



THE ECONOMIC TIMES

Vol. 2 No. 3

Sunday 2nd May 1971

Price 50 cts

Industrial Centres for Trinco

The Ministry of Planning and Employment proposes to set up about 30 small industrial centres in seven Revenue Divisions in the Trincomalee District with a view to providing employment to the youth of the area.

Among the industries proposed are: brick making, animal husbandry, coir, production of school furniture, fruit cultivation, cultivation of subsidiary crops, pottery, cotton and chillie cultivation, beedi making and fishing.

Twenty six Development Committees have already submitted proposals regarding the setting up of these small industries while the G.A. Trincomalee is taking steps to expedite the scheme.

UNDER - EXPENDITURE RISES

(By our Financial Correspondent)

Under - expenditure in respect of capital votes allocated to Government departments under the various Ministries showed a rise in the Financial Year 1969-70. While the total provision for the year amounted to Rs. 964 million, actual expenditure was Rs. 812 million showing an under-expenditure of Rs. 152 million or 16 per cent, according to the Central Bank Annual Report for 1970.

In the previous financial year under-expenditure was Rs. 143 million or 14 per cent, and in 1967-68, Rs. 124 million or 15 per cent.

Attempts fail

The high incidence of under-expenditure recorded in the past has not been arrested despite efforts made by successive Finance Ministers. Attempts made to contain under-expenditure within a 10

per cent limit which is considered reasonable have failed as Government departments have not been able to utilize fully the funds allocated.

A preponderant part of the total under - expenditure in 1969-70 had occurred in the Votes of the Ministry of Irrigation, Power and Highways which accounts for roughly one-third of Government capital expenditure. This is attributed to the inclusion of

the votes of the Electrical Department into the Ceylon Electricity Board. Even when allowance is made for this factor, the resultant under-expenditure is a substantial figure of Rs. 63.0 million or 23 per cent as compared with Rs. 9.3 million or 3 per cent in 1967-68 and Rs. 39.1 million or 12 per cent in 1968-69.

The Ministry of Agriculture and land showed an under-expenditure of Rs. 19.6 million or 16 per cent in 1969-70 as compared with Rs. 25.7 million

or 27 per cent in 1967-68 and Rs. 8.9 million or 9 per cent in 1968-69.

Excess expenditure

A notable feature is the performance of three Ministries where the actual expenditure exceeded the provision. These are: The Ministry of Industries and Scientific Affairs; Ministry of Communications and the Ministry of Finance.

Under the Ministry of Industries and Scientific Affairs, which is one of the largest capi-

tal spending Ministries, each excess amounted to Rs. 17.1 million in 1969-70 compared with under-expenditure of Rs. 10.9 million or 7 per cent in 1967-68 and Rs. 25.6 million or 12 per cent in 1968-69.

The capital expenditure of the Ministry of Communications showed an excess of Rs. 8.0 million in 1969-70 as against under expenditure of Rs. 15.5 million or 32 per cent in 1967-68 and Rs. 13.1 million or 28 per cent in 1968-69.

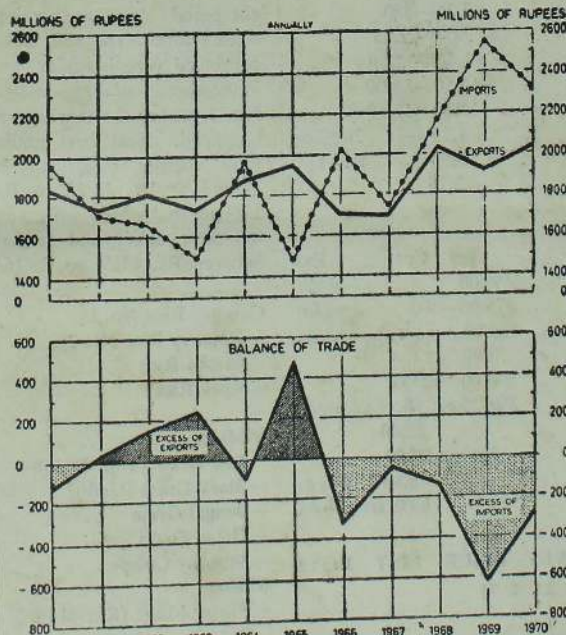
Trade gap narrowed in 1970

In 1970, the value of exports inclusive of re-exports was Rs. 2,033 million and that of imports Rs. 2,313 million, resulting in a merchandise trade deficit of Rs. 280 million.

1970 and the total for the year decreased by Rs. 230 million or 9 per cent to Rs. 2,313 million.

The net trade deficit at the end of 1970 was Rs. 280 million

MERCHANDISE EXPORTS & IMPORTS



The value of imports which began increasing in 1968 reached a peak in 1969 and exceeded the 1968 level by Rs. 370 million or 17 per cent. However the rising trend in import values was reversed in

compared to a deficit of Rs. 627 million in 1969—the highest on record. The reductions in the adverse trade gap in 1970 was due both to a substantial increase in export earnings and a sharp decrease in

CHINA BUYS MORE RUBBER

A contract for the purchase of 20,000 tons of sheet rubber was signed last week between Ceylon and China. This is in addition to the purchase under the Rubber-Rice barter agreement which amounts to 41,000 tons for the year.

World demand for diamonds down

The world demand for diamonds have suffered a further setback during the last six months.

The central selling organisation of De Beers which controls over 80% of the diamond sales in the world was able to sell during the latter half of 1970 gems and industrial quality stones worth Rand (R) 177 million against R 200 million for the first half of 1970 indicating a fall of 11.5 per cent.

Total sales for 1970 amounted to only Rs. 378 (£ 8 million) showing a 28.5 per cent fall from the peak of £ 494 (£ 289 million received in 1969.

import values as compared with the previous year.

Ceylon's commodity terms of trade which had deteriorated in the two preceding years continued to be adverse in 1970 decreasing to 84 from 88 in 1969.

(Bank Index base 1967=100)

Ceylon - Poland trade expands

The total value of trade between Ceylon and Poland showed a marked increase in 1970 when compared with that of the previous year.

While in 1969 the total value of trade was Rs. 50.6 million last year it had shot up to Rs. 99.1 million — almost double the value.

Ceylon's exports to Poland showed a steady rise during the year under review — rising from Rs. 27.2 million in 1969 to Rs. 40.7 million in 1970.

Imports on the other hand have also increased from Rs. 23.4 million in 1969 to Rs. 48.4 million last year. The resulting trade deficit being Rs. 7.7 million, as against a surplus of Rs. 3.8 million in 1969.

Main Products

Trade between Ceylon and Poland covers a wide range of commodities, the principal exports being rubber, tea and coconut products.

Ceylon is the principal supplier of desiccated coconut and coconut fibre to Poland, accounting for 100 per cent of her D.C. and coconut fibre requirements while as much as 25 per cent of Poland's requirements of tea are met from Ceylon.

Ceylon's purchases from Poland such items as sugar, textiles pharmaceutical products and construction machinery.

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CEYLON'S FORTNIGHTLY FINANCIAL REVIEW

MARKET PRICES

COLOMBO

CLOSING PRICES 28.4.70

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold Ex- Estate)
BOPS B.O.P.Fs.-

High Grown	1.70	3.10	1.80	2.95
	2 at 3.15	1 at 3.20	1 at 3.00	1 at 3.05
Medium Grown	1.65	2.25	1.60	2.10
Small leaf Low Grown	1.65	1.75	1.63	1.67
Tea for Price	1.55	1.63	1.55	1.60
Leafy B.O.P.	1.68	1.80		

F. B. O. Ps.		F. B. O. P. Fs.	
1.68	1.87	1.75	6.50
1 at 1.90	1 at 1.91	1 at 8.00	1 at 6.80
			1 at 7.50

RUBBER

PRICES FOR THE WEEK ENDED 23.4.71

Rs. cts.—per lb.)

Closing Avg. to date Avg. Same
Quotations 1971 Period 1970

RSS No. 1	82 1/2	81 1/4	99 4/3
RSS No. 3	74 1/2	76 1/2	95 1/4
RSS No. 3	73 1/4	75	93 1/4

(Rs. per candy)

COPRA	Opening Price	Clos. Price
Estate copra No. 1	212.25	220.25
COCONUT OIL (Rs. per ton)	Open, Price	Clos., Price
April	1,425.00	1,425.00
May	1,425.00	1,425.00
DESSICATED COCONUT		(Per lb.)
April and May	53 cts.	Closing Price

PRICES OF THE WEEK ENDING 25.4.71

Commodity	Buyers Quotations	Export
	(Per lb.)	Duty
Cardamoms	Unquoted	40% on
Cardamom Seeds	18.95—	true
Cloves	28.00—20.00	F.O.B
Clove Stems	4.00—4.25	value
Mace	6.50—7.50	
Nutmeg (Shelled)	3.25—3.50	
Nutmeg (Unshelled)	2.00—2.25	
Pepper (Black)	11.50—12.00	
Papain (White)	13.50—14.00	
Papain (Brown)	11.50—12.50	
Cinnamon H/1	3.75	20% on
Cinnamon H/2	3.55	true f.o.
Cinnamon Quilings No. 1	2.75	
Cinnamon Quilings No. 2		
	per Cwt.	Exp
Cocoa	256.00	40%
Coffee	375.00—400	true f.o
Kapok (Clean)	165.00	value
Kapok (Unclean)	55.00	
Croton Seeds	100.00—125.00	
Essential Oils	Per 25 oz. lb. Exported.	
Cinnamon Leaf Oil	22.00	
Cinnamon Bark Oil	Per oz 24.00	
Citronella Oil Estate Quality	6.80	10% on
Citronella Oil Ordinary	6.00	true f.o.b

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA
ENDING 24.4.71

The undernoted quotations are the Wholesale Buyers Prices paid in Colombo and is maintained only as a guide to the trade. Every effort has been made to be as accurate as possible.

Cereals	(Per Bag 54 58 Lbs)
Paddy	(Per bushel)
Oatmba	14.00—15.00
Rice Sher varieties	12.00—13.00
Par Boiled	60.00—70.00

TEA REPORT

Auction No. 15 held on 27th and 28th April, 1971

The total quantity offered was 8,587,345 lbs. comprising 4,249,377 lbs. Leaf Grades, 1,057,890 lbs. Dusts, 27,066 lbs. Reprints, 80,388 lbs. Sundry Lots and 3,199,690 lbs. Ex- Estate. Western quality was about average but Uvas were really rather plain. There was a strong demand although prices tended to ease towards the close of the Sale.

High-Grown Teas: As there were few BOPs with character or quality the prices of the best declined, but demand was strong for thick coloury Dimbulas and last week's levels were maintained: thin liquoring teas declined by 10/25 cents. There was relatively more demand for useful BOPFannings which were fully but again, light liquoring invoices were easier. Leaf Grades were lower in price.

Medium-Grown Teas: Best coloury Westerns gained 10/15 cents, those in the middle price range were easier but plainest firm to a cent or two dearer. Uvas were mostly lower following quality and

Commodity Commentary

prices slipped a few cents towards the end of the Sale. The same trend applied to BOPFannings.

Low Grown Teas: These were very supported and most grades were dearer with the exception of the better BOPFannings.

Tippy Teas: FBOPs and small leaf Flowery Fannings were frequently substantially dearer but the more attractive Flowery Fannings dropped by Rs. 1.00/2.00.

Off Grades: These were strong and dearer.

Dusts: Brighter Westerns improved by 20/30 cents and all other types were a few cents dearer.

RUBBER REPORT

Poya week ending 23rd April 71

Trading in World Rubber Markets this week was irregular with sporadic bursts of activity specially for spot RSS1.

The **SINGAPORE MARKET** opened with renewed short-covering interest in thin conditions which pushed spot RSS 1 to 111 dollar cents

before profit-taking reduced this gain. The market was then uncertain and towards mid week eased somewhat due to featureless trading, but towards the close of the week the market finished on a steadier note and touched 112.25 at the close mainly due to business being confirmed to RSS 1.

The **LONDON MARKET** opened in line with the steadier trend in the East but values eased when buyers generally showed reluctance to maintain this trend. Other factors that could have eased pressure were the recent Malaysian Government's intervention in the Singapore market and the withholding of stock-pile sales during May and June by the GSA. It would appear that last week's squeeze on April RSS 1 in the East, now seems to have passed on to the May position.

Physical rubber in the **NEW YORK MARKET** displayed a steadier trend this week under the leadership of the Far East Market and with improvement in factory demand. On balance London remained unchanged whilst Singapore improved by 2 dollar cents.

Sheet: RSS 1 opened the week a cent lower at 86 1/4 cents. The loss was soon recovered, however, and on the third trading day the price stood at 87 cts. and after a mild flutter, moved ahead to close the week at 88 1/4 cents per pound—the highest yet for the year.

Produce Report

25th APRIL, 1971

2,953 lbs. of **CARDAMOMS** were offered at the Sale of the 21st, a decrease of 365 lbs. compared to the previous week's total. The market still continued very irregular and in the absence of representative No. 1 quality the market was unquoted. Next best grades were slightly easier to be quoted at Rs. 16/25 to Rs. 17/- per lb., whilst off grades too were easier and fetched between Rs. 14/50 to Rs. 16/-

per lb. Easier conditions for Seeds continued with the market dropping by about Rs. 1/- to be quoted at Rs. 18/95 per lb.

Approximately 49 Cwts. of **COCOA** were on offer, a substantial drop of 158 Cwts. There was only one Lot of No 1 quality Cocoa and this was sold at Rs. 256/- per cwt. Next best grades continued to be quoted darker and poorer sorts remained at Rs. 200/- to Rs. 215/- per cwt.

Country Rice No. 1	82.00—	83.00
—Country Rice No. 2	75.00	76.00
—Samba Rice	100.00	115.00
—Kora Rice	115.00—	120.00
	Per Cwt.	
—Maize	30.00	31.0
—Red Gram (Toor Dhal)	40.00	45.00
—Black Gram (Undu)	61.00	
—Bengal Gram	46.00	
—Green Gram	53.50	
—Bombay Cowpea	40.00	
Millet		
—Finger Millet (Kurakkan)	Per Bushel	
—Sorgum	9.50	
—Soya Beans	440.00	(per ton)
Spices	850.00	(per cwt)
—Mustard	Per Lb.	
Chillies	5.50	6.00
—Dried Long	Per Cwt.	
—Dried Round	Unquoted	
Off Grade		
—Goraka	160.00	
—Vanilla		
—Tamarind	Per Cwt.	95.00 — 100.00
—Nut Cashew		
—Ground Nut	Per 80 Lb.	54.00 — 56.50

SONY

2R-29



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Ambalantota & Bambalapitiya.

TEAM

Export Opportunities

The following foreign firms are interested in importing from Ceylon the products indicated below:-

M/s W.S.T. (Sales) Pty.,
Kyle House, 31, Macquarie
place Sydney N.S.W. 2000,
Australia.

Ladies wooden sandals.

D.A. Everest, Handicraft Cnt
centre,
293 Great South Rd.,
Vapakura, Auckland.

Handicraft

M/s Hameed and Whab,
549-Watkoh Street,
G.P.O. Box 1413, Bangkok
Thailand.

**Rough precious and semi-
precious stones,**

Managing Director,
Gourmet Foods Ltd.,
536, Karanagahape Rd.,
Auckland.

**Canned fruits, spices and
Eastern delicacies.**

The President
Tokyo Marvichi Shoji Co.Ltd
No. 16-9 Vchikand 2-Chome
Chiyoda-ku
Tokoyo, Japan.
Vegetables and Bananas

M/s. Newark Wire Cloth
Comapny
351 Verona Avenue Newark,
New Jersey 07104, U.S.A.
Wire Cloth (screening netting)

The Freed Company
107 First Street,
N.W. Albuquerque,
New Mexico

**All kinds of rugs and floor
coverings.**

SAFTRADE Pty. Ltd.,
P.O. Box 4813 Cape Town,
711 Olivetti House,
Hertzog Boulevard,
S. Africa.

**Sea-frozen hake fillets,
frozen headed and gutted white
fish, dried and crustaceans air-
dried seaweed etc.,**

Saka Services Corporation
Importers and Indentors,
P.O. Box 5026, Karachi,
(W. Pakistan).

**Commercial Plywood in various
thickness and decorative veneers.**

Scheme to expand exports

The Ministry of Industries
proposes to launch a project
for the expansion of export of
manufactures and semi-manu-
factures.

In preparation for the project
which is to be undertaken in
consultation with International
Agencies, the following pre-
liminary data has been ob-
tained from private sector in-
dustrial firms:-

- Industrial undertakings on
the basis of sectors which
are capable of undertak-
ing exports on a consis-
tent basis;
- The evaluation of prob-
lems which inhibit the
progressive development
of exports of manufac-
ture and semi-manufac-
tures including incentives
and other measures of
assistance that may be
necessary to manufac-
tures;
- Problems associated with
productivity, design, stand-
ards and matters relating
to production capacities;
- The assessment of facili-
ties necessary for export
promotion etc.,

TEA GROWING IN GEORGIA

A total of 1,450 hectares of
tea shrub plantations have
been established this spring
in the Colchis lowland (the
Black Sea coast of Georgia).

Tea is a staple crop of the
Republic's agriculture. In 1970
the gross yield of high quality
tea leaves reached 260 thou-
sand tons.

The Colchis lowland (cover-
ing an area of 220 thousand
hectares along the Black Sea
coast) is a vast reserve for the
development of tea-growing.
Before the establishment of
Soviet power this territory was
covered with swamps, thickets
of liana and fern was not used.

SHARE MARKET REPORT

The share market was once again inactive according to the
Report issued by the Colombo Brokers Association for the period
ended April 22nd 1971.

Teas	Previous Price	April 22nd	+ or -
	Rs cts	Rs cts	Rs cts
Nahavillas	3.50	3.00	- 50
Roberrys	4.00	4.50*	+ 50
Commercials			
Gestetners	15.00	13.00	-2.00
E.B. Creasy	10.00	9.50x.d.	-.50
Ceylon Tabaccos	17.00	17.00	

There was no business in preference shares and Govt.
loans and also in Tea-cum-Rubber, Rubber and Coconut.

The following were quoted ex-dividend:- Robgill Tea Co
Ltd-6% First and Final on 20.4.71 Commercial Bank of Cey-
lon Ltd-2 1/2% First and Final on 31.5.71. Mirishena (Kalu-
tara) Rubber Co., Ltd-10% Final on 4.5.71. Marigold Tea
Estates Ltd-2 1/2% Final on 29.4.71.

EXPORT INTELLIGENCE

W. German trade promotion centre

In its present form, the Ham-
burg Dired Fruit and Spice
Trade Association of Germany
is a specialized trade associa-
tion on a national level for the
import trade with dried fruit,
shell fruit, spices canned fruits,
and vegetables as well as re-
lated products.

Its current membership is
about 250 firms among them
169 importers; and the balance
consist of sales agents and job-
bers. The Trade Association
represents an overall sales
turnover of almost DM 1.5
billion (the equivalent of appro-
ximately \$ 400 million).

For a smooth operation of
trade with the products re-
presented by the Trade Asso-
ciation, the Trade Association
maintains a quality arbit-
ration office, for settling dis-
putes involving the quality
of products by furnishing ex-
pert opinions.

The government of the Fede-
ral Republic has entrusted the
Hamburg Dried Fruits and
Spice Trade Association with
the task of representing the
Federal Republic of Germany
at international trade con-
ferences involving their pro-
ducts (e.g. Economic Mission
for Europe).

The Trade Association has
established specialized sections
its members for spices, dired
fruits and shell fruit, for canned
fruits, vegetables, juices, and
fish. At the end of 1967
the 250 members firms achieved
about the following sales turn-
over: spices DM 60 million
canned fish and shellfish DM
100 million; dried fruit and
shell DM 500 million; canned
fruit, juice, and vegetables DM
700 million.

In addition to the above
mentioned special sections,
the Hamburg Trade Associ-
ation has also established six
groups, to deal with the follow-
ing:-

1. Fundamental problems and
information;
2. Fish and grocery products;
3. Juices and concentrates;
4. Canned fruits;
5. Canned vegetables and to-
mato products;
6. Canned mushrooms and
sparagus.

Those interested in further
information on the Hamburg
Dried Fruits and Spice Trade
Association or who wish to
contact this Trade Association
or any of its members firms
should write to:-

Waren-Verein
der Hamburger Borse e.V.
2 Hamburg 1, Folsch-
Block A.

Rice growing campaign in U.S.S.R.

A rice sowing campaign has
started in southern areas of
the USSR., the field work
is in full swing.

With the new irrigation
systems introduced this crop
will take up a considerably
bigger area this year, than
before. Fields are sown to
new varieties which combine
high productivity with early
ripening.

Rice cultivation is develop-
ing at a fast rate. The con-
struction of engineering sys-
tems is underway in the North-
ern Caucasus, in the delta
of the Volga and Central Asia.
A water reservoir, which is

built on the Kuban (South of
the Russian Federation), in
particular, will make it possible
to expand crop areas and to
harvest, in a few years time
in that area alone up to 600,
000 tons of rice—almost a
hird of the total output
planned by that time'

New varieties evolved and
wide application of equip-
ment were largely conducive
to the success of rice growing
60 per cent of all crop areas
are taken up by varieties evol-
ved by the Krasnodar scienti-
fic research institute of rice.
Among them are "Krasno-
darsky-424," "Kuban-3" and
early-ripening variety "Gori-
zont," which takes 102 days
to ripen.

COMPANY MEETING REPORTS

The Economic Times
regularly features Company
Meeting Reports.

Annual Reports of
Companies may be address-
ed to:

Editor, (Company News)
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(1st Floor.) 157,
Jayantha Weerasekera
Mawatha,
Colombo

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SCIENCE AND TECHNOLOGY

Ceylon's contribution to astro - science

A distinguished Ceylonese scientist, who has been at Cambridge University since 1963, is making a considerable contribution to astro-science with his researches at the university into problems relating to interstellar space.

He is Dr. N. C. Wickramasinghe, Fellow of Jesus College Cambridge, and a member of the Graduate Staff of the British Institute of Theoretical Astronomy. Dr. Wickramasinghe's work has been mainly concerned with interstellar matter (the dust clouds, or dust particles, found in outer space).

He has written number a of learned papers on the subject, many of them in collaboration with Professor Fred Hoyle, noted British Professor of Astronomy, with whom Dr. Wickramasinghe has carried out joint research.

In a paper entitled, "Dust Clouds in Space", published in "Science Journal", one of Britain's leading scientific periodicals, Dr. Wickramasinghe writes: "Astronomers have known for many years that interstellar space is not the empty featureless vacuum that many people imagine. In between the stars there exists matter in a variety of forms—

single atoms, ions, simple molecules and dust particles".

These particles, Dr. Wickramasinghe goes on to say, are concentrated in clouds "so vast that there is probably as much matter in the universe in the form of dust clouds as there is in the form of stellar heavenly bodies".

Challenge to astronomers

Where did the dust clouds originate? What do they consist of and what is their role in the formation of stars and planets? These are questions which have presented a continuing challenge to astronomers. "Vital clues which may lead to a solution are at last becoming available", says Dr. Wickramasinghe; and the article describes the new evidence, and the conclusions that can be drawn from it.

One material seriously considered as a candidate for interstellar dust was solid carbon in the form of graphite. Dr. Wickramasinghe describes calculations he carried out in 1962 in collaboration with Professor Hoyle, in support of the graphite particle theory—calculations that were subsequently confirmed by several other investigators.

A COMPUTER TO FIGHT CRIME

A vast new national computer complex—the first of its type in the world—will shortly be used to help combat crime in Britain.

Police headquarters throughout the country will be linked to a central computer bank which will store records on known criminals and crimes. Patrolling policemen will be able to receive information within minutes of contacting their headquarters by radio or telephone.

Another important link between the "man on the beat" and the London-based computer will be a new system of

Video display terminals—developed by EMI, which will be installed in police headquarters control rooms.

Control room staff receiving radio inquiries from police patrols can "interrogate" the computer through a keyboard. In seconds the answers are flashed on a television-type screen.

Overseas interest

The system, which will go on line in 1972, has already aroused widespread interest from overseas police forces. Although similar installations are operating in some states in America, none at present match the size and capability of this proposed new network.

The first phase of programming will involve an index of all stolen or suspect road vehicles in Britain. Some 125,000 entries will be contained in this file within a year and it is expected that by this time at least 5,000 inquiries a day will be made from the London area alone.

Later an index of classified fingerprints of criminals, an index of wanted or missing persons and also a file of criminals' names will be added.

The jumping ignition key

Motorists who forget to take out the ignition key when they leave the car, will be interested in a British firm's invention described in the BBC World Service programme, New Ideas.

The key is spring-loaded, so that it literally jumps out of the lock the moment the engine is switched off and you forgetfully take your fingers off it!

The Jumping Key consists of a plastic moulding about the size of a matchbox which fits over the head of any ordinary ignition key.

Minute artificial kidneys

A group of medical scientists claimed that they had developed an artificial kidney so small that it can be inserted into a vein.

The artificial kidney developed by a group of Kobe University researchers headed by Professor Joji Ishigami had successfully been tested on a dog, they said.

The conventional artificial kidney measures one meter by 38 centimeters and weighs 35 kilograms and requires a dialyser of the size of a bath tub. The newly developed artificial organ, the group said, could even be used at the home of patients in the future.

In the experiment with the artificial kidney, uremia was induced in a dog by extracting its kidney. The artificial kidney contained in a cellophane tube 50cm. long and 6 mm. in diameter, was inserted from the jugular vein of the dog down to the femoral vein.

A possible occurrence of thrombosis, owing to clogging of the tubes with blood, could be prevented by use of an anticoagulant.

The new device will cost much less than the conventional artificial kidney which is priced at minimum of Yen 1 million, they said.

Now artificial blood

Two Japanese firms have announced that they have succeeded in developing artificial blood through use of a fluorine compound for the

first time in the world. Dainippon Ink and Chemicals, Inc. of Tokyo and the Green Cross Corporation of Osaka, a maker of ethical and pharmaceutical products, said that artificial blood was made with fluorocarbon as its chief component.

They claimed that the outlook has been obtained for production of artificial blood on a full scale basis in the future.

The two firms said that dogs used in the experiment were still alive and well seven months after 90 per cent of their blood was replaced with the synthetic blood.

They said that the man-made blood could perform such functions normally conducted by the red corpuscle as absorbing oxygen and discharging carbon dioxide.

No clinical tests on human beings have been conducted so far. But the two firms said that the use of the artificial blood was 99 per cent possible for animals. According to the two firms, the artificial blood was made by emulsifying the fluorocarbon in a solution of sodium chlorid

requested the Tourist Board to work out a scheme and stated that he was prepared to seek cabinet approval if necessary. He would start with throwing open the two Port Commission bungalows in Galle and Trinco.

FROM THE CHAMBERS

Mr Vere de Mel, Chairman of the Association for the Promotion of Tourism in Ceylon led a deputation from the Association which met the Minister of Shipping and Tourism recently to discuss matters of common interest in the sphere of tourism. Extracts from the notes of the Conference are given below:-

White Paper on Tourism:- Mr de Mel explained that Tourism dealt with not only hotels but also the catering to other needs of the Tourists and the provision of amenities like restaurants, shopping centres etc., The Minister said that a Committee was studying these issues and that the Ceylon Tourist Board would make arrangements for the Association to make representations to this Committee.

Inadequacy of Hotel accommodation:- Mr de Mel said that it was necessary to have a balanced growth of hotel accommodation throughout the country, in the absence of which a Tourist who spent a fortnight in the country after spending a week probably on

the sea coast would not be able to tour the country due to the lack of accommodation in these other places of interest. It was also mentioned that a plan had been drawn up and that the provision of accommodation would have to adhere to this overall Plan. If the situation warranted, these plans could be reviewed.

On enquiry Mr. Karandawela said that with regard to foreign capital participation there had been no minimum or maximum percentage fixed for foreign capital contributions, and that each would be judged on its own merits. However foreign investment must be necessarily made in collaboration with local capital.

Inadequacy of Transport Facilities:- Mr de Mel said the present Coaches imported were not all built to satisfy the Tourists. The seating on the Japanese Coaches especially was not very conducive to long distance travelling and suggested that the Tour Operators be given the choice to import from other sources

so that a better choice would be available. The Permanent Secretary wanted the Association to indicate the present requirements in Microbuses, Coaches and Cars, their types and the countries of origin so that he could take further action.

The Tourist Board undertook to explore the possibilities with the G.G.R. of running an hourly train service to and from the Katunayake Airport.

Other Communications:- Mr de Mel said that in the matter of reservations the trade found it difficult when a Tourist wanted to visit a Provincial town, to inform him if he could be provided accommodation at that end or not. A Travel Agent was not able to contact the hotel concerned without delay over the telephone.

The Minister said that there was a Committee consisting of the Highways Department, the Railway and the C.M.T. going into the question of the provision of better communications and that he would also

enquire that the Telecommunications Department would be co-opted to this Committee.

Exchange:- Mr de Mel remarked that in India a very practical policy of granting for their own use a certain percentage of the exchange earned by those in the Tourist and other Industries had been adopted. This had for several years successfully acted as an inducement for the Industry to earn more foreign exchange and also to channel to the banking system more of the exchange earned. The Minister viewed with favour this proposal and requested the Association to submit a memorandum stating cases of difficulties encountered by them and also suggesting a scheme to give effect to this suggestion.

Domestic Tourism:- The Chairman said that there was a large number of Circuit Bungalows belonging to several different Government departments which were under-utilised. It was a wastage of public funds to maintain such a large number of Bungalows which were not fully utilised. He suggested that these Bungalows be made available to the Domestic Tourists.

The Minister viewed with favour the suggestion and

Britain's aid contributions keep rising

London

A continuing increase in the British Government's economic aid to other countries is shown by figures just issued in London.

Total expenditure planned for the year 1971/72 is £245 million, compared with £229 million the previous year. The bulk will be handled through the Overseas Development Administration, previously the Ministry of Overseas Development. Not only is this year's aid figure higher than ever before, but the forecasts for the three years show further rises - to £265 million, £300 million and £340 million respectively.

In fact, in the first half of the current United Nations Development Decade-it began on 1 January this year-Britain intends to increase her official aid by 50 per cent, and this at a time when she is holding back public expenditure at home.

Most of the items in the ODA supply estimates presented to Parliament seek authority for expenditure during the financial year under existing loan, grant and technical assistance agreements, many of which extend over several years. Commitments of this nature have been entered into with some 50 developing countries and the international agencies.

Some £51 million represents unallocated grants and loans cases where negotiations on particular projects have still to be finalised.

Publication of the ODA estimates has come just two days after an encouraging report by Parliamentary Select Committee which found that, in general, money provided by Britain in aid schemes "is very well spent".

3,200 DOLLARS FOR FOREIGN AID

Washington

President Nixon has requested Congress to appropriate 3,200 million dollars for bilateral foreign assistance for fiscal 1972, which begins July 1, as a means of helping the developing nations "achieve their overriding objective of economic development".

These funds would be in addition to development financing the United States contributes through various multinational institutions and the Food for Peace Program.

US AID THROUGH MULTILATERAL AGENCIES

Singapore

The United States announced a planned switch in its aid policy from reliance on bilateral aid to increasing use of multilateral agencies such as the Asian Development Bank (A.D.B.).

The U.S. delegate to the annual meeting of the Bank here spoke of "aid fatigue" and said aid to developing nations was in increasing competition with domestic needs within the United States itself.

But Mr John R. Petty Assistant Under-Secretary of the Treasury for International Affairs said that America's list of priorities included continuing help to the poorer nations.

SOVIET TRADE UNDER NEW FIVE-YEAR PLAN

Moscow

A successful solution of the main task of the 1971-1975 five-year plan-to ensure a considerable upswing of the living and cultural standards of the people-to a great extent depends on the development of Soviet trade, A Struyev, Minister of Trade of the USSR writes in "Pravda".

During the past five-year plan period the trade turnover increased nearly 1.5 times by 50,000 million roubles. According to the Draft Directives of the 24th CPSU Congress under the ninth five-year plan the trade turnover will rise 1.4 times-more than by 60,000 million roubles.

It is envisaged to build tens of thousands of shops over the next five years. The network of canteens, cafes and restaurants will be expanded by 5 million places.

OIL SENSATION OF THE CENTURY

Tyumen

One more oil deposit has been discovered in the Tyumen region, Western Siberia.

Soviet geologists have done a really tremendous job there. Assignments of the previous



five-year plan for the increment of oil reserves have been doubled, the assignments of the previous five-year plan gas were exceeded 9 odd times.

In the future, Western Siberia will become the main gas supplier not only into the

single grid of gas supplies of the USSR but also to socialist countries of Europe. From its reserve's by 1980 it is planned to extract 240 million -260 million tons of oil and 210 thousand million - 220 thousand million cubic metres of gas. (APN)

Changes in U. S. Economic System

The U.S. economic system may be undergoing more far-reaching changes than most people realize. The signs of change thus far may seem small, almost insignificant.

Taken together, though and projected into the future with a little imagination, these changes could conceivably result in the evolution of an economic system that is quite unlike anything that has been seen thus far.

An economy based largely on investor-owned corporate enterprises competing with one another for markets and profits has served the interests of all classes of Americans very well. Not many Americans would be willing to exchange this present basic structure in favour of Government-Directed monopolies. Profound changes are possible nonetheless.

How the system operates is determined not merely by who holds nominal ownership, but by how the corporations are controlled and managed in actual practice, by the rules and regulations set by Government; by the goals and principles that guide the actions of managers; and by the standards of conduct demanded by the public. All of these factors are in a ferment of change in the United States.

The signs of change are big enough to suggest the need for a comprehensive official look at where they may be leading. President Nixon has called for a White House conference, to be held next November, on "The industrial world ahead: a look at business in 1990."

The conference will have four themes, including "The structure of the private enterprise system" and "The social responsibility of business."

"We must become the managers of change," President Nixon said in announcing plans of the conference. "The private enterprise system is facing new challenges on every front. Corporations are being called upon increasingly to help provide solutions to complex national, social and economic problems. Business,

Labour and Government must work in partnership for the public good."

Consumerism

Examples of the new challenges facing the American private enterprise system abound.

One of the most potent is 'consumerism'—the increasingly insistent demands by consumers, of late strongly backed by congress and state legislatures, for business to give greater consideration to the safety and welfare of the people who buy and use goods and services.

The consumerism movement has resulted in a flood of new legislation and the appointment of a special adviser to the president to look after the interests of consumers

Social goals

The pressures for corporations to take a greater direct interest in social goals is not coming only from the outside. During the past couple of years some groups have to persuade the stockholders of corporations—in other words, the owners—to vote for socially oriented policies during annual stockholders meetings.

At the General Motors annual meeting on May 21, stockholders will have an opportunity to vote on three such proposals submitted by a group calling itself "project on corporate responsibility" and one submitted by the Episcopal church in the United States.

One of the proposals would require that three groups—General Motors employees, General Motors dealers, and owners of General Motors vehicles—be represented on the corporation's Board of Directors along with the shareholders.

As incomes for all classes of Americans continue to rise, more and more Americans can afford to be investors as well as workers—and everyone is a consumer.

LIVING STANDARDS RISE IN THE USSR

There was a tremendous up-liftment in the living standards of the Soviet people during the last Five-Year Plan period (1966-1970)—much greater than envisaged by the state's planners.

This was realised through the consistency and purposefulness of the programme implemented by the Communist Party, whose main aim has been the improvement of the material welfare of the people.

Unemployment was completely wiped out with an additional 13.1 million securing employment. A five-day working week for Soviet office and industrial workers was introduced giving the worker an additional 52-54 holidays annually.

Workers benefited by the increase in the minimum wage introduced by the Soviet Government. Wages of workers in the Far East, Siberia and in the European North were upped 20 per cent during 1966-1970.

The gross income of collective farmers rose rapidly increasing by 43 per cent during the last Five-Year Plan Period.

By
M. MAXIMOV

Social Benefits

In addition to increase wages, the people of the USSR also received larger pensions and other social benefits. These payments are made exclusively from state funds. Expenditure on this account was last year estimated at 23,000 million roubles -9 million roubles more than in 1965.

Pensions payable range from 50 to 100 per cent of the wage earned by the pensioner when working. Besides, the pensionable age of collective farmers, workers in the Far North and disabled war veterans was lowered by five years. The pensionable limit of women textile workers was reduced to 50 years.

The payment of the increased pensions which is received by every sixth citizen, costs the Government 16,000 million roubles, 50 per cent more than before the last Five-Year Plan was launched.

Since 1970 a single system of social insurance for collec-

tive farmers was introduced in the USSR.

During this period (1966-70) grants and privileges given to the Soviet people from public funds increased by 98,000 million roubles. In 1970 alone these payments totalled 64,000 million roubles compared with 411,900 million roubles in 1965

Free education instituted in the Soviet Union is met from public consumption funds. The country has already changed over to universal secondary education which is available to all. During the last five years, specialised secondary and higher schools trained 7 million specialists while vocational schools trained 6.5 million skilled workers. By the end of 1970, the number of scientists in the USSR reached 930,000.

Rise in Consumer demand

With the increase in the purchasing power of the Soviet people came a corresponding rise in demand for consumer goods.

Contd. on page 12

CEYLON'S AGRICULTURE DEVELOPMENT PLAN: 1971-1982

CASHEW

At a discussion with the Government Agents it was revealed that a total extent of nearly 29,000 acres of Crown land will be available for alienation for cashew cultivation during the coming years:—

District	Already given (Acres)	To be available (Acres)
Puttalam	800	1,000
Mannar	2,740	4,000
Batticaloa	1,908	1,000
Vavuniya	2,555	800
Jaffna	3,500	10,000
Total	11,503	16,800

A feasible proposition therefore would be to concentrate on these 29,000 acres and the following would be the programme:—

Acres	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Existing	6000	18000	18000	15000	20000	20000	20000	20000	20000	20000	20000	20000
New planting	1971 2000	—	—	—	2000	4000	7000	10000	13000	18000	24000	24000
	1972 2000	—	—	—	—	3000	6000	10500	15000	19500	27000	36000
	1973 5000	—	—	—	—	—	5000	10000	17500	25000	32500	45000
	1974 6000	—	—	—	—	—	—	6000	12000	21000	30000	39000
	1975 6000	—	—	—	—	—	—	—	6000	12000	21000	30000
	1976 7000	—	—	—	—	—	—	—	—	7000	14000	24500
	1977	—	—	—	—	—	—	—	—	—	—	—
35000												
Cwt.	18000	18000	19000	20000	22000	27000	38000	56500	83500	122500	168500	218500
Met. Tons	900	900	950	1000	1100	1350	1900	2825	4175	6125	8425	10925

Full production is reached in 1986 with 368,000 cwt. = 18,400 T.

COFFEE

The proposed plan for coffee production for the period 1971 — 1977 is as follows:—

Year	Old Plantations			New Plantations			Total	Total in
	Acres	Yield cwt.	Production ('000 cwt.)	Acres	Yield cwt.	Production ('000 cwt.)		
1971	4,000	1 1/2	6	1,000	—	—	6	0.3
1972	4,000	1 1/2	6	1,500	—	—	6	0.3
1973	4,000	1 1/2	6	2,000	—	—	6	0.3
1974	4,000	1 1/2	6	2,500	2	8	13	0.4
1975	4,000	1 1/2	6	2,500	7	23	39.5	1.65
1976	4,000	1 1/2	6	2,500	17	54	60	2
1977	4,000	1 1/2	6	—	33.5	39.5	—	1.65
1978	4,000	1 1/2	6	—	54	60	—	3
				12,000				
1979	4,000	1 1/2	6	2 to 10	77.5	83.5	—	4.2
1980	—	—	6	Stabilized	97.5	103.5	—	5.2

At the end of the plan period in 1977 the acreage under cultivation would be 4,000 acres of old plantations and 12,000 acres of new plantings, making a total of 16,000 acres.

The production would yet be below the projected demand but the new plantings will thereafter rapidly catch up and would even produce some excess coffee for transformation into instant and other forms of coffee, with possibilities of exporting as indicated earlier. At the appropriate stage encouragement will be given to commence an instant coffee production unit. The minimum capacity of an

Regarding the availability of land, it is expected that sufficient land would be released from uneconomic tea and rubber areas during the period of the plan. Also interplanting cocoa under coconut seems to be an economic proposition in this country. Based on past experience, planting of cocoa under rubber will not be encouraged.

Regarding the availability of planting material, a scheme for mobilising planting material is given later.

With these considerations in view, the following programme to be considered as

Instant Coffee plant is around 600,000 lbs. (270 tons per year corresponding to 750 to 800 tons of merchant coffee which could be produced on 2,000 acres).

a first step towards a much more ambitious one is proposed during the period 1971 — 77:—

Year	Existing (acres)	Yields (cwt.)	Prod. (1000 cwt.)	New Plan (acres)	Yields (cwt.)	Prod. (1000 cwt.)
1971	30,000	2	60	1,000	—	60
1972	29,000	2	58	1,000	—	58
1973	28,000	2.5	70	2,000	—	70
1974	27,000	2.5	67.5	3,000	—	67.5
1975	26,000	2.5	65	3,000	1	66
1976	25,000	2.5	62.5	5,000	10	72.5
1977	24,000	2.5	60	5,000	15	75

11,000 T. is the final figure to be reached as from 1983, if development is limited to the 20,000 acres of the programme. Calculation of yield is shown in Table A below.

Department of Agriculture trial fields; Imports; and Local mass selection.

The local selection is to be started as soon as possible and is only satisfactory to make up for the insufficient local production of Departmental material and the limited amount of superior material which will be obtained from abroad. This selection will be orientated towards homogeneity of types and high yields. The imports will be restricted to a minimum considering the cost involved. The requirements of planting material and the economics of cultivation are given in Tables III and IV.

Year	Existing (acres)	Yields (cwt.)	Prod. (1000 cwt.)	New Plan (acres)	Yields (cwt.)	Prod. (1000 cwt.)
1971	30,000	2	60	1,000	—	60
1972	29,000	2	58	1,000	—	58
1973	28,000	2.5	70	2,000	—	70
1974	27,000	2.5	67.5	3,000	—	67.5
1975	26,000	2.5	65	3,000	1	66
1976	25,000	2.5	62.5	5,000	10	72.5
1977	24,000	2.5	60	5,000	15	75

TABLE A

At the age of 4 with fertilizers and medium to very light shade	Departmental material	Imported seed	Local seed
1 cwt/acre	1 cwt/acre	1 cwt/acre	1.2 cwt/acre
3 cwt/acre	4 cwt/acre	2 cwt/acre	—
5 cwt/acre	7 cwt/acre	4 cwt/acre	—
7 cwt/acre	11 cwt/acre	6 cwt/acre	—
10 cwt/acre	13 cwt/acre	8 cwt/acre	—
10-11 cwt/acre	13-15 cwt/acre	8 cwt/acre	—

The indiscriminate use of the local non-selected planting material is strongly advised against because of the heterogeneity of the material in which Crotto types appear alongside with Ameonados and other Forasteros.

The available planting material will have to come from three sources:—

Existing (acres)	Yields (cwt.)	Prod. (1000 cwt.)	New Plan (acres)	Yields (cwt.)	Prod. (1000 cwt.)
30,000	2	60	1,000	—	60
29,000	2	58	1,000	—	58
28,000	2.5	70	2,000	—	70
27,000	2.5	67.5	3,000	—	67.5
26,000	2.5	65	3,000	1	66
25,000	2.5	62.5	5,000	10	72.5
24,000	2.5	60	5,000	15	75

20,000

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The local selection is to be started as soon as possible and is only satisfactory to make up for the insufficient local production of Departmental material and the limited amount of superior material which will be obtained from abroad. This selection will be orientated towards homogeneity of types and high yields. The imports will be restricted to a minimum considering the cost involved. The requirements of planting material and the economics of cultivation are given in Tables III and IV.

(Planting density 435/acre for which 700 seeds are to be collected or 800 imported).

Under this programme it is envisaged that 1,000 acres per annum as is shown in Table III (under "existing") will be replanted. This land could be included in the new planting which, at the end of 1977, would reach 20,000 acres. This acreage together with the 24,000 acres of existing plantations would make up a total of 44,000 acres under cocoa with a production of 4,100 tons in 1977.

As the crop is of interest to Ceylon, an anticipated 1,000

Existing (acres)	Yields (cwt.)	Prod. (1000 cwt.)	New Plan (acres)	Yields (cwt.)	Prod. (1000 cwt.)
30,000	2	60	1,000	—	60
29,000	2	58	1,000	—	58
28,000	2.5	70	2,000	—	70
27,000	2.5	67.5	3,000	—	67.5
26,000	2.5	65	3,000	1	66
25,000	2.5	62.5	5,000	10	72.5
24,000	2.5	60	5,000	15	75

20,000

Department of Agriculture trial fields; Imports; and Local mass selection.

The local selection is to be started as soon as possible and is only satisfactory to make up for the insufficient local production of Departmental material and the limited amount of superior material which will be obtained from abroad. This selection will be orientated towards homogeneity of types and high yields. The imports will be restricted to a minimum considering the cost involved. The requirements of planting material and the economics of cultivation are given in Tables III and IV.

Yugoslavia's trade

Between the two World Wars Yugoslav foreign trade was oriented near-exclusively towards European countries. This orientation was predetermined by the decisive influence of the existent ties with European capital, which resulted on complete dependence of the country's typically undeveloped economy.

However, already in the first year after the end of the Second World War the directions of Yugoslav foreign trade gradually began to develop beyond Europe too.

A more significant diversification of the country's foreign trade became a feature parallel with the first more notable results in its economic development, at the beginning of the 1950s. It was then that Yugoslavia began to appear as a relatively more significant foreign-trade partner overseas as well. It was also the start of steadier trade relations with an increased circle of developing countries in the Near East, in Africa, Asia, and Latin America. Nonetheless, until the end of the 1950s the volume of Yugoslav trade with the developing countries did not exceed 100 million dollars annually. At the beginning of the 1960s, though, the figure became doubled, and since that point there has been an intensifying amount of trade with the developing countries. From 82 million dollars in 1956, the value of this trade rose to 258 million dollars in 1962.

During the last fifteen years there has been a 5.5-fold increase in this sector, representing a clear reflection of

1971	100 acres + intro
1972	100 acres + intro
1973	100 acres
1974	200 acres
1975	300 acres
1976	300 acres
1977	300 acres

PYRETHRUM

The immediate plan is to be the introduction of se

Existing	Proposed	Extension
1971	30,000	1,000
1972	29,000	1,000
1973	28,000	2,000
1974	27,000	3,000
1975	26,000	3,000
1976	25,000	5,000
1977	24,000	5,000

Yugoslavia's constant effort rapid development of the change of goods with said countries. In this process an important component has been constituted by consistent effort to balance trade to maximum measure. In respect the results have been fairly satisfactory, especially so over the last five years. During this period total Yugoslav exports to the developing countries were valued at million dollars, against million dollars for imports therefrom. During this period year after year, Yugoslavia bought more from the developing countries than she exported thereto.

As for the structure of Yugoslavia's trade with the developing countries, it can be said to reflect, basically, the general structure of the concerned parties' export potentials. In this context it is noteworthy that numerous articles representing the principal export commodities of the developing countries have been bought by Yugoslavia for her needs exclusively or prevalently from the developing countries. This is made possible by an efficient application of Yugoslavia's regional foreign trade policy ways subject to dealing on the basis of competitive offers.

Statistics of Yugoslav trade with the developing countries during the last few years reveal fluctuating trends, even though there has been a constant, and usually considerable increase in the overall exchange. Thus, for example, relative to the preceding

BAN: 1971-77 - perenial crops

100 acres + intro-
duction from abr.,
100 acres + intro-
duction from abr.,
100 acres
200 acres
300 acres
400 acres
500 acres
600 acres

and their multiplication. This
can be done at a lower eleva-
tion than 5000 feet.

This crop will grow and
produce on the dry side of
the hills at elevations over
5,000 feet. It may be very
suitable for old tea plantations
even on steep land; the sys-
tem of plantation in bunds
providing a good soil protec-
tion.

A suggested programme is:-

1971	..	Introduction and multiplication
1972	..	50 acres
1973	..	100 acres
1974	..	100 acres
1975	..	100 acres
1976	..	200 acres
1977	..	200 acres

CINCHONA

A proposed programme is:-

1971	..	50 acres
1972	..	50 acres
1973	..	100 acres
1974	..	100 acres
1975	..	100 acres
1976	..	100 acres
1977	..	250 acres

Seed is the normal way of
propagation although budgrat-
ing is also used for the repro-
duction of trees with high
quinine content in their bark.
Seeds can be obtained from
Java and India.

TABLE IV

	Labour Unit	Cost at Rs. 4	Material	Total	Yield cwt. (2)	Value (3)	Profit or—	Cumula- tive Bal.
1st year								
Preparation)	90	360	210	570	—	—	—570	—570
Maintenance (1))								
2nd year								
Preparation)	35	140	120	260	—	—	—260	—830
Maintenance)								
3rd year								
Preparation)	30	120	130	250	—	—	—250	—1080
Maintenance)								
4th year								
Preparation)	40	160	150	310	1	220	—90	—1170
Maintenance)								
Cropping and)								
Processing)								
5th year								
Same	50	200	150	350	3	660	310	—860
6th year								
Same	60	240	160	400	5	1100	700	—160
7th year								
Same	70	280	200	480	10	2200	1720	—1560

Year profits stabilized at Rs. 1720/-

- (1) In replanting old plantations the cost might be lower. In completely new plantations with banana shade the annual maintenance cost might be higher by 50 per cent and the preparation by 25 per cent (this is for the first year only). However, the monies realised from Banana cultivation would cover up in great part the initial costs of the cocoa plantation too.

- (2) The yields are computed as in Table III above.

- (3) Price per cwt. of cocoa is taken at Rs. 220/-.

Sources of imported seeds will be Trinidad, Keravat and even Tafo (Ghana) because there is no danger of transmission of diseases by seed. Additional quantities of rooted cuttings need to be imported for breeding purposes and multiplication. They should be obtained through the U.S.A. Plant Introduction Station, Miami.

(Contd. on Page 8)

TABLE III		Planted Acres		
Existing	Proposed	Department	Imported	Local
Extension		material	seed	seed
30,000	1,000	60 (cutting)	100	765
		75 (seeds)		
29,000	1,000	75 (cutting)	100	625
		200 (seeds)		
28,000	2,000	100 (cutting)	100	1500
		300 (seeds)		
27,000	3,000	200 (cutting)	—	2400
		400 (seeds)		
26,000	3,000	300 (cutting)	—	2100
		600 (seeds)		
25,000	5,000	500 (cutting)	—	3700
		800 (seeds)		
24,000	5,000	500 (cutting)	—	3600
		900 (seeds)		

trade with developing countries

's constant efforts for
development of the ex-
ports with the
countries. In this policy
component has
been substituted by constant
balance trade in
measure. In this
e results have been
satisfactory, especially
the last five years.
s period total Yugos-
s to the developing
countries valued at 850
dollars, against 946
dollars for imports

During this time,
for year, Yugoslavia
more from the devel-
oping countries than she sold

the structure of Yu-
trade with the devel-
oping countries, it can be
effect, basically, the
structure of the coun-
tries' exporting pos-
sibilities. In this context,
worthy that numerous
representing the prin-
cipal commodities of
developing countries have
been bought by Yugoslavia
needs exclusively or
ly from the develop-
ing countries. This is made
by an efficient ap-
plication of Yugoslavia's re-
foreign trade policy, al-
though to dealing on
of competitive offers.

ties of Yugoslavia's
with the developing coun-
tries the last few years
actualizing trends, even
there has been a consid-
erably considerable,
in the overall ex-
change. Thus, for exam-
ple, the preceding

year, there was an increase of
12 per cent in 1966, of 20 per
cent in 1967 and of 35 per
cent in 1969. In this last
year Yugoslav imports from
the developing countries show-
ed an increase of 53 per cent,
compared with 1968. At 438
million dollars overall, the
value of Yugoslavia's trade
with the developing countries
in 1969 included 244 million
dollars on account of imports
therefrom.

OBSTACLES

One May wonder about the
factors which have prevented
this trade from developing at
a quicker and more even rate.
Geographical distance and
lack of capital, short of which
it is very difficult to overcome
the problem of distance, are
among the underlying causes.
As a result, the buyer very
often is faced with the uncer-
tainty of whether the goods
he has ordered will arrive on
time. Lack of capital in the
case of business partners makes
it impossible to overcome such
uncertainty through the es-
tablishment of bonded ware-
houses for particular goods.
For the same reason, as a
rule, the purchase of major
lots is not practised. It fol-
lows, therefore, that these ob-
jective obstacles to a further
intensification of mutual trade
could be overcome, in part,
by means of a more adequate
organization of trade at both
ends, attended by joint finan-
cial commitment.

One other obstacle to in-
creasing mutual trade ex-
change occurs in the fact

that over the years the direc-
tions of trade had become
stabilized, almost exclusively,
towards the traditional partners
from the circle of the devel-
oping countries, as the result,
also, of determined technol-
ogical conditions, standards,
habits, and personnel factors.
Among other things, the de-
sired reorientation certainly
will take time. That already
is in progress, however, is
best evidenced by the men-
tioned already recorded re-
sults in the exchange of goods.

Payments Problem

Recently fluctuations in Yu-
goslavia's trade with some of
the developing countries have
also been provoked by the
system of payments through
clearing, which involves specifi-
c trading methods too. In

By

NOVAK POLEKSIC,
Assistant Federal Secretary of
Foreign Trade

recent years this has develop-
ed into an objective obstacle
to the promotion of mutual
trade. However, with nearly
all these trade partners it has
now been agreed to abandon
the clearing method and with
some of them adjustments
are being effected to pass to
new trading and payment me-
thods. The result has been
the establishment of clearer and
more objective criteria in mu-
tual economic relations, which
is particularly important from
the viewpoint of their long-
term character. The rela-
tions are in comparably more
realistically projected on up-
to-date forms of payment, as

an essential postulate. Actu-
ally, this implies competi-
tiveness of the mutual offers
in terms of the prevailing
market conditions—as a per-
manent basis in foreign trade
and in economic relations in
general.

Wherever practicable, Yu-
goslavia has made special effort
to enlarge the structure of her
imports from the developing
countries. Encouraging ini-
tial results have been recorded,
as witness that considerable
quantities of semi-finished and
finished products are bought
from some of these countries
and an upward trend is a
feature in this context. On
the other hand, for familiar
reasons, in many cases it is
still impossible to obtain pro-
cessed products even involv-
ing a lower phase of manu-
facture. More often than not
it is a question of raw materials
or of accessory materials for
the chemical and pharmaceu-
tical industries, and there are
also other examples. None-
theless, from year to year cer-
tain changes have been re-
corded in this respect also.

In the trade with many
developing countries also new
products have been making
their appearance, being made
from their own raw material
availabilities. Expansion of
the structure of Yugoslavia's
imports from the developing
countries represents her per-
manent interest, since it makes
for a more adequate and stable
regional distribution of this
country's import trade, with
resultant favourable effects on
its exports to the countries
in question.

Joint efforts

In the sphere of joint efforts
of developing countries to
promote their mutual trade,
one should also note the Tri-
partite Agreement on Cus-
toms Preferences between Yu-
goslavia, U.A.R., and India,
which represents a conspic-
uous example and result of
such efforts. So far the Agree-
ment has been made to cover
about 1,000 items, viz. most
of the commodities which are
exchanged between these three
countries. A significant en-
largement of the Joint List
(to which reduced customs
rates are applicable) was effec-
ted a year ago, following a
year's experience of the func-
tioning of the Agreement on
the basis of the original Joint
List. Encouraging results have
been recorded in increasing
the volume of exchange of
some of the commodities cov-
ered by the List, and in order
to assist the continuation of
such a trend last year the cus-
toms duty applying to the
commodities listed was cut
by half. It may be recalled
that, in principle, the Agree-
ment is accessible to all devel-
oping countries, some of which
have in fact been showing
considerable interest for it
in the interval.

In the course of numerous
contacts and bilateral trade
negotiations with a consid-
erable number of developing
countries it was found that
more adequate forms of mu-
tual organizing were lacking,
in respect both of the promo-
tion of bilateral trade and
joint operations on third mar-
kets. Such forms would not
necessarily have to end with
the conventional mixed com-

panies, although even of these
there are very few.

Lack of representation

In addition, Yugoslav busi-
ness men have been insuffici-
ently present in some of the de-
veloping countries. Particularly,
in most of these countries
there are few resident repre-
sentatives of Yugoslav foreign-
trade and producing enter-
prises while Yugoslav stocks
in bonds and permanent exhi-
bitions represent rare excep-
tions. Besides, Yugoslav en-
terprises have also been ab-
sent from certain important
trade fairs in the developing
countries, or else their real
potentialities have not been
presented adequately.

On the other hand, even
more evident has been the
absence of business men of
different developing countries
from the Yugoslav market.
In periodic terms, this also
holds for some of the coun-
tries with which, otherwise,
a significant degree of econo-
mic co-operation, especially
in the exchange of goods,
has been achieved.

A similar situation is found
in connection with represen-
tation at the major Yugoslav
trade fairs, especially as to
continuity of representation
at such events. Finally, in
mutual trading insufficient use
is made of the time-honoured
system of representation
through domiciled firms.

AGRICULTURE PLAN . . .

Contd from Page 7

OIL PALM

It is recommended that plantations of oil palm should be established in order to match the imports and industrial consumption. A tentative figure of 5,000 acres should be considered to be brought under palm oil cultivation. Such an area would produce after three years 1,000 tons of oil, after four years 2,400 tons, and after five years 4,000 tons. Ten per cent must be added for the production of kernels. As oil palm requires heavy capital outlay on Oil mills the plantation is best undertaken by the State Plantations Corporation or as a Government-sponsored plantation. In this case price fixation becomes comparatively simplified.

The summarised planting programme is as follows:-

Apart from cashew the "other perennial crops" will be generally in the areas covered by the Project of "Agricultural Diversification in Tea and Rubber Lands." The indication of the category of land to be brought under these crops will have to come from the studies that will soon be initiated by the UNDPP Agricultural Diversification Project.

These perennial crops are essentially export oriented. The plans under consideration have been considered mainly from this point of view. The foreign exchange earnings from them are therefore of prime importance. It should, however, be stressed that unlike in annual crops, these crops have a long lag period before the effective realization of income: some of the plantings will not yield substantially till the 1980s. The value of the produce that could be

realised from the above planting programme is given in Table V below.

At the end of the plan period, in the already established crops there would be an extent of 101,000 acres newly planted, the total extent under them being 206,300 acres. If the introductory crops are added the total extent under "other perennial crops" should be 214,000 acres.

At present the foreign exchange earnings from these crops is about Rs. 55 million. Therefore, the expected foreign exchange earnings in 1977 will be more than double and in 1984 when the full benefits of this development plan are realised, a foreign exchange earning of about Rs. 250 million, including the introductory crops, will be feasible.

For the successful implementation of this plan there

are in addition to research and extension certain requirements:-

- (a) Incentives;
- (b) Export Promotion;
- (c) Standard Product and

Quality Control;
(d) Institutional set up (Corporatives and Marketing Board).

(CONCLUDED)

The areas in which these crops are best grown are as follows:-

Crop	Districts
Cinnamon	Matara, Galle, Colombo, Kalutara, Ratnapura
Cardamom	Matale, Kandy, Nuwara Eliya, Ratnapura.
Pepper	Matale, Kandy, Kegalle, Kalutara, Kurunegala, Colombo, Galle, Ratnapura, Matara.
Nutmeg	Matale Kandy, Kegalle, Galle, Kurunegala, Kalutara, Colombo, Ratnapura, Matara.
Cloves	Matale, Kandy, Kegalle, Galle, Kurunegala, Kalutara, Colombo, Ratnapura, Matara
Citronella	Hambantota, Matara.
Lemon Grass	Matale, Kurunegala, Badulla, Moneragala.
Cashew	Mannar, Batticaola, Vavuniya, Puttalam, Hambantota, Colombo.
Coffee	Maale, Kandy, Kegalle, Nuwara-Eliya, Colombo, Kurunegala, Badulla, Ratnapura.
Cocoa	Mattale, Kandy, Kegalle, Kurunegala, Badulla, Galle, Ratnapura, Kalutara.
Vanilla	Kandy, Matale, Kegalle, Ratnapura, Galle, Kalutara.
Pyrethrum	Nuwara-Eliya, Badulla.
Cinchona	Nuwara-Eliya, Kandy, Badulla.
Oil Palm	Galle, Kalutara.
Macadamia	Kandy, Kegalle, Matale, Badulla.

A. Established:	Existing 1970	1971	1972	1973	1974	1975	1976	1977	Total New	Grand Total
Cinnamon	36000	2000	2000	2000	1000	1000	1000	1000	10000	46000
	down to 30000									40000
Cardamom	9500	1500	2000	2500	—	—	—	—	6000	15500
Pepper	10600	1000	2000	2000	3000	3000	3000	—	14000	24600
Nutmeg and Mace	2500	1000	1000	1000	—	—	—	—	2000	5500
Clove	3500	500	500	1000	—	—	—	—	2000	5500
Citronella	15000	—	—	—	—	—	—	—	—	15000
Lemon Grass	200	500	1000	1500	2000	—	—	—	5000	5200
Cashew	6000	2000	3000	5000	6000	6000	7000	—	29000	35000
Coffee	4000	1000	1500	2000	2500	2500	2500	—	12000	16000
Cocoa	30000	1000	1000	2000	2000	3000	5000	5000	20000	50000
	down to 24000(1977)									44000(1977)

10500 14000 19000 17500 15500 18500 6000 101000

B. Introductory	1971	1972	1973	1974	1975	1976	1977	1984
Vanilla	100	100	100	200	300	300	300	1400
Pyrethrum	—	50	100	100	100	200	200	750
Cinchona	50	50	100	100	100	100	250	750
Oil Palm (50)	—	1000	2000	2000	—	—	—	5050
								7950

CROP PLANTING		TABLE V Value of Produce (in '000 Rupees)								1984
	cwts. Rs.	1971	1972	1973	1974	1975	1976	1977		
Cinnamon old)	450	31050	33750	36450	39150	38475	37800	37125	49100	57750
quills new)	"				450	1360	2800	6975		
Add chips and oil		4500	4500	4500	4500	5000	5000	5000		
Cardamom old)	1680	6720	7056	7392	7560	7560	7560	7560		36120
new)	"			4200	8820	13860	21000	24780		
Pepper old)	180	5160	5160	5160	7920	7920	7920	7200		32400
new)	"				180	720	1620	3150		
Nutmeg old)	200	700	700	700	700	700	700	700		3000
new)	"							200		
Clove old)	250	875	875	875	1000	1000	1125	1125		3500
new)	"							6		
Citronella old)	4lb	2000	2000	2000	2000	2000	2000	2000		2000
Lemongrass new)	15lb	150	900	2250	4200	6000	6000	6000		6000
	(2)									
Cashew old)	80	1440	1440	1520	1600	1600	1600	1600		
new) raw nuts						160	560	1440		29440
Coffee old)	250	1500	1500	1500	1500	1500	1500	1500		
new)	"				500	1750	4250	7637		40000
Cocoa old)	220	13200	12760	15400	14950	14300	13750	13200		55000
new)	"				220	880	2200	4620		
		67295	70641	50947	94600	104975	117385	131818		245210

(1) Below present prices because of the possibility of further competition from Seychelles and Viet Nam and the cheaper Cassia.

(2) Raw nuts. 4lb. of raw nuts — 1 lb. kernels.

(Note: All prices herein are considered conservative, the probability of a higher income is therefore greater).

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INDUSTRY IN MODERN JAPAN

The rapid industrial progress achieved during the postwar years (1945-1970) and particularly from the year (1956) has been conducive to the present phenomenal economic development of Japan. The Western economist were baffled as to what magic economic theories the Japanese has applied to their industrial policy to achieve such remarkable economic advancement unparalleled in the history of the advanced nations of the world. And that too within a short period of two decades.

The success story of Japan though hard to believe in the light of modern economic theories, is nevertheless a true story, which illustrates of the ingenuity and diligence of the nationals of this Asian nation.

Immediately after World War II, Japan was almost in shambles and all that remained of her industries was a mass of twisted iron framework. Japan was on the threshold of an economic crisis, her resources having been virtually drained. It was really an Herculean task for Japan to rebuild her industries. However, a determined effort was made by her nationals to resuscitate her lost industrial resources by devising a plan for industrialization with

vision and foresight, while keeping in mind future trends.

The efforts made by the industrialists in Japan with the support and co-operation of the Government led to the successful implementation of the projects for mass industrialization.

Prior to the World War II, Japanese industry was already highly developed. However, it was centred mostly around the light industry. It was only after the World War II, that Japan laid particular emphasis on heavy and chemical industries.

Spectacular progress

The light and heavy industries, which actually contributed to the economic upliftment of Japan, were started on a modest basis and over the years these were developed to such an extent that today these industries have attained a high degree of competitiveness with similar industries in the advanced nations of the world. The small scale industries too have made significant contribution towards the furtherance of the economic development of the nation.

The vast field of industries ranging from Shipbuilding, automobiles, electronics, petrochemical, textiles, radio, cameras, locomotives to Jumbo Jet

planes has made spectacular progress which has helped Japan to rank as the second largest industrial power in the world after the United States.

The production index in 1946 immediately after the war dropped to 20 per cent of the prewar level (average for 1934-36), because of the paralysed postwar conditions. Since 1948, however, the production has increased reaching the prewar level by 1951 and finally exceeding the wartime peak (1944) by 1955. The production index for 1956 stood at twice as high as the prewar level.

By

HERBERT DE SILVA

In recent years, stimulated by expansion of domestic and export demand for industrial products, the growth of the Japanese economy has made startling progress. The index of industrial production in Japan increased by 3.5 times in the ten years from 1957 to 1967. The rate of growth in manufacturing has outstripped the indices of mining and of public utilities. The indices in 1947 were 135 for total industries, 125 for public utilities, 104 for mining and 136 for manufacturing. Heavy industrial production registered

Japan's National Day 29. 4. 1971

the highest increase among all industries.

During the past ten years, the production index of all machinery grew 5.2 times, while that of electrical machinery developed at the record breaking rate of 7.8 times.

Japanese industry has been taking necessary steps in modernizing the production equipment establishing mass production facilities and increasing productivity. On the other hand Japanese industry, which has gone through revolutionary changes in a short period, is still faced with various problems still unsolved. For example, the imbalance between the development of big concerns and that of small enterprises, and the excessively large number of small enterprises remain to be resolved.

Modern Industries

Iron and steel is Japan's most representative industry. It is the largest of all the manufacturing industries and the nation's foremost earner of foreign exchange.

Shipbuilding industry comes next. Japan today is the shipbuilder to the world. Lloyd's statistics show that Japan's lead in world shipbuilding widened further during 1966 when it launched over 6.6 million gross tons of vessels.

Automobile manufacturing is one of the newest stars spearheading the fantastic economic growth of postwar Japan. In barely a decade of dynamic expansion, the automobile industry has become a tremendous giant and Japan today has become the second largest producer of motor vehicles behind the United States.

Electronics industry ranks second in the world next only to USA. The production of all types of electronic products ranging from computers to television sets is now in full swing.

In the petrochemical industry too Japan holds the world's second place.

The Camera industry too has now qualified for the second place. Extra fine lenses, mechanism that is durable of the highest precision, arresting novelties and fancy designs—all of them combined have made Japanese cameras accepted and popular throughout the world.

The Aircraft industry has shown tremendous potentiality for growth.

Pride of Asia

Every industry is progressing rapidly year by year and before long Japan will be the leading industrial nation of the world.

Japan's economic progress has been so phenomenal that today she has become the pride of Asia, which title she rightly deserves for the diligence, and industry on the part of her nationals.

The present prosperity of Japan is largely due to the efforts of the Japanese people who virtually worked round the clock to rebuild a new Japan from the debris of shattered buildings and scorched earth left after the war.

On this memorable day when the entire populace of Japan is paying homage to their revered Emperor on his 70th birthday I take this opportunity to wish His Majesty Emperor Hirohito a very happy birthday

CEYLON-JAPAN TRADE IN 1970—A Review

The value of the total trade turnover between Ceylon and Japan which stood at Rs. 232.2 million during 1969 rose to Rs. 269.9 million in 1970. There by an increase of Rs. 29.7 million or 12.8% has been recorded in the Ceylon/Japan overall trading position during the year 1970, as against the previous year.

This increase in the trading position in the year under review was due to an increase of Rs. 8.1 million or 4.3% in the value of imports to Ceylon from Japan from Rs. 187.1 million in 1969 to Rs. 195.2 million in 1970. The increase in Japan's exports to Ceylon could be attributed to the expansion of Japan's export trade in 1970, under boom conditions at home, and the extension of Commodity Aid by Japan to Ceylon which facilitated such exports.

The value of exports from Ceylon to Japan too recorded a substantial increase of Rs. 21.6 million or 32.4% from Rs. 45.1 million in 1969, to Rs. 66.7 million in 1970.

In the Balance of Trade Ceylon recorded a deficit of Rs. 130.5 million in 1970. This deficit was however less than the deficit of Rs. 142.0 million in 1969.

Imports from Japan

Out of the principal countries from which Ceylon imports goods, Japan has ranked

4th in 1970, as against position 5 in 1969, according to the value of imports. In 1970 imports to Ceylon from Japan recorded 8.7% of Ceylon's entire commodity requirements as against 7.3% in the previous year. The chief items imported to Ceylon from Japan were—Iron and Steel products, Canned Fish, Materials for Plastics, Synthetic Fibre Textiles, Vehicles, Equipment for Distributing Electricity, Yarn, & Thread of Synthetic Fibre, etc.

By

NIHAL DELPECHITRA

Exports from Ceylon

In comparing the exports from Ceylon to Japan in 1970 Japan was placed 7th as against position 12 she occupied in 1969, as Ceylon's most important customer. Thus it can be seen that there has been a considerable amount of exports from Ceylon to Japan in 1970. Japan's share of imports from Ceylon increased to 3.3% of the total value of Ceylon's exports in 1970, as

TABLE A

	Rs. (Million)			
	1967	1968	1969	1970
Imports from Japan	97.1	116.8	187.1	195.2
Export from Ceylon	41.1	54.6	45.1	66.7
Total Trade Turnover	139.2	171.4	232.2	261.9
Balance of Trade	-55.0	-62.2	-142.0	-130.5

compared with 24% in 1969. The main items of exports to Japan were—Black Tea, Natural Rubber, Coir Fibre, Natural Graphite, Ilmenite and Coconut Shell Charcoal.

The Table A below gives a Summary of the value of trade between Ceylon and Japan for the past four years.

It would be observed from the above table that the pattern of trade between Ceylon and Japan has been regularly adverse to Ceylon. But in 1970 the deficit has been less than that of 1969. In the year under review Japan has increased her imports of Ceylon Produce by as much as, 32.4% when compared with that of 1969. This shows that there is further scope for the expansion of Ceylon's exports to Japan.

In order to further reduce Ceylon's existing deficit with Japan, the Japanese Government is genuinely trying all possible ways to import as much Ceylon Produce.

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A LOOK AT HOLLAND'S SHOP WINDOW

Three decades ago Holland would not have been described as either an industrial country or an important comprehensive trading partner.

But tremendous industrialization has been achieved in the past quarter of a century, seen not only in the way Holland's own domestic needs are now provided from its factories but also in the appearance of a great variety of Dutch goods in markets all over the world.

Nature added its quota of encouragement by providing raw materials in the form of oil, gas, salt. On these three resources a greatly varied chemical industry has been built up, and although it is really still in its infancy, its growth has been powerfully stimulated by the way other branches of Dutch industry have either supplied the essential equipment or used its by-products so that the volume and value of exports have been multiplied many times within a score of years.

Main stay

The mainstay of Dutch industrialism has always been and still is, the metal-working sector. It has formed a solid foundation for the economy, yet most of its branches, like steelwork output, mechanical engineering, shipbuilding, aircraft construction and those production complex components for heavy industry, continue to expand.

The attractiveness of Holland as a petro-chemical centre seen in the way it has the largest concentration of refineries and affiliated plants in the world has automatically led to a very great demand for specialised large-scale equipment of all kinds which Dutch industry has not been slow to provide. With the Dutch steelworks also fast expanding its annual production and the large ship-building yards gearing themselves to make any type of heavy installations, practically all the components of the massive equipment carry the label "Made in Holland".

Most of the powerful engines and large propellers for the giant tankers continually under construction in the Netherlands are made in the country, along with monster cranes, the world's largest dredgers and tugs, mighty transformers, transport of all kinds from cars to aircrafts, water purification plants, huge refrigerating units, agricultural machinery, bridges, diesel motors, and even nuclear reactors.

Particularly interesting is the export of mammoth fertilizer and other chemical factories designed and tailor-made in Holland and using Dutch processes under licence. About 400 of these have been sold abroad to more than 40 different countries, all supplementing the large quantities of artificial fertilizers and other by-products made in Holland itself from oil and gas. Eastern Europe alone has 25 of these Dutch installations.

In all this heavy industry an important role is played by the Royal Dutch Blast Furnaces and Steelworks (Hoogovens) which continues to grow as fast as any similar concern in Europe. Its seventh blast furnace, which will have the almost record diameter of 42.5 feet, will come into use in 1972 and take the total Hoogovens capacity to about six million tons of steel annually, apart from vast quantities of products like pig iron and tinplate.

Electrical engineering

A younger but very robust sister of the main metal-working industry is that of electrical engineering which has built up an export ratio of more than 60% of its production. Largely due to its own research and initiative, this sector is very versatile, so comprehensive, indeed, that only a sketchy outline can be given of its output and its popular and good-selling articles abroad.

Its motors range from giants of very high horse-power to midgits for the smallest household and personal appliances. Most of Holland's power stations—any many foreign ones also—produce their energy from Dutch-made plant, while transformers and switchgear of all sizes have enabled Holland to be coupled to the power networks of neighbouring countries.

All Dutch radio and television stations and transmitters are wholly Dutch-made (as are many operating abroad); a score of foreign countries use telecommunication networks with carrier frequency equipment and microwave links produced by the Dutch; a large number of the world's harbours have been made by installation of radar from Dutch factories; Dutch lamps literally light up the world, whether it be by ordinary bulbs, fluorescent tubes, mercury vapour lamps or flash-bulbs; and tape recorders and cassette miniplayers from Holland cheer millions of people speaking many tongues but with a common ear for music.

Many of the world's hospitals and research laboratories are helped in carrying out their important work by X-ray equipment electron and proton microscopes and encephalographs from Holland; computers designed and made in the Netherlands speed up work in hundreds of establishments at home and abroad; and literally millions of housewives in a hundred countries use Dutch vacuum cleaners, coffee grinders, floor polishers and washing machines, while their husbands and sons are devotees of Dutch electric razors.

Machine tools

In the field of machine tools there has also been considerable growth in Holland in the past 15 years, and it is significant that in exports the most important customers of this sector in those countries which have themselves long had highly developed factories producing these articles.

The production list is formidable. It starts off with a wide range of grinding machines, drilling and lathes. But it also includes many unusual machines designed—or even invented—by Dutch experts for special uses and equipped with things like ultra-high precision roller bearings and a variable electronic speed control. Then there are the three dimensional copying machines for the accurate reproduction of the contours of patterns in forging and plastic dies which can mill profiles over an angle of 360° with an accuracy of 0.025 mm. Tapping, thread-cutting and rolling machines also appear on the list, along with every other type of machine-tools which serve modern industry.

Chemical Sector

Turning to the chemical sector, the fast-growing output of byproducts and derivatives from both oil and gas is duplicated by the remarkable variety of pharmaceuticals pouring out of Dutch factories and laboratories.

The antibiotics, for example, have a worldwide reputation for purity and efficiency; the pesticides and fungicides are the enemies of insect hordes and plants diseases wherever there are plants or trees or flowers; Dutch vaccines and hormones are as popular abroad as Dutch cough mixtures, or antiseptics; and these are being augmented every month by new products in the field of drugs for the most up to date treatment of dangerous bodily conditions such as high blood pressure or tuberculosis.

NETHERLAND'S NATIONAL DAY

30-4-1971

So it is not surprising that Holland is among the most important medicine and specialised chemicals-exporting countries.

Yet pharmaceuticals form only a fraction of the total output of the chemical industry in the Netherlands.

The output of fertilizers, plastics, artificial rubbers,

paints, many grades of petrol and oils, cosmetics, perfumes, and a host of raw and auxiliary materials for many other industries is growing phenomenally, while the new oil refineries, petro-chemical plants and associated installations being erected in different parts of the Netherlands foreshadow a strong continuation of this expansion.

NETHERLANDS NATIONAL DAY

Our

Greetings

&

Best Wishes

VAN REES CEYLON N.V.

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The changing face of Holland

According to the latest statistics more than 40% of the working population of the Netherlands are employed in industry and only 7% in agriculture. And there is every indication that the balance will shift still further in favour of industry; for agriculture in Holland has already reached its peak owing to the fact that the amount of arable land now being taken for the building of the houses, factories and schools, approximately equals the acreage that can be added as a result of the ambitious land reclamation works.

Consequently the annual increase in the potential working population must be absorbed mainly in industry. This increase is estimated at approximately 50,000 people per year after allowance has been made for the considerable emigration

Since 1945 Dutch industry has invested over 65,000 million guilders in fixed assets and the end of the investment programme is not yet in sight. The building of homes has more or less kept pace with new factory construction. As a result the large towns in the west of the country have expanded to such an extent that they almost touch each other, and "randsted Holland" (i.e. the conurbation of the Western Netherlands) has now become a familiar Dutch expression.

UP-GRADING INDUSTRY

By and large Holland is badly off for raw materials, but it is so favourably situated geographically that the Dutch ports are sometimes referred to as the "sources" of the relevant raw materials. However, Holland's imports of materials have to be paid for out of the proceeds of its export products and it has consequently become a country of up-grading industries per excellence.

Holland imports iron and tin ore and is one of the world's leading exporters of pig iron and tin.

It imports raw phosphate and is, with the exception of the United States, the biggest export of phosphate-containing fertilizers in the world.

It imports timber and has an exporting wood-working industry, many paper mills and a sizeable rayon industry.

It imports all its cotton and 95% of its wool requirements yet it possesses a textile industry whose products are exported all over the world.

It imports copper, but its exports of electrical equipment exceed its sales on the home market.

It imports hides and skins and rubber, and export leather, footwear, automobile and cycles tyres.

It imports crude oil and is the biggest exporter of refinery products on the European continent.

It imports oleaginous seeds and fruits and is a leading exporter of vegetable oils and fats, margarine, cocoa powder, chocolate, refined sugar cigars and cigarettes.

It imports uncut diamonds and exports the cut and polished stones.

PROCESSING OF RAW MATERIALS

As a rule the minerals extracted in Holland itself and the country's own agricultural products are likewise up-graded before they appear on the world market.

Holland has recently commenced production of a natural gas field which is the largest in the world. A part of this production is being used for the manufacture of fertilizers and carbon black.

The chemical industry based on petroleum and salt is continually adding new items to its manufacturing programme. A large soda plant was opened in 1958.

Dutch agricultural produce is processed in factories many of which are owned by the farmers themselves. Holland

is the world's biggest exporter of potato flour and strawboard and the third biggest exporter of beer. Export of sugar made from sugar beet grown in Holland are in themselves considerable; still greater, however are the indirect exports thereof in the form of sweetened condensed milk, chocolate, jam etc. The distilleries are also important customers for raw materials of agricultural origin.

The fruit and vegetable preserving factories process a large part of the home grown crop and export their jams and preserves all over the world.

The dairy factories enable Holland to export its livestock products on a very large scale. For many years it has been the world's leading exporter of condensed milk and cheese.

Processing of semi-manufactured goods

Among the semi-manufactured goods produced in Holland from imported raw materials there are number which undergo further processing. Dutch paper, for instance, serves as a base material for the printing and allied trades; the fabrics are worked up by the ready-made clothing industry the footwear industry takes part of Holland's leather production; the products of the blast furnaces and steel works find their way to the metal-working plants, while those of

the basic chemical industry provide base materials for various other industries.

All the end products obtained in this way are likewise exported.

The principal customers for various metals are the shipyards and engineering works, but the motor vehicle factories and other metal-working plants are also responsible for a constantly increasing demand. It is precisely in the metallurgical sector that a number of entirely new industries have sprung up which are of importance as processors of semi-

manufactures and as suppliers and exporters of finished goods

Exports

The changing face of Holland is also reflected in the country's figures.

Dairy produce and preserved meats are still well up on the list of exports, but they are far outstripped by the products of the metal-working, petroleum refining, textile and chemical industries.

In 1970 the total value of Dutch exports was nearly 42,600 million guilders, 82% of which was accounted for by industrial goods. This is ample proof of the fact that Holland ranks high among the heavily industrialized countries of the world.

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THE ECONOMIC TIMES

Editorial Department
Sunday 2nd May 1971

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AID CLUB TALKS

The outcome of the Aid Consortium Consultative Committee meeting held in Paris last week could indeed be very crucial for Ceylon. The significance of the Aid Club talks is borne out by the fact that for the first time since its inauguration the Ceylon delegation was led by the Minister of Finance who is of course the most competent authority to press Ceylon's case for what might perhaps be termed as most favoured treatment at the hands of the IBRD.

The need for foreign assistance has never been greater for very obvious reasons. Ceylon's external resources are at a precarious level. The external assets being barely equal to the short-term debts owed to the commercial banks abroad and Central Bank Reserves are almost nil, while the size of the external repayment obligations for 1971 loom large. Recurring balance of payments difficulties resulting mainly from the deterioration in the terms of trade have aggravated the situation.

Prices of two of Ceylon's three major export products fell alarmingly during the period 1960 to 1970—tea and rubber prices tumbled by approximately 30 per cent and 40 per cent respectively. While export earnings have thus dwindled import pressures for maintaining minimum living standards have increased, thus forcing the country to live beyond its means through the goodwill of the creditor nations.

It is true that the debt servicing burden will increase with each additional foreign loan, but substantial assistance from the Aid Club countries is essential at this juncture. It's a Hobson's Choice and we can only hope that the terms of aid would be softer.

While there is a need to improve the social standards of the people it is imperative that the Government should not lose sight of the over-riding need for accelerated economic growth. Social stability and economic growth must go hand in hand. It is primarily through economic growth that better living standards could be provided. Thus development programmes must supersede social welfare—at least for a time. Foreign aid must be utilised and diverted increasingly for development purposes. In this regard it need hardly be mentioned that the massive reconstruction programme that now confronts the Government will drain a greater portion of the foreign assistance that would be forthcoming. It is hoped that due emphasis would be laid on investment expenditure when allocating the aid received.

While it is the task of the economist to advise the Government on the most prudent course of action in the given economic situation, it is the task of the politician to enlighten the people on the true position in which the country is placed, particularly in the light of recent events which have caused wanton destruction, and the steps that must be taken in the interest of overall economic development. It is only then that the active co-operation of the people could be expected. And they have already proved in this moment of crisis that they are willing to make sacrifices in the national development effort.

International Agencies: Need for global strategy

While International Agencies like the FAO, is making a bid to stabilise prices by calling upon the major producer countries to make sacrifices, International Monetary Institutions are continuing to finance expansion of tea production in various other producing countries. And this does not make sense.

This was one of the points stressed by Mr. Ranjan Wijeratne, who was re-elected Chairman of the Planters Association.

The Chairman added: "Whilst we are deeply grateful to the various International Organisations that continue to aid us in some way or other, the need has never been greater than at present for these Agencies to have a co-ordinated development plan on a global basis. . . . We for our part will, I am sure, subscribe to any form of global strategy mapped out by World Organisations, provided our primary products can have prices which are guaranteed to fetch a reasonable percentage more than our cost of production."

The massive tax burden imposed on the plantation sector inhibited the growth and increase of the country's agricultural potential. Finance is essential for the implementations of planned targets in respect of replanting and factory modernisation etc. The tea industry in particular is stifled at birth with export duties, the Chairman emphasised in his review of the Association's activities.

In view of existing financial burden the Chairman pointed out the need for a revised uniform tax structure for tea—a structure that will tax profits on a sliding scale and not one which will gradually devour the asset which produces the wealth.

Rubber

The low prices for rubber at the end of 1970 were due to recessions in affluent countries such as USA., Germany, Japan and Australia, which reduced the production of motor vehicles. In Australia for example the low prices for wheat and wool immediately reduced passenger

car production. The business climate abroad was poor in many countries at the end of 1970, especially in the USA where the last three months of the year was perhaps the worst in four years.

The Chairman however expressed the view that the position would be reversed in 1971 and steady improvement will be witnessed in commercial activity. Favourable forecasts been made for the rubber industry.

Coconut

In regard to the coconut industry the Chairman's review pointed out that: "Coconut is a commodity which needs the active attention of the Government lest scarcity causes a continuity of the drop in production which has so far resulted in a contraction of export volume from a nut assessment of 1,625 million in 1964 to 859 million in 1970. This is in spite of the fertilizer scheme introduced in 1956 whereby coconut lands over 20 acres in extent were given 33 1/3 per cent discount on price and small holdings 50 per cent as from 1st October 1968. Of a total acreage of 1,152 million the acreage comprising units over 100 acres consists of less than 20% viz, 216,000 acres approximately."

To emphasise the need to revitalize the coconut industry the Chairman drew attention to the Report of the Coconut Commission of 1949 which stated as follows:-

"If we are to survive as a copra and oil exporting country, if we are not to suffer the same fate as India and be reduced gradually from an exporting into an importing country so far as coconut products are concerned, if we must safeguard one of our national assets which next to tea brings in so much money and prosperity then the Government must be alive to the situation and take adequate measures as we suggest to meet this emergency."

CEMENT CORP. PROFITS

The Cement Corporation earned a profit of Rs. 26 million during 1969-70, an increase of Rs. 14 million over the previous financial year. This was revealed by a corporation spokesman last week.

LIVING STANDARDS...

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Production of consumer goods surpassed the level of means of production in rates of growth. In 1969 alone, the increase in the means of production amounted to 7 per cent and consumer goods 7.5 per cent. In 1970 these indices were 8.2 and 8.5 per cent respectively.

BRITISH STIMULUS TO PRIVATE INVESTMENT

Developing countries should benefit from a bigger supply of British private capital, if a new Government proposal is approved by the British Parliament.

Under a Government-backed insurance scheme new investment overseas would be covered against risks of loss from political factors such as war, expropriation or inability to remit profits from the host country.

Protection agreements

Investment in all countries would be covered, but it is clear the primary stimulus would be to investment in developing countries. Indeed, side by side with the scheme, the British Government has announced its intention to seek investment protection agreement with individual developing countries covering existing as well as new investment.

The scheme will not cover portfolio investment but will apply to all new direct investment, whether offered in loan form or as equity capital.

The scheme will bring British practice into line with that of almost all other capital exporting countries which are members of the Organisation for Economic Co-operation and Development. But it will not "alter the United Kingdom's generally favourable attitude towards a multi-lateral

insurance scheme" such as is being now discussed under the auspices of the World Bank.

Other measures to stimulate investment from Britain in developing countries include further tax relief on profits accruing from such investment. The Government proposes to widen the scope for tax relief in the Finance Bill now before Parliament.

Tax relief

Specifically, UK tax relief against foreign tax will be accorded to profits remitted from all overseas countries, provided that the UK taxpaying company has at least 10 per cent voting control of the remitting company. Hitherto, companies receiving remittances from outside the Commonwealth had to hold 25 per cent voting control to obtain relief, unless this was provided under a double taxation agreement.

The growth of consortium investment and local participation in many developing countries makes the lower limit more appropriate.

On a more general aspect of tax relief the British Government says that by altering the incidence of UK taxation it will seek to allow British firms investing in developing countries to benefit more from the tax advantage which are offered by host governments to attract foreign capital.