



THE ECONOMIC TIMES

Rice imports move up

Despite evidence of an increase in local rice production, imports of rice have shown a marked rise

Planning Ministry statistics reveal that in the first quarter this year, rice imports have increased by as much as 64,024 tons over the same quarter of 1969. Only 81,423 tons of rice was imported in 1969 January-March as with 145,447 tons in the same period this year.

The quantity of rice imported this March, however, was less than the quantity imported in the same month in 1969. 42,262 tons of rice was imported compared with 46,297 tons in March last year.

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Price 50 cts.

A NEW DILEMMA

Confusion among industrialists

MANY OF THE NEW INDUSTRIAL VENTURES APPROVED BY THE DIRECTOR OF DEVELOPMENT HAVE FAILED TO REACH THE STAGE OF COMMENCEMENT OF OPERATION, ACCORDING TO CLAIMS MADE BY THE MANUFACTURERS ASSOCIATION OF CEYLON. 63 NEW INDUSTRIES WERE APPROVED IN 1969 WHICH BRINGS THE TOTAL APPROVED SINCE 1965 TO 730.

The government decision to withdraw the tax holiday given to industrial undertakings and making it available only to "selected undertakings" of a "pioneering character" seems to have created much uncertainty and confusion among industrialists.

Confusion

In the absence of precise information on what constituted an undertaking of a "pioneering character," entrepreneur's are prone to venture into fields where they were not certain of enjoying tax concessions.

Among the more important factors attributed by the Association for the failure of these industries to commence operation are:-

* The lack of finance, which was aggravated by the introduction of the FEECs scheme, coupled with the credit squeeze.

* Imports were liberalised by issuing quotas for several items which were earlier banned. Hence, local manufacturers were uncertain whether they would have to face competition from cheap articles imported under O.G.L.

Dumping

The manufacturers Association also adds that most industries in Ceylon are nascent industries

which depend primarily on domestic demand. Therefore, such industries have an inherent right to protection from "dumping" of imported supplies which are usually sold at prices below their full cost of Production.

In this connection the Association has urged the establishment of an Import Restriction Committee for the purpose of affording necessary protection to domestic manufacturers.

More private sector capital investment

There was a noteworthy increase of capital investment in the private sector, in contrast with what recorded figures show had happened in the Public Corporations Sector, last year.

Investment in plant and machinery in the private sector amounted to Rs. 296 million in 1969, a sharp rise from Rs. 96 million recorded in 1968, even when allowance is made for value increases due to the higher FEEC element in costs.

In contra distinction such investment by Public Corporations declined marginally to Rs. 66 million from Rs. 70 million in 1968.

CAPITAL FORMATION

Available data on fixed capital formation as a whole show a similar trend last year. Fixed capital investment in the private sector rose to Rs. 1,343 million in 1969 from Rs. 824 million in the previous year; an increase of 63 per cent.

Unemployment at new peak

The number of persons seeking employment through Labour Exchanges throughout the Island reached a peak of 348,480 by the end of January this year, according to latest Labour Department statistics.

The largest number unemployed was in the unskilled category — 141,449; semi-skilled 88,146; skilled 31,656; and technical and clerical 87,229.

The number of registrants for employment has risen progressively from 276,339 in January 1969 to 348,480 this January.

MAN-DAYS LOST

The number of man-days lost due to strikes in January this year amounted to 91,355 involving 8,461 workers. In December last year, the number of man-days lost amounted to 66,391.

Gem testing institute in the offing

The much talked of Gem Testing Institute is to be set up shortly by the Ceylon National Chamber of Commerce with Government assistance.

This is a sequel to an enquiry made by the Director of Commerce in October 1968 whether the Chamber could undertake the establishment and maintenance of such an Institute.

The National Chamber of Commerce has already made an application to the Colombo Plan Authorities for the service of an expert for a maximum period of two years to assist in the founding of the Gem Testing Institute.

He would also help to create correct procedures and traditions in the gem industry, and

also train local personnel who would man the Institute on the expiry of his contract period.

FUNCTIONS

The proposed Institute will undertake and do all the work done by its counterparts in London, New York and other parts of the world.

It would issue certificates testifying to the quality of gems so as to render their identification possible, but it would not undertake valuations.

THE NEED

The Director of Commerce, pointing out the need for such an Institute, stated that several complaints had been received that foreign buyers of Ceylon gems were very often dissatisfied that, as a result of the lack of organisation and supervision of the country's gem trade, they did not receive their money's worth.

It was in the opinion of the Director, that these defects would to some extent be remedied if a Gem Testing Institute was established in Ceylon.

The Commerce Department has already recommended to Government that it should meet 'in full', the capital costs of the proposed Institute and its running expenses for two years.

Import bill tops Rs. 500m. in first quarter

Ceylon's import bill had reached Rs. 500.761 million in the 1st first quarter of this year according to latest Planning Ministry figures. Of this the largest slice was on food imports which topped Rs. 231.075 million.

Imports of other foodstuffs on the other hand amounted to Rs. 106.120 million.

The next biggest allocation of exchange was for imports of State Corporations (Rs. 72.739 million), fertilizers (Rs. 30.381 million), and Government department (Rs. 14.357 million).

Raw materials for private sector industries in the first quarter amounted to Rs. 6.869 million while imports of drugs by the private sector totalled Rs. 11.274 million.

INDIA'S AID REQUIREMENTS

The Aid-India consortium is due to meet in Paris on May 27 and May 28 to consider India's requirements of external assistance during 1970-71, the second year of the Fourth Plan, the Indian "Sunday Standard" reported.

Unlike past years, India may not this time present a bill of her needs but will give the eleven-nation consortium a picture of the current trends of the economy and indicate the areas where aid has to be maintained at a certain level

for the momentum of growth to continue.

India's foreign exchange position has considerably improved over the last twelve months with the sharp reduction in imports, but with the revival of industrial activity, the need for both maintenance imports and capital goods imports, particularly for new investments envisaged in the plan remain large.

In this Issue

- * Efficiency of Investment on Research & Manpower Development: Page 6 & 7
- * Malta—The International Financial Centre: Page 6
- * India's New Import policy: Page 8
- * Export Intelligence: Page 5
- * Dual Nature of Industrial Development in Ceylon: Page 10
- * Global News: Page 9

MARKET PRICES

COLOMBO

CLOSING PRICES 10.5.70

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

PRICES FOR THE WEEK ENDED 15.5.70

RUBBER (Rs. cts.—per lb.)
The Commissioner of Commodity Purchase paid the following prices to shippers.

Colombo	High	Low
RSS No. 1	91 3/4	92 3/4
RSS No. 2	87 1/2	86 1/4
RSS No. 3	86 3/4	85 1/2

COPRA	(Rs. per Candy)	High	Low
Estate Copra	No. 1.	244 50	242.50

COCONUT OIL	(Rs. per ton)	High	Low
May.		1460	145 0
June.		1450	1400

POONAC	(Rs. per ton)	High	Low
		410 N	410 N.

DESICCATED COCONUT (per lb.)
May and June .59 cts.

PRICES FOR THE WEEK ENDING 3rd MAY 1970	
Cardamoms ..	Rs. 33/50 34/20
C'Mom Seeds ..	32/85 33/55
Cloves ..	19/- 19/50
Clove Stems ..	3/25 3/40
Mace ..	5/75 "
Nutmeg (Shelled) ..	3/90
Nutmeg (Unshelled) ..	2/30 "
Pepper (Black) ..	3/45 "
Pepper W(hite) ..	—
Papain Brown ..	9/00 9/50
Papain White ..	15/-
Cinnamon H1 ..	4/15 "
Cinnamon H2 ..	4/00 "
Cocoa ..	Unquoted
Coffee ..	250/- "
Kapok (Clean) ..	130/- "
Kapok (Unclean) ..	30/- "
Croton Seeds ..	160/- 170/-
Essential Oils	Per Oz/lb.
Citronella Oil Ordinary ..	5/60 per lb.

Further Increases in Palm Oil Production

Malaysia will have well over one million acres under palm oil producing around 900,000 tons of oil annually by the end of 1974, according to the annual report of the Oil Palm Growers' council released recently.

It also reports good sales at high prices for the first months of 1970.

This forecast production compares with 605,000 acres in West Malaysia alone under the crop as at July last year and total 1969 production of 320,692 long tons, or 23 per cent more than in 1968.

East Malaysia, which is also expanding its acreage, produced 24,689 tons of oil last year.

Malaysia remained the world's biggest exporter last year while the price rose from £60 per ton at the beginning of the year to £108 a ton by

the end of the year, after an unexpected shortage of oils in the last quarter, the report says. The present price is £117 per ton.

Indian Cardamom Exports Rise

The value of India's cardamom exports from April last year to February this year, had shot up to all an time record figure of Rs. 8.11 crores (Rs. 85 million), it was officially announced in New Delhi last year.

The substantial increase in value was due to the steep rise in the unit price of cardamom which stood at Rs. 77 per kg. compared with Rs. 52 per Kg last year.

TEA REPORT

At last week's Auction 4,204 lots totalling 9,311,897 pounds were on offer. Quality showed a further falling off in the case of Western teas whilst Uvas were also plainer.

High Grown Teas: Dimbula-Dickoya broken in Ex Estate catalogues met with less demand and were lower following quality by 30-50 cents and in some cases a little more. A small selection of below best descriptions however sold well at fully firm to slightly dearer rates. Udupussellawas declined by 10-15 cents. Bright liquouring OPs were dearer but other leaf grades declined.

Medium Grown Teas: Good colour Western BOPs were 10-20 cents below last prices but mediums in the lower price range were well supported and were on balance 5 cents up. Uvas were in good demand and 5-10 cents dearer especially the plainer types but opening values were not maintained later in the Sale. Leaf grades were rather irregular with an easier tendency.

Low Grown Teas: were fairly strong with BOPs fully firm to slightly dearer whilst small Tea BOPs and BOPs advanced by a few cents. OP's again sold well and were about 5 cents up whilst Pekoes held firm.

BOP Fannings Dimbula - Dickoya BOP Fgs. were lower with quality by 20-30 cents but Mediums and Uvas on average were fully firm to slightly dearer. Low Grown BOP Fgs. were 2-5 cents dearer FBOP Fgs. were slightly dearer particularly the better parcels.

Off Grades: met strong demand and were fully firm to dearer except for Western Fannings which dropped 15-20 cents following quality.

Commodity Commentary

Dusts: met good demand and were, on average, unchanged with the exception of Westerns which were lower following quality.

Rubber Report

We give below the Rubber Market Report issued by the Colombo Brokers' Association for the Poya Week ending 12th May, 1970.

World Rubber Markets fluctuated widely this week after a steadier opening and showed signs of improvement mid week but both terminal markets declined towards the latter stages on fears of a strike in the USA and another depressing factor was rumours that G.S.A. stock pile sales would commence very soon.

The Singapore market opened steady and improved towards mid week on better overseas demand but values eased towards the close of the week.

The London Market followed eastern levels closely with operators showing more interest than of late and as long as there was sustained factory interest there was a good off take resulting in steady prices but values eased after news that the strike had spread to Goodrich and rumours that Uniroyal too would be the next manufacturer to be subject to new strike bargaining pressures by the United Rubber Worker's Union.

SHEET: RSS 1 opened the week -/96 cents per pound showing an increase of -/06 1/2 cents on the previous week's closing figure, declined by -/03 cents the next day and a further -/01 1/4 cents the follow-

ing day, remained at this figure the next day (International week-end), but declined again by -/01 cent due to an increase in the Export Duty, improved by -/01 cent the next day, to close the week at -/95 1/2 cents per pound. Approximately 121 tons of sheet rubber were sold by Members of our Association of which 64% consisted of No. 1 sheet.

LATEX CREPE: 795 tons of Latex Crepe were on offer at the three sales held during the week, showing a decrease of 516 tons on the previous week's figure (One Sale). At the first sale of the week, there was good demand for the No. XI and No. I Crepes on offer which improved by -/02 cents per pound and -/01 cent per pound respectively. Duller sorts and off grades gained fractionally. At the next sale the market remained more or less steady after opening fairly firm, and No. IXs remained unchanged whilst No. I Crepes improved by -/01 cent per pound. Duller sorts and off grades declined fractionally. At the last sale of the week the market opened firm but eased towards the close when IXs and No. I Crepes declined by -/01 to -/01 1/2 cents and -/01 cent respectively. Duller sorts and off grades were more or less unchanged.

SCRAP CREPE: 227 tons of Scrap Crepe were offered at the three sales held during the week, showing an increase of 142 tons on the previous week's figure. At the first sale the market opened firm for the good Scrap Crepes on offer when light browns improved by -/01 cent per pound, whilst darker sorts gained by -/01 to -/03 cents per pound. Defective grades and flat bark types improved by -/01 to -/02 cents per pound.

Produce Report

We give below the Sundry Produce Market Report for the Poya Week ending 12th May, 1970.

CARDAMOMS: There were 27 lots of Cardamoms on offer, totalling 2108 pounds showing a decrease of 1750 pounds on the previous week's figure. The market remained much the same as in the previous week with only grades next to best being easier by approximately 15 to 20 cents per pound. Towards the close of the sale No. 1 quality Cardamoms was quoted at Rs. 33. 15 to Rs. 34.50 per pound. One lot of superior quality cardamoms was sold at Rs. 37/20 per pound which was the highest price fetched at the sale. The lowest transaction was for splits and was made at Rs. 14/- per pound. No seeds were on offer this week.

COCOA: 12 lots of Cocoa were on offer this week amounting to 68 cwt. against the previous week's quantity of 5 cwt. showing an increase of 63 cwt. In the absence of No. 1 quality cocoa, no quotation was made. Grades next to

best were transacted at between Rs. 240/- to Rs. 260/- per cwt., with the darker grades fetching Rs. 175/- to 185/- per cwt.

COFFEE: 3 lots totalling 4 cwt. of coffee were on offer this week.

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:-

	Rs. cts.	Rs. cts.
Cloves	19.00	to 20.00 per lb.
Nutmeg Shelled	4.50	
Nutmeg Unsh	1.75	to 2.00 "
Papain White	15.00	to 15.50 "
Papain Brown s	9.00	to 9.50 "
Cinnamon Quill H2	3.90	to "
Mace	4.25	to 4.50 "
Kapok Cleaned	130.00	" cwt.
Kapok Uncleaned	30.00	" "
Croton Seed	150.00	" "

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.

UPWARD TREND IN TEA PRICES

(By our Commodity Cor.)
The average net price fetched by all elevational teas both in Colombo and London showed an upward trend in the first quarter of this year.

In the Colombo Auctions the net price of tea shot up from Rs. 1.58 per pound in January to Rs. 1.69 per pound in March this year.

High grown teas fetched most during this period moving up from Rs. 1.87 per pound in January to Rs. 2.04 per pound in March.

Medium Grown teas also enjoyed the same rising trend, increasing from Rs. 1.52 per pound to Rs. 1.65 per pound.

Low Grown teas, however, did not have the same price spiral and were steady at Rs. 1.37 per pound throughout the first quarter.

An analysis of prices fetched by all teas in the first three months of this year reveals that the commodity has enjoyed better prices than in the same quarter last year.

The average price of all elevational teas in January

last year was Rs. 1.76 per pound and had moved up to Rs. 1.96 per pound in March last year. High Grown teas in the first quarter of last year rose from Rs. 1.76 per pound in January to Rs. 1.96 per pound in March last year.

Medium Grown tea, however, declined from Rs. 1.47 per pound in January to Rs. 1.38 per pound in March 1969.

The average net price fetched by low grown teas also declined from Rs. 1.49 per pound to Rs. 1.34 per pound.

London Auctions

The average monthly price of Ceylon tea at the London Auctions showed an appreciable upward trend in the first three months of this year compared with the corresponding three months of 1969, as shown below:

	1969		1970	
	Sh. d	Sh. d	Sh. d	Sh. d
	(per lb)	(per lb)	(per lb)	(per lb)
January	4-0.5	4-4.0		
February	3-7.5	4-3.1		
March	3-6.3	4-4.9		

Advanced Rubber Plant for Ceylon

Ceylon has ordered an advanced British rubber processing plant which processes rubber virtually direct from the tree into bales ready for use.

The order is for a crumb processing plant with an output of 100 tons a month.

The advanced Dynat method processes natural rubber from its original latex state at the plantation into polythene-wrapped, easy-to-handle bales of standard size ready for immediate use.

Super quality

The rubber is claimed to have superior qualities of being increasingly used for jet aircraft, heavy commercial vehicle tyres, shock absorbers and engine mounting.

The Ceylon contract is among export orders worth nearly £ 120,000 for Dynat plants received from Ceylon, Gutamala and Nigeria.

Share Market Report

Conditions on the share market were quiet throughout the week.

Teas:	Previous Price		May 11th		+or- Rs. cts.
	Rs.	cts.	Rs.	cts.	
Ceylon Provincials	8.25	8.25			
Dikoyas	13.50	13.50			
Estates of Uva	5.00	6.00			+1.00
Great Westerns	15.00	15.00			
Shawlands	2.50	2.50			
St. James	18.00	18.00			
Srathedans	9.50	9.50			
Therusias	13.00	13.50			+50
Tonacombes	3.00	3.50			+50
Upper Maskeliyas	14.25	14.00			-25
Uva Ketawellas	7.00	7.00			
Wanarajahs	9.25	8.50			-75
Tea cum Rubbers					
Golindas	4.50	4.50			
Hunuwellas	7.50	7.50			
Kaluganga Valleys	4.00	4.00			
Neuchatels	6.00	6.00			
North Westerns	13.50	13.50			
Udabages	7.50	7.50			
Rubbers:					
Kalutara Rubbers	12.00	12.25			+25
Mahagamas	14.00	14.00			
Commercial:					
Ceylon Brewery	25.00	25.00			
Nutritional Foods	17.00	17.00			
Ceylon Tobaccos	22.50	22.50			
Pure Beverages	8.75	8.75			
Lambrettas	10.50	10.50			
BCC	14.00	13.25			-75
Ceylon Silks	9.00	9.00			
C.I.C.	35.25	35.25			
Colonial Motors	12.00	14.00			+2.00
Glaxo Allenburys	37.50	37.50			
Richard Pieris	40.00	40.00			
Wellawatte Mills	7.50	7.50			
Mercantile Credit	14.00	14.00			
Lankems	18.25	17.25			-1.00
Asian Cottons	14.50	14.50			
Diesel Motors	11.00	11.00			
Commercial Bank	12.50	11.50			-1.00
Lanka Salu Sala	3.10	3.10			
Muller & Phipps	6.25	6.25			
Carsons	13.00	13.00			
Whittals Estates & Agencies	16.75	16.75			

INVESTMENT TRUSTS: Ceylon Guardians Rs. 7 to Rs. 6. The following were quoted exdividend:— Kalutara Rubber Co. of Ceylon Ltd.—10% First and Final on 3.5.70 Lansdowne Rubber Co. Ltd.—12% First and Final on 3.5.70.

Malaysia's Rubber Exports bounce back

Malaysia's rubber exports of 111,707 tons last month were a substantial improvement on the February tonnage.

At a daily average price of 61.5 cents a pound for the month, they brought in more than \$151.4 million in foreign exchange.

Exports of 73,920 tons in February, based on an average price of 68.5 cents a pound, earned \$113.5 million.

The high volume last month boosted the total exports in the first quarter of this year to 333,295 tons—about 7,560 tons more than the same period of last year.

Confidence

Rubber industry circles in Malaysia expressed confidence that the total exports for this year would top the 1.5 million ton level.

The improved conditions last month and the stronger demand from some of the traditional buyers were the reasons for the higher volume of exports.

According to the latest figures of the Department of Statistics, exports last month were about 13,500 tons higher than in the same month last year.

New Chipboard Factory

The first chipboard factory of the Ceylon Plywoods Corporation will be opened on May 19.

The factory is a part of a wood work complex which comprises a plywood factory, furniture plant and a saw mill. The rest of the complex will be commissioned by the end of the year.

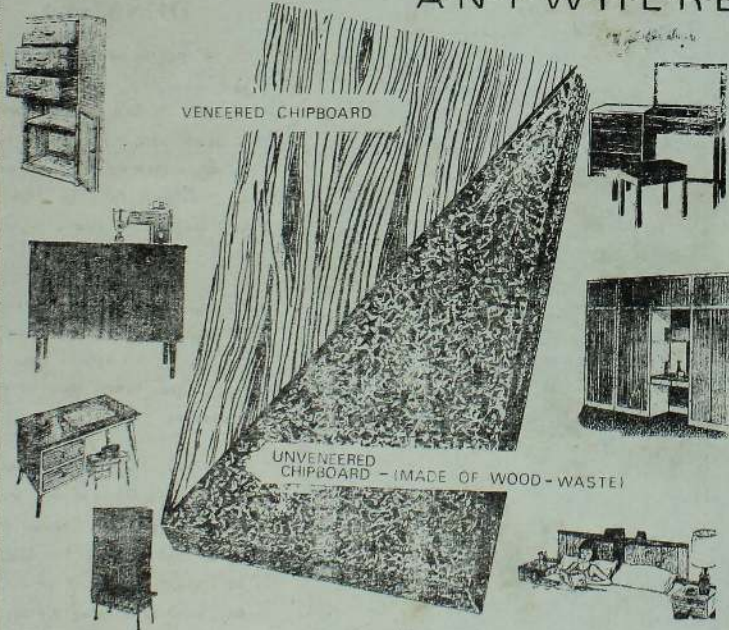
The chipboard plant will produce chipboard using waste from the plywood and saw mills. It has a capacity to manufacture over five million square feet of board.

The plywood factory will have a capacity to produce all the plywood needed to manufacture tea chests.

The Corporation expects to export plywood veneer and other finished products.

versatility...

CHIPBOARD MEETS EVERY NEED IN THE HOME, OFFICE, FACTORY A-N-Y-W-H-E-R-E



Lighter, Brighter Chipboard makes Gayer, Cheaper FURNITURE

Ceylon Plywoods Corporation

420, BAUDDHALOKA MAWATHA, COLOMBO 7
TELEPHONE 95846

BRANCH OFFICE: NO. 18, PALALY ROAD JUNCTION
ARIYKULAM JAFFNA TELEPHONE 508 JAFFNA



Company Meeting Reports

Ceylon Cold Stores: A Record Turnover

The largest turnover in the history of the Ceylon Cold Stores was recorded last year. This is revealed in the Chairman's review of the Activities of the Company for the year ended 31st March 1969. The Report Adds:

"The increase of nearly 24% over last year compensates adequately for the rather poor growth of the Company during the previous financial year. The Company's rate of growth in the past few years is reflected in the statistic that we have more than doubled our turnover in the past 6 years from Rs. 13 million in 1963 to Rs. 28 million in 1969.

Our trading profit has shown a correspondingly satisfactory increase of 14% over last year.

Financial Results

The profit for the year was Rs. 3.6 million, out of which Rs. 2.02 million represents amounts payable on account of Company tax. The development projects in which the Company is engaged involve Capital Investment of approximately Rs. 5 million in the course of the next two or three years. It would obviously be imprudent to embark on development on a scale as large as this without adequate financial reserves..

Your Directors therefore consider it necessary to transfer the sum of Rs. 6,000,000/- from this year's surplus to the Development Reserve which now stands at Rs. 2,100,000/- and to transfer Rs. 300,000/- General Reserve.

The appropriations leave a balance of Rs. 710,897/- out of which your Directors recommend the payment of a final dividend of Rs. 1/20 per share less tax. This will bring the total return to shareholders to Rs. 1/60 per share (less tax) for the year and is higher than the level of dividends paid during the past two years.

I referred last year to the trend of fiscal legislation towards siphoning off increasing shares of Company profits. This trend has been maintained and tax measures introduced during the year have increased our Business Turnover Tax payments by Rs. 700,000/-

It is of interest to record here that by way of customs duties, licence fees, payment for foreign exchange entitlement certificates, and taxes, the Company's direct contribution to Government Revenue was in the region of Rs. 5.7 million or 20% of our total turnover.

There was no significant change in the pattern of trading in most of the Company's Departments.

Operations

The Company's Animal Husbandry project at Victoria made steady progress in the year and produced approximately 120 tons of poultry and pig meat valued at nearly Rs. 600,000/-. With the existing shortage and the increasing demand for fresh meat and meat products, it seems clear that but for our timely action in establishing the livestock farm at Victoria our trade in marketing and in processing of meat would have slumped heavily.

In my last review, I referred to negotiations for the purchase of Mahaberiatenne Estate which has been the source of supply of our high quality milk. We became the owners of this Estate on the 1st day of November, 1969, and the combined project at Victoria and Mahaberiatenne will go under the name of "Victoria Group".

Expansion

The Company has prepared plans for the necessary expansion of many of its activities and for entry into new fields of industrial activity. Besides the purchase of Mahaberiatenne Estate, the Company has arranged for the installation of a new high-speed Soft Drink Plant and

for the installation of a sugar filtration plant.

These two plants are expected to be in operation before the end of the current financial year. A major project for which we have received Government approval is the project for the manufacture of processed cheese. This project is being established with technical collaboration from the Commonwealth Scientific & Industrial Research Organisation of Australia, and our processed cheese should be in the market by this time next year. Three other projects awaiting Government approval

val cover the following fields of industry: manufacture of Essences, manufacture of Crown Corks and the Canning of meats and meat-products.

The first of these projects is designed to supply us with all our requirements of essences for our Soft Drinks manufacture and the second project to meet our entire requirements of crowns for our soft drinks bottles. The canning line will be utilised in the first stage for the canning of our meat-products and subsequently for the canning of processed cheese and of fruits.

PROFIT / LOSS ACCOUNT

For the year ended 31st March, 1969.

	Notes	1968/69	1967/68
		Rs.	Rs.
Profit on Trading	..	3,509,014	3,078,291
After charging expenses	.. 1	4,658,679	3,483,948
Add: Sundry Revenue	.. 2	92,666	78,578
Profit before Taxation	..	3,601,680	3,156,869
Deduct: Provision for Taxation	.. 3	2,020,000	1,629,166
Profit after Taxation	..	1,581,680	1,517,703
Add: Balance brought forward from last year and Profit on sale on Fixed Assets etc.	..	44,217	59,014
Profit available for Appropriation	..	1,625,897	1,576,717
Appropriations	.. 5	915,000	915,000
Dividends Paid and Proposed	.. 6	657,500	617,500
Profit Unappropriated	..	53,397	44,217
		1,625,897	1,576,717

Korea's special product, "Koryo Insam" known far and wide in the world as the "elixir of life" is cultivated in the Kaesong country of Korea and processed as various medicine.

Through a long clinical treatment and research work we have established its influence and efficiency to the human body.

"Koryo Insam" has a great effect on nervous diseases—neurasthenia and insomnia; diseases of the digestive organ stomach asthma, gastric and duodenal ulcer, nutrition trouble, acute gastroenteritis and hepatitis; diseases of the respiratory organ—asthma, bronchitis, pneumonia and chronic bronchitis.

Moreover, it also has a fine effect in remedying and preventing diseases of the circulatory organ—rheumatic, palpitation of the heart, hypertension, hypotension and anemia, irregular pulse; diseases of the reproductive organ—impotence, frigidity and disorder by pregnancy; diseases of ductless glands—diabetes and the

weakening of ovarian function, and metabolic disorders.

In particular, "Koryo Insam" is very effectively used as a tonic for promoting physical strength and mental activities and recovering all kinds of asthenia—debility after illness, debility after child-birth and infirmity of age—and fatigue.

"Koryo Insam" is processed into Baeksam and Hongsam.

Koryo Hongsam has an efficacy remarkably higher than Baeksam in the treatment and prevention of diseases.

Koryo Hongsam has high pharmacological efficacy for the human body, so, it brings and effect faster than the latter in treatment. Moreover, it does not change in quality never eaten by worms and preserves its medicinal value even in a long storage.

Today "Koryo Insam" is extensively used in clinical treatment for promoting the health of the people and preventing and curing diseases, and is also exported overseas in large quantities with a great popularity.

KORYO INSAM

DOSAGE:

(1) Put 30-40 grams of chopped "Koryo Insam" in an eviscerated chicken. Then boil it slowly with 3 litres of water in an earthen or procelain pot for 2-3 hours. Take the chicken and soup in 3-5 times.

(2) Boil 30-40 grams of "Koryo Insam" with one litre of water for 2-3 hours until it comes to 0.3 litre. Take it in 3 times, each dose being 0.1 litre.

(3) Preserve 40-50 grams of "Koryo Insam" in 0.5 litre of spirit with more than 30° of alcohol content for about 10 days. Take it 3 times a day, each dose being 0.1 litre.

(4) Pulverize 40-50 grams of "Koryo Insam" and mix it with 500 grams of honey. Take 4 grams for each dose.



Exporter:

Korea Foodstuffs Export and Import Corporation

Pyongyang, Democratic People's Republic of Korea

New scheme for payment of rebates

Government has sanctioned a new scheme for the payment of rebate of Duties on imported raw materials used in the manufacture of goods exported out of the Island.

Under the proposed scheme, exporters will be entitled to claim rebates at pre-determined scheduled rates. For the present it is proposed to permit rebates at the scheduled rate of 10% of the F.O.B. value of the exported article. Such payment will be made after the export transactions have been finalised. Any changes in the rebate rates will be announced through the Government Gazette.

A further relief will be provided to industrialists in the payment of Customs Duties on imported raw materials under a guarantee scheme introduced by the Industrial Development Board.

The tariff description of some of the goods which are eligible for the concessions under the scheme are indicated below:-

Instant tea and tea in packets; Margarine; Prepared or preserved fish; Sugar confectionery not containing cocoa; Chocolate and other food preparations containing cocoa; Pastry, Biscuits, Cakes and other fine bakers' wares; Jams,

fruit jellies, marmalades, fruit puree and fruit paste, Fruits otherwise prepared or preserved; Fruits juices and vegetable juices; Sauces, mixed condiments and mixed seasonings; Spirits, liquors and other spirituous beverages; Lead waste; Varnishes, lacquers and manufactures of paints; Perfumery, cosmetics; Electric lighting fittings of plastic material; Rubber tyres and tubes; Toy balloons; Silk batik cloth and tie and dye cloth; Cotton batik cloth and tie and dye cloth; Mens' and boys' outer garments; Shirts and banians; Sanitary towels; Footwear with outer soles and uppers of rubber or artificial plastic materials; Footwear with outer soles of leather or composition leather; footwear with outer soles of rubber or artificial plastic material; Fabricated asbestos and articles thereof; Articles of iron and steel; Articles of copper; Articles of aluminium; Lead foil; Electric lighting fittings of base metal; Refrigerators and deep freezers; Rice hullers; Tea Machinery; Rubber machinery; Frames and mountings for spectacles; Spectacles; Musical instruments; Dolls except wooden and rubber Toys and ball point pens.

Ceylon tea at Expo '70

The Ceylon Tea Restaurant at EXPO '70 housed in Ceylon's bright flag-bedecked pavilion of Kandyan design, is very popular among the large crowds that visit the Fair. Accommodation is provided for over eighty people and large numbers queue patiently for a vacant seat to taste a pot of renowned Ceylon tea.

Among the numerous dis-

tinguished guests that visited the Ceylon Pavilion was Prince Hiro who had tea with Ceylon's Ambassador, Mr. H. E. Tennekoon.

Ceylon tea in 1/2 lb. and 1/4 lb. packets are very much in demand, and the average daily sales amount to 1200 packets and over 2000 cups of tea are also sold.

Incentive for lobster exports

Ceylonese exporters of lobsters and prawns can now benefit from the reduction in freight rates, announced last week by the Ministry of Commerce and Trade.

The freight rates have been reduced from Rs. 1,074 per 40 cubic feet to Rs. 752 per 40 cubic feet.

A spokesman for the Commerce Ministry said that the reduction in freight rates could help local exporters to compete favourably with other foreign exporters of these products.

Export Intelligence

EXPORT CREDIT GUARANTEE UNDERWAY

An Export Credit Guarantee Scheme prepared by the Economic, Research Division of the Central Bank, designed to specifically cover pre-shipment risks and post shipment risks which are inherent in the export business is now receiving the attention of the Department of Commerce.

This scheme is expected to be implemented shortly.

The risks covered by Export Credit Guarantee Schemes in countries where such schemes operate conform to the following two basic principles:-

(a) Except in the case of those risks which arise out of events occurring outside the exporters' country are covered;

(b) Only those risks are covered which are outside the control of the Exporter and generally of the buyer;

All risks which contravene these two principles are excluded.

Modification

The Ceylon National Chamber of Commerce has studied the Scheme and commended it for early implementation, while suggesting the following modifications:-

(a) Exports to certain markets are fraught with danger because of the unreliability of buyers. Therefore repudiation, both as pre-shipment and post shipment risks should definitely be included in the Scheme. Just as much as the foreign buyer may repudiate his contract and/or become insolvent, so also may the person who sells locally to the exporters, on the basis of whose contracts the exporter agrees to sell abroad. Provision must therefore be made for the exporter to cover himself against such risks as well.

(b) Since the volume of business at least in the initial stages would be insufficient to maintain a separate organisation, it might perhaps be appropriate for the Insurance Corporation of Ceylon to undertake this work in conjunction with the proposed Ceylon Institute of Foreign Trade.

CEYLON TO PARTICIPATE AT IKOFA FOOD FAIR

The Ceylon National Chamber of Commerce has accepted the invitation of the ministry of Commerce and Trade to organise Ceylon's participation in the "Ikofa Food Fair," to be held in Munich, West Germany from September 19 to September 27, this year.

This is the first time that Ceylon will be participating in this Fair.

Mr. M. A. Navaz Caffoor, Honorary Secretary of the Chamber will function as Ceylon's Fair Director, assisted by Our Commercial Secretary in Bonn.

The Trade Ministry has made arrangements to take within the Fair premises, a stall of 50 square meters, which will be decorated in keeping with local artistic and cultural traditions.

Among food items which will be on display at Ikofa are:-

Tea-packeted and in bags; Desiccated Coconut; Coconut Cream; Spices; Jams; Jellies;

Marmalades (Ceylon flavour); Kital Honey & Juggery; Chocolates; Biscuits; Toffees & Jujubes; Vanilla; Prawns; Lobsters; "Mendis Special"; Bottled Toddy; Beers; Cocoa Beans; Cocoa Power; Cocoa Butter; Liquid Cocoa; Papadam; Curry Power; Mushrooms;

The National Chamber of Commerce is also making arrangements to secure orders on behalf of local exporters wishing to exhibit their products.

Ready-made goods:
Mighty Nigeria Trading Co.,
G.P.O. Box 819,
Lagos, Nigeria.

W. R. Randhall,
231, Beamish Street.,
Compsie, N.S.W.
2194, Australia.

Momodie Ameding Sons,
103, Railway Line,
Odi-Olowa, Mushin,
Lagos, Nigeria.

Fruit Juices:
Darwood Trading & Contracting Corporation,
P.O. Box 3760,
Kuwait, Arabian Gulf.

G. Ruchti & Co.
A. G. Weinbergstrasse,
160, 8042, Zurich,
Switzerland.

Hirachfelder & Co.,
127, Tenth Street,
San Francisco, 94103,
U.S.A.

Economical Mercantile Agency
17, Ben Shatwan St.,
Komeith Street.,
El Amer Building,
Libya.

Rubber Shoes:
Patsugas Iowa,
30, Saint Christol-les,
Ales, France.

OCAM,
Aussenhandels — besellschaft,
H.D. Hulsman & Co., K.G.,
4, Dusseldorf — Oberkassci, I, Lohengrinst 5.

M/s. Schuh—Import,
Mondial Gotz,
K.G. 6780, Pirmasens—
Bahnhof gelände,
Postfach 92.

Chilie Sauce:
Ernest W. Dubois, RFD 1,
Norwiek, Connecticut 06360,
U.S.A.

Export opportunities

These firms wish to import the following products from local exporters:-

Curry Powder:

Tomassco Antonacci,
via Int. O. Flacco;
50, Bari, Italy.

Coir Rugs:

Brian H. Skyrene,
Neill Cropper Buildings,
Anzac Avenue,
Auckland.

Idris Sulaiman,
M/s Sulaimain,
P.O. Box 20416
Abidgan (Ivory Coast).
West Africa.

Ken Walker,
Vegetable Oil Products,
P.O. Box 13—138,
Auckland.

Handicrafts.
Wholesale & Indent Ltd;
Importers & Agents,
P.O. Box. 675,
Hamilton,
New Zealand.

P. A. Everest
P. A. Everest,
Handicraft Centre,
293, Great South Road,
Papakura, Auckland.

M/s Exoitikon,
via Brigata,
6/9, 07100—Sassari,
Italy.

For reliable and up to date information on Agriculture, Finance, Industry and Travel, read:

THE ECONOMIC TIMES

Research and Education

The world is fast transforming itself to a single industrial community where each country or society is interacting on others. Those who are in the forefront in industrial development have the power and command of resources to determine not only their own immediate future, but also that of the less fortunate or rather the more primitive communities around them.

Industrial man has unleashed the power of inanimate energy which he has access to, to radically alter the lazily slow moving tempo of the complacent agricultural communities such as ours.

The Third World

The forces of social change are so powerful and the visible advantages to the new industrial era are so enticing that the cherished philosophies, customs and traditions that we have nurtured for centuries are being thrown overboard in spite of our own innate tendency to the contrary. Even though we ourselves have not overcome the primitive state of agricultural labour, this is a trend that we notice today, the effects of which are forcefully brought home to us by the use of that merciful categorisation of our countries as the "developing countries" or at times not so charitable reference to us as the hungry third world.

Over two fifths of the world's population amounting to about 1200 million people, predominantly occupying Latin America, Africa and South and South East Asia are in this category. In spite of their technological backwardness most of these societies could boast of recorded historical developments dating back to over a few thousand years. At one time they were far advanced culturally and economically compared to the so called developed nations of today. But now, they are mainly characterised by their relative poverty and poor standard of living inherited from the past millennia.

In a way the historical residue of a stagnant society which had lasted a few thousand years with hardly any change in the mode of living weighs heavily on these nations. However the impact of the industrial revolution which started in Western Europe is felt slowly. But yet the contrast in the modes of living between the older and poorer societies and the younger but richer countries is clearly marked.

In the developed countries, man is no longer the helpless animal at the mercy of the forces of nature, struggling for survival, but the master

of his destiny, the creator of his society where the chores of daily labour are transferred to the machines of his invention.

The industrial man is heading fast on his way towards a creative society, where his ability and leisure could be utilised to follow pursuits of his interest to enrich the society. As a result the standards of living have been rising continuously. Productivity has become the key word in gauging this progress. Table (1) shows the Gross National Productivity of some of the developed countries compared to ours.

TABLE (1)
Gross National Production Per Capita for 1966 in U.S. Dollars.

Country	U.S. Dollars
U.S.	3840
Sweden	2730
Canada	2670
Switzerland	2480
Denmark	2320
France	2060
W. Germany	2010
U.K.	1910
Belgium	1910
Japan	800
Ceylon	100

Basically it is observed that the richer countries are those that are industrialised including agricultural processes themselves and the poorer are traditional agricultural societies. The average per capita income is less than £200 per year for developing agricultural countries, whereas for developed industrialised countries it is over £1,000. This disparity in national productivity is clearly indicated in the standards of living in these countries.

With such a marked difference in the living conditions, it may be the fervent hope of the poorer nations that this be reduced even for humanitarian reasons. But it has been revealed that this disparity between the two sectors of mankind is increasing year by year.

Table (2) shows the rate at which the GNP has been varying over the last two decades for some of the countries. It may be necessary to emphasise that the rise in the GNP of some of the richer countries per year now is greater than even the total GNP of the poorer countries.

TABLE (2)
Annual Rate of Increase in Gross National Production in Certain Countries.

Country	From year		
	1950 to 1955	1955 to 1960	1960 to 1965
Japan	12.1	9.7	9.6
Canada	4.7	3.3	5.5
Italy	6.0	5.5	5.1
France	4.3	4.6	5.1
W. Germany	9.3	6.3	4.8
U.S.	4.3	2.2	4.5
U.K.	2.7	2.8	3.3
Total	5.2	3.5	4.8
(20)	(12)	(15)	
Ceylon (2.8)	(2.5)	(3.5)	

Japan	12.1	9.7	9.6
Canada	4.7	3.3	5.5
Italy	6.0	5.5	5.1
France	4.3	4.6	5.1
W. Germany	9.3	6.3	4.8
U.S.	4.3	2.2	4.5
U.K.	2.7	2.8	3.3
Total	5.2	3.5	4.8
(20)	(12)	(15)	
Ceylon (2.8)	(2.5)	(3.5)	

Need for rapid development

The primary task that the developing countries' face today is the rapid development of their economy. In Ceylon for example average GNP per capita amount to about £100 and the rate of increase of the GNP is about 2-1/2% for the last decade or so.

Compared to a growth in GNP of about 5% for developed countries, it is apparent that the disparity will continue to grow unless the organisations within this country are improved to such a degree

as to surpass in efficiency compared to advanced countries. Hence, efficiency of organisation and investment in all sectors of the economy must be the primary consideration.

The fact that a rapid development of the economy by the exploitation of modern technology can be achieved is convincingly proven by developments that had taken place in some countries whose state of development was not very different from us only a few generations back. For example Japan has achieved an average rate of growth of over 10% for the last two decades to achieve a unique distinction of being the only Asian country to do so under a free economic system.

On the other hand, Soviet Union and China have achieved rates of growth of

over 15% over longer periods of time. In these countries however it may be pointed out that social, cultural and political revolutions that had taken place in them have enabled the entire reorganisation of the internal economic system before much progress could be achieved.

Central theme

In each of these cases the central theme of the economic development had been the emphasis on the application of Science and Technology to drive in efficiency in social production and the organisation of the socio-political forces in the country to enable capital accumulation within the country by sacrifice of personal consumption.

Table (3) shows the annual growth of gross investment

and personal consumption compared to the growth in GNP. This illustrates the rapid strides that have been made in the first three countries in terms of capital accumulation and reinvestment.

TABLE (3)

Annual Economic Rates Growth (Average for 1956-62).

	GNP	Gross Investment	Personal Consumption
China	(15)	(25)	(6)
Japan	10.5	21.3	7.0
U.S.S.R.	8	10	4
W. Germany	6.8	8.5	7.2
Italy	6.5	9.5	5
France	4.8	6.8	7.0
USA	2.9	1.5	3.1
England	2.3	5.0	2.7
Ceylon	(2.5)	(1.7)	(5.2)

MALTA—THE INTERNATIONAL FINANCIAL CENTRE

Malta's emergence as an international monetary centre in the making is so much at variance with traditional ideas of the sun-drenched island of the holiday brochures that it is worthwhile examining how it has come about.

The financial scene in Malta presents a number of unusual features. These are:

(1) the large volume of domestic bank deposits and stocks of hoarded currency in private hands (partly a reflection of one of the world's highest rates of saving);

(2) an interest rate structure markedly lower than that prevailing in any of the major financial centres abroad; and

(3) privately owned overseas investments variously estimated at between £60 million and £150 million.

Off-shore pending

Taken in combination with Malta's membership of one of the major monetary areas, the first two factors have enabled off-shore lending operations to be conducted from the island, supplying short-term funds in Malta Pounds to first class borrowers overseas barred by credit restraint

or cost considerations from access to the money at home. These operations were entered into following the decision of the commercial banks during the last half of 1968 to repatriate the major part of their sterling balances for employment in local currency.

The off-shore lending of domestic funds is of limited potential. Much greater scope exists for developing a truly international market in capital along with its attendant services. Malta's political, stability in a region of apparently spreading uncertainty provides a first foundation on which it can be built. Given suitable legislation—particularly in the field of taxation—she could hope to attract holding companies from many parts of the world; shipping companies might be induced to register their craft with her; and a local stock exchange could be established able to carry out external transaction and possibly draw back some part of the private funds at present invested abroad.

Foreign investments

Lured by the prospect of unearthing idle money (literally so to some extent) and perhaps hope-fully anticipat-

ing the legislative changes suggested above, a number of foreign financial organisations have recently established offices in Malta: five have been set up during the past year and more believed to be on the way. Although at present there are still insufficient local outlets for Malta pound deposits of commercial banks, lending opportunities are growing.

Construction of new hotels and restaurants for the expanding tourist trade, and of houses for her new residents (mostly from Britain) call for increased financing. So, too, do the new industrial establishments set up under Malta's attractive incentive laws.

Barclays Bank DCO, as one of the two old-established commercial banks in Malta with island-wide branch systems, in conjunction with Hambros Bank early in the year formed the investment Bank of Malta Limited. This Bank offers a full range of financial services, including portfolio management, medium and a long term loans, capital raising and company mergers. Financial advice is available to its clients in Malta, but its primary aim is seen to be the channelling of investment into the island from outside.

It is in spurring the developing of local industry and tourism that the international financing role can perhaps most benefit Malta. Natu-

Britain's In

After breaking all its own export records during 1969, British industry in the 1970s has entered into confident mood. A look at what lies behind the 45% growth, in value terms, in the rate of merchandise exports since the last quarter of 1967 confirms impression of formidable competitive power during the new decade.

One of the most significant changes has been a substantial shift of resources into exporting. Vast new effort has gone into building up additional overseas sales and service networks and often into establishing local assembly operations. At the same time, many British companies have made a first start on exporting in the two years since devaluation.

Some dramatic changes have taken place in the structure of British industry. As a result of record levels of merger and takeover activity (some of it promoted by the Government-sponsored Industrial Reorganisation Corporation), several big new groupings have emerged fully capable of matching American and other giant international corporations in financial resources, research and development and

Investment on Research and Manpower Development

consumption com
growth in GNP.
the rapid strides
made in the
countries in terms
accumulation, and

In contrast it may be noted that in Ceylon the rise in personal consumption is higher than the rise in GNP, as a result of which the capital reinvestment turns out to be insignificant. Prof. P.M.S. Blacket

with the problem of slow development and all its accompanying ill effects such as social instability, apparent poverty, insecurity of social institutions. They are unable to break through the vicious

more developed and richer countries.

This process is stimulated by the pattern of commodity aid and assistance to in part industrial consumer goods by

Figure (1) indicates the gap in technological know. The situation of processes in Figure (2) is affected by investment in Research and Development in the industrialised countries.

advanced countries is not necessarily so in a less developed countries as the socio-logical and technological conditions could be entirely different. Each of the factors that contribute to the investment potential and efficiency of investment must be gone into closely in evaluating them in relation to the country itself. The most important co-ordinating link that makes this possible is usually referred to as Research and Development. This may be applied to an individual organisation which undertakes a special investigation with a narrow object in view or to a co-ordinated national effort with broad perspective.

It has been found that in order to widen the investment potential or to improve the efficiency of production, a definite proportion of the reinvestment has to be diverted to R & D. This also implies the diversion of both human and natural resources to this field. The significance of investment in R&D as a measure of efficiency of investment in other fields have been identified in the western countries since over the last decade or so whereas in the socialist countries it has been practised for the last thirty or forty years as a part of the state policy.

LE (3)
ic Rates Growth
1956-62).

Gross Personal Investment	Personal Consumption
(25)	(6)
21.3	7.0
10	4
8.5	7.2
9.5	5.2
6.8	7.0
1.5	3.1
5.0	2.7
(1.7)	(5.2)

In Developing Countries (Part I)

By
A. M. N. AMARAKONE, B.Sc., D.I.C., M.Sc. (Eng.), Ph.D., M.I.E. (Cey.), Asst. Chief Engineer (Research & Development) State Engineering Corporation of Ceylon.

notes that if ever the poorer countries are to achieve a reasonable state of development in the foreseeable future, it is necessary that the capital accumulation rate must rise to at least 15% of the GNP. Only Japan and China seem to reach these targets at the present time from among the Asian nations.

Vicious Cycle

Most of the other nations in the Third World are plagued

circle of slow growth in productivity, lower proportion of reinvestment in capital accumulation and proportionately higher rate of personal consumption of imported items resulting in a continuous shift of the national wealth from the poorer countries to the

the industrialised countries. In a great many cases the national policies for development are subverted to perpetuate the above vicious cycle which operates in the interest of the more developed countries.

Figure (1) shows in brief the problems facing the developing countries setting up a vicious cycle which is difficult to break through from except by remedying the intrinsic forces sustaining each of the bottlenecks. Figure (2) shows the complementary situation prevailing in the industrialised countries which literally relies to a large extent on the weakness existing in the developing countries to increase their rate of growth. The symbol (3) attached to

Efficiency of Investment

Efficiency of investment simply means the ratio of the effects of implementing an investment to the outlays required to create and operate this investment.

Capital accumulation and reinvestment in developing countries is closely related to the investment potential and the efficiency of investment. The term investment potential at any moment of national development is the ability of the country to absorb extra capital productively. This is partly tied up with the availability of resources both material and man's power and partly with the ability to utilise the items produced.

In Industrial society both investment potential as well as efficiency of investment are closely related to the technological know-how available in the country at the moment. Hence what is considered as efficient in some of the

(Part II next week)

AL

rally, she stands to gain both in terms of budgetary income and vital foreign exchange earnings from the service charges, stamp duties, and the telephone, relex and other employment opportunities generated in this way. But a greater objective must be themobilisation of funds to satisfy

the record demand for capital expected. . . . during the term of the Third Five-Year Plan, seen to commence. On the success of that Plan will largely depend how quickly Malta can complete her transformation to a predominantly civilian-based, self-sustaining economy.

(Barclays Review)

Britain's Industry is Optimistic about the 1970s

all its own
during 1969,
the 1970s
confident mood.
behind the
value terms.
merchandise
last quarter
impression
competitive po-
w decade.

economies of scale in production and marketing. Notable examples include the General Electric-English Electric and British Leyland groups.

Streamlined Industries.

Several major British industries such as steel, shipbuilding and ball-bearings have been rationalised and streamlined and the big restructuring movement is continuing. One of the major business talking points in Britain at the moment is a proposal by Imperial Chemical Industries (ICI) to take over and merge two big textile groups and this has led to talks on the possibility of a £2,000,000,000 merger between ICI itself and Courtaulds. The Government has set up a committee under Mr. Harold Lever, the Paymaster-General, to study these far-reaching possibilities.

Industry in Britain has fully maintained its outstanding record for technological innovation during the 1960s and there seems little doubt that many of the most significant industrial developments of the new decade will be based on British technology.

One obvious example is ear-

bon fibres. This revolutionary material, much stronger and lighter than steel and with much better performance at temperature extremes, is already in substantial use in Rolls Royce "advanced technology" aero engines. It seems certain to figure largely in composite materials developments around the world as the 1970s unfold.

by
FRANK BROADWAY
Consultant to the Industrial, Educational and Research Foundation of Britain

Aerospace Prospects

Some of the most promising prospects in the aerospace field owe a great deal to British technology. The Anglo-French Concorde will be the first supersonic airliner, by many years, in service in the free world. Beyond this, the next really revolutionary development in air transport is likely to be the vertical take-off airliner with its obvious advantages in cutting journey times to city centres.

The most advanced vertical take-off aircraft in production

in the world at present is the Hawker Siddeley Harrier "jump-jet". It annihilated the opposition in the London-New York air race last year and has recently been ordered for the U.S. services.

Include the outstanding technological reputation of companies like Rolls Royce, in aero engines, and Decca and Plessey and Mullard in radar and navigation equipment, and it will be seen that Britain is excellently placed to compete in aerospace during the 1970s.

Computers and data processing are fields in which explosive growth is forecast during the new decade. In International Computers Ltd, Britain possess the only major computer manufacturing organisation in the free world independent of American control, in addition to being a major manufacturing and research base for most of the American giants.

Some of the world's most advanced computer applications already exist or are under construction in Britain. Notable examples include BOAC's £43,000,000 computer Com-

plex (BOADICEA) now being installed at Heathrow Airport, London, and the automation systems of the "big four" banking groups.

Rolls Royce in Europe's biggest industrial user of computers of computers and a world leader in the field of computer aided design. British companies like ICI, British Petroleum (BP) and Mullard are among world leaders in computer control of industrial processes.

"Deep Freeze" Electric Motors

It is not only in "space age" technology, however, that British industry excels. To take some bread and butter examples, the Ernest Scragg Organisation is the world's largest exporter of machinery for producing and processing the new texturised synthetic fibres. The International Research Development Corporation has just pioneered the world's first "deep freeze"

electric motor, harnessing the principle of superconductivity to developing motors of only a tenth of the size previously required for a given power output.

British Rail's Advanced Passenger Train is the potential world leader in surface transport technology, while another British invention, the hovercraft, looks set for rapid technical and commercial development.

In most of the predictable growth fields of the 1970s, such as micro-electronics and numerically controlled machine tools, Britain is at least as well placed as any other European nation to exploit the opportunities that are offered.

While there is obviously no room for complacency, there are reasonable grounds for hoping that British industry has the right structure, the right products and the right technology. It should prove an effective competitor on the world scene.

INDIA'S NEW IMPORT POLICY

NEW DELHI.

The ministry of Foreign Trade announced last week a new import policy for the year 1970-71, the main features of which are:

- (1) The role of the public sector agencies in imports has been further expanded. S.T.C. and MMTC will organise bulk imports of raw materials for sale to manufacturers.
- (2) S.T.C. and MMTC will also play a greater role in the export effort.
- (3) More facilities have been provided for build up of export production and export capability.
- (4) Merchandising export houses and registered exporters will have special facilities for stepping up exports.
- (5) The need-based policy will be followed for meeting the maintenance requirements of priority industries.
- (6) Small scale industrial units will receive greater encouragement.
- (7) Imports will be reduced in respect of items for which indigenous production has been developed.

Canalisation of Imports

Import of 38 additional items will be canalised through public sector agencies.

Imports by STC/MMTC of raw materials licensable to actual users and registered exporters.

STC and MMTC will be organising bulk imports of certain raw materials for sale to actual users and registered exporters. The SCT, in particular, is setting up an Industrial Raw Materials Assistance Centre (IMRAC) in order to do this.

Japanese hopes in the economic sphere

Prime Minister Eisaku Sato said that Japan would try to fulfil its responsibilities internationally as the second biggest economic power in the free world.

He made this statement at a press conference held at his official residence. It was his first press conference since the formation of his third cabinet last month.

Japan must act as a peaceful nation and endeavour to promote good neighbourly relations and friendship in the world, he said.

Modern State

Mr. Sato said that the Government would try to build a modern and democratic state.

On the Government's budget plans for the fiscal year, the Prime Minister said that the Government would pay utmost attention in sustaining the present economic growth in implementing the budget.

Sale prices in respect of goods imported by STC and MMTC will be determined by these agencies subject to the general control of the Ministry of Foreign Trade.

A special allocation of foreign exchange has been provided for this purpose.

In the case of exporting units with sustained and continuous export performance, the licensing of increased capacity over and above their existing licensed capacity to the extent of such export, will be favourably considered.

Exports made in discharge of the export obligations imposed on capital goods licences will also qualify for the grant of import replenishment licences in accordance with the import policy for registered exporters.

Foreign collaboration in the case of primarily export-oriented units will be accorded special consideration. The existing agreements providing for restraints on export franchise will also be suitably revised when due for renewal.

Manufacturer-Exporters

The following additional facilities have been provided to manufacturer-exporters:

- (a) A system of "on account" import licences is being introduced for the benefit of established registered manufacturer-exporters having a minimum export performance of the value of more than Rs. 10 lakhs (F.O.B.) during 1969-70 in respect of non-traditional goods.

(b) Registered exporters having a lower export performance, who are not eligible to "on account" licences under (a) above, will be granted "in-press" licences if they are regularly in the export field. The value of such licences will also be adjusted in instalments against the normal import replenishment licences due to the applicants.

Need-based policy for priority industries: The import requirements of 59 priority industries in respect of raw materials and components will continue to be met on the basis of their actual needs for maintenance/expansion of production.

Small scale industries

(i) A more liberal policy will be followed for new units in the small-scale sector. The upper limit of initial import licences for raw materials and components for such units has been raised from Rs. 50,000 to Rs. 75,000. Existing units will continue to have the facility to claim import licences as new units if they find it more advantageous.

(ii) In order to encourage growth in the small-scale sector, the proportion of free foreign exchange will be increased from 33.1/3 per cent to 50 per cent while issuing import licences for raw materials and components to non-exporting units. The remaining portion of their import requirements will be allowed against U.S. A.I.D. or rupee payment licence, which will not be convertible into free foreign exchange licences.

More items banned

In view of the growing volume and quality of indigenous production, 159 items have been taken off the permissible list.

These include certain types of ball bearings, taper roller bearings, small tools, machine tools, electrical instruments, apparatus and appliances, textiles machinery accessories, drugs and medicines and chemicals, several items of garage tools and cinema machinery, some parts of electro-medical apparatus, pressure gauges and slide rules.

Imports

List of items the import of which is allowed under open General Licence during April 1970—March 1971, up to 30th September, 1970:

Cashewnuts, wattle extract, wattle bark bark for tanning, excluding wattle bark pickled hides, skins, pelos, splits and parts thereof hides and skins, raws or salted, where the value of hides and skins is more than that of wool/hair thereon, and querbracho extract and chestnut extract. PTI.

W. Germany after the SPD took over

(By HANS WALTER SCHULTEN
Asst. Lecturer, University of Hannover)

The initial 100 days of the first postwar social-democratic Government in West Germany are over. In contrast to the USA where these days mean a 'closed season,' Chancellor Brandt could not count on the reserve of his critics. Too great was the change after the twenty-year rule of the CDU. This party was for so long a picture of traditional conservatism that the silence about this, or any, change could only be maintained for one day.

Even President Nixon was wrong, believing in the inflexibility of computer-technique and the inflexibility of German policy, when he, after the first election-results, congratulated former Chancellor Kiesinger on his reelection. The behaviour of a great number of German voters outwitted the calculating machines, because for the first time the phenomenon of vote-splitting was evident.

This means: for the SPD to the governing party, a coalition with the FDP was a necessity. But the FDP—liberal party—in contrast to the SPD and CDU, is a small party with hope for at most 10% of all votes. Because of the German electoral system, half of the deputies are elected directly in smaller districts, the apportion of the other half depends on the percentage of the votes that one party obtains in one state. Therefore the German voters calculated that the FDP had nearly no chance to pull through a direct-candidate because of its small size.

Vote Splitting

The voter in Germany has two votes: the first for a direct candidate, the second for a party. Vote-splitting, then, means that many FDP-voters in their district gave their vote to the direct-candidate of the SPD and a lot of SPD-voters gave their second vote to the FDP. With that a number of SPD-candidates could defeat their CDU-competitors with a bare majority—which brought about an increase of SPD-candidates—, on the other hand the FDP stayed above the five-percentage minimum, which is necessary to be present in the Parliament. (For this reason, for example, the NPD is not in the Parliament now. This new nationalistic party got only 500,000 votes less than the FDP, but got with that only 4.3% or 0.7 too few.)

This vote-splitting is a very important phenomenon. On the one hand the falseness of many election-predictions is conditioned by it, on the other hand it testifies to a greater political consciousness on the part of the German constituency; that they are able

to think politically and to practice democracy.

Other empirical research shows that voters with a higher education have been voting more for the present governmental parties than for the CDU. In addition to that, the greater part of the younger voters tended to the SPD and FDP. This induced the new Government, as one of their first steps, to propose a plan lowering the election-age from 21 to 18 years. Out of these three new 'age-classes' the two parties hope to get an even bigger influx of votes than before. That, by the way, is the same tactical measure that Wilson took, in the United Kingdom.

The typical SPD/FDP voter can be approximately characterized like this: men and women in the younger age-classes, primarily men among the older voters, he lives in bigger cities rather than in the country-side, he has a relatively high information level, he completed his vocational training, he is not very strongly connected with the church, is doing well, but does not belong to the higher income-strata.

(Contd. on page 11)

More power plants in U.S.A.

For at least the next three years, more new electric power plants will be built in the United States to burn coal than to use any other fuel, the National Coal Association (NCA) in the United States reported recently.

New generating units scheduled to be in service by the end of 1972 will continue coal's dominance as the power behind electric power, NCA President Stephen F. Dunn said in releasing NCA's annual study of the electric utility fuel market.

Capacity

"Coal-fired generating unit will account for 44.2 per cent of the U.S. utility industry's new capacity in 1970—37.4 per cent in 1971 and 39.4 per cent in 1972—and in each of these years coal's share of new plant capacity will exceed that of atomic power, Mr. Dunn said. Other energy sources to be used by U.S. utilities will be divided among oil, water power, and natural gas.

Not until 1973 does the NCA study, based on electric utility reports filed with the U.S. Federal Power Commission, indicate that more new generating capacity will be powered by atomic energy than by coal—40.5 per cent for nuclear power and 32.7 per cent for coal.

The world's richest nations

New York.

The World Bank has just published a nation by nation Survey with some significant findings. It has figured out which countries have the largest gross national products, calculated on a per-resident basis.

The figures for every country, with the exception of the Peoples Republic of China, which declined to co-operate, are available.

The comparison is based on the figures for 1966.

At the top of the list is the United States with some 3,500 dollars per person per year. Sweden follows at a considerable distance: 2,225 dollars. The Soviet Union is placed 20th on the "prosperity list" and Japan comes 21st. but is rising fast.

In descending order the most prosperous nations are:-

1. U.S.A.
2. Sweden
3. Switzerland

4. Canada.
5. New Zealand
6. Australia
7. Denmark
8. France
9. Norway
10. Federal Republic of Germany.
11. Belgium
12. Britain.

INDUSTRY'S MARRIAGE WITH THE HANDWORKER

Bonn

In the Federal Republic of Germany, the handwork trades are so urgently needed by modern industry that they are suddenly faced by a challenge almost undreamed-of a few decades ago.

Recently the chairman of West German industry's panel of experts on rationalization, Ernest Wolf Mommsen, outlined the new situation at a conference of spokesmen for (1) industry and (2) the handwork trades.

It was highlighted that:

* Industry can cope with increasingly complex production processes only by breaking them down, sorting them out, into individual, definable—and often highly skilled—operations.

* Then: should industry create its own within-the-plant sections to perform these individual operations; or can it "farm out" the work to skilled craftsmen?

* For several reasons, many firms would prefer to do the latter. *This proposed marriage between big industry and the handcraftsman can be rewarding both for the partners and for quality-conscious consumers the world over.*

IMPORT OF FERTILIZER EQUIPMENT

New Delhi.

India will import equipment from West Germany, Czechoslovakia and Italy for the three coalbased fertiliser plants proposed to be set up at Ramagundam, Talchar and Korba.



offer to manufacture equipment in India itself.

DRIVE TO STEP UP SKILLS

Kuala Lumpur

Malaysia is making an accelerated effort to train the artisans and technicians that she needs to meet the industrial challenges of the 70's.

Already the Government has established agencies to run some 20 institutions offering training in both the basic and advanced skills that are required to meet the manpower needs of industrialisation and the public services.

Government policy aims at establishing co-ordination between its training programme and the skills that are needed for rapid industrial growth.

A National Advisory Council for Manpower and Industrial Training may take over the functions of the Central Apprenticeship Board and its Advisory Trade Committees.

The Ministry of Labour runs an Industrial Training Institute near Kuala Lumpur. Its expected output of 1,056 trainees this year is expected to rise to a projected peak of 2,352 in 1972.

YUGOSLAVIA AND THE EEC

Belgrade

The Negotiations between Yugoslavia and the EEC, which officially began on October 15, 1968, were brought to a close with the signing of a trade agreement in Brussels on March 19, 1970. The agreement came into force on May 1, this year.

This is the first joint agreement which the EEC has concluded with a third country since the joint trade policy came into force (January 1, 1970).

An essential characteristic of this Agreement is the fact that it is based on principles of non-discrimination against third countries and of a non-preferential treatment of the parties including it.

The signing of the trade agreement has paved the way for the further growth of economic relations between Yugoslavia and this West-European integrated group. Yugoslavia has already regulated its economic relations with the Council for Mutual Economic Assistance (COMECON), and found a form of association with the European Free Trade Association (EFTA).

FROM THE CHAMBERS

Case for Ceylonisation

In enumerating the activities of the Ceylon National Chamber of Commerce, the outgoing President, Senator D. L. F. Pedris, stressed the case for complete and speedy Ceylonisation of trade and employment.

Excerpts of his speech are given below:-

"A major objective to which this Chamber is irrevocably pledged is Ceylonisation of Trade and Employment. We do believe that it is the inalienable right of the Nationals of this country to have a major share of Ceylon's Trade, Agriculture, Commerce and Industry; likewise, we also feel that it is incumbent that employment opportunities in this country should first benefit the country's people. We however, concede that if certain types of technical skills and expertise are not available from among Ceylonese, we should in the national interest obtain such services from abroad—but it is our view that such skills should be obtained only for fixed predetermined periods during which nationals of the country should be trained to take over from these experts on the expiry of their contract periods.

We are aware that in the immediate post-Independence period, as a result of the insistent efforts of this Chamber and also in response to public demand, a fair measure of Ceylonisation of Trade and Employment was achieved. We recall that at that time Import Trade was being progressively ceylonised both country-wise and commodity-wise,

and measures were even taken to provide a suitable climate for the Ceylonisation of share holdings in limited liability companies, partnerships and firms operating in Ceylon. There was also a tacit understanding that the country's export trade too would progressively be Ceylonised, after Ceylonisation had been achieved in the sphere of our Import Trade.

It is however a matter for regret that in recent times, as a direct result of our country's foreign exchange difficulties, Ceylonisation of Trade has received a noticeable set back. With the imposition of import quotas and other import restrictions, Ceylonisation on country-wise and commodity-wise bases appears to have been abandoned with the result that it now appears as if our Nationals have almost imperceptibly been relegated to "C" grade positions in our country's trade structure.

Besides new industrial developments in Ceylon imposed further set backs to Ceylonisation. Large-scale industrialisation necessitated large scale capital investment and since such money coupled with technical know-how were not readily available within the country, they had perforce to come from abroad. But we are aware of numerous instances where such foreign capital participation has been obtained on degrading and disadvantageous terms to this country.

If such foreign capital investment is necessary, it is our view that it must come on terms which would eventually

leave our Ceylonese businessmen masters in their own house after a specified period of time. We are opposed to conditions whereby foreign capital would rule the roost in our country for even a day, ensure continuous profit repatriations over the years. Political Independence was obtained for us in 1948, but our economic Independence is still a long way off.

It is thus incumbent on us as true Ceylonese to call halt to the slow deterioration of conditions relating to Ceylonisation. You will therefore pardon me if I reiterate a point our Chamber made in a Memorandum to the Prime Minister in May 1968 in this regard. We asked that the Government should once again foster Ceylonisation and also create those conditions whereby it would be possible for the Registrar of Companies to ensure that, in regard to Ceylonised Companies, when shares are bought, sold or otherwise transferred, at least the prescribed proportion between foreign and Ceylonese Capital is at all times maintained.

We sought this because we want our Ceylonised Companies to be Ceylonese in fact—not merely in name. Similarly we asked that it should be the business of the Labour Department with the co-operation of the Department of Immigration and Emigration to ensure the prevalence, as far as possible, of full Ceylonisation in the sphere of Employment. I commend these matters once again for consideration by Government.

Reference has already been made in our Annual Report to the Federation of Chambers of Commerce and Industry of Ceylon. To set the record

straight, it only remains for me to enumerate for your benefit the progress which has been made in this regard in recent months.

As a device for ironing out differences of opinion among Trade Organisations, and securing some measure of unanimity on economic and trade matters fundamental to the country and the Private Sector, I cannot think of anything better than the Federation as has been set up, and I take this opportunity to congratulate the Hon'ble Hugh Fernando Minister of Commerce and Trade for recognising its latent potentialities and securing its formation with commendable promptitude.

★ ★

NEW PRESIDENT

Mr. H. R. Fernando was elected President of the Ceylon National Chamber of Commerce at the annual General Meeting held on May 10th, 1970.

He is a Founder Member of the Chamber and has associated closely with the day-to-day work of the Chamber and pioneered in the cause of implementation of the policy of Ceylonisation of Trade. After functioning as Chairman of its Executive Committee for some length of time, he has been Deputy President for the last six years.

He is at present the Managing Director of H. R. Fernando & Co. Ltd., which was founded by him in 1946; a Director of Stainless Steel Industries, who are manufacturers of household and hospital requisites out of stainless steel; the Managing Director of H. R. Fernando & Co. (Tea Chests) Ltd., and a Share Holder of Many Public Companies.

The Dual Nature of Industrial Development in Ceylon

In Ceylon, the economic structure presents a dual aspect: one which emerges from inherited factors in the economy, and another which arises as a result of the process of industrialization. The first type is dependent upon historical conditions in Ceylon and may not, therefore be an universal feature among all developing countries in Asia. It is reflected in a significant contrast of attitudes and ways of living between the few highly western oriented "Brown sahibs" employed in governmental, semi-governmental agencies and a few modern export-import agency houses or banks, and the great masses of people whose patterns of life correspond to, and are moulded by pre-industrial societies.

This situation was prevalent in Ceylon during the post-war period and until the launch of this decade of industrialization. The principal economic feature of this type of dualism is the existence of an abundant labour force with a completely different mode of living from that of the "Westernized" elite.

The chief characteristic of the second type of dualism is the existence of income differentials, more specifically wage differentials, between firms, industries, regions and so on. These wage differentials are the pronounced feature of the process of industrialization in Ceylon.

Elastic supply of labour

The existence of an abundant labour force is defined as the elastic supply of labour under the existing wage rate. During this decade of industrialization in Ceylon, one of the most active industries which absorbed agricultural labour was the textile industry. The 79,300 handlooms registered with the Department of Rural Development and Small Industries, the hosiery industry, the garment manufacturing industry, the textile printing industry, the large scale mechanized spinning, weaving and finishing cotton and man-made fibre textile mills do provide the largest employment—in in-

dustry. Taking the wages fixed by the Wages Boards and what they actually earn, it could be generally said that the earnings of female workers in the textile industry and those in agriculture is not much different. This shows that if new labour in industry was needed there may almost be no obstacle to obtaining it.

This kind of situation existed in Japan in the period 1900-1935. Japanese industrial history show that in 1935, the ratio of the wage rate in the Japanese textile industry to that in agriculture, for female workers was 1.2. Between 1885 & 1910, the number of gainfully employed persons in manufacturing industry rose by 140%, while the number of those in agriculture remained almost constant.

In Ceylon, in 1946 according to the Census Reports of the total population of 6,657,339, there were 2,611,524 gainfully employed of which only 570,000 were females. Of the gainfully employed, 1,343,435 were employed in agricultural and allied occupations and only 259,799 were employed in manufacturing industries. In 1953, on the other hand, of a total population of 8,097,895 (Census) 303,038 were employed in ma-

nufacturing from a gainfully employed population of 2,993,349.

In 1968, according to the Central Bank Annual Report, the total industrial employment in all sectors was above the 1953 figure. Public sector industries alone provides about 60,000 employment—whilst the private sector industry would be providing about 300,000 employment. Actual industrial employment cannot be given since no accurate figures are available.

Paradoxical Situation

The elastic supply of labour can become a favourable factor for industrial expansion if there is an adequate effective

By
ARIYA ABEYSINGHE

demand for industrial products and if labour-intensive techniques are optimal. In a country like Ceylon, an extensive use of labour intensive techniques may adversely affect industrial expansion, giving rise to more or less chronic deficits in the Balance of Payments, owing to the generally weak trend in the demand for labour-intensive goods. A good example is handmade lace vs machine made lace.

On the other hand, a rapid introduction of capital intensive techniques may intensify social problem, such as unemployment and may also lead to an acute foreign exchange shortage. A good illustration would be the potential unemployment crisis that could come about in the textile industry immediately the newly approved mills begin operation.

An example of the way to handle this paradoxical situation may be found in the pattern of industrial growth in Japan. The three famous economists H. B. Chenery, S. Shishido and T. Watanabe in their study on "The Pattern of Japanese Growth" published in *Econometrica* magazine in 1962, state that "the process of industrialization in Japan from 1914 to 1954, during which period its economy was transformed from that of a typically underdeveloped country to that of an advanced society, can be traced mostly in terms of changes in supply conditions, including substitution of domestic manufactures for both imported manufactures and primary products and also technological changes."

The nature of technological changes—that is whether they were labour—using or capital—using—was not, however, explicitly discussed in the said study. Technological changes have been examined in several interesting studies among others, R. Solow and

the famous report on the subject by the E.E.C. in 1961. Most of these studies, however, are based almost exclusively on the assumption of "neutral" technological changes. Chenery—Shishido—Watanabe study revealed two significant conclusions. Firstly, technological changes played an important role in the industrial development of Japan and secondly, in spite of the existence of an abundant labour force, Japanese industry continued its efforts to introduce capital—using techniques.

The agricultural sector reveals that the pattern of technological changes in agriculture appears to be different from the manufacturing industry. There was no continuity in the nature of technological changes, and neither labour—saving techniques nor capital saving techniques were dominant; it does not follow, however, that technological changes in the total increase in labour productivity in agriculture was, on the average, about 70% during the period 1887—1936. The paradoxical pattern of industrial growth in Japan—that is, the coexistence of an abundant labour force and a utilization of labour—saving techniques—can be ascribed to three factors, viz:

(i) the progressive use of "borrowed technology" from advanced countries was combined with the adequate supply of a reasonably educated labour force at the existing wage rate;

(ii) the structure of relative prices, especially the maintenance of lower prices of rice, together with the absence of labour utilization, were among the key factors which kept wage rates from increasing;

(iii) the socio-economic viability of agricultural and service industries to support the abundant labour force without a drastic impact on the traditional levels of living.

Ceylon has undergone drastic changes in almost every aspect of its society since the Second World War. The major changes from the viewpoint of economic development were:-

(i) transformation of industrial structures from a backward to a modern one;

(ii) changes in the ways of living, that is, transformation from traditional to "westernized" patterns of consumption.

(iii) creation of powerful trade unions.

Accelerated Growth

It can be believed that accelerated industrialization with special emphasis on heavy manufacturing industries was the only way to overcome difficulties associated with these new structural changes. During the last decade the average

rate of economic growth has accelerated,—it was 5.7% in 1969, according to the Central Bank Annual Report. More specifically, the contribution of neutral technological changes in manufacturing industry has risen sharply. In order to accomplish a higher rate of economic growth, additional policy measures were taken during the last decade, viz:-

(i) increased government intervention, especially in financing new capital requirements, creation of semi-governmental financial institutions, such as the Development Finance Credit Corporation of Ceylon, Agricultural Industrial Credit Corporation, the Peoples Bank and the Industrial Development Board which is a promotional organization;

(ii) explicit formulation of economic plans as a target of governmental and private activities,

(iii) governmental regulation of prices of "essential commodities" and guaranteed price for items like paddy.

(iv) adoption of a land reform policy, with the Paddy Lands Act, the major purposes of which were the creation of land-owning farmers—ade-cultivator's and the establishment of cultivation Committees, and.

(v) special tax concessions and lump sum depreciation in manufacturing industry.

(vi) policy of import substitution.

Impact

These policy measures had a considerable impact on industrialization and also on the changes in the nature of dualism. Simultaneously, these measures created a new type of dualism, inter-firm wage differentials. In general, wage differentials are understood to arise out of differences in productivity among industries and in the skills of labour employed. In the Ceylon economy, however, special attention must be paid to differentials among firms. The widening of the inter-firm wage differentials in recent years can be explained by:

(i) the particular structure of trade unionism in Ceylon;

(ii) the peculiar system of wage contract.

Although it is hardly possible to forecast the future pattern of dualism in Ceylon quantitatively, several possibilities may be indicated:-

(a) The inherited type of labour under traditional ways of living will disappear in the near future with intensive industrialization.

(b) The induced type of dualism will disappear and inter-firm wage differentials will reduce.

PROTECTION

- * The Protection of Capital and peoples earning Power against risks of financial loss is the business of insurance.
- * Family income too needs to be equally assured against Disablement and untimely death of a Breadwinner.
- * Our Group Life Assurance Schemes and Personal Accident Schemes offer innumerable benefits to employees at a very low cost.
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Insurance Corporation of Ceylon

288, UNION PLACE,

COLOMBO - 2.

ARTIFICIAL "BELGRADE HAND"

A team of Yugoslavian scientists in the "Mihailo Pupin" institute in Belgrade have dedicated themselves exclusively to the construction of robots, and in the first place artificial extremities.

They have scored their greatest success with their "Belgrade hand," which is already widely known.

According to the Scientists this aid, which is a faithful copy of the human hand, not only in appearance but also in all its extraordinary properties in regard to the ability to grasp and perform various operations, is so far the perfect apparatus of the kind in the world. The "Belgrade hand" has so far been tested by a number of clinics, and it is to go into industrial production this year.

Still Man Decides

The scientists in the world who are studying the construction of artificial extremities agree in one: their work must be based on the hierarchical principle. At the top of the ladder is man with his ability of creative decision taking. The lower echelon performs his decisions by means of automation and special computers.

Understandably, the question that arises immediately is, how to divide the tasks? In this respect research in Yugoslavia has played an important part on the international scene.

At least for the time being, the Yugoslav scientists have offered the optimal solutions, both as to the movements of the hand in space, and as to efficient co-operation between man and the mechanical device.

The "Belgrade hand" has now come out as a modified version, constructed by the Yugoslav Professor Dusan Jaksic, and the dean of the University of Wisconsin, Andrew Frank. It was demonstrated at a scientific symposium at Dubrovnik recently.

The proposed method of solving the problems of movement of this hand consists in the so-called hydraulic transmission with its own power. This system consists of a transmitter, the transmission line of tubes and a receiver of the impulses which triggers off closes and exerts pressure as the result of pressure exerted by heel, to which the transmitter is linked by means of plastic tubes of miniature diameter.

Learning to live with a kidney machine

Psychologists from Leeds hospital are to carry out a three-year programme of investigation and research aimed at enabling home-based artificial kidney patients to live more natural lives.

A University report says that with the increase in home treatment, now accepted as the best solution, it is becoming clear to medical experts that such patients and their families need not only special instruction about the use of kidney machines but also advice and training for living with them over a long period.

Professor Gwynne Jones, head of the Department of Psychology at Leeds University, says: "All kidney patients are under increased stress but we hope that the establishment of a programme of advice, education and counselling will enable the majority to stand up to it and derive the maximum benefit from home treatment."

Dr. S. M. Rosen, head of the kidney unit at St. James's Hospital, Leeds, states: "We are aiming to reduce the time required to teach the patient how to use the equipment and also to smooth the transition from hospital to home care."

SCIENCE AND TECHNOLOGY

Ceylon's first concrete boat

Research workers at the State Engineering Corporation have successfully built Ceylon's first ever concrete boat. This craft which was launched recently has been developed as an experimental boat.

Built entirely out of concrete, it is 30 inches in length and weighs over three tons. This boat is modelled on a shape that is currently being used for fisheries boats.

Revolutionary change

If this boat proves successful in the preliminary trials, it may well pave the way for a revolutionary change in the traditional fishing craft in this country.

The construction technique adopted by the Corporation consists of precast ribs assembled with an "insitu keel" and gun-wale beam to form an intergrated hull. The shell of the boat consists of an inner wire mesh strengthened with high-tensile wire. This is plastered with a ferro-concrete developed in the Research Laboratory to give a shell thickness of one inch.

The Corporation's Engineers expect the performance of the shell to be superior to conventional concrete, used in these shells, which may also enable the rigidity of the structure to increase considerably.

The boat is propelled with a 32 H.P. conventional Marine engine during its proving trials. Provision has been made to develop a new propulsion technique to replace the conventional propeller system by a jet propulsion system.

New source of sulphuric acid

A major air pollutant may be removed from emissions by coal-fired power plants and turned into a valuable industrial products as the result of a process being developed by **Atomics International**, a division of **North American Rockwell Corporation in the United States**. Called the molten salt process, it removes sulphur dioxide from flue gases formed by burning fossil fuels.

Sulphur dioxide from coal and oil-fired plants, in addition to being a pollutant itself, combines with air and moisture to become sulphuric acid which causes corrosion, breathing difficulty and plant damage.

Main Feature

An important feature of the new process is that it is not necessary to cool the hot flue gases. The gases are caused to react with a molten salt at high temperatures to form a salt solution. Hydrogen sulphide, which is then formed by regeneration, can be treated by a standard commercial process to produce sulphur or sulphuric acid, both readily salable products.

Should the molten salt process become practical on a large scale, a new source of sulphuric acid worth hundreds of millions of dollars would become available to U.S. industry each year.

W. Germany...

(Contd. from page 8)

The revaluation of the German Mark could not have taken place before the elections were over, because the CDU rejected it with regards to the export-industries. So it came to late and could not stop the increasing prices soon enough. In addition to this there is an increase in wages that the labor-unions pulled through in nearly all fields. These are the mortgages with which the new Government is burdened.

The self-understanding of the Government indicates an important phrase out of Brandt's governmental declaration, where he characterized his cabinet and himself as a team of elected, not selected people.

Their voters, however, are critical and will remain critical. They will not be satisfied with a fictitious success. They expect concrete results. But they give him a chance.

Shipping & Aviation

New cargo handling department

A New department to embrace the whole of its cargo-handling operations has been established by the Mersey Docks and Harbour Board in north-west England.

The steady increase in cargo-handling operations since the Dock Board adopted its own dock labour force in 1966, has prompted this new self-contained unit, said a spokesman. The Board, which began with 750 dockers, now employs a permanent work force of more than 2,000.

The new department's activities will extend from the Gladstone Container Terminal in the north to Queen's Dock in the south, and at Birkenhead.

Next year is expected to see a big increase in operations when the new £35,000,000 Seaforth Docks expansion scheme opens its gates to more container liners, bulk grain carriers and other ships.

World's Most powerful floating Crane.

A floating crane with the biggest lifting capacity in the world has been completed in Japan. The new vessel was christened "Kiryu" in a cere-

mony held at Kobe Port to mark its completion.

The hull of the Kiryu is 80 metres long and 45 metres wide and the two cranes installed on the deck have a lifting capacity of 1,000 tons each of a combined total of 2,000 tons.

In text operations, it is said, the crane proved capable of lifting weights up to 2,500 tons. In terms of height, objects can be lifted up to about 70 metres above the ocean surface. The hoisting speed is divided into three stages—that is, 0.6 metre per minute for a weight of 1,200 tons or more, 1.2 metres for 600 to 1,200 tons and 1.8 metres for less than 600 tons. The speed is altered automatically according to a change in weight.

Moreover, the Kiryu has a number of special features. For instance, the inclination angle of the cranes can be decreased to 30 degrees (50 metres above the ocean surface) so that the ship can pass freely under such overhead obstacles as bridges and electric lines. Moreover, the cranes are operated by remote control from the crane-man's cab.

AIR FRANCE EXPANDS

To meet the needs of a new era of international air transport, Air France has

adopted a five-year program calling for the investment of 5,000 million francs in new equipment.

The programme calls for the enlargement and modernisation of the airline's fleet through the addition of the latest types of aircraft, including an order for five Boeing 747 jumbo jets. Air France has also taken options on a total of 14 supersonic jets.

To carry out this large increase in investment, the Airline has decided to double the Company's capital, from 500 million francs to 1,000 million Francs.

TOURISM

TOP PRIORITY NEEDED FOR HOTEL APPROVALS

The approval of hotels to cater to the increasing influx of visitors should be given the utmost priority states the Association for the Promotion of Tourism in Ceylon.

The Association has complained that their members have faced innumerable difficulties and delays in obtaining approval for hotel projects. They have pointed out that

the matter of hotel approvals should be expeditiously attended to in the spirit of the tourist development programme.

One of the reasons for delays is the fact that Local Authorities have shown reluctance to permit hotels to be sited in "residential areas."

The Association has, however, pointed out that there is no better site to locate a hotel than a residential and quiet area. A visitor not on a business tour would prefer accommodation in a quiet secluded area and not be disturbed by commercial activity.

If the location of hotels is limited to the commercial and industrial areas, such as Colombo, the promoters of hotels will be left with a poor choice of sites.

The Association is of the opinion that applications for hotels located in so-called residential areas should not be refused if the applicant undertakes to adhere to the following requirements:-

- * that hotels be constructed so as to comply with all Municipal laws and by-laws;
- * the occupation of the building will not cause any nuisance or inconvenience to the public or to the residents of the vicinity.

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ECONOMIC GROWTH AND EXPORT PROMOTION

The plight of the developing nations resulting from excessive dependence on the export of a limited range of primary products, which are subject to violent price fluctuations, was summed up very vividly by the French Minister of Agriculture at the 7th session of the F.A.O. Conference in the words:

"The more thou bringest us forth out of earth the less shalt thou gain".

About 70-90 per cent of the export earnings of the developing countries as a whole are derived from primary produce. In Ceylon's case it is as much as 96 per cent. The development needs of these countries will depend on the prices and volume of primary commodities sold in the world markets. The ominous prospect of over production could very well spell doom to these nations that are struggling for survival due to the indivisibility of the problems of trade, aid and economic growth.

As much as Ceylon needs the diversification of export crops she also urgently needs a vigorous export promotion effort. Ceylon's first Industrial Export Promotion Mission found gaping holes in our export promotion drive. The Mission summed up the position thus: "Ceylon has good prospects in the markets of West Asia, the Middle East, North and East Africa, if our prices are competitive, the quality is acceptable and a persistent and sustained export promotion programme is worked adopting modern techniques of advertising, packaging and distribution Our Missions and Embassies do not appear to be adequately briefed about the accelerated tempo and the achievements of our industrialisation programme and the range and quality of products available for export".

This is indeed a sad state of affairs which calls for urgent attention on the part of the authorities concerned. The setting up of an Export Promotion Advisory Committee to serve as the nucleus of the new export promotion drive is what's required most in this sphere. Its most urgent task should be to take effective measures to ensure that local supply could equal the foreign demand, and also increase the range of products, keep check on quality and ensure that competitive prices prevail.

The setting up of a separate Export Promotion Division under the aegis of the I.D.B. is a step in the right direction. It is hoped that this Division will enlist the active co-operation of the private sector and work in close co-ordination with the Ministries most concerned, viz., Industries, Commerce and Trade, Defence and External Affairs.

The decision of the Commerce Ministry to encourage greater private sector participation in Trade Fairs as a means of stepping up exports is also a commendable and useful move. But it must be ensured that the maximum benefits are obtained from such participation. Past experience shows that Ceylon's participation in Trade Fairs has only resulted in a waste of public funds. The experience at the recent "Partners for Progress" in West Germany is a case in point. Ceylon must profit by this experience and take meaningful organisational steps to obtain the fullest results from the point of view of export promotion.

Traditional export earnings decline

Ceylon's export earnings have shown one of its biggest drops in the first quarter of this year compared with the corresponding period last year.

Export receipts fell from Rs. 503.1 million to Rs. 409.8 million — a fall of Rs. 93.3 million.

MAIN FACTORS

Mainly responsible for the slump in export earnings were the fact that tea and rubber brought in only Rs. 309.9 million in January - March this year, a decline of Rs. 100.1 million over the 1969 January-March figure.

Tea which accounted for the earnings of Rs. 290.1 million in the first quarter of last year, earned only Rs. 237.6 in the first quarter of 1970.

Even the quantity of tea exported in the first three months of this year declined from 117.6 million pounds to 98.6 million pounds.

Rubber exports which brought in an enhanced earning last year — increasing by as much as Rs. 100.1 million, also dropped from Rs. 119.7 million in the first quarter of 1969 to Rs. 72.3 million in the same quarter this year.

The volume of rubber exported also dropped sharply in the January-March period this year. Only 52.6 million pounds were exported as with 97.6 million pounds in the same period last year.

COCONUT PRODUCTS

Foreign exchange earnings from the three major coconut products in the first quarter of 1970 amounted to Rs. 44.2 million, nearly Rs. 3 million less than in the corresponding period last year.

Earnings from desiccated coconut fell from Rs. 22.5 million in the first three months of last year to Rs. 16.5 million in the same period in 1970.

The quantity of desiccated coconut exports also declined from 216,474 cwts. to 173,201 cwts. — a decline of 43,271 cwts.

Export receipts from the sale of copra were also down from Rs. 5.4 million to Rs. 1.8 million.

COCONUT OIL FARES WELL

Earnings from coconut oil on the other hand, showed an appreciable rise, increasing from Rs. 19.4 million in the first quarter of 1969 to Rs. 25.9 million in the corresponding quarter this year.

There was also a slight increase in the volume of coconut oil exports which went up from 188,151 cwts. to 267,799 cwts.

FEECS: FULL BENEFITS NOT REALIZED

Leading industrialists have alleged that the full benefits of the FECC Scheme are unfortunately not being fully realised because certain items vital for production still continue to be under quota restrictions.

There are several items so affected. One important group consists of critical components which are subject to licensing while other items of imports used with such components continue to be under Open General Licence (O.G.L.).

SELF DEFEATING

They further point out that what determines the level of production is the availability of the critical components. Therefore, permitting imports of other items purely under O.G.L. defeats the purpose as long as the narrow bottleneck of components under licences persists.

Among the more important domestic industries affected by this policy are: confectionery, abestos, G.I. Sheets and torches.

Industrialists have now urged Government to review its policy in this respect so as to ensure that the normal mechanics of market operations are permitted to exercise their regulatory effect on production in place of physical controls.

BRIGHT FUTURE FOR PROCESSED MEAT TRADE

The opening of tourist hotels in Ceylon is expected to create a boom time for the processed meat trade.

The hotel expansion programme that is now under way will result in an increased demand for meat and meat products.

The "Victoria Group" of Ceylon Cold Stores has already planned to meet this increased demand by stepping up production. The Company's Animal Husbandry project is being geared with this end in view.

U.S. Private sector investments

The U.S.A. is currently interested in finding out how best to encourage the right kind of private U.S. investment in the developing nations — the kind that will be sure to benefit both the country in which the investment is made and the U.S. investors.

Charles D. Hyson, an adviser to the U.S. Agency for International Development (AID), and Dale R. Weigel of the University of Iowa believe that two current developments may help provide the answer: the recent establishment by the United States of an Overseas Private Investment Corporation (OPIC) and the proposals for a general system of tariff preferences for manufactured goods from developing nations.

Past efforts to spur investment in these nations by insuring against unusual risks and only marginally improving the profitability of the investments have not been very effective, the two experts say in the January-February 1970 issue of *Columbia Journal of*

World Business. The OPIC should do better, they suggest, because it will be able to concentrate its efforts and resources more specifically on the types of private investments that will be most certain to bring substantial advantages to the developing countries.

India's exports rise

India's exports for the first 10 months of 1969-70 upto January last are estimated to have been of the order of Rs. 1,185 crores and imports around Rs. 1,253 crores, according to Mr. K. B. Lal, Secretary, Ministry of Indian Foreign Trade.

Mr. Lal added that for three to four months, exports during 1969-70 had exceeded imports. The highest all-time export figure was Rs. 145 crores for the month of January last, Rs. 30 crores more than for the corresponding month in 1969.

He attributed increased exports after November to buoyancy in the economy which alone enabled it to respond to remedial measures.

RURAL SAVINGS INCREASE

The opening of twenty four rural banks last year by the People's Bank led to a substantial increase in savings by the rural sector.

Last year total savings and fixed deposits increased by 88 per cent from Rs. 3.3 million at the end of 1968 to Rs. 6.2 million at the end of last year.

MORE SAVINGS ACCOUNTS

According to the Rural Credit Department of the People's Bank, the number of savings accounts with rural banks increased from 17,359 to 28,626 and the amount of savings from Rs. 3.1 million to Rs. 5.7

million. There was also an increase in the average savings deposits from Rs. Rs. 179 at end of 1968 to Rs. 199 at the end of 1969.

FIXED DEPOSITS

The number of fixed deposit accounts with rural banks also increased from 287 to 724, and the amount from Rs. 222,614 to Rs. 460,168. The average fixed deposit, however, decreased from Rs. 776 to Rs. 636.

There was also an expansion of lending facilities, the number of loans increasing from 5,586 to 7,893 and the amount from Rs. 3.63 million to Rs. 5.57 million, or 48 per cent.