conditions as to their knowledge and experience, recognises firms providing adequate training and guidance to aspirants, and has provision for disciplining members if they should transgress the code of professional conduct formulated by the IMC. It has branches in different parts of the country to serve members and bring them together for local functions.

A major role in setting up the IMC was played by the MCA, which was formed in 1956 to bring together management consulting firms (not individuals). MCA membership is conditional on specified standards and members must have been in practice for a minimum period of five years. The MCA operates a confidential information service on management consulting, assists enquirers to select consulting firms, and answers requests for advice on entering the profession.

The Management Services Division of the British Institute of Management (BIM) the central national body for the study and promotion of scientific management, which is assisted by an annual grant from the Board of Trade, provides information about management consulting, this includes a Management Consulting Services Information Bureau (set up in 1965) giving an independent central information service relating to firms and individuals offering management consulting services.

# FIR PLYWOOD-ALL PURPOSE PRODUCT

Traditionally a sheathing material, fir plywood's structural qualities are now widely recognized and its range of uses is constantly increasing.

One of the most versatile products of British Columbia's vast forests, it serves builder, industry, farmer and home handyman. Its convenient size, great strength and waterproof glue-line have brought it acceptance throughout the construction industry.

## Concrete Forming

Concrete has found the ideal forming (shuttering) material in fir plywood, whose impact resistance, smooth surface, workability and re-usability are advantageous in concrete forming. Buildings go up fast with fir plywood form: large areas can be covered with a single pour—pre-fabricated or built on-site and easily worked into complex shape for demanding architectural requirements.

## Ideal for Packaging

Multiple re-use panels with factory-applied overlays or coatings are an innovation for concrete formwork. They eliminate the need for re-oiling between pours and provide

an especially smooth finish.

Fire plywood's dual role as both structural and sheathing material provides economical, durable protection to package contents under adverse handling and shipping conditions. Plywood packaging and containers are light strong and virtually weather-proof. Their percentage of usable volume is high and, because they require minimal lumber framing, they offer valuable savings in cubage. Though easy to build and dismantle for re-use, they are extremely difficult to pillar from because of their relatively joint-free construction.

## Frame Houses

Timber-frame houses—increasingly popular in Britain and on the continent—offer speedy, economical construction plus design versatility. Fire plywood panels are widely used in them for wall, floor and roof sheathing. Although invisible in the finished structure, they add great strength and rigidity.

House builders in general find fir plywood an excellent sheathing material. Its size (each panel cover 32 sq. ft.) and speed

on application combine with lightness, easy handling and adaptability to ordinary carpenter tools. It is often used, too, on light industrial and farm storage buildings.

Medium Density Overlay plywood is used for exterior siding; its exceptionally smooth surface makes a perfect base for paint. It has resin-impregnated cellulose overlay sheet permanently bonded to the surface.

## Prefabrication

Fir plywood's structural properties and rigidly controlled dimensions are well suited to mechanized fabrication techniques. Also, its great rigidity withstands the racking strains of transportation. Plywood-sheathed components form the structural core of most factory-built houses.

Mobile accommodation for the adventurous, opening up northern frontiers—loggers, miners, construction workers, administrators—often requires "instant" housing, such as mobile units built in a city factory, then trailed to the site.

per pound when compared with 1968.

## FOREIGN MARKETS

In the international market prices of natural rubber followed a steady upward trend during the first eight months of the year, but recorded decreases in the last two months.

In London R.S.S. 1 opened at 20d. per pound c.i.f. from there the price level steadily increased to top 29-1/2d in August for the first time in nine years. The subsequent decline brought the price down to 21d by the end of November, and the market for R.S.S. 1 finally closed at 23-5/8 d. per pound for the year.

In the Singapore Market R.S.S. 1 opened at 56-5/8 cents per pound f.o.b. From there on the price advanced to touch 85-3/4 cents in August last year. During the subsequent decline the price dipped just below 60 cents. at the end of November from where the price recovered to close at 69-3/8 cts. for the year.

It is believed that the Malaysian Government supported the market at various stages to counteract the decline in the latter part of the year.

## CONSUMPTION

World consumption of natural rubber in the January-October period last year had increased from 2,292,500 long tons in 1968 (January-October) to 2,385,000 long tons in the same period. Consumption of synthetic rubber also increased in the same period.

## SCIENCE & TECHNOLOGY

# Computers in Polish Agriculture

Warsaw's Cultivation, Fertilisation and Soil Institute has developed a computerised method of determining soil quality in all parts of the country. This method paves the way for speedy and efficient soil cataloguing, the synthesising of compiled soil studies, and improved agricultural production planning. All of this is possible on a country-wide basis or in relation to a given region, voivodship, district or parish.

Information on soils obtained from individual districts is imprinted with a special code on paper tape and in a card-file, as well. Such a register is kept in the Agricultural Department of the appropriate voivodship and contains a wealth of data concerning chemical and physical soil conditions, soil changes under climate influence, land-improvement conditions, the suitability of soil for various crops etc. The data encompass 28 groups of notes each of which contain from a several up to 40 different items.

When the need arises, these data are sent to the Central Computing Centre in Warsaw. The coded messages are then fed into machines which immediately provide not only precise information on the soil area in question, but indicate the best ways of obtaining maximum agricultural production, as well. The method has passed initial tests.

# The Noise Plague Gets Worse

"Noise specialists" in West Germany have noted an extremely great increase of the noise prevailing in the centres of large West German cities.

Until recently, the various noises of the city streets added up to something between 60 and 80 phons—already a considerable height on the sound-measuring scale, if you consider that loud screaming measures 80 phons (the rustling of leaves, 10) and 130 phons is regarded as the upper limit, after which the human ear is likely to be damaged. Now the city noises are said to have reached the level of 100 phons in many places.

## Detrimental effects

But even "tolerable" noise can be detrimental to health. The most recent medical findings say that noise can affect the entire human organism—the heart, the digestive system, the muscles, and the glands. It has been found that chil-

This method is also a "first in the world. Although it is already known in several agriculturally advanced countries, it has never before been used to provide a complete picture of soil from both a static and a dynamic standpoint.

## New fire proof Life boat

Production of original lifeboats for tankers was started in the shipyard of Ustka in 1969. The Polish lifeboat, is, in a sense, a true technical sensation.

It is not only adapted, like all boats of this type, to passing through the flames of oil burning on the sea surface but, moreover, is the first lifeboat in the world which got an attest of "fire-resistance."

The life-boat from Ustka is over 7 m long and nearly 3 m wide, it can take 32 people. The boat is made of polyester-glass laminates weighs about 4 tons has a 36 HP engine which gives it some 7-knot speed.

The most difficult thing for the constructors was to keep, inside the temperature below 60° Centigrade under conditions of 100° C outside, as well as to maintain in the boat constant over pressure in order not to let in harmful gases and to ensure a necessary amount of fresh air for respiration and for the operation of the engine.

There is also a special bottle to supply fresh air. The boat is unsinking. It can return to normal navigable conditions from any position.

# RUBBER BOOM

(Contd. from page 3)

By the end of October, however, the market had dropped to 92 cents, but picked up again in December to average Rs. 1.01 per pound for the month. The annual average

price of R.S.S. No. 1 in 1969 increased by 16 cts. per pound to Rs. 1.04 per pound as compared with 1968. The annual average price of Latex Crepe No. 1x last year increased by 5 cts. per pound to Rs. 1.16

# CHAMBER NEWS

(Contd. from page 4)

As in all cases where several developing countries market the same primary product, there had to be a fair amount of give and take at these Conferences in order to get some kind of tangible conclusion on which a preliminary working base could be established. As the largest producer organisation in Ceylon, we are grateful to Government for having included our Association in the talks which took place at Kampala between 6—14th January and in Rome from 1—5 December.

The sum total of these deliberations resulted in an Export Regulation Scheme which contemplated a total export volume of 1,324.6 million lbs. of tea for 1970. Ceylon and India together have been given a quota of 928 million lbs. The delegates of all exporting countries with the exception of Tanzania have ratified these proposals.

## Coconut.

The year under review has been a poor year for the coconut industry. Production as well as prices took a downward plunge and this resulted

in foreign exchange earnings from coconut realising only Rs. 275 million or approximately 15% of the total foreign exchange earnings for the year as against Rs. 385 million or 19% in 1968. Production of fresh coconuts has been estimated to be 2,616 million nuts which represents a drop of 5.4% from the previous year's production of 2,764 million nuts and a 16.4% drop from the previous record production of 1964 which was 3,148 million nuts.

We have over and over again urged that high priority should be given by Government to schemes of new-planting, replanting, replanting and rehabilitation of coconut land in order to ensure that our senile palms are replaced in good time to meet the needs of an increasing population as well as to maintain our export markets. We cannot help commenting that such a scheme is now long overdue. This commodity which is primarily acreagewise predominantly in the hands of the small-holder would need very special consideration for its resuscitation.

# Less earnings from minor exports

Earnings from Ceylon's minor exports increased by only Rs. 9 million or 6 per cent last year compared with 1968. The increase in 1968 over 1967, however, was as much as Rs. 31 million or 25 per cent.

While in 1968, the total value of all minor export products was Rs. 152.2 million, in 1969 it increased to Rs. 161.2 million. The value in 1967 was Rs. 121.1 million.

### REASONS

Among the reasons for this notable drop in foreign exchange earnings in the period 1968-1969 over the 1967-1968 period, was the ad valorem tax on all minor exports introduced with the last budget.

This tax which ranged from 10-40 per cent tended to minimise the incentives given by the FEECs Scheme premium payment which was increased from 44 to 55 per cent. The higher rates of import duties on these commodities and their incidence, to the extent these favoured domestic consumption and the strike situations in the Ports of Colombo and Trincomalee, may have also contributed to the decrease in the volume of minor export products (See Table below).

### LARGEST INCREASE

The largest increase in earnings last year was recorded in the spices group which rose from Rs. 41.8 million in 1968 to Rs. 51.1 million last year.

Export receipts from cinnamon quills and chips went up from Rs. 35.2 million to Rs. 37.9 million, pepper from Rs. 2.4 million to Rs. 3.1 million; cardamoms from Rs. 4.1 million to Rs. 7.3 million and cloves from Rs. 0.1 million to Rs. 2.8 million.

The only other increase in earnings was in the minerals group which increased from Rs. 10.4 million in 1968 to Rs. 12.4 million.

The largest decline in the value of minor commodities was in the coconut products group which moved down from Rs. 59.6 million in 1968 to Rs. 57.6 million last year.

## Export Intelligence

### Human hair in big demand

Human hair, cashew nuts, rutile, frozen shrimp, cocoa liquor, handicrafts, canned fruit, shirts and chocolates are among the many non-traditional products which have excellent export prospects in the U.S.A.

According to a survey conducted by our Commercial Secretary, Mr. N. Breckenridge in the U.S.A., human hair in particular was in big demand following the shortfall of human hair available for wig making in Japan. The report, however, adds that if Ceylon is to gain a foot-

hold in this Market for these products prices should be more competitive and quality comparable to international standards.

### REVENUE FROM BY-PRODUCTS

The State Flour Milling Corporation is expected to earn over a million rupees this year from the export of their by-products.

This follows the contract the Corporation has entered into with Japan for the supply of 8,000 tons of wheat bran and pollard (wheat husk).

The Corporation has also secured a contract with the State Trading Organisation of Bulgaria for the supply 400 tons of cattlemiddling and 500 tons of wheat bran per month, for six months.

The Flour Milling Corporation has already earned over Rs. 900,000 in foreign exchange.

### India: More orders from trade fairs

The total value of export orders secured as a result of India's participation in the Frankfurt and Leipzig Spring fairs held between February and March this year is expected to exceed Rs. 25/- crores. (Rs. 250 million), the 'Indian Express' reported last week.

Indian exporters are estimated to have transacted on the spot business to about Rs. 35 lakhs at Frankfurt and over Rs. 6 Crores (Rs. 60 million), at Leipzig.

In addition, negotiations conducted at these Fairs are estimated to be in the region of Rs. 95 lakhs at Frankfurt and Rs. 20 crores at Leipzig. (Rs. 200 million).

Luigi Riccardi,  
Strada Aeroporto  
Contrade Prete,  
Bari, Italy.

Incense,  
M/s. Luigi Tutrona, Ditta Nico  
la Tutrona, via Trento,  
8, Bari Italy.

Coconut shell Vases.  
Verdiane Giuliano,  
via Monture Seaxe,  
88060, Cantonzaro,  
Italy.

Ready made Garments.  
M/s. R. N. Rattansi & Sons,  
P.O.Box 269, Dar es Salaam,  
Tanzania.

Mighty (Nigeria) Trading Co.,  
GIPOI Box 819,  
Lagos, Nigeria.

Babas Store (Nigeria) Ltd.,  
P.O.Box 670,  
Lagos, Nigeria.

EXPORT VOLUMES, EXPORT VALUES, AND AVERAGE F.O.B. PRICES OF 91 PER CENT OF CEYLON'S MINOR EXPORT PRODUCTS.

Unit of Quantity	Volume		Value (Rs. million)			Average F.O.B. price (Rs.-per unit)				
	1968	1969	% change 1968 over 1969		% change 1968 over 1969		% change 1968 over 1969			
			1968	1969	1968	1969	1968	1969		
<b>Coconut Products Group</b>										
Coir Fibre-bristle	Th. cwt.	563.0	506.7	-10.1	25.6	24.6	-3.9	43.35	48.63	12.2
Coir Fibre-mattress	"	1260.3	1180.3	-6.3	25.5	25.4	-0.4	20.23	21.67	7.1
Coconut Shell Charcoal	"	319.1	385.3	20.7	5.2	3.4	-34.6	16.34	8.90	-45.5
Fresh Coconuts.	mn. nuts	7.6	10.3	35.5	3.3	4.2	27.3	0.44	0.41	-2.3
<b>Spices Group</b>										
Cinnamon Quills	Th. cwt.	61.8	65.9	6.6	32.9	33.8	2.7	531.79	513.33	-3.5
Cinnamon Chips	"	16.6	21.6	30.1	2.3	4.1	78.3	141.30	191.11	35.3
Pepper	"	16.2	17.9	10.5	2.4	3.1	29.2	146.53	173.12	18.1
Cardomoms	"	2.5	3.2	28.0	4.1	7.3	78.0	1639.22	2297.00	40.1
Cloves	"	1.0	4.6	360.0	0.1	2.8	2700.0	130.22	617.35	374.1
<b>Minerals Group</b>										
Natural Graphite	"	212.6	224.8	-5.7	7.8	8.3	6.4	36.91	36.78	-0.4
Ilmenite.	"	1455.0	1667.2	-14.7	2.6	4.1	57.7	1.78	2.45	37.6
<b>Other Agricultural Products</b>										
Cocoa Beans.	"	34.8	25.4	-27.0	7.3	7.0	-4.1	211.16	273.43	29.5
Unmanufactured tobacco	mn. lbs.	1.3	0.7	-46.2	5.1	2.9	-43.1	3.81	4.04	6.0
Citronella oil.	Th. lbs.	297.8	402.6	35.2	1.2	1.8	50.0	3.99	4.57	14.5
Common leaf oil.	"	79.2	93.9	18.6	0.8	1.0	25.0	10.51	10.29	2.0
<b>Fatty Acids Group</b>										
Glycerol.	Th. cwt.	24.8	—	—	1.9	—	—	78.61	—	—
Glycerine.	"	21.0	21.5	2.4	2.0	1.2	-40.0	93.16	57.20	-38.6
<b>Manufactures Products Group</b>										
Leather Tanned	"	10.1	11.6	14.9	1.8	3.2	77.8	180.02	275.76	53.2
Leather of goat	"	3.3	0.4	-87.9	1.1	0.2	81.8	338.23	397.97	17.7
Precious & Semi-Precious stones	Th. carts.	196.0	136.6	-30.3	2.0	0.5	-75.0	—	—	—
Jewellery & gold smith'sware.	—	—	—	—	1.2	1.0	-16.7	—	—	—
Clothing of textiles.	Th. doz.	32.3	110.3	70.7	4.2	3.3	-21.4	—	—	—
Footware of rubber, leather	"	10.4	29.0	178.8	0.3	1.5	400.0	28.78	53.38	85.5
Total value of above items.					140.7	144.7	2.8			
Total Value of all minor exports.					152.2	161.2	5.9			
Percentage of coverage.					92.4	89.8				

Prepared by the Central Bank from Customs Returns.

## EXPORT OPPORTUNITIES

The following overseas importers wish to import the above-mentioned products from Ceylon:-

### Canned Fruits.

M/s. Dawood Trading Contracting Corporation.  
P.O. Box 3700,  
Kuwait,  
Arabian Gulf.  
B. C. Wilson, William H. Terry and Co. Ltd.,  
P.O. Box 2496,  
Auckland.  
Wholesale and Indent Ltd.,  
Importers & Agents,  
P.O. Box 675,  
Hamilton,  
New Zealand.

Gouimette Foods Ltd.,  
536, Karangahape Road,  
Auckland.  
Selvaj & Cio, Adrien Leachena, 3, Geneva,  
Switzerland.  
Parlotot, 34, Champs-Elysee.  
Paris, 8e,  
France,  
**Coir Mats and Products:**  
Agenzia Itahans, Reppresentaze Estere, via  
Edaardo Rubino,  
81-326, 742-10187,  
Torinto, Italy.  
N. P. Makegg, Cook Island Trading Corporation.  
P.O. Box 2496,  
Auckland.

Gordon Paterson,  
7, Moena Crescent  
Glendowie, Auckland 5.  
F. L. Rogers,  
6A, Boyd Avenue,  
Royal Oak, Auckland.  
L. M. Bernard,  
31, Baddley Avenue  
Kohimarama, Auckland.  
M/s. W. S. T. (Sales) Pty.,  
Kyle House,  
31, Macquarie Place,  
Sydney, N.S.W. 2000.

**Prawns and Shrimps.**  
M/s. E. P. Nygh,  
B.P. Nygh & Co., 6th Flour,  
Lincoln House, 280, Pitt Street,  
Sydney,  
N.S.W. 2000.  
M/s. Hershey & Co.,  
41, North Moore Street,  
New York, N.Y. 1003.  
**Doubled Distilled Arrack.**  
M/s. Barletta E. Ferri, Via  
Quintine Sella,  
228, 70122, Bari,  
Italy.

# Developing countries in the conflict of a

Political commentators talk of moves made by both sides to ease the strained relations between East and West. But the problem of developing countries is often still viewed in terms of a world divided into ideological blocs.

A prerequisite of economic growth is that consumption within the economy does not in the long run outstrip production. Not everything should be consumed. A part should be used for capital investment. The proportion of capital investment in the national product should increase more quickly than that of consumption in the future of later generations is to be guaranteed in a country where the population is increasing.

The time factor is of decisive importance in this connection. The number of available positions and agricultural production must keep pace with the increase in population. A process of economic growth does not occur until the productivity of labour is increased. The volume of investment necessary to break through the vicious circle of self-regenerative poverty cannot be raised by the developing countries themselves. Instead they are offered aid from outside sources. The increase in agricultural production is possible only through a modernisation and intensification of the agri-

cultural system and this means that many farm workers are made redundant. A disproportionate increase of industrial production is then necessary.

## THE SOVIET MODEL

In discussions about the speed possible in catching up on industrialisation the Soviet Union is often mentioned as a model case. In the fifties the population had to make sacrifices and the Soviet leadership's policy of growth succeeded in raising the Soviet Union from a backward agrarian community into a modern industrial society. The Soviet model is characterised by comprehensive central planning and a preferential development of heavy industry. But it cannot be regarded as the only possible solution. This has been shown in the last few years by the beginnings of decentralisation in the Soviet Union as regards economic decision-making, the economic crisis in Czechoslovakia and Yugoslavia's endeavours to find a way adjusted more to the model of the socialist market economy.

This clearly expresses the fact that acceptance of communist ideology in all its detail is no longer a solution in the face of economic realities. A series of alternatives has replaced the one set way. The Sino Soviet conflict proves adequately that territorial claims and securing spheres of influence is of far more importance than the maintenance of a common ideological front.

For a better understanding of the conflict between East and West it should be interpreted not as an ideological confrontation but one of power politics. Only the specific data and time available for a country's development is decisive in the choice of a market or an ordered economy. Developing countries with a high proportion of central planning in their economy cannot today be automatically assigned to the Socialist camp. Decisions on offers of capital aid from one side or the other usually depends on the conditions and the extent of obligations already entered into.

The country always tries to avoid any deal that starts to make it politically dependent on another. Usually due emphasis is placed on the need for a country's own economic

path, even to the industrialised states they ask for aid.

## HEAVY INDUSTRY AND THE PROLETARIAT

In the last twenty years two phases can be distinguished in considering the choice of a political or economic system. At first there was a straight choice between liberal capitalism or the Soviet model. The new leaders of the developing countries decided (also for reasons of prestige) to promote large industrial projects even though the expediency of a lot of the investments, particularly steel works was doubted. The Soviet Union's interest in this sort of development is easily explained. She could deliver large installations of this relatively simple type as well as other nations and there was one important by-product.

The establishment of heavy industry meant the origins of a mass proletarian movement. But further development showed that the preference for heavy industrial installations did not last. The actual installations did not last. The actual installation took up too much time, the industry demanded too much capital for the amount of labour it

it was able to employ (other forms of investment would have been more suitable) and high costs meant that the developing country was too dependent on the state investing the money.

So other development policies came to the fore giving preferential treatment to agriculture and productive industry.

By  
**Heinrich Vogel**

tries absorbing a lot of labour such as handicraft workshops and supply industries. Because of the size of the task endeavours by East and West for political influence were restrained by the need for rationalisation of development aid. The new concept was characterised by the slogan "Aid and trade." It demanded credit aid granted according to economic criteria and an improvement of the export possibilities for developing countries. The possibilities of gaining political influence are now judged less sceptically than in earlier years.

In the selection of projects in Soviet development aid economic criteria receive increasing importance. Since 1965 no promise of aid has been made until exhaustive investi-

gations had been undertaken on the feasibility and cost of every single project. This should be traceable to the realisation that the Communist Party's traditional political theory and hope of world revolution has not proved true. Until the end of the Second World War the Communist Party of the Soviet Union supported revolutionary groups in the colonies in preparation for a revolt against the colonial powers which would eventually lead to the death of capitalism. Then came the bitter realisation that the new leadership of former colonies did not fit in with the Communist Party's conception of the situation. Now democratic socialists and bourgeois capitalists faced each other and their common anti-imperialist criticism did not spare the Soviet Union.

At the same time traditional political theory proved itself inadequate in explaining decisive social and political changes in the developing countries. Many phenomena cannot be talked of in Marxist-Leninist terms.

The tribal differences in many parts of Africa can hardly be interpreted in the framework of the class struggle. The new struggle for national liberation in Africa

## Comments on Jenkins' third budget

**BRITAIN'S ECONOMIC STRATEGY IS NO LONGER DOMINATED BY THE NEED TO SWITCH RESOURCES INTO THE BALANCE OF PAYMENTS. THIS IS THE CHIEF MESSAGE OF CHANCELLOR OF THE EXCHEQUER ROY JENKINS' LATEST BUDGET—HIS THIRD SINCE HE INAUGURATED HIS "TWO YEARS' HARD SLOG" IN MARCH 1968, BY GIVING BRITONS THEIR BIGGEST EVER DOSE OF TAXATION.**

Now, in April 1970, the nation's external payments position is among the strongest in the world. The £500,000,000 a-year surplus on the current balance of payments account—a hardly credible target less than a year ago—has been surpassed in the course of the last nine months.

Since the beginning of last year more than £1,800,000,000 of foreign debt has been repaid. By the end of March outstanding indebtedness to foreign central banks had been reduced to some £330,000,000 and the score with Britain's principal banking creditor, the Federal Reserve Bank of New York, had been wiped clean.

And, on top of all this debt repayment, Britain's official re-

serves have risen by £120,000,000 during the 15-month period.

### NO VIRTUE

The consensus of expert opinion is that Britain will remain in comfortable external surplus at least through 1971. This means that for the next two years at least the whole of the increment in productive potential can be devoted to meet domestic demand.

There is no virtue, as Mr. Jenkins said, in using resources to build up a bigger and bigger surplus.

The three main items of domestic demand are, of course public expenditure, private expenditure and private fixed investment. A moderate rise in public expenditure was foreshadowed in the Government's five-year projection published last November. The forecast is that public consumption and investment combined will go up by £110,000,000 or two-and-a-half percent at constant prices between the first half of 1970 and the first half of 1971.

To put this into perspective, it should be mentioned that "real" public sector expenditure in Britain fell by two-and-a-half percent between mid-1967 and end-1969 and will still be less in 1970 than in either of the calendar years 1967 and 1968.

### THE PRIORITIES

However, the Chancellor made it clear that the expansion of productive fixed investment comes higher in his

By  
**DEREK PAYTON-SMITH**

scale of priorities than higher public or private consumption. While total domestic demand could now grow in line with the growth in output, manufacturing investment, he said, should rise at a substantially faster rate.

In giving investment this pride of place, Mr. Jenkins was exposing the heart of his economic strategy—the sacrifice of some extra consumption now in favour of higher output, and thus consumption, in the future. But, in realis-

ing this strategy through the Budget, the Chancellor found himself checked by an even higher priority—maintaining (as distinct from increasing) the level of the current external surplus.

If growth is to be sustained, Britain's official reserves must be strengthened sufficiently to avoid the risk of another stop-go sequence being triggered off in the future by balance of payments setbacks.

The conflict between exports and investment arises because both depend heavily in Britain on the output of the en-

gineering industries. Even at the existing level of manufacturing investment (expanding at a healthy ten percent a year), the capacity limitations of those industries makes it likely that extra home demand for their products could be satisfied only at the expense of sales abroad, or increased purchases from overseas firms, to the detriment of the balance of payments.

### CREDIT RELAXED

For this reason fiscal encouragement through the Budget to capital investment in Britain was confined to the capital goods industry, namely building, in which there is now ample spare capacity.

Increased tax allowances are offered for factory building starts, or extensions, launched within the next two years. Less direct but more general encouragement to industrial investment is provided by a mild relaxation of the credit squeeze, combined with a further reduction in interest rates.

These monetary measures should help firms whose investment plans may be held up by liquidity shortage; the credit relaxation, which is accompanied by a change in the

mechanism of control, is specifically restricted to the financing of productive investment, together with exports.

Because the fiscal stimulus to investment had to be small—it will cost the revenue nothing in the present financial year—room was left within the total scope for expansion which is set broadly by the rise in productive potential for additional consumer expenditure.

The Chancellor turned this to administrative advantage by removing more than 2,000,000 small taxpayers from the range of direct taxation. The measure may be justified on social grounds but is of limi-

ted economic significance—the revenue lost being equivalent to less than one percent of consumers' expenditure

### PRUDENT APPROVAL

Indeed, the strongest impression left by the Budget is of the remarkably small degree of relaxation after the years of draconian restraint. The impression is confirmed when the monetary implications of the Budget strategy are weighed up.

The tax remissions and the easing of credit, the effect of the rise in public spending and the expansionary effect on the money supply of a continued external surplus are not expected to increase domestic credit (DCE) by more than £900,000,000 in 1970—71; this compares with DCE expansion of some £1,900,000,000 in 1968—69 (when the influence of the balance of payments was contractionary).

This prudent and moderate approach was selected in face of considerable public pressure for a greater degree of reflation. In the final analysis, Mr. Jenkins' Budget of 1970 may be judged as much or more by what he decided to leave out as by what he actually put in.



# of a divided world

been undertaken... (text continues)

Asia and South America into two stages. The first stage was the expulsion of colonial overlords and the declaration of independence. For this stage all national forces, disregarding their political leanings, had to co-operate. Most important in the second stage was the solution of the country's economic and social problems.

Now the differences of opinion between the various groups comes out into the open. The avant-garde of the working-classes included in the Communist Party now proposes a non-capitalistic system called State capitalism. The state should control the most

important branches of industry and plan the country's economic development. New forms of colonialism are to be combated, especially the entry of imperialist capital. Citizens should be guaranteed basic democratic rights. Communism's duty is to press continually for agrarian and social reform. This will ensure that citizens are ready to co-operate.

## POLICY OF PRAGMATISM

Distinction is made between progressive and reactionary nationalism and progressive and reactionary freedom movements according to the developing country's attitude towards the Soviet Union. This provides

additional evidence that this theory of revolution too provides no more than the material for a scientific formulation of the needs of a great power. The foundation stones of this theory can be laid in any way. It becomes obvious that the Soviet Union, like all great powers interested in guarding and expanding their property, is pursuing a policy of pragmatism.

The fronts of the divided world are different now to what they were fifteen years ago. The industrialised nations give precedence to the campaign against hunger though this does not rule out a certain rivalry for spheres of influence. The developing nations on the other hand make commercial demands. Ideas of a violent solution to balance

the difference in affluence have met so far with little response.

## DEPENDENCE WILL INCREASE

In 1793 Robert Malthus discussed the problem of the birth rate and forecast a time when the growth in the production of food would not keep up with the growth of population. Now the problem is threatening to increase and the time left to give effective aid to the developing countries is running out. Already two thirds of the world's population are undernourished. In the developing countries the birth rate is double what it is in the industrialised countries. If this trend continues the population figures for 1960 will be doubled by 1990 and there will be 6,000 million people in the world. It is extremely doubtful if family planning programmes will be of any use.

Developing countries are dependent on imports from industrially developed countries for the extra food needed. And this dependence will increase. The amount of extra food needed in 1980 compared with consumption in 1960 will total about 300 million tons of grain, or the amount at present produced by the United States and Western Europe put together. The only solution lies with the developing countries themselves. There must be a dramatic increase in their agricultural production. Results up till now have not been encouraging. And the hope for mass production of synthetic food cannot diminish the importance of tradi-

(Contd. on Page 14)

# Problems of Agricultural Marketing in Ceylon

We shall try to point out difficulties, obstacles, and problems in marketing of agricultural products according to the following disposition:-

- Production
- Grading
- Packing
- Transport
- Distribution and Markets
- Marketing Policy.

Problems may appear in the different stages of marketing in a more or less great gravity, but we have to bear in mind that the long term can be improved only if all stages of marketing chain work in an efficient way, i.e., there is no use in any improvement of grading if there is no convenient packing material and the goods are damaged again on transport, or if there are no sufficient market facilities, such as wholesale markets,

A good definition of marketing given in a FAO publication reads: "Marketing is the combination of activities by which agricultural produce and raw materials are made ready for, or capable of, consumption and reach the consumer in a suitable form at the time and in the place he wants them. Thus it includes assembly, transport, sorting, cleaning, grading, storage, packing, initial processing, looking for suppliers, looking for outlets, financing the holding of produce between the time that the producer is paid and when it is bought by the consumer, taking the risk of holding produce until an outlet is found, adapting it to consumers' tastes, informing them of its availability and quality, presenting it in convenient sized lots and all the other operations involved in bringing goods from the producer to the final consumer."

## PRODUCTION

Marketing is inefficient if production does not meet the demand. This refers especially to quantity, quality, type and varieties. Advise or aid has to be given to the farmers in supply with the right seed, for example, in order to grow the same variety in the whole region for a high quantity of market supply.

In Ceylon markets we found different varieties of beans, i.e. in one sack. If a crop is not cultivated properly, i.e. including diseases control and harvested according to maturity and without damage of the fruit, never a good quality can be established.

Grading—to be dealt with in the next chapter—or standards can only be of use if a large quantity can be collected in the production area. There is no sense in grading if a farmer's crop consists of one or two crates of goods daily only. Therefore, it would be of great advantage if collection centres could be established in the production areas either by farmers organizations or by private firms or by the Government.

Production of fruit and vegetables seems to be too small to meet the demand in Ceylon. In my opinion this is one of the most important problems in marketing. All the other factors cannot be improved efficiently if production remains on its present level.

We learnt that there is already a development of increase of fruit and vegetable production in some varieties and/or on farms and estates, the latter in connection with a crop diversification scheme. Further steps should be undertaken in order to increase production of fruit and vege-

tables and to lay a foundation to better marketing.

Of course, all recommendations will have to be considered in connection with the Government policy, which means import restrictions on agricultural produce and increase of home production.

## GRADING

In the Seminar's discussion it became quite evident that there is some demand for proper grading of agricultural products, either in the village market the housewife chooses the best quality and pays a higher price if she wants to make a special meal for a family's assembly etc.

## MAIN TASK.

The improvement of grading is one of the main tasks for activities in the future.

First standards—out to the Commonwealth or the European Community or the U.S. or from somewhere else should be adapted. There might be not so much need for legislation in the beginning than for recommendation.

Grading could be done on the farm for some certain products. Much easier in general it would be to establish collection centres in the production areas either as farmers, wholesalers or governmental institutions.

By  
**DR. W. GRUMLAT,**  
DIRECTOR, AGRICULTURAL DEPARTMENT  
GOVERNMENT OF HAMBURG

Excerpts of a lecture delivered at the Seminar in Colombo organised by the German Foundation for Developing Countries, Berlin, in conjunction with the Ceylon Chamber of Commerce.

The wholesaler of middle-man sometimes seems to buy a certain quantity from a farmer upcountry at very low price and does some grading later, the retailer in the fashionable so called "diplomatic market" in Colombo grades the produce according to the demand of his customers, gets a higher price for the better quality and sells the rest of the quantity at a lower price. Even the habit—not only known in Ceylon—to put the best quality on top and the worst at the bottom of a crate or a sack demonstrates that—in this case in a reverse meaning—there is some understanding of what grading is needed for.

Grading and Standardization does not work without a minimum of inspection. Inspection and advice in the beginning is more necessary than later on when people involved are able to establish the standards themselves.

As there is a need on the market at present for a certain amount of higher quality in the cities to start with, small quantities of better graded and packed fruit and vegetables should be established and sent to the consumers' places.

## PACKING

At the moment, packaging of fruit and vegetables is in a very bad stage in Ceylon and we agreed on that during

our discussions and visits. Packing material is selected in order to save freight, to fit to the middleman's taste, to be transported back to production area or to save money at all but in very few cases in order to suit the variety of fruit and vegetable handled in the specific packing unit.

Any small improvement of packing material could be very helpful to avoid losses on the way from the consumer to the producer. Packing material could be adapted from samples showed during the Seminar or could be found out by further survey in neighbouring or other countries.

It should be taken into consideration also whether it is worthwhile to use one way crates and packing material or to organise the transport of returnable crates to the production areas. Further survey has to be undertaken to find out which is the most economic and efficient way. In any case, there should be a standardization of containers also in order to avoid a high number of different packing material. Steps should be taken also to supply timber for crates in the future.

## TRANSPORT

Transport in this case goes together with packaging. Transport has to be improved in connection with the development of reasonable packing material. Nevertheless, even on the present stage, transport causing high losses, could be of higher efficiency if step by step only small changes could be introduced, such as, better ventilation in the lorries, avoiding heavy goods to be loaded on top of light ones, dividing the weight of the whole load by putting layers of timber boards fixed to the side walls of the lorry between each layer of goods.

Contd. on page 14

## WORLD ECONOMIC GROWTH AND TRADE SLACKEN

The growth of world trade and economic output is expected to slow down this year and could do so relatively more for developing countries if demand falls off sufficiently to cut into the prices of industrial raw material exports.

Inflation threatens to pervert the industrialised countries as an only marginally reduced rate. But there is, however, some prospect that international interest rates could be easing after more than a year of very 'tight money' throughout the world.

These are the main points and implications emerging from a survey of economic conditions and market trends made in a report by the international staff of the National and Grindleys Bank in London.

In the third-quarter of 1969, the growth of world trade slowed down to about 13.75 per cent above their level a year earlier, compared with the quite exceptional burst of an 18.5 per cent expansion in the second-quarter.

Meanwhile in its economic outlook for 1970, the Organisation for Economic Co-

operation and Development (OECD), estimated that exports of its 22 members rose by 16 per cent in 1969, but forecast that the growth this year would slow to about half that rate.

Given the usual relationship this suggests that the total of world exports may have risen by over 13 per cent last year, against just under 12 per cent in 1968, and that they would thus rise by less than 8 per cent this year.

According to the OECD, Report, the real economic growth of its members fell to about 4.5 per cent last year from 6 per cent in 1968. And the Organisation forecasts another drop to about 3 1/2 per cent real growth this year.

Growth of the American economy too, is expected to slow down to 1.5 per cent this year from almost 3 per cent in 1969. In W. Germany and France, it is expected to drop to about half estimated 8 per cent growth rate last year. In Japan it is expected to slow down to just over 11 per cent from 12.5 per cent in 1969.

Only Italy and Britain are

among the major countries singled out for faster growth.

### Inflationary Pressures.

During the second half of last year, the rate of inflation in OECD countries speeded up to an annual 5 per cent from 4.5 per cent in the first six months of the year; and to just under 4 per cent in 1968.

OECD expects this rate to slow down to 4 per cent in the current six months and further drop to 2.75 per cent in the second half of this year.

In Germany, despite the October revaluation, price increases are expected to accelerate over the present six months with some easing foreseen only for the second-half of the year.

### Further Revaluation?

Germany continues to face the dilemma that domestic deflation, tends to be offset to the extent that it fuels an 'export boom,' which has the dual effect of adding to demand on strained resources and producing an inflationary surplus on the current account of its external payments. Hence, the possibility of a further 'revaluation' in 1971 could well be in the offing.

## Another cut in U.K. bank rate?

Britain's gold and foreign currency reserves increased in March for the seventh consecutive month. The actual figures are never reliable, but it is widely accepted that they do give some vague indication of what really happened.

On this basis, it would appear that March was at least as good a month as any this year so far as the continued inflow of funds was concerned. Of course a fair quantity of these were due to seasonal factors, and a large proportion of the remainder to Britain's own surplus on current balance of payments accounts.

But some must be accounted for by international funds seeking an investment home in London, and this would suggest that the recent half per cent cut in bank rate was insufficient to halt this inflow. Despite the fact that Britain still has short-term debts to repay hot money on this scale is an embarrassment, and for that reason there have been rumours again in London about a further cut in bank rate.

suit election considerations. Almost half the increase was to the restricted private sector borrowers, and this has doubtless been a factor in helping industry meet the recent avalanche of inflated wage claims.

However, the major proportion is probably accounted for by seasonal tax payments, and that at least encourages the hope that the upward trend may not continue. If it does, then the banks are in a reasonable position to meet the demand. Only Barclays among the big clearing banks has a current liquidity ratio approaching the accepted 28 per cent minimum.

The overall average at mid-March was 29.7 per cent, including Barclays, which means that some must be enjoying a very comfortable liquidity position indeed. This average is slightly lower than the figure for the previous month, but contrasts with 29.4 per cent this time last year when there was considerably more slack in the economy.

### Confusion

Whatever the latest bank lending figures prove about the Bank of England's political motives, they do highlight the chaotic state into which Britain's official credit policy has deteriorated.

At the moment it has two main aspects, control of total bank lending being perhaps most important. The main feature of the policy is the £400 million ceiling on the domestic credit expansion as promised to the International Monetary Fund. The letter of this undertaking has been kept. But the spirit is being openly violated by allowing the current influx of international funds to expand the credit base independent of the authorities' own actions.

In order to fulfil the spirit of the promise the Bank of England should now be apating through the open market on the bank's deposit liabilities so as to neutralise the hot money inflow. The fact that it is not doing so might be taken as another indication of the priority now being given to politics, and such suspicion is not weakened by the odd decision to maintain the penalty on the banks for exceeding their lending ceiling. It all adds up to a very confused state of affairs, and the clarification of policy expected in the approaching budget will not come any too soon.

(Indian Express).

## E. European co-operation in sea fishing

Sea fishing is a relatively little known but very effective sphere of co-operation between socialist countries. The first agreement on this matter was signed in 1962 between Poland, the Soviet Union and the GDR, later joined by Bulgaria and Rumania.

Under the agreement, the above countries co-ordinate their research, hydrological, biological and ichthyological programmes, as well as technique on fishing and technology in the fish processing industry, and their economic studies into the development of fishing.

### Division of research

The co-operation, amounting to a division of research talks and to an exchange of selected materials, is carried on both in laboratories and on fishing grounds.

The exchange of experts on fisheries between Poland and the Soviet Union is also

very advantageous. A group of Polish specialists studied, for example, the achievements of fishermen from Murmansk in fishing technique with the use of special-type fishing nets.

On the other hand, Soviet specialists were sent to the Gdynia Central Laboratory of the Fishing Industry to get acquainted with new methods of refining fish oil.

The agreement largely contributed to the development of fishing in socialist countries, while the organized division of research work has further expanded its scope.

In view of the rapid development of sea fishing in Poland and in other socialist countries it became necessary to divide between them the tasks regarding research and technique of fishing and further to tighten co-operation in this field.

As fishing grounds are covering ever new areas it is urgent to master modern methods of deep sea fishing, with the application of electric impulses, light, and netless catches. Progress in this domain cannot be attained unless laboratory ships are equipped with appropriate installations.

### Lower Costs

Poland, as well as Hungary, Czechoslovakia, and Bulgaria import large quantities of fish, fish products and fish meal. By a joint effort this problem could be solved at a much lower cost.

Under this co-operation, one of the fishing ports in the Polish Baltic coast could be adequately equipped and expanded by a common effort, and turned into a common fishing base of the countries concerned.

## Trying to avoid a trade war

Will a trans-Atlantic trade war break out, or can economic diplomacy achieve a settlement that will not involve a generally destructive replacse into protectionism?

In the long run, Olivier Long, Secretary General of GATT, surely has the right idea. He wants to see the convening, as early as next

year, of a new international session to negotiate dismantling of trade barriers. He is particularly interested in doing away with the non-tariff barriers to free trade.

In the short run, unfortunately, there are disagreements, largely between the European Economic Community (EEC or Common Market) and the

United States, which would seem to make Long's proposed move towards freer world trade hardly realizable according to his timetable. The prediction by observers of both this long-run and this short-term situation: A new "Kennedy Round"—that is a "Nixon Round"—of trade liberalization talks can hardly occur, given a continuation of the present situation, before 1973.

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# Prebisch Calls for 8% Growth in Latin America

Punta Del Este

Latin America is facing an unemployment problem of unequal proportions as a result of a sluggish rate of growth, and if the region does not reach a rate of 8 per cent annually within the next ten years, there would be severe consequences.

This is the burden of a report commissioned by the Inter American Development Bank from a team led by Raul Prebisch, former Head of the U.N. Economic Commission for Latin America, and presented to the Board of Governors, last week.

The report points out that the growth of unemployment has reached such alarming proportions during the last two decades as industry has proved increasingly incapable of absorbing the growing workforce. It ends with a number of outlines for actions viz:-

A rapid betterment of the incomes of the poorest sections of Latin American Society, in which 60 per cent of the population accounts for only 22.5 per cent of consumption, to stimulate demand for agricultural and industrial goods.

★ ★ ★

## U.S. CONSUMER PRICES RISING STRONGLY

Washington

Consumer prices in the U.S. continued to rise strongly in March, the Labour Department announced, last week. On a seasonally adjusted basis, the increase for the month stood at 9.4 per cent, compared with 0.5 per cent in February

However, most of this was accounted for by charges for mortgage interest and medical services, while the growth in food prices actually slowed slightly. The March increase puts all items on the price index 6.1 per cent above the level a year ago.

## RTZ MINE IN U.S.S.R?

London

Russia's new five year plan could help Britain's Rio Tinto-Zinc in delicate negotiations it is having with Soviet Authorities aimed at having a copper mine in Siberia.

For many months RTZ and Japanese mining interests are believed to have been discussing the possibility of developing a copper project, understood to cost more than £80 million, with the Soviet Government.

The French are also said to be interested in developing nichel and copper mines in Russia.

The new five-year plan which is expected to favour the introduction of western capital and know-how in developing

The region's investment co-efficient must rise from the present 18.3 per cents to 26.5 per cent within 10 years and be maintained for a further 10 years.

Siberia's vast resources. RTZ is regarded as being well placed to use its special techniques to mine copper deposits hitherto thought to be uneconomic.

## SUGAR REACHES A NEW PEAK OF £40-105 A TON.

London

A further rise in the London daily price, up by 10s. to a new 5 1/2 year peak of £40-105 a ton, last week, provided fresh confirmation of the sugar market's new found strength

In the futures market, however, prices were held back by some persistent selling and closed only marginally higher.

## NEW EEC FARM POLICY PROPOSED

London.

A cut in EEC farm prices with compensation to farmers in the form of income support, is proposed by a group of mainly British agricultural economists in a report on the future direction of Common Market agriculture. It concludes that enlarging the Community will not do much to ease the present situation of rising surpluses and mounting costs.

The group stresses the need for price cuts, particularly for the chief surplus products. However, it recognises the political obstacles—which in turn represent the very real social and regional problems—to such action.

But it points out that in Germany, following revaluation, prices were in fact cut so as to stay in line with Common Market prices, and farmers were compensated with a form of direct subsidy, despite much opposition.

The report suggests a similar approach across the whole of the ECC area might break the potential opposition to price cuts.

## U. S. FOREIGN TRAVEL TO INCREASE

Americans will be spending more than \$10,000 million a year for foreign travel, before the end of the 1970's according to American Automobile Association projections

This will be almost twice the 1969 record expenditures of \$5,200 million.

## MALAYSIA'S LOW-COST HOUSING SCHEMES

Kuala Lumpur

A British building expert has described Malaysia's low-cost housing schemes as among the best in Asia.

Mr. C. N. Craig, the chief experimental officer of the British Building Research Station at Garston, Southern England, said:-

"The layout of your low-cost housing schemes is just what I have recommended to many other Asian countries.

"One feature I like particularly is the provision of shop-houses on the ground floors of the buildings.

"This is something I have rarely seen in other parts of the world" he added.

However, Mr. Craig said that Malaysia's conventional labour-intensive building methods could continue to be used for at least five more years.

"Your methods here seem to work very well, it is not wise to switch them now until wages rise in five years' time.

"Even our methods is much more costly than yours," he said.

He added that the housing problem in Malaysia was not as acute as that in other Asian countries.

Mr. Craig visited the Selangor State Development Corporation and some of its housing schemes in Petaling Jaya during his three-day stay in Malaysia.

(Straits Times).

## RECORD COMPUTER SALES EXPECTED

New York

The U.S. computer industry will surpass the \$12,000 million level in sales during 1970, according to the highly regarded Diebold Research Group.

More amazing, though, is the projection by the group that by 1975 the industry will record sales of more than \$27,000 million.

During 1970 a total of more than 18,000 computers are expected to be sold, bringing the number in operation to 90,000. By 1975 yearly ship-



ments are expected to reach 46,000 systems with 160,000 computers in use in America.

## BRITISH CONTRIBUTIONS TO ADB.

Seoul

The British Government is to contribute £6,000,000 to the Special Funds of the Asian Development Bank. This sum, which will be made available as a grant over the four-year period 1970-73, will be allocated to the Bank's multipurpose Special Fund and will be used by the Bank for lending to developing member countries of the Bank whose economic circumstances require that external finance be provided on concessional terms.

The six loans so far approved from Special Funds have been extended to Ceylon, Indonesia, Nepal, the Philippines and Western Samoa.

This offer was announced by Mr. Ben Whitaker, Parliamentary Secretary to the Ministry of Overseas Development, who is attending the third annual meeting of the Asian Development Bank in Seoul as British Alternate Governor of the Bank; the Minister of Overseas Development is the British Governor.

## BIG HOUSING COMPLEX PLANNED

Tokyo

Work is under way in full scale for construction of the Tama New Town in the western suburbs of Tokyo, an ambitious project to provide housing for 400,000 people.

The projected new town will have a total area of 3,011 hectares with 110,000 houses.

Tokyo, the largest city in the world with a population of more than 11 million, is suffering from an acute housing shortage. Under present plans, the residential quarters in the big town will be divided into 23 sectors. Each residential sector will have a junior high school, two elementary schools and three kindergartens.

The new town will also have parks, health clinics and shopping centres.

Housing construction has been somewhat delayed due to a difference of views between the Tokyo Metropolitan government and the Construction Ministry and the Japan Housing Corporation.

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# Shipping & Aviation

## Rise in Cargo Handled

The Cargo handled by the Port (Cargo) Corporation rose appreciably in 1968/69. Nearly 3,610,000 tons were handled in 1968/69 as compared with 3,185,000 tons in 1967/68.

The increase in cargo handled was due mainly to increases in Colombo and Trincomalee which rose from 2,906,000 tons in 1967/68 to 3,277,000 tons in 1968/69 and 5,400,000 tons in 1967/68 to 8,487,000 in 1968/69 respectively.

The Cargo handled at the Port of Galle, however, declined from 56,000 tons in 1967/68 to 51,000 tons in 1968/69.

### MORE REVENUE

The revenue earned by the Corporation also recorded an increase mainly on account of a 25 per cent increase in most charges and a 15 per cent increase in other charges.

The total revenue earned by the Port (Cargo) Corporation in 1968/69 was Rs. 115,554,000 — an increase of Rs. 29,854,000 over 1967/68.

According to the Corporation's budget for 1969/70, it expects to increase its profit by Rs. 3 million. This is based on an estimated additional in-

come on Rs. 19 million of FEECs to be earned by the Corporation.

### AIR CEYLON ASSETS UP.

The value of Air Ceylon's assets rose sharply in 1968/69 with the purchase of a 'Trident' air liner, which was used in the regional services.

Total assets which stood at Rs. 13,698,000 in 1967/68, had risen to Rs. 39,910,000 in the last financial year.

The number of passengers carried by Air Ceylon, however, has shown a marked decline since 1965/66, when the number of passengers stood at 86,955. Only 78,656 passengers were carried in 1968/69 as compared with 80,880 in 1967/68.

Air Ceylon's passenger-mileage has also declined over the last three years. While in 1966/67 it stood at 64,547,000 miles, in 1968/69 it dropped to 59,618,000 miles.

A slight increase was recorded in revenue in 1968/69, mainly on account of additional income from regional services. Revenue earned increased from Rs. 10,593,000 to 10,697,000 in 1968/69.

Air Ceylon's expenditure, however, rose sharply in the last financial from Rs. 7,952,000 in 1967/68 to Rs. 9,962,000 in 1968/69, mainly

on account of higher operation costs.

### MORE WEST GERMANS TAKE TO THE AIR

The number of persons who travel by plane is growing faster in West Germany than in the rest of the world.

The international Air Transport Organization (ICAO) found that during 1969 the passenger frequency of its 117 air lines increased by 10 percent, while in the same year, 18.2 percent more plane passengers were counted in the airports of West Germany and West Berlin. This rate of growth out-

does in the long-range prognoses predicting that by 1980 the passenger figure would have become four times what it is at the beginning of the decade—in other words, more than 100 million plane passengers a year.

Developments in this respect vary considerably for the individual German airports. Frankfurt airport, for example, counted more than eight million passengers for the first time, but this represented an increase of less than 14 percent. Berlin's rate of growth was exactly average, Dusseldorf's lay at 20 percent, (2.9 million passengers), and Wahn

airport, which serves both Bonn and Cologne, even at 24.6 percent, for the first time reaching the million mark in passengers—and this even before the completion of its new buildings.

In the air transport of freight the curve of growth is even steeper. The increase amounted to 22 percent. And all the while, the number of take offs and landings did not increase very much—by only 4 percent—so it is the individual plane that is carrying four times as many passengers and five times as much freight as in 1968.

## TOURISM

### More Foreign Exchange Earnings

Foreign exchange earnings from tourism last year rose from Rs. 11 million (U.S. \$ 1.8 million) in 1968 to Rs. 17 million (U.S. \$ 2.9 million), according to Tourist Board statistics.

The number of visitors to Ceylon also increased from 28,272 in 1968 to 40,204 last year—an increase of 42 percent.

Tourist Board statistics also reveal that earnings per head increased from Rs. 364/- (U.S. \$ 61.2) in 1968 to Rs. 423/- (U.S. \$ 71.1) last year.

The improvement in earnings from tourism in 1969, is attributable both to the improvement in tourist infrastructure that has occurred and to the premium exchange rate offered to tourists, in combination with an improvement in exchange control regulations.



### YUGOSLAVIA INCREASE IN HOTEL CONSTRUCTION

Hotel accommodation in Yugoslavia is keeping pace with the number of overseas visitors.

In the last four years alone, an additional 70,000 rooms have been made available both in hotels and other tourist establishments. The newly built hotels belong to the five-star group and are equipped with all modern amenities.

At the end of last year, the available accommodation in Yugoslavia amounted to 601,6946 beds as compared with 425,820 in 1965, an increase of 41 per cent.

A total of 22 million tourists, visited Yugoslavia last year of this number 17.7 million persons spent upto 24 hours.

The numbers of days spent by tourists increased by 28 per cent last year as compared with a 10 percent increase in 1968.

The increase in foreign currency earnings also increased by 25 per cent last year as with 1968 and has been estimated at 300 million dollars.

There were more tourists last year from all countries although the greatest increases were recorded in the number of W. Germans—37 per cent, Italians—32 per cent, Austrians—22 percent and Czechoslovakians—80 per cent.

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## MESSAGE BY AMBASSADOR YOSHIO YAMAMOTO

I welcome the opportunity of conveying a brief message on the auspicious occasion of the Anniversary of the Birthday of His Majesty Emperor Hirohito of Japan.

His Majesty was born on the 29th April, 1901, and is the 124th Emperor in the unbroken lineage of the Imperial Family.

The Imperial Birthday, which is designated our National Day, is an event to which my people look forward with renewed enthusiasm and which we solemnise with universal rejoicing.

His Majesty Emperor Hirohito is the soul of the nation. He has adorned with dignity an era of "Showa"—this means "Light and Peace"—during the forty-five years of his illustrious reign. His Majesty has also graciously entered into a realistic and honourable relationship with his devoted subjects which has in consequence engendered a mutual affection between the Imperial Family and the people.

On this day of national joy and gladness, Japan is once more aglow with a warmth and splendour of widespread festivities. Hundreds of thousands of people throng around the Imperial Palace and render to the Emperor their homage and spontaneous felicitations. The whole country goes gay on this august and festive event.

It is on a happy occasion as this that my people, imbued with the spirit of felicity and goodwill, would like to think of their friends of Lanka as a nation bound by ties of religion and culture, and would desire to share with them the gladness of this hour.

Therefore, it is not without relevance that I refer to the friendly co-operation that has characterised our two countries in an ever-increasing measure, particularly in recent times.

I venture to believe that this co-operation happily demonstrates how anxious and desirous the people of Japan are to share in the development of Ceylon and the prosperity of its people.

We have witnessed with the utmost satisfaction the progressive march of our Ceylonese friends on the pathway of prosperity. All other nations, as well as international institutions, have paid just tribute to your economic and industrial development. Your prosperity is an added cause of rejoicing to us on this happy occasion.

It is but fitting that I should therefore congratulate the people of Ceylon on their achievements and success in their aspirations towards increasing prosperity. I fervently hope that my people may have the privilege of continuing to take a share in keeping with the traditional bonds of friendship which we have always acknowledged and cherished.

In conclusion, may I take this opportunity to offer my sincere thanks to the "Economic Times" for its courtesy in bringing out this excellent supplement to mark this happy occasion.

## National Day of Japan—29-4-1970

# PATTERN OF JAPAN'S INDUSTRIALIZATION

As Industrialization is in itself a process of evolution it not only changes the economic structure of a nation but also brings about a reform of its social and other institutions.

The fact that in less than a century, Japan attained the degree of industrialization, which European nations and the United States took a few centuries to reach, is receiving worldwide attention. Today Japan ranks as the third largest industrial power in the world.

When Japan's situation is viewed in comparison with the economies of developing nations, the conditions in Japan in the period prior to the industrialization must be noted.

During about 20 years following the Meiji Restoration in 1868 when the Emperor took over the reigns of government from the Shogunate, Japan's economy went through a process which paved the way for the start of the modernization in 1890s. In the subsequent period of about 25 years Japan continued to build up its industrial capital while enjoying an industrial boom centered on its light industries.

Another salient feature of the Meiji Restoration was the leadership exerted by an elite minority made up of the nobi-

By

HERBERT DE SILVA

lity and the warrior class. The evolution was brought about by the elite minority because Japan was compelled to modernize its national economy.

### Enthusiasm

The evolution was thus achieved by a handful of awakened leaders. But the industrialization that ensued was pushed forward by the general enthusiasm of the people. At the same time, due cognizance was given to the important role of education.

Japan not only sent students abroad to acquire some knowledge but also invited foreign expert to help in its development into a modern nation. Great efforts were made to acquire modern technical know-how as a vital means of speeding up the industrialization process. It should be phasised that Japan did not blindly adopt and adapt foreign technology that prevailed in those countries in toto, but she carried out research of her own to utilize the foreign technical know-how she had acquired to suit her economic progress.

Japan depended primarily on its own savings whenever and wherever development funds were needed. The most important sources of capital was agricultural revenue, since Japan's economy depended heavily on agriculture.

A sizeable portion of the agricultural revenue channelled into the national treasury came from the land tax, which in 1876 constituted nearly 76 per cent of the nation's total tax revenue.

as Ceylon's important customer. The following are some of the major items exported to Japan—Tea, Rubber, Desiccated coconut, Coir fibre, Cocoa beans, Illimite, Plumbago. Today Japan is the principal importer of a number of non-traditional items ranging from Coir fibre to Himenite.

Another major source of capital investment came from the bonds floated by the Government. The money thus made available was invested directly or indirectly in industrial development and played a prominent role in the modernization of the national economy.

### Hard Work

In Japan, from time immemorial, hard work and thrift have been considered outstanding virtues, which served as daily moral guides for the people. To an overwhelming majority, the motto "Bear a hard life" was a creed of life which was in keeping with the nation's dearth of natural resources. With only meagre natural resources, Japan had to depend upon its human resources to catch up with the progress of the industrial nations of the West.

The public took a keen interest in the industrialization projects of Japan. On the strength of public funds new industries were developed. It was only after the turn of the 20th century did they make remarkable progress. Heavy industries began to expand only in 1930s.

With the passage of time, the wheels of industrialization began to run smoothly and private capital became available by degrees. In the face of this situation, the Government adopted a new policy of transferring officially-managed mines and factories to civilian hands.

### Rapid Strides

During the last 33 years, Japan made rapid strides in the field of industry. Her post-war industrial progress is not only phenomenal but also miraculous, when compared with the hurdles she had to surmount as a result of the devastation caused by atomic bombs in the last war. Japan today is not only the ship builder to the world but also the manufacturer of all conceivable domestic, industrial and agricultural products.

## Trade between Ceylon and Japan

A glance at the Ceylon/Japan trade figures for the past five years published in the Ceylon Customs Returns reveals an increase in the value of Japan's exports to Ceylon except for two short falls in 1967 and 1968. As against this, the value of Ceylon's exports to Japan increased from Rs. 39.2 million in 1965 to Rs. 45.1 million in 1969, with a slight drop in 1967, while there was a steep rise in 1968, by about Rs. 13 million, as compared with that of 1967.

In 1969, there has been an increase in the total value of trade between the two countries, the turnover of which rose sharply by Rs. 60.8 million or 56.0% from Rs. 171.4 million in 1968, to Rs. 232.2 million. This increase in the value of trade shown is accounted for solely by Japan's exports to Ceylon in 1969 as

By  
NIHAL DELPECHITRA

compared with those of 1968 by Rs. 70.3 million or 62.0%. However, it should be borne in mind that the devalued Ceylon rupee in November 1967 had a significant bearing in the sudden increase in value of exports from Japan in 1969.

Ceylon's exports to Japan, on the other hand, fell by approximately Rs. 9.5 million or 24% in 1969 as compared with the previous year. As a result of this, Ceylon's adverse balance of trade with Japan deteriorated further from a deficit of Rs. 62.2 million in 1968 to Rs. 142.0 million in 1969.

In view of these circumstances, Japan is endeavouring to import as much of Ceylon produce as possible so as to reduce the existing trade deficit.

The value of trade between the two countries for the last five years is shown in Table 'A' below.

### Imports from Japan

Of the principal countries from which Ceylon imports goods, Japan was placed 5th in 1969, as against position 6 she held in 1968, according to the value of imports. The chief items imported could be broadly classified into—textiles, Fertilizers, Paper & Paper board, Fishing net, Iron and Steel products, Agricultural and Industrial machinery Tyres and Tubes, Industrial raw materials, Plastic material and canned fish, which cover about 70 to 80% of the total imports to Ceylon.

### Exports from Ceylon

In 1969 Japan dropped to 12th place compared with position 9 she occupied in 1968

	(Rs. million)	1965	1966	1967	1968	1969
<b>Table A</b>						
Imports from Japan		111.2	125.7	97.1	116.8	187.1
Exports from Ceylon		39.2	41.7	41.1	54.6	45.1
Total value of trade		140.4	167.4	139.2	171.4	232.2
Balance of Trade		72.0	84.0	55.0	62.2	142.0

## Agricultural Marketing . . .

Contd. from page 9

In longer terms, transport will have to be better organised, especially the re-transport of empty packing material to the producing areas. Activities of farmers organizations, private firms or the government could be developed in this field. Cost of transport for goods and/or the packing material is one of the costs of marketing.

### DISTRIBUTION

During the Seminar more or less frankly we discussed the power of some sort of monopolies controlling the fruit and vegetable trade. These monopolies seem not to work for the improvement of the marketing system which should be the aim of every part in marketing but mainly work entirely for their own interests.

Efficient marketing cannot be reached in the future if the power of these monopolies cannot be broken. Farmers organizations, collection centres in the production areas, increase of production ac-

cording to market demand and governmental activities can be helpful on a long term.

### CONSUMER'S END

To put our view on market facilities now we should start at the consumer's end, the retail market. We saw a few retail markets in Colombo and in other parts of Ceylon. The installations, facilities, buildings, the presentation of the goods are on a very high standard and only can be improved according to the development of economy, of techniques, etc.

Very bad conditions—this I think I can frankly state without any doubt—we found on the Colombo wholesale market.

This market constructed some 60 or 70 years ago, under

Colonial administration, is completely beyond any necessity of facilities, technical improvements, transport facilities, market transparency, location etc., of the present time.

The development of trade, the increase of population, the higher demand for fruit and

vegetables in Colombo and in other parts of Ceylon supplied via Colombo cannot be met by this institution. Any reconstruction or improvement at the present location would have to remain without result because this place is completely out of age.

Any further steps to improve grading, packing, transport etc. will show less results if there would be no change on the Colombo wholesale market.

As I heard, plans for a new construction on a new site have already been considered by the officials. We can very much recommend to replace the market in order to improve marketing in Ceylon basically. Nevertheless, steps to improve marketing basically should not wait until a new market is constructed.

The governmental activities to influence the market by buying and selling fruit and vegetables at a low price level cannot be of great success as long as only a relatively small quantity of the total is controlled as it is at present.

### Marketing Policy and Conclusions

According to the low production, the growing of fruit

and vegetables should be increased either on farm land or on estates.

Surveys on demand and changing habits of consumers should be undertaken in order to balance production and demand on medium and long terms.

Advice given to the farmers how and what to grow could be helpful but should not only refer to an increase of the crops but include also advice on better quality.

Collection and packing centres put up in the production areas would be a great advance in marketing. In connection with these centres, a better grading and packing is desirable, starting with low quantities of better quality.

A demand for this standard of fruit and vegetables is already existing. Activities in this matter could be sponsored by the government and directed by Co-operatives (Farmers' Organisations), private firms or some semi-official bodies like the Chamber of Commerce. Any small improvement could help to improve marketing and lower waste and losses.

To introduce standards and grading, an Inspection Service will have to be set up and trained. This service should be under the ordinance of a neutral body.

Transport of fruit and vegetables is in a bad stage. Some improvements can be achieved by small alterations of the present way of transport. As transport plays an important role in marketing on longer terms, the organization will have to be improved according to the growing demand of better quality.

If there are some monopolies in distribution, Farmers' Organisations should be sponsored in order to establish a balanced market.

The wholesale market of Colombo under no circumstances fulfils the requirements of modern marketing. A complete replacement can doubtlessly be recommended. Any further efforts to improve marketing in Ceylon will be of less efficiency if this market remains at its present stage. It will be successful only if it is replaced.

It might be taken into consideration to establish a few smaller distribution centres in Ceylon beside the wholesale market in Colombo.

Information on prices, market supply demand etc. are very useful to get transparency into the market. The present system for the collection of these information could be improved and expanded provided the price notifications apply to a standardization scheme of fruit and vegetables.

show that bolstering up feudal structures in developing countries has an opposite effect to that intended. Class egoism and the corruption of reactionary groups protected by the threat of foreign intervention serve only to foster revolutionary anti-Western movements.

## Developing Countries . . .

Contd from page 9

tional agricultural production in the foreseeable future.

At the 1964 World Trade Conference in Geneva the developing countries demanded that industrial nations should forgo one per cent of their national income annually. But this has not yet been put into practice. Indeed only 0.62 per cent is spent on development aid and both the United States and the Soviet Union lie below this average. At the second World Trade Conference at Delhi in February and March 1968 not even the commercial demands of the developing countries were accepted.

The developing countries wanted to ensure that their raw materials and manufactured goods would be sold at stable prices aided by preferential customs duty. The industrial nations showed understanding but the discussion became bogged down in individual problems. But there has been no unified plan. A catastrophe in the next twenty years seems inevitable and the catastrophe will have its repercussions in global politics.

A LUXURY THE WORLD CANNOT AFFORD

In the face of this threat ideological discussion can be considered only as luxury

that the world can no longer afford. The only question today is how the burden of development aid can be shared from the economic point of view. The attraction of revolutionary models can be neutralised only by quick practical aid. Commercial measures and credit facilities are not enough. Technical and administrative experience must be passed on and this includes modern planning methods.

When priorities have been changed to this the clash with communism will be limited to economic competition.

Experiences in recent years in Comercon countries—sinking rate of growth, failures in the administration of the economy and the international economic department—support the view that the Soviet economic model was tailor-made for the special situation of the Soviet Union. The Soviet leadership could not

overcome its difficulties in any other way. The way that Soviet representatives beat time at World Trade Conferences shows clearly that the Soviet Union is only able to a limited extent to increase its aid to developing countries.

The decisive factor in this situation is the action taken by the Western industrialised nations whose policies are supposed to conform to their practical economic tasks. The experiences of the United States

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## NETHERLANDS NATIONAL DAY 30-4-70

# ECONOMIC DEVELOPMENT IN THE NETHERLANDS

The post-war economic development of the Netherlands has been characterized by an almost uninterrupted favourable business cycle with an ever expanding production, ample profits, low unemployment figures, and a favourable development of the State finances.

A considerable proportion of the national income has been saved and invested. In this way, on the one hand, the production apparatus has been expanded considerably, and on the other hand, the economic position has been strengthened with respect to foreign countries.

### Agriculture

Agriculture has been developed intensively, with an area of 2.3 million hectares of farm land under cultivation in 1968; about 61% of the agricultural land was devoted to permanent pasture, 33% to field crops and 6% to vegetables, fruits, bulbs and nursery products.

The principal field crops are: wheat, rye, barley, oats, potatoes, sugar beets and fodder beets.

Commercial crops: rapeseed, flax, agricultural seeds.

Of these products potatoes, pulse, agricultural seeds and flax are chief among agricultural exports.

### Stock raising

The Netherlands has a large live stock.—Cattle, pigs, poultry, horses and sheep.

The total milk yield in 1968 was 1,647,000,000 Imp. gallons. The average milk yield per cow in 1968 was 908 Imp. gallons with a fat content of 3.85 per cent.

The average egg production per hen was 220 per year.

Live slaughter cattle, dairy and breeding cattle are exported on a large scale, as are fresh and frozen meat, eggs and table fowls.

### Horticulture

Horticulture in the Netherlands is carried on very intensively. The market gardens are not large as a rule, but gardeners contrive to reap many crops a year off the same land.

Cultivation under glass has been enormously extended since the beginning of this century.

### Metal Industry

The Netherlands has a blast furnace enterprise which produces pig-iron from imported ores. Attached to it are a pipe foundry, four steelworks,

various rolling-mills (including wide-strip rolling-mills) and a tin works.

In the non-ferrous metals sector Holland possesses an aluminium factory, a tin-smelting plant and a zinc work.

Shipbuilding is one of the most important sectors of the Dutch metal industry. Of the 303,000 g.r.t. of shipping built in the Netherlands in 1968, 212,000 g.r.t. were destined for export.

Besides vessels the Netherlands also exports land transport vehicles (railway stock, automotive vehicles, and internal-transport means), aircraft, steel structures (bridges, cranes, lifts, boilers, etc.).

Well known export products of the electrical engineering industry are: incandescent lamps, radio and television sets, Rontgen apparatus, flat-irons, vacuum cleaners and small mechanical tools; of the engineering industry: steam engine., highpower, medium-power and lowpower diesel engines for ships, drainage plants, agricultural machinery, machines and installations for processing tropical products.

Huge quantities of vegetables and fruit are exported, chiefly to Germany, France, Belgium and England.

The growing of seed potatoes is also regarded in the Netherlands as belonging to horticulture. This specialty is exported to numerous countries.

Horticulture further includes the cultivation of bulbs, flowers trees, plants, garden and flower seeds. The exports of Dutch flower-bulbs in 1968 had a value of 369 million guilders.

Cut flowers are more and more conveyed by air over long distances.

### Fisheries

Coastal, deep-sea and Yssel Lake fisheries are an important item in the Netherlands economy, with a total catch of 282,000 metric tons in 1968 (including 110,000 tons of oysters, mussels and shell fish).

A large part of the fish caught is exported; exports in 1968 of fresh, smoked and salted herring alone amounted to 31,000 tons, having a value of 37 million guilders.

### Mining

Holland produces about 6 million tons of coal: 2.5 mil-

lion tons of oil; 25,000 million cubic metres of natural gas and 2.5 million tons of salt a year. Part of the output is at the disposal of the Dutch industry.

Natural gas reserves of 1.7 million have been proven in the north of Holland. Natural gas production will therefore be able to rise to 40,000 million per year, 20,000 million of which will be for export.

### Food and Luxuries Industry

This industry processes both indigenous basic materials, which are mainly derived from the agricultural, horticultural and the stock-raising industries, and basic materials which are imported (tobacco, coffee, cocoa, cereals, oilbearing seeds, etc.).

The dairy industry is, no doubt, the most important of this group.

In 1968 the Netherlands was the largest exporter of condensed milk and cheese in the world. In addition the Netherlands has a large output and export of vegetables, meat and fish preserves, and of sugar, chocolate, spirituous liquors and beer. The production of margarine, edible oils and fats, cigars and cigarettes is also of importance.

### Chemical Industry

The most important branch of this industry is the fertilizer industry. With an export of 309,000 tons of superphosphate in 1968, the Netherlands was one of the largest exporters of this product in the world. The manufacture of nitrogenous fertilizers yields an important export surplus.

The colour industry, the pharmaceutical industry, and the essences and perfumes industry are important to the export trade; the soap industry on the other hand produce mainly for the home market.

Various chemical plants, whose products include synthetic detergents, glycerine, sulphur, insecticides, base materials for the paint and plas-

tic industries, industrial solvents and synthetic rubber, have been built near the refineries.

### Trade

Trade vies with industry and agriculture as the most important source of prosperity in Holland.

Goods that are needed in Germany, Switzerland, Central Europe and Eastern France can be easily imported via the Netherlands. This has made the Netherlands a staple and transit market, and the financial transactions connected with such trade support a large banking business.

Triangular trade (that is, trade in which a buyer purchases goods in the country of origin and sells them to a country which is in need of them) and transit trade are among the most important services that Holland renders to other countries. These services have grown out of the confidence that Dutch traders have long enjoyed abroad. Holland is a well-known trading centre for goods that range from cereals and cotton to coffee and diamonds.

The monetary unit is the Dutch guilder, which is equivalent to 0.245 grammes of fine gold or Ceylon Rs. 1.65.

## Greetings

&

## Best Wishes

To

HER MAJESTY QUEEN JULIANA

On the occasion

of

## Her Birthday

VAN REES CEYLON N.V

TEA SHIPPERS

P. O. BOX 885

COLOMBO

# THE ECONOMIC TIMES

Editorial Department  
Saturday, May 2nd 1970

(1st Floor), 157, Jayantha  
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COLOMBO-10

## THE GREEN REVOLUTION

To get land's fruit in quantity,  
Takes jolts of labour ever more,  
Hence food will grow like one, two, three, . . . .  
While numbers grow like one, two, four, . . . . .  
Song of Malthus: On Diminishing Returns.

The Green Revolution that is now sweeping through Asian countries is perhaps raising doubts in the minds of the protagonists of the food drive as to the validity of the famous Malthusian theory that population growth would outstrip food production. But despite the phenomenon increase in food production resulting primarily from the increased use of fertilizer and seed research, the requirements of the developing countries have still to be largely supplemented by the industrialised nations.

In fact according to the World Bank, about two thirds of the people of the developing world live on the soil, yet these countries had to import annually \$4 billion of food from the industrialised countries. This has no doubt been scaled down today, but many developing countries like Ceylon have a long way to go before self sufficiency in food could be achieved, apart from disproving Malthus.

Although Agriculture in Ceylon received a shot in the arm in 1965, and is no longer regarded as the step child of development, the results achieved do not give room for complacency or self satisfaction, in the context of what other Asian countries have achieved for themselves. Ceylon's target for 1969 has not been realized while the Food Ministry blames the weather.

Paddy production in 1969 is estimated at 65.9 million bushels compared to 64.6 million bushels in 1968—an increase of 2.0 per cent. The yield per acre increased from 44.6 bushels to 48.2 bushels. In 1960 the yield per acre was 36 bushels, which means that over the last 10 years only an increase of 12 bushels per acre was achieved.

This proves the point that many of the policy and institutional changes introduced by well intentioned governments have not reached the cultivators in effective terms due to various administrative difficulties. In this context the Agricultural Extension services need urgent attention.

All the input-output charts so prominently displayed in the air conditioned rooms of the Planning Ministry have not helped Ceylon to obtain maximum output per unit of input, at least as far as paddy production is concerned. Whatever foreign exchange that is saved on food imports is spent on fertilizer imports. With the setting up of the Fertilizer Manufacturing plant the situation will change. But if only our planning experts had advised the Government to give this project priority the position would have been different today.

## Britain's budget aims at sustainable growth

"A Budget designed to get the British economy on to a path of sustainable and gradually accelerating growth." Thus, Chancellor for the exchequer Roy Jenkins described the aim of his economic strategy for the next twelve months, as outlined in his budget speech.

Background to this year's budget is, of course, the remarkable improvement in Britain's balance of payments, now running at an Annual surplus rate of some six hundred million pounds a year on current account. This means that there is no need to switch further resources into exports and import saving. Hence forth, domestic demand can be allowed to absorb the whole of the increment in the Gross national product.

### Main elements.

Of the three main elements of that demand, viz., public and private spending and fixed

investment. A moderate increase in public expenditure was already provided for. As for personal spending, some increase was certainly inevitable in the light of the political and economic pressures under which the Chancellor was framing his budget. Nor was it perhaps undesirable. As the Chancellor put it, there is a need to avoid a situation "in which demand is sluggish, investment is discouraged, unemployment rises and there is a revolt against sensible balance of payments objectives."

Noticeable in this part of the Chancellor's strategy is his cautious moderation in remitting barely one hundred and ninety million pounds of revenue from direct taxation through minor concessions to income tax (and small surtax payers and this after two years

of truly Draconian fiscal punishment which have held down the growth of consumer expenditure to less than four per cent since mid-nineteen sixty seven.

In limiting his concessions to this relatively small figure, the Chancellor stated that he has taken into account the implications for demand of the current steep rises in employment incomes, whose long-term dangers he made a point of stressing.

## Equal pay for women in Britain

A Bill to provide equal pay and conditions of employment for women in Britain by the end of 1975 has received an unopposed third reading in the House of Commons.

Mrs. Barbara Castle, the Secretary of State for Employment and Productivity, who steered the Bill through its final stages, described it as "a historic moment."

And a Labour Member of the House, Mrs. Renee Short, said it was an important landmark in women's emancipation. The Bill was also welcomed by the Opposition spokesman on Labour matters, Mr. Robert Carr.

### Equal treatment.

The Bill requires employers to give equal treatment where men and women are engaged on similar work, and says that collective agreements and wage structures must not discriminate between the sexes.

Provision is made in the Bill for an intermediate order to come into force at the end of 1973 when women will become entitled to receive treatment which, although falling short of full equality, ensures orderly progress towards it.

## INDIA'S RESERVES RISE

India's foreign exchange reserves have now crossed the billion-dollar mark. This is revealed in an official New Delhi report released last week.

The latest figure for the country's reserves is 1,035 million dollars, the highest level of increase since the early 1950.

### Trade gap.

The Sharp increase in reserves has been in evidence for the last two years. However, because of a fall in imports, as well as a small increase in exports, the trade gap has been cut from over Rs. 45,000 million last year to just over Rs. 1,000 million this year.

The surplus on the capital account of the balance of payments is considerably higher than the trade deficit largely on account of aid inflows.

## Industrial training for developing nations

Japan's Labour Ministry and the Foreign Ministry have decided to step up co-operation with developing nations in industrial technology trainings, starting this year, in response to more requests from such nations.

According to the Labour Ministry, such requests were made by the various Southeast Asian nations last year-end in answer to first hand inquiries by a special international labour organization mission touring Southeast Asia.

Training of adequate forces of skilled industrial workers through effective utilization of abundant local manpower was suggested by such nations as the most urgent problem related to their industrial developments.

The Ministry's current plan to intensify such Japanese co-operation calls for:-

\* The opening of additional Japanese Government-sponsored technological training centres in the Republic of China (Formosa), and another in Uganda before the end of fiscal 1970 or March 1971. At present, there are six such centres maintained abroad—one each in Uganda, Kenya, Singapore, the Philippines, the Republic of China and the Republic of Korea.

\* Reinforcing the staff of these centres by supplying experts and assistants who possess linguistic abilities.

\* Increasing the number of trainees from developing nations accepted by various Japanese public vocational training institutions and industrial workshops. During fiscal 1970 100 collective and 100 in-

dividual trainees are to be accepted by such institutions compared with 62 and 50 respectively in this fiscal year, and over 1,000 by private workshops compared with 543 for this fiscal year.

(Kyodo News Service)

## Ceylon's rubber exports down

Customs computations reveal that the total quantity of rubber exported in the first two months of this year have declined sharply from 64,774,153 pounds in 1969 January-February period to 58,843,180 pounds in the corresponding period this year.

Production of rubber in the first two months of the year have also dropped according to the Rubber Controller's statistics. In the first two months of last year production stood at 69,968,940 pounds. In the corresponding period this year, however, it had dropped to 59,014,934 pounds.

## Corp. sales up

Revenue from the sale of industrial products manufactured by State Corporations has increased by 400 per cent over the last four years (1965-1969).

According to a spokesman for the Ministry of Industries and Fisheries, the value of sales which was Rs. 50 million in 1965, increased to Rs. 300 million last year.

The Industries Ministry attributes the rise in the value of sales mainly to better utilisation of existing capacity and closer attention being paid to consumer demand.