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Foreign Aid C'part Fund Operations

In the first six months of the current financial year, credit to the Foreign Aid counterpart Fund amounted to Rs. 171 million and withdrawals for budgetary purposes totalled Rs. 170 million, as compared with Rs. 155 million and Rs. 157 million respectively in the corresponding period of the previous financial year, according to the latest Central Bank Statistics.

In March 1971, Rs. 25 million was credited to the Fund, and the same amount was withdrawn. The balance in the Fund at the end of March 1971 was Rs. 2 million.

JAPAN'S FOREIGN ASSETS TOP \$ 5 BILLION

Yen Revaluation urged

JAPAN'S FOREIGN EXCHANGE RESERVES TOPPED THE \$5. BILLION MARK FOR THE FIRST TIME AND REACHED \$5,558 MILLION AS AT THE END OF MARCH 1971.

Since April 1968 when the reserves stood at \$1,900 million the surplus balance of international payments continued to increase steadily, rising by more than \$3,000 million in the intervening three years. In fact some exchange analysts predict that Japan's gold and hard currency balances will exceed \$10, billion by 1975. This situation has created a growing demand for an upward revaluation of the yen across the financial capitals of the world.

This phenomenal rise in exchange reserves is a testimony to the Japanese industry's increased international competitive capacity which has been strengthened during the past decade by the process of rapid economic growth.

In his economic report issued recently, U.S. President Richard M. Nixon complained that U.S. deficits would not disappear as long as major powers of the world keep their fix-

ed parity and stick to the policy of keeping their balance of payments in the black.

Nixon's remarks are a tacit admission of the fact that because of America's chronic balance of payments deficits Japan and West European countries are amassing their foreign exchange reserves.

Veiled Plea

On the other hand, the Nixon statement contains a veiled plea for a change of Japanese and West German parities. Top U.S. Government officials have been calling on Japan at every available opportunity to revalue the yen upward. With Japan's foreign exchange holdings increasing steadily, such appeals cannot but gain in persuasiveness.

Kogoro Uemura, president of the Federation of Economic Organizations, recently startled the business circles when he said a revaluation of the yen was the only way left to ease the tension in Japanese-American economic relations.

In view of the high position the speaker holds in Japan's business community, the statement obviously reflects the views of many Japanese busi-

ness leaders who consider yen revaluation unavoidable.

Negative Views

Government leaders are, however, taking negative views about changing the exchange rate of the yen.

Finance Minister Takeo Fukuda flatly denies any intention of revaluing the yen. It is unwise, he said, for Japan to increase exports by such wide margins as 30 or 40 per cent a year in disregard of the interests of importing countries.

Bank of Japan Governor Tadashi Sasaki has discounted the possibility of yen revaluation when he said an increase of foreign exchange reserves

would not automatically lead to a parity change.

Capital Liberalisation

The \$5,000 million foreign exchange surplus, however, is a cause of embarrassment for the Japanese Government in the presence of the many remaining trade and capital restrictions.

The Foreign Investment Council, now ready to deliberate on the fourth and final capital liberalization program, is resolved to make it as extensive as possible. It is quite clear that the growing foreign exchange holdings are serving to speed up the liberalization process in the months ahead."

Government Revenue declines

Government revenue from Customs duties and the sale of FEEC's showed a marked decline in the first six months of the current financial year, according to Central Bank data.

Revenue from Customs duties from October 1970 to March 1971 was Rs. 284 million as compared with Rs. 329 million in the corresponding period of the previous financial year. The lower receipts was due mainly to a sharp decline of Rs. 33 million in import duties and Rs. 7 million in export duties (including tea tax).

Largest drop

The largest drop in revenue was from the sale of FEEC's. Receipts from this source of revenue showed a decline of Rs. 60 million when compared with the corresponding period in 1969-70.

This shortfall is primarily attributable to the suspension of the sale of FEEC's with effect from May 29, 1970 (mainly for OGL items) and to the higher payments made on account of minor exports. The expected reduction in the volume of imports is likely to cause a greater contraction in Government revenue from this source in 1970-71. This applies equally to revenue from import duties.

The receipts from income tax, estate duty etc., tobacco tax and from the sale of arrack showed an increase during the period under review. Enhanced collections of income tax contributed towards the rise in receipts. Receipts from income tax from October 1970 to March 1971 totalled Rs. 225 million as compared with Rs. 215 million for the corresponding period in 1969-70.

Revenue from the turnover tax during the period

FOREIGN FIRMS VYE FOR MAHAVELI PROJECT

A number of foreign engineering firms are vying for the seventy million - rupee contract for the Bowatenne complex of the Mahaveli diversionscheme. The Bowatenne complex which includes a dam, tunnel and channels is the second section of stage one of the Mahaveli diversion scheme.

showed an increase of Rs. 62.3 million—increasing from Rs. Rs. 104.2 in 1969/70 million to Rs. 156.5 million in 1970/71.

The major items of Government revenue are shown in the Table below, which records about three fourths of Government revenue.

MAJOR ITEMS OF GOVERNMENT REVENUE

Sources	Rs. Million			
	March 1970	March 1971	Oct 69 March 70	Oct.70to March 71
1. Customs duties	53.9	54.4	328.6	284.2
(a) Import duties	28.1	29.6	166.9	133.7
(b) Licence fees on imports†	1.1	0.2	5.1	0.7
(c) Export duties (including tea tax) of which	24.5	24.5	156.1	148.9
Tea Tax	3.4	2.8	17.6	14.5
(d) Sundries	0.2	51.5	0.5	1.0
2. Receipts from sale of FEEC's	29.5	51.5	226.0	165.5
3. Income tax, estate duty etc *of which;	35.4	49.2	214.7	224.9
(a) Income tax	30.8	43.6	186.6	193.5
(b) Estate duty	0.9	0.8	5.4	4.8
(c) Stamps	2.2	2.4	14.3	13.2
(d) Wealth tax	0.9	1.5	5.1	8.1
4. Profit from sale of Arrack	11.0	12.5	66.0	75.0
5. Tobacco tax	18.3	23.4	105.9	120.3
6. Turnover tax	3.0	2.2	104.2	156.5

† These figures have been revised to take into account the licence fees collected by the Ministry of Industries and Scientific Affairs.

* A revenue head appearing in the Government Accounts which includes income tax, estate duty stamps, personal tax, rice subsidy tax, wealth tax, gifts tax and collection of arrears from certain taxes which have since been abolished.

LOWER UTILISATION OF FOREIGN LOANS

The utilisation of foreign loans in the first six months of the current financial year amounted to Rs. 103 million of which Rs. 5 million was by way of project loans and Rs. 98 million by way of non-project

(commodity) loans. In the corresponding period of the previous year foreign loans utilized totalled Rs. 176 million consisting of Rs. 51 million of project loans and Rs. 125 million of non-project (commodity) loans.

Higher repayment

The receipts, net of repayments for the period under review were very much lower in respect of both project and non-project loans, compared with the corresponding period of the previous financial year. Moreover repayments in respect of project loans have consistently exceeded receipts of such loans since November 1970. Meanwhile, the repayments in respect of foreign loans were higher in this period.

In this Issue

	Page
* Export Intelligence	3
* Global News	5
* Health of Workers in Industry:	6
* Development of the Public Industrial Sector: 6 & 7	
* Industrial Arbitration in Ceylon	7
* Development of pneumatic tyre construction:	8
* Shipping & Aviation News:	9

MARKET PRICES

COLOMBO

CLOSING PRICES 26.5.71

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold Ex-Estate)

	BOPS		B.O.P.Fs.	
High Grown	1.75	3.15	2.00	2.75
	3 at 3.20	1 at 3.75		
	1 at 3.35	1 at 3.40	2 at 2.90	1 at 3.05
Medium Grown	1.63	2.08	1.60	2.20
Small leaf Low Grown	1.65	1.78	1.60	1.72
Tea for Price	1.58	1.62	1.57	1.60
Leafy B.O.P.	1.90	2.24		

	F. B. O. Ps.		F. B. O. P. Fs.	
Tippy Teas	1.90	2.35	1.89	10.50
	1 at 2.05	1 at 2.09	1 at 17.80	1 at 30.00

RUBBER

PRICES FOR THE WEEK ENDED 23.5.71

	Rs. cts.—per lb.)		
	Closing Quotations	Avg. to date 1971	Avg. Same Period 1970
RSS No. 1	88 1/4	83	97 1/4
RSS No. 3	76 3/4	76 3/4	92 3/4
RSS No. 3	76 1/4	75 1/4	91

	(Rs. per candy)	
	Opening Price	Clos. Price
Estate copra No. 1	209.75	210.25
	Open. Price	Clos., Price
COCONUT OIL (Rs. per ton)		
May	1,375.00	1,375.00
June	1,365.00	1,365.00
	(Per lb.)	
DESSICATED COCONUT		
May and June	.58 cts. Closing Price	

PRICES OF THE WEEK ENDING 23.5.71

Commodity	Buyers	Quotations	Expor
		(Per lb.)	Duty
Cardamoms	..	11.75—	40% on
Cardamom Seeds	..	18.00—20.00	true
Cloves	..	20.00—31.00	F.O.B
Clove Stems	..	3.75—4.00	value
Mace	..	8.50—	
Nutmeg (Shelled)	..	3.00—3.50	
Nutmeg (Unshelled)	..	1.75—2.00	
Pepper (Black)	..	6.50—	
Papain (White)	..	13.00—	
Papain (Brown)	..	11.50—12.50	
Cinnamon H/1	..	3.85	20% on
Cinnamon H/2	..	3.55	true f.o.b.
Cinnamon Quilings No. 1	..	2.75	value
Cinnamon Quilings No. 2	..	—	

	per Cwt.	Exp.
Cocoa	300.00	40% on
Coffee	390.00—	true f.o.b.
Kapok (Clean)	165.00	value
Kapok (Unclean)	65.00	
Croton Seeds	100.00—125.00	
Essential Oils	Per 25 oz. lb. Exported.	
Cinnamon Leaf Oil	22.00—25.00	
Cinnamon Bark Oil	Per oz 24.00	
Citronella Oil Estate Quality	7.40	10% on
Citronella Oil Ordinary	7.20	true f.o.b.

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA
ENDING 23.5.71

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 154/158 Lbs)	(Per bushel)
Paddy		
Samba	15.00—	
Other varieties	13.00—14.00	
Rice Par Boiled	70.00—	

TEA REPORT

Auction No. 18 held on 25th and 26th May, 1971.

The total quantity offered was 10,222,150 lbs., comprising 5,374,555 lbs. Leaf Grades, 1,206,588 lbs. Dusts, 12,412 lbs. Reprints, 111,892 lbs. Sunday Leaf and 3,529,115 lbs. Ex-Estate. Quality was plain and very similar to the last week's offerings. There was a good demand particularly for Ex-Estate auction teas which ceased later in the sale than the Large Break catalogues were sold.

High-grown Teas: There was more inquiry for the best Westerns on offer and prices improved 10/20 cents for those teas showing any brightness and quality. Below best were firm although light liquoring and poor leaf kinds declined 5/10 cents. There was less demand for the higher priced BOP Fannings which on average dropped 10/20 cents per pound but lower kinds were a full 10/15 cents dearer.

Medium-Grown Teas: Good coloury Broken with some brightness were 3/5 cents dearer but poorer quality kinds particularly in the Large Break catalogues declined 5/10 cents. The best BOPFannings remained firm but others followed the trend of their respective BOPs declining 5/10 cents per pound. There was a good demand for Pekoes and OPs which were all firm to dearer.

Commodity Commentary

Low-Grown Teas: There was again a very strong demand for leafy BOP.1's and FBOPs which were 5/10 cents dearer. Small leaf kinds however declined 3/5 cents with BOPFannings showing a further fall of 5/10 cents. OPs were particularly strong and all dearer.

Tippy Teas: All tippy teas were dearer with FBOPs gaining 5 cents, Small leaf Flowery Fannings on average 5/10 cents per pound and showy kinds substantially more.

Off Grades: All Fannings declined by 5/10 cents while their respective BMs and BPs were easier by 5 cents.

Dusts: The best Mediums and Uvas were firm but Westerns, Low-Growns and powdery sorts were easier.

RUBBER REPORT

Week-ending 23rd May, 1971.

RSS NO. 1 opened 1 cent dearer at 86 3/4 cents per lb. and continued to appreciate further to touch 89 per lb. during mid week before declining in line with overseas advice to close at 88 1/4 cents per lb.

Approximately 430 tons of LATEX CREPES were offered at the Two Sales held during the period under review, an increase of 105 tons compared to the previous week's total. At the first Sale, best-

latex crepes remained unchanged but the FAQ offerings were marked up by 1/2 cent per lb. Duller sorts remained about unchanged whilst the inferior grades were quoted 1 to 3 cents per lb. higher. At the following Sale, best latex crepes improved by 1/2 cent but the AFQ Offerings, duller sorts and inferior grades remained unchanged.

Approximately 145 Tons of SCRAP CREPES were offered, an increase of 25 tons compared to the previous week's total. At the First Sale, light and dark brown scrap crepes were 2 cents per lb. dearer whilst the darker offerings too were marked up by 1 cent per lb. Flat Bark, however, declined by 1 cent per lb. At the following Sale, light brown scrap crepes improved further by 1/2 cent per lb. whilst the dark brown sorts showed a fairly substantial gain of 3 cents per lb. Darker sorts too were 1 cent per lb. dearer. Flat Bark was quoted 1 to 2 cents per lb. higher.

Approximately 30 Tons of SOLE CREPE were offered during the week under review, a slight decrease of 1 ton compared to the previous week's total. Renewed demand for selective parcels, on account of short covering, resulted in a recovery in Sole Crepe rubber values. However, poorer sorts continued to be heavily neglected.

rather erratic with transactions taking place between Rs. 10/- Rs. 11/50 per lb. Off grades too were easier and fluctuated between Rs. 7/- per lb. Seeds however continued firm at between Rs. 18/- to Rs. 20/- per lb.

Approximately 122 Cwts. of COCOA were on offer indicating a decrease of 76 cwts. The market was very firm with strong buying demand and all grades moved up with No. 1 quotation at Rs. 300/- per cwt. an increase of Rs. 20/- per cwt. over the previous quotation. Next best grades moved up to be quoted at Rs. 275/- to Rs. 290/- per cwt., whilst darker and poorer sorts remained at Rs. 220/- to Rs. 245/- per cwt.

Approximately 13 cwts. of COFFEE were on offer and the market was quoted at Rs. 390/- per cwt., with fair average quality being sold at Rs. 230/- and Rs. 289/- per cwt.

With increased quantities of PEPPER coming up on offer the market has eased considerably and one lot of average quality Pepper was sold at Rs. 6/50 per lb.

Produce Report

Week-Ending 23rd May 1971.

8,052 lbs. of CARDAMOMS were on offer indicating a substantial increase of 2,388 lbs. The downward trend of

the market continued with very little demand for No. 1 quality. The market dropped sharply by Rs. 2/25 per lb. to be quoted at Rs. 11/75 to Rs. 12/- per lb. Next best grades too were easier though

Country Rice No. 1	85.00—86.00	
—Country Rice No. 2	75.00—76.00	
—Samba Rice	96.00—97.00	
—Kora Rice	115.00—	
—Maize	29.00	
—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	
Millets		
—Finger Millet (Kurrakkan)	10.50	
—Sorghum	440.00	(per ton)
—Soya Beans	850.00	(per cwt)
Spices Condiment		
—Mustard	6.00	
Chillies		
—Dried Long	320.00	
—Dried Round		
—Off Grade	Unquoted	
—Goraka	135.00	
—Vanilla	Per lb. 18.00	—20.00
—Tamarind	Per Cwt. 115.00	—
—Nut Cashew	Per lb. 5.50	
—Groundnut	Per 80 Lb. 70.00	—

W. GERMAN TEA IMPORTS INCREASE

During the first six months of 1970, the Federal Republic raised its tea imports to 46,755 quintals, which represents an increase of 4,690 quintals, or 11%, over the imports for the same period of 1969. The Table below provides details on the development of tea imports from the three most important supplier countries for the first six months of the years 1969 and 1970.

India has remained the main supplier during the first six months of 1970. From 1969 to 1970 (always based on the figures for the first six months) the tea imports from India rose by 1,287 quintals, or 6.3%. Its share, however, in the overall tea imports of the Federal Republic dropped from 48.2 in the first

six months of 1969 to 46.2... during the reporting period of the current year.

CEYLON'S SHARE

Ceylon, as in the year before, retained second place and succeeded in raising its deliveries by 719 quintals, or 6.3%. Its share in the overall tea import volume declined also, dropping from 27% to 25.9%.

Indonesia remained the 3rd largest supplier and achieved an increase of 2,792 quintals, or 53.4%, thus raising its share in the overall tea imports of the FRG to 17.2% during the first six months of 1970 (from 12.4% during the first half of 1969).

Supplier	1st half of 1969		1st half of 1970	
	100 kg	1000MD	100 kg	1000 DM
Total Tea imports	42,065	20,896	46,755	22,381
thereof from:				
India	20,296	11,734	21,583	12,893
Ceylon	11,374	5,435	12,093	5,336
Indonesia	5,227	1,635	8,019	2,112

Duty on packeted tea fixed

The export duty on packeted tea has been fixed by the Minister of Finance.

The rates of duty published in the Government Gazette last week are as follows:

Tea of any description excluding those in packets, and tea in Rs. 39.00 per 100 pounds.

Packeted tea in wrapper of paper, aluminium foil, and in canister, carton, box, mat basket or other outer packing: cents 24 per pound.

Tea in bags or filter cloth from which tea is prepared by immersion: cents 24 per pound.

The Gazette notification directs that the outer covering of all packeted teas should contain the words, "Pure Ceylon Tea Packeted in Ceylon", and that the net weight of tea in a tea bag should exceed 12 ounces or 240 grams.

R. R. I. SPONSORS LIAISON MEETING

The Rubber Research Institute of Ceylon is sponsoring a Liaison Meeting on technical specifications for natural rubber on the 17th June, 1971, to be held at the auditorium of the Ceylon Institute of Scientific and Industrial Research.

Members of the staff of the Rubber Research Institute of Malaya, the Natural Rubber Producers' Research Association, U. K., French Rubber Research Institute, Paris, the Rubber Research Institute of Indonesia, and other overseas research organisations will participate at this meeting.

Export Opportunities

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

Abdul Razaque Sheikh,
P.O. Box 511,
Ranchorepuri Road.,
Bhimpora, Kavachi,
Pakistan.

Rubber scraps, new factory rejected tyres and tubes and tyres and tubes (truck sizes)

Patsugas Jowa,
30, Saint Christol-Les,
Ales, France.

Rubber shoes (boodequins, mocasins, basketball shoes and tennis shoes.

M/s. Northern Transporters,
66/67, Fagge Ta-Gabas,
Kans, Nigeria.

Bicycle spare parts.
M/s. Hershey & Co.,
41, North Moore St.,
New York, N.Y. 10013.
Shrimps.

Frank Imperiale,
Box 65, Gonsalls,
Florida 32560, U.S.A.
Canned pineapples.

EXPORT INTELLIGENCE

Japan grants preferential tariffs to developing nations

Japan's plan to grant preferential tariffs to developing countries has now been approved by the Diet by partially revising the present law on provisional measures governing tariffs.

Designed to promote the growth and development of the world economy as a whole through expansion of trade of developing countries, the preferential tariff system is to be enforced by developed countries in accordance with the agreed conclusions reached in meetings of the Special Committee on Preferential Tariffs of the United Nations Committee on Trade and Development (UNCTAD), taking into due account requests made by developing countries in the meetings.

Main points of the said law are as follows:

Products Falling Within Chapters 25-99 of the B.T.N.

Excluding seven items (four leather items, raw silk fabrics, plywood) and three petroleum items which will not receive preferential treatment due to financial reasons, duty-free entry will be granted for all items in the deiling framework. A 50 percent tariff reduction, however, will be made for part of such products as fibers, sundries, non-ferrous metals and agricultural products (57 items) which have particularly difficult domestic problems.

In setting the ceiling, the value or quantity of imports from beneficiaries in 1968 will be the basis for each item, to which 10 percent of the value or quantity of imports from sources other than the beneficiaries in the latest year (first year 1969) will be added as supplementary quota. If preferential imports of a particular product from a given beneficiary exceeds 50 percent of the ceiling in the course of a year, preferences will be suspended for product from that beneficiary. The supplementary quota will be revised every year, and it will not be less than that of the preceding year.

As for products falling within Chapters 1-24 of the B.T.N. preferential treatment will be accorded on item-by-item basis.

Principal items to be granted preferential treatment are cocoa preparations including cocoa butter, palm oil, glycerine, animal and vegetable wax, coconuts, Brazil nuts, condiments including pepper, dried vegetables (excluding round onions and mushrooms), prepared vegetables, prepared crustaceans and molluscs (excluding those smoked), Chinese medicinal herbs, ginseng, beef tallow, sheep tallow meat extracts and meat juices and "sake" and alcoholic beverages.

SHARE MARKET REPORT

Conditions on the Share Market were easier for Commercial and quiet in the other sectors, according to the Report of the Colombo Brokers Association for the period ended May 30.

	Previous Price	May 30	+or-
	Rs. cts	Rs. cts	Rs. cts
TEA			
Strathedens ..	7.00	7.00	
Strathspeys ..	8.00	8.00	
Tea - Cum Rubber			
Pelmadulla Valleys	6.00	6.25	+25
Rubber			
Usk Valleys ..	6.00	7.00	+1.00
Commeruas			
Ceylon Nutritional Foods	10.00	6.25	3.75
Ceylon Brewery ..	16.00	16.00	
Assian Cottons ..	9.00	9.00	
BCC ..	7.50	7.75	+ .25
Browns ..	9.50	9.25	— .25
Lankems ..	8.50	8.50	
Allians Finance ..	10.50	10.50	
Cargills ..	7.25	6.00	—1.25
Ceylon Hotels Corporation	1.60	1.60	
Carsons ..	9.50	9.50	
E. B. Creasy ..	9.00	8.50	— .50
Hayleys ..	10.75	10.75	
Investment Trusts			
Ceylon Investments	5.50	5.50	— .50

There was no changes in Teas and no business in Coconut, preference shares and Govt. Loans.

The following were quoted exdividend:—
• Rubber Plantation of Kalutra Ltd—10% Final on 30.6.71;
Ceylon Investment Co Ltd—4% Final on 18.6.71.

**Bata
Bata
Bata
Bata**

**shoes
for
the
whole family**

The U.S.S.R. Exhibition of Economic Achievement

"A land of miracles", "a national academy of advanced experience", "a true school of scientific and technical exploits", "a realm of exhibits"—these are but a few expressions coined by people for the USSR Exhibition of Economic Achievement. Although some of them seem rather high-flown, they describe the essence and aims of this huge exhibition with great precision.

The Exhibition is indeed a realm covering an area of 200 hectares (2.2 sq. km.). It is a miniature replica of the Soviet Union with its industry, agriculture, science and culture.

As any other large enterprise, the Exhibition has its history. The first All-Russian Industrial and Hand-Made Goods was opened on August 19, 1923 in Moscow, on the banks of the river M skva, where the Central Park of Culture and Recreation is located now. Its aim was to popularise collective farming and to show the peasants the advantages of collective farming over private farms and the advantages of socialism over capitalism.

In his greeting to the exhibition, V.I. Lenin wrote that he attached great importance to this enterprise and was sure that all organisations would render it assistance, and sincerely wished the best of success to the exhibition.

A permanent All-Union Agricultural Exhibition was opened in Moscow in 1939. After the Great Patriotic War, the Exhibition was re-opened only in 1954. A permanent industrial exhibition was established on the same territory in 1956. In 1959, three All-Union exhibitions of agriculture, industry and construction were united to form the Exhibition of Economic Achievement.

GROWING POPULARITY

Over 100 million people have visited the Exhibition during the years of its existence. Its popularity is growing continuously. In recent years, the annual number of its visitors approached 10 million.

Almost every person who comes to Moscow even for a short time is anxious to visit the Exhibition. Visits to the Exhibition after seeing the Red Square and Lenin's Mausoleum have become traditional. Such a route is quite natural since the Red Square is the heart of the country, while the Exhibition presents an idea of the country's powerful "physique". A visit to the Exhibition presents a wonderful, almost fantastic possibility to look into the nearest future, into tomorrow.

1970 was an outstanding year: in April, all progressive people marked the 100th anniversary of the birth of V.I. Lenin, founder of the Soviet State. In connection with this

remarkable anniversary a special Lenin exposition was displayed in 55 pavilions of the Exhibition.

By **YAKOVA**
Respondent.

Now in the Central pavilion is entitled the "The Lenin's Ideas". It shows the achievements of the people in socio-political, economic and cultural life. Placards on the

fourth doctor of our planet is a Soviet doctor", "women constitute 20 per cent of the deputies of the Supreme Soviet of the USSR, 38.9 per cent of the deputies of the Supreme Soviet of the RSFSR and over 40 per cent of the deputies of the local Soviets."

ELECTRICITY

Visitors to the pavilion "Electrification of the USSR" can see an immense map of the country on which electric power stations are indicated

(its power output will be 6,400,000 kw which is almost four times greater than the total output of all the electric stations included in Lenin's GOELRO plan in 1920), is on show in the pavilion. Nearby, there is a working model of the station's power unit built by the Leningrad "22 Congress of the CPSU" metal works. Its turbine has a power output of 800,000 kw, i. e. greater than the total power output of the famous Dnieper hydro-electric station.

Today, the U.S.S.R. holds a leading position both in electricity and space exploration. On the square near the Space pavilion, there is a silver rocket which seems to be soaring off onto the sky. This is a replica of the rocket booster which carried Yuri Gagarin's spacecraft "Vostok" on its first space reconnaissance flight in April 1961. Inside the pavilion, one can see the cosmonauts' space suits provided with self-contained life-support systems, a working model of a spacecraft control panel, a mock-up of the world's first orbital space laboratory, the re-entry vehicle of the "Soyuz" spacecraft, etc.

AGRICULTURE

The Exhibition displays all the achievements of the country's national economy, yet, the section devoted to agriculture is one of the most important. It occupied an area of 45,000 square metres. Its 32 pavilions and demonstration sites exhibit more than 2,000 samples of various agricultural crops, over 700 head of cattle of 50 different breeds, 2600 head of 23 kinds of poultry and various agricultural machinery.

Contd. on Page 9



At the USSR Exhibition of Economic Achievement, with the Cosmos pavilion in the background.

stands in the pavilion present impressive figures: "25 per cent of all the world's scientists work in the USSR", every

by lights. Seeing this map, one cannot help remembering Lenin's prophetic words: "I see Russia a land of electricity."

The Sayano-Shushenskaya hydro-electric power station which is being built on the river Yenisey near the place of Lenin's exile will be a majestic monument to the leader. A unique dam 236 metres high will block the great Siberian river. A model of this hydro-electric station which is to be the largest in the world

ELECTRIC TRAINS RUN ON TYRES

An electric train with air-inflated tyres that runs on a central guide rail which is to be the first of its kind in the world is being test-operated in Sapporo City, Hokkaido, where the Winter Olympics will be held in 1972.

The train uses air-inflated tyres on its traveling and guide wheels and the guide rail has a drive shaft in the centre. It will be operated on an express railway being constructed with completion scheduled for 1972.

MAIN FEATURES

The air-inflated tyres make the train virtually noiseless while in operation and eliminate the dangers of slipping and skidding. The train is free from the dangers of derailment and overturning because the gap between the wheels is wider than that of conventional trains and because of the guide wheels and guide rail. Its maximum speed is 75 kilometres per hour. Because of its outstanding safety and performance features this type of train is expected to be used as means of transportation in major cities in the future.

SCIENCE AND TECHNOLOGY

New harmless fungicide

Eight varieties of a new fungicide claimed to be entirely free from the danger of poisonous contamination of vegetables, rice or any other farm crops and farm soil have been developed by a Japanese research institution.

Development of the new kind of harmless farm chemicals from amino acids and other organic matter believed to be unprecedented in the world, was announced by Dr. T. Misato of the Waiko branch of the semi-governmental institute of Physical and Chemical Research in Tokyo. Dr. Misato made the announcement on behalf of his Microbio-pharmacological team of the institute's branch during a symposium on development of pollution free fungicides.

All conventional fungicides of mercury organic chlorine and organic phosphorous groups are posing serious

problems of environmental pollution as well as slow poisoning because they are not dissolved by natural actions of micro organisms. Dr. Misato said that his team's research for some new farm chemical deriving from natural or semi-natural materials to answer the problem, has resulted in successful development of the new chemical in eight varieties. They have been variously synthesised out of such amino acids as glycine and valine, some plant hormone and some fatty acid.

The new farm chemical has two other outstanding features complete natural dissolution by micro organisms because of its organic properties and benefit of promoting the growth of crop plants.

Its commercialization, however, is not expected until its safety is completely determined in the next few years.

COMPUTER OPERATED TAXICABS

Japan's Transport Ministry is now contemplating the development of future means of public transportation such as computer-operated unmanned taxicabs, "demand buses" and moving walks.

According to Ministry officials, basic research for the development of the transportation system of the future will be started with the cooperation of the Japan Traffic Planning Association, an auxiliary organization of the Transport and Construction Ministries.

A total of Yen 20 million has already been earmarked in the fiscal 1971 national budget to open the research work.

Isuzu Motor Co., is working on the "demand bus" which will be operated auto-

matically. The demand bus will be so designed that it can be summoned by a would be passenger by pushing a button. The buttons will be provided at booths to be set up on the streets like telephone booths.

Mitsui & Co., and Nippon Sharyo Seizo Kaisha are conducting joint research for the development of a new type of plastic-made light electric trains. The trains called "Vona" will be computer-operated to connect apartment buildings with nearby railway stations. The big problem concerning the new vehicles to be developed is how they should be put to practical and effective use, the officials added.

These future means of transport are expected to become operational by 1975.

F.A.O. PLAN TO DEVELOP FISHERIES

Rome

Food and Agriculture Organisation (FAO) plan to develop fisheries in the Indian Ocean so as to help in feeding millions of people in neighbouring countries has been approved, it was announced last week.

The Indian Ocean programme was endorsed by the executive Committee of the Indian Ocean Fishery Commission a 26-nation FAO regional body.

The programme was drawn up by a special FAO team headed by Dr John Marr, of the United States. It calls for development of the Oceans Fishery resources with the help of both industrial and developing countries and international agencies, such as the United Nations Development Programme (UNDP).

The Indian Ocean covers one fifth of the earth's sea area. Its present yield of 2,400,000 metric tons a report on the programme said.

The report hoped that production of tuna, and shrimps could be increased to full potential in 10 years' time.

Large-scale production of fish would help the south and southeast Asia and East Africa peoples, whose diets are deficient

in protein. Employment would be found for many workers and there would be new opportunities for investment.

AUSTRALIA'S ECONOMIC PROSPECTS BRIGHT

Canberra

The prospect of Australia's continued economic growth through the 70's looks bright. Australian exports continue to increase more rapidly than imports, with 1970 figures showing a total increase of almost 25%. The export of minerals continues to make the largest contribution to the overall rise. Shipments of iron ore and various concentrates accelerated almost 50%. Additionally, exports of manufactured goods increased approximately 30% despite a growing domestic demand which limited the availability of certain products for export.

One area of concern has been the fall of capital inflow during the past year. Investments fell below the 1968, 1969 levels due mainly to the condition of the international capital markets and the high interest rates in the industrial countries. In the latter part of the year, Australian interest rates began to fall more in line due to tight monetary

conditions. As a result, capital inflow should start to show an upward trend.

JAPAN FIFTH LARGEST CONTRIBUTOR

Tokyo

The United Nations General Assembly adopted on November 4, 1970 a scale of assessments for financing the U. N. budget for the next three years (1971, 1972 and 1973) that calls for Japan to contribute 5.4 per cent of the total.

This scale of assessments was recommended by the Committee on Contributions and presented to the General Assembly through the Fifth Committee.

Under this new scale, the United States of America has assessed 31.52 per cent the Soviet Union 14.18 per cent France 6 per cent Britain 5.9 per cent and the Republic of China 4 per cent.

Japan thus becomes the fifth largest contribution to the UN budget among the 127 members nation.

The assessments of the United States, the Soviet Union and Britain declined slightly while those of France and Republic of China remained unchanged. Although two other member nations, Canada and Italy, had their assessment



rates raised slightly, Japan's rate of increase is particularly outstanding.

DUTCH AGRICULTURAL MACHINERY FOR HUNGARY

The Hague

The agricultural machinery manufacturers P. J. Zweegers en Zonen of Geldrop has been awarded a contract for the delivery to Hungary of a thousand mowing machines for a total value of around of 2 million. These machines are of a design produced by the firm itself, which was introduced five years ago and has been patented in virtually every country.

The machines of this type (PZ cyclo-mowers) are also manufactured under licence in Germany, Britain and Czechoslovakia. Zweeger expect to receive further orders of this type from Eastern European countries in the future.

SOVIET FOOD INDUSTRY IN 1971-1975

Moscow

The Soviet food industry accounts for over nine per

cent of the country's gross output one-third of its production for consumption.

Over the past five years the industry has shown a more-than-seven-thousand-million-ruble output increase and considerable improvements in the range and quality of its products.

The new five-year plan for 1971-1975 envisages a 32 per cent rise in the industry's output. The value of its output in 1975 will exceed the 1970 level by almost eleven thousand million rubles. (APN)

W. GERMAN TRADE WITH AFRICA

Bonn.

Trade between the Federal Republic of Germany and the countries of Africa showed an increase in 1970, statistics say.

German exports to Africa rose to DM 5,400 million from DM 4,700 Million in 1970.

African exports to the Federal Republic increased from DM 7,700 Million in 1970 to DM 7,900 million in 1971.

BUSINESS NEWS

Consulting Engineers travel the world

A consulting engineer flew from Brasilia into the Matto Grosso to inspect a site for a new bridge. But owing to heavy rains the plane was bogged down after landing and was unable to take off for three days.

He spent most of the time in a hammock on an Indian encampment and was so badly bitten by insects that his colleague did not recognise him when he returned to the Brazilian capital.

This is typical of the hazards faced by consulting engineers who travel the world advising on major projects. The engineer on the Matto Grosso was in fact a member of the staff of the London-based firm of Rendel, Palmer and Tritton (RPT), one of the largest and oldest companies in the world operating in this field.

RPT dates its inception from 1838 when the founder, James Meadows Rendel, who served

as a surveyor under the legendary Thomas Telford, moved from Plymouth, in south west England, to set up in business as a consulting engineer in London. Early works undertaken by the firm included the Royal Albert Dock in the Port of London, known to seafarers the world over, and the construction of many thousands of miles of railway in India, which meant bridging most of the great rivers.

The cantilever span of the Lensdowne Bridge over the Indus, for example, measured 790 ft between abutments and, until eclipsed by the Forth Bridge in Scotland, was the longest in the world.

Harbours and Docks

In the past few decades, major works in which RPT has been involved include the \$9,000,000 Aden Oil Harbour (supervised by the firm's present senior partner, Mr. H. S. Scrutton), the \$5,000,000 Takoradi Harbour, Ghana, har-

bour works in Kuwait amounting to \$12,000,000 completed in 1950 and 1959, and \$3,450,000 port development works at Aqaba, Jordan.

In India the firm has advised on the \$20,000,000 Haldia Calcutta, and the \$9,000,000 deep water port at Paradeep in the state of Orissa. The famous Howrah Bridge in Calcutta, completed in 1942, was also designed by RPT.

Roads and Railways

RPT has also been consultant on many hundreds of miles of roads in Chile, roads and railways in Sierra Leone and the \$10,000,000 Bornu railway extension in Northern Nigeria.

Among current RPT projects are port works in Eastern Australia, road works in Sabah and Iran, the Port Dickson railway in Malaysia, a transportation study in India, an irrigation project in Chile and a study for a ship repair yard in Senegal.

At the RPT headquarters there are the central design offices and a staff of some 600, more than half of whom are qualified engineers and technicians skilled in the use of the latest computer techniques.

Consortium

Recently RPT joined forces with three other British firms of consulting engineers to form MRT Consulting Engineers

Ltd. specifically to undertake work in Latin America and Africa with the aim of broadening the range of activities and technical expertise that can be offered to clients.

Other members of the consortium are Mott, Hay and Anderson, well known for their work on the Forth Bridge, the Severn Bridge in western England, the London Underground railway, and the new Mersey Tunnel in north west England; Murdoch MacDonald and Partners, which specialises in irrigation and hydro-electric works (the founder, Sir Murdoch MacDonald, was engineer for the heightening of the original Aswan Dam); and John Taylor and Sons, which has wide experience in water supplies and sewerage.

Since its formation MRT Consulting Engineers has done feasibility studies for engineering and public works projects in Brazil, Argentina and Ecuador, and preliminary studies and final designs for the Libyan ports of Derna and Misurata.

Thus after 133 years Rendel, Palmer and Tritton is still further broadening the scope of its activities on a worldwide basis—an international aspect that is mirrored by the fact that in one section office of 20 people in London, nine different nationalities are represented.

INCOME TAX ASSESSMENT SIMPLIFIED

New Delhi

Tax-payer will normally neither be required to visit the tax authorities nor produce account books or evidence under a revised procedure of tax assessment.

The simplified income-tax assessment procedure has been introduced, following the enactment of the Taxation Laws (Amendment) Act, 1970.

Under the new revised procedure, the return of income filed by a tax-payer will be accepted by the income-tax authorities.

In case a demand notice is served on a tax-payer, he can raise objections and the income-tax officer, in such cases, will be required to make a fresh assessment. In these cases the tax-payer may have to appear personally or produce account books and other evidence in support of his return of income.

Official sources said it would be possible to expedite assessments, if the returns are accompanied by a copy of the manufacturing and trading account, profit and loss account and balance-sheet.

The Central Board of Direct Taxes has introduced a revised form of return of income from April 1, 1971, for all categories of tax-payers.

DEVELOPMENT OF THE PUBLIC INDUSTRIAL S

Prior to the first World War, the Colonial Government did not show much interest in the stimulation of local industry. Most of the factories which existed during this period were a part of the plantation economy engaged in the processing of the three main export crops so that they would be in a suitable condition for shipment abroad.

Largely influenced perhaps by the scarcities caused by the war of 1914 the Government appointed an Industries Commission in 1916. In their report issued in 1922, the Commission placed their reliance upon private enterprise for the task of industrial development. The role of the state in industrial activity was to be largely confined to the recommended hydro-electric project, which was to lay the foundation for a viable industrial sector by the provision of cheap and efficient mechanical power, and to the establishment of a "Central Bureau of Industry and Research" to undertake research, advise private enterprise and advertise Ceylon's products abroad.

In the 1920's the views of the Ceylonese leaders on industrial

development were given expression largely in editorials and special articles in the *Ceylon Economist* and the debates of the Legislative Council. Considerable emphasis was placed on the role of the State and it was thought that the Government should provide potential investors with the necessary funds the lack of which was considered to be the main obstacle to industrial growth. The Government was also called upon to provide services such as industrial research, training of management and labour and the protection of infant and nascent industries against foreign competition. But the need for the State to directly intervene in industrial development the establishment and operation of Government factories was not stressed.

Ceylon achieved semi-political autonomy in 1931 with the establishment of the State Council. In 1933, the Executive Committee of Labour, Industry and Commerce argued that in normal years Government's industrial functions should be, *inter alia*, the construction and operation of model factories. However,

this could not be implemented due to a depleted Treasury caused by the Great Depression. The Royal Commission Report while emphasising the need of opening new industries to diversify the economy, stated that the establishment of model factories was one of the ways in which the State could assist industrialisation.

Industrial Policy

Thus, in the 1930's there was a change in governmental thinking in respect of active state intervention in industry although state factories were to be established in order to stimulate private enterprise. The initial steps for the establishment of state factories took place only in 1938, with the revival of the world economy and the growing demand for primary products, when the State Council approved a sum of Rs. 260,000/- for the establishment of a plywoods factory. There were plans for a number of other state industrial projects when war broke out in Europe in 1939.

The diversion of normal commercial shipping to sustain

primarily the military effort led to a rapid fall in consumer and other imports, which resulted in a much more favourable climate for Ceylon manufacture. The wartime scarcities necessitated the immediate execution of some of the pre-war plans to establish Government factories for the manufacture of a number of essential commodities such as Acetic Acid, Drugs, Steel, Ceramics, Glass and leather. It also resulted in the establishment of factories for the manufacture of hats and paper which was not envisaged in the pre-war programmes.

These factories came to be operated as state-owned public enterprises with the responsibility for their management being placed on the Department of Industries. Despite improvised production methods and inadequate management and labour skills, they were able to achieve commercial profitability in the background of inflated competition. On the other hand, repeated governmental efforts to interest private enterprise in industries failed to yield satisfactory results.

These two factors were perhaps responsible for the substantial change in Government industrial policy during the war. Up to the time of the Second World War, the Government relied on private enterprise as the main vehicle for industrial development and Government factories were intended merely to demonstrate the path to poten-

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tial entrepreneurs. But now the Government came to look at state ownership and management as a normal and preferable means of progress in at least the "basic" industries which were defined broadly to include power, heavy industry, heavy chemicals, specified drugs and pharmaceutical and cotton spinning. We have given careful thought the Executive Committee of Labour, Industry and Commerce stated in their report on Industrial Development and Policy in 1946, "to the question of how basic industries could be developed with advantage

to the national economy is our considered recommendation that they should be nationalised and be the exclusive monopoly of state enterprise."

The Parliamentary system of Government was introduced in 1947 and Ceylon was granted complete political independence in February, 1948. During the period 1947-50, the Government continued to operate most of the wartime enterprises while its future programme included the establishment of several new undertakings, though the Government continued to accept the principle that "basic" industries should be limited to public enterprise. Not much progress was achieved in this sector. By 1951, only post-war factory completed was the Ceylon Plant at K.K.S. A new Factory was under construction while plans were formulated for the establishment of plants for the manufacture of Caustic Soda, tiles, Coconut Oil and

The gradual restoration of the normal flow of industry with the termination of hostilities led to a rapid fall in commercial fortunes of Government factories. By most of these enterprises operating at a commercial loss. There were economists at the time who argued that unprofitable factories were a drain on the national exchequer. The Government did not endorse this view. The Ministry of Industries remarked in the House of Representatives, "this (Government owned factory) is not an unemployment relief scheme".

IBRD Disagrees

In 1951 at about this time a team from the International Bank for Reconstruction and Development visited the island. In a report published in 1952, the Bank Mission castigated state industrial policy and explored the emphasis on enterprise. "We cannot escape the conclusion," the report said, "that the Ministry of Industries, intent on building large factories of its kind has had its attention diverted from more fundamental of public service such as training technologists, skilled workers, affording technical aid to existing industries and encouraging investment of private capital energies towards the development of a sounder pattern of diversified small industries which the country needs."

This report more or less coincided with the report of the Commission on Go-

The health of the worker in industry

The health of the worker is the greatest asset in any business or industrial undertaking. The output, efficiency and ultimately the success of an organisation depends, among others, on the physical and mental health of the employees. Therefore it should be the responsibility of every right-thinking, Businessman, Industrialist or Agriculturist, to see that his employees are of sound body and mind. To attain this state of sound body and mind he must provide an efficient medical service for the benefit of the employees.

For large industrial and business undertakings, it is advisable to have their own medical service for many reasons. Firstly, they will avoid public health institutions due mostly to overcrowding, which would result in the employees having to spend long hours at these institutions for treatment. Secondly, the employee will have the opportunity of going to a medical officer who will devote more time for him and give adequate attention. Thirdly, the medical officer will know the complete medical history of the employee as well as his family. This is very advantageous to both employee and employer, and will help to a great extent in selecting the best job for the man and the best man for the job. Fifthly, a medical centre which has its interests solely in a closed circuit unit such as a firm or industry can devote a lot of time to educating the employees thereby creating a greater awareness among the employees towards health hazards.

As decided by the Inter-

national Labour Organisation in 1958, an industrial medical centre has to be in charge of a medical officer preferably trained in Industrial Health and a team of nursing staff. The functions of such a medical centre is not limited to running an out-patients department for the benefit of the employees. It has to carry out all preventive, curative and educational health functions for the benefit of the employees. In addition research has to be done to detect newer diseases and hazards peculiar to the industry.

Curative Work

The medical centre should treat all diseases of employees, irrespective of whether they are at work or on leave. Any employees requiring hospitalisation should be referred to government hospitals or specialised institutions by the medical officer. All industrial accidents should be treated and followed up at the medical centre and action has to be taken with regard to compensation and rehabilitation in case of severe incapacity after accidents. All

industrial diseases should be notified to the factories division.

Preventive Work

All accidents should be investigated with the help of the Safety Officer to find out the cause of the accident and steps should be taken to prevent recurrence of the same type of accident. Accident prone employees should be individually studied and ad-

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Medical officer, Ceylon Tyre Corporation

vised. Environmental sanitation, Canteens, toilet facilities, nurseries and recreational facilities should be investigated and advice given to prevent any outbreaks of physical or mental diseases.

Safety equipment should be provided to employees working in hazardous environments to prevent occurrence of accidents and industrial diseases. Pre-placement and periodic medical examinations should be conducted to detect diseases early and treat them.

Education

In most of the developing countries such as Ceylon, there is a sudden transformation from

an agricultural economy to an industrial economy. As a result traditionally agricultural society has to adjust itself to the completely new industrial society. This results in a complete personal transformation of the 'New' Industrial worker, which sometimes results in his undergoing severe emotional stress and terminating in complete mental breakdown. Therefore, it is the duty of the industrial medical officer to take steps to educate their 'New' Industrial worker in-order to help him to undergo the transformation without experiencing a mental breakdown. To achieve this, education programmes have to be undertaken by the medical centre. These should include education on Public Health problems, First aid, Industrial hazards, Social changes etc., Lecture demonstrations, slide projectors and cinema can be co-opted to achieve maximum benefit from these programmes. Another important aspect is Sports & recreation. The employees should be provided with adequate recreational and Sports activities to take their minds off the "work" to enable them to relax in the evenings and also experience 'Team Spirit' which they lacked as agricultural workers.

Research

The medical officer has to collect statistics with a view

to finding out problems peculiar to the particular industry. Then he has to conduct surveys and carry out research to find out the causes and prevent such problems. In this aspect he has to get the assistance of outside agencies such as The Dept., of Occupational Health, The Factories division of the Ministry of Labour, The Faculty of Medicine of the University of Ceylon, The Medical Research Institute and The Health Education division of the Ministry of Health.

In conclusion, it must be stated that the above is an account of the functions of an Industrial Medical Centre based on the activities done by the Ceylon Tyre Corporation's medical centre.

The Ceylon Tyre Corporation is one of the first public sector heavy industrial projects, undertaken by the government of Ceylon with Soviet Technical assistance. The medical centre with the guidance and encouragement from the Chairman and Board of Directors, is performing the above functions to help in achieving the maximum benefits from this valuable undertaking. It is hoped that the Industrial medical service will become a reality in all industrial undertakings in the near future.

SECTOR

onomy. It commendable to be nationalised enterprise. system of produced in is granted independent-1948. During 1947-50 the led to operate facto-programme ment of of kings. All ment concern principle es should enterprise is achieved in 1952, the ory to be Cement new Paper construct- being establish- the manu- oda, Tex- and Steel.

ment Commercial undertakings which found fault with the state factories on technical grounds and criticised their organisation as arms of Government Departments. It recommended closing some factories, selling others to private enterprise, and converting the rest to public Corporations. Influenced perhaps by these two reports, the public sector industrial policy underwent a significant change. In 1954 the Minister of Industries, Mr. K. Vaithianathan, declared in the Senate that; "if the Government creates a favourable climate and provides fertile soil, the innate urges, talents and ambitions of the individual in Ceylon would exceed manifold anything that the Government could hope to produce direct". This change of policy was reflected in the Government Sponsored Corporations Act of 1955, which was a general "enabling Act" to transfer the management of Government factories to semi-autonomous public Corporation and thereafter the ownership to private enterprise by the disposal of Government shares. As far as new industrial undertakings were concerned, "the Government was to become merely a sponsoring agency to make up for the lack of initiative on the part of private capital". Thus, State Industrial policy more or less shifted back to that which existed prior to the World War when model factories were to be established merely to show the way to private capital.

Post 1956 Era

The general elections of 1956 witnessed the first change of Government under the Parliamentary system in Ceylon. The United National Party, which had enjoyed political power since 1947 was routed at the polls and the new Government of the M. E. P. revised the industrial policy in favour of the Public Sector.

In 1957, the new Government passed the State Industrial Corporations Act which replaced the Government Sponsored Corporations Act of 1955. The new Act enabled the Minister, by the publication of an order in the Gazette with the approval of the Government, to establish a State Industrial Corporation. Government factories were not to be handed over to the private sector but were reorganised in terms of the new Act into public Corporations, while new manufacturing Corporations were established subsequently in other fields of industrial activity. There was

Arbitration as an Institution is not new, having been in use many centuries before the beginning of the English Common Law. Indeed, one Court has called arbitration "the oldest method of settlement of disputes between men". Commercial arbitration has long been used as a substitute for court action in the settlement of disputes between businessmen. International arbitration has been used for the settlement of difference between nations, difference which, if not removed might lead

Industrial arbitration in practice is a distinct institution, the product of a collectively bargained compromise between the alternatives of resort of Courts of Law, which are not well adapted to the needs of labour management relations, and resort to work stoppages, which are wasteful and costly to both parties. It is an avenue travelled by thousands indeed millions, of industrial disputants. It is a vital force in establishing confidence and minimising confusion at all levels of the labour-management relationship and is a major constructive force in the collective bargaining process itself.

Arbitration should not, however be expected or totally relied upon to create either good contracts or co-operative human relationships—it is a supplement to, rather than a substitute for, conscientious grievance processing and genuine collective bargaining. Arbitration is voluntary in some countries (e.g. U. K. and U. S. A.) and is made compulsory by statute in some others (e. g. Australia). In Ceylon both these systems co-exist.

Genesis

Industrial arbitration (compulsory) was first introduced into Ceylon by the Britishers under the Essential Services (Avoidance of Strikes and Lock outs Order, 1942 in the context of the World War II. This Order was promulgated under the wartime Defence Regulations which were in operation then.

Under this Order, all Services essential to the war effort and the life of the community were declared "Essential Services" in which strikes

a sharp rise in direct Government industrial investment. "Through 1960, projects to produce Caustic Soda & Chlorine (1956), ilmenite (1957), sugar (1957), salt (1957) cotton yarns (1958), brick and tile (1959) and hardboard (1959) were launched. Together they represented an investment of about Rs. 120,000,000".

The presence of the State Industrial Corporations Act in the statute book of the country since 1957, not only implies that the two leading political coalitions have recognised the desirability of a public sector in the field of industry, but also that public corporation has been accepted as the instrument for the operation of State enterprises. The U.N.P. returned to office after the general elections of 1965 but did not change this aspect of the industrial policy of the

and lock-outs were. At the same time, was made for "Essential Services" to settle disputes by recourse to compulsory arbitration tribunals.

The Awards Tribunal, which is not only for the parties concerned but also on all employers in the same or similar industry. Some of these Awards, notably the George Steuart Award and Roberts Award served as guide-posts in the settlement of industrial disputes even in the post war situations.

INDUSTRIAL ARBITRATION IN CEYLON (PART I)

With the cessation of hostilities in 1945 and the consequential withdrawal of the Emergency Regulations, the special tribunals ceased to function; and the conciliation machinery established under the Industrial Disputes Conciliation Ordinance No. 3 of 1931 (which was not in operation during the wartime) once again became the only State machinery available for the settlement of industrial disputes. Since this machinery proved to be inadequate and unsuitable to meet the industrial relations situation in the post war period, the Government enacted the Industrial Disputes Act, No. 43 of 1950 which, as amended from time to time and supplemented by the Industrial Disputes Special Provisions) Act, No. 37 of 1968, provides the present machinery for the prevention and settlement of industrial

disputes. This machinery is not applicable to the employees of the Crown (1) and of the and of the Local Government Service Commission (2).

The present machinery, which was established to secure and maintain industrial peace, is in three parts, namely, Collective Bargaining, Conciliation and Arbitration. The function of arbitration (with which this Paper deals) is vested in—

- (a) Labour Tribunals
- (b) Arbitrators—
 - (i) Voluntary Arbitration
 - (ii) Compulsory Arbitration, and
- (c) Industrial Courts.

The Composition

(i) *Labour Tribunals*.—Labour Tribunals are established under the provisions of Section 31A of the Industrial Disputes Act (Chapter 131) (3). Under these provisions the Minister of Labour has thus far estab-

lished 16 Tribunals 4, which are presently distributed in the following manner:—

By R. THIAGARAJAH Industrial Relations Division Labour Department	
COLOMBO	9
KANDY	2
GALLE	1
HATTON	1
N'ELIYA	1
BADULLA	1
RATNAPURA	1
AVISSAWELLA	Circuit Tribunal functions
JAFFNA	
MATARA	
KALUTARA	

Each Tribunal is composed of a single person designated the President who is appointed by the Public Service Commission (7). The tenure of office of a President is the same as for public servants. Advocates and Proctors (of not less than 6 years standing

at the Bar) and Administrative Officers (in Public Service with not less than 8 years service) are eligible for appointment as Presidents.

(ii) *Arbitrators (for voluntary arbitration)*.—When the parties to a dispute agree and consent to the settlement of the dispute by arbitration (i.e. voluntary arbitration), the Arbitrator for the purpose is either jointly nominated by the parties, or in the absence of such joint nomination, appointed by the Commissioner of Labour (8). The Commissioner may even select a Labour Tribunal for this purpose. Provision also exists for the constitution of a body of three Arbitrators of whom one is to be nominated by the employer, one by the workman and a third member (the Chairman) nominated jointly by the employer and workman or, in the absence of such joint nomination, by the Commissioner (9).

Generally, Arbitrators are picked from the Industrial Court Panel except where the parties choose an Arbitrator from outside. A Panel of Arbitrators is also embodied in Collective Agreements, which provide a grievance procedure (10).

(iii) *Arbitrators (for compulsory arbitration)*.—Arbitrators are appointed by the Minister of Labour for the purpose of referring minor disputes for settlement by compulsory arbitration (without the consent of parties) (11). Such Arbitrators are often selected from among the members of the Industrial Court Panel. The Minister could also make such compulsory reference to a Labour Tribunal, as an alternative to an Arbitrator.

(iv) *Industrial Courts*.—Industrial Courts are constituted by the Minister of Labour and when occasion arises (12). Each Court comprises one or three members selected by the Minister from a panel.

Contd on Page 8

Most of these enterprises are today operating at a modest commercial profit. In 1968/69, of the 14 manufacturing Corporations falling within the purview of the Ministry of Industries, and engaged in commercial production, only the National Small Industries Corporation recorded a financial loss. This loss could be largely explained by the Government directive to operate an uneconomic carpentry workshop in order to sustain a number of carpenters in employment. Profit of the other Corporations prior to taxation for the year 1968/69 were estimated to be Rs. 38,235,549/-.

Commercial profitability cannot be the sole criterion to judge the success of public undertakings. It is often necessary for these institutions to subordinate the goal of

profitability in order to conform to national economic policies in respect of employment, greater use of local raw materials, conservation of foreign exchange, the development of relatively backward areas, etc. They have to consider not merely the economic cost to the undertaking, but also the social cost to the country. The achievement of commercial profitability despite these constraints is creditable. But there is no room for complacency because there is undoubtedly much scope for greater efficiency.

The political changes brought about by the general election of 1970 are likely to exercise an expansionist influence on the public industrial sector. There can be no socialism without a growing public sector.

(Courtesy Industrial Ceylon)

The development of pneumatic tyre construction (Part II)

As the operating conditions are getting more and more exacting, non-uniformity in tyres is attracting more attention. Large sums of money are invested on better building machines and curing equipment to produce better uniform tyres. As long as tyres remain a delicately balanced engineering construction, made up of many elastic components, non-uniformity will always be a problem for the tyre designers though various efforts could be made to reduce it to a minimum.

DURABILITY

In addition to providing comfort the tyre should be durable, i.e., it should be free from tread separation, ply separation, sidewall cracking etc. Two main factors that contribute for the above defects are flexing and heat build up. Repeated flexing and heat adversely affect the physical properties of the material. The problem has become acute with increased speeds associated with modern vehicles. Flexing has become severe. Because of the vastly improved raw materials available now for the tyre industry, the tyre durability has been improved. The tyre designers have also been conscious of these problems and contributed their share by minimising the strain cycles within the tyre components and the mass of the materials used. They have also improved the rate at which the heat is dissipated from the tyre with improved design.

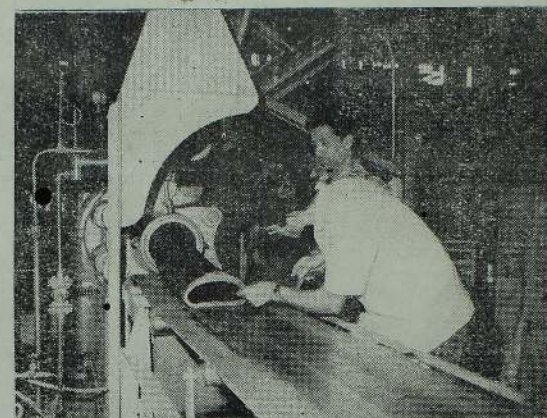
TREAD LIFE

The other area in which much work has been done is the tread life. Unlike in the case of rigid wheel, there is a constant slip between the tyre and the ground every time it comes into the contact area. This is due to the deformation which takes place in the tyre within the area of contact. In the time taken for a point in the circumference to describe the periphery, the wheel will not have moved forward a distance equal to the periphery. Hence there is slip between the surfaces which results in abrasion. As the cause of abrasion of tread is well understood various steps have been taken to minimise tread abrasion. Improved compound formulation with the available polymers and different kinds of carbon blacks has resulted in longer life to treads. New types of tread pattern have been developed to realise the optimum values for abrasion, skid resistance and road holding properties. Depressed crown moulding is one of the recent moves in tread pattern design to optimise tread life.

The other method to improve tread life is to increase the lateral stiffness of the tread to reduce the lateral movement of the tread. This method has been fully exploited in tyres with radial ply construction by reinforcing the tread area with breakers. Because of the rigid breakers used under tread in radial ply tyres the lateral movement of the

tread is restricted to a small amount in cornering. The use of rigid breaker has found application in cross-ply tyres as well as in the U.S.A. These tyres use bias-belted tyres with glass cord is used. It is claimed that these tyres have the

Mariathanan
Designer
Tyre Corporation.



A Soviet consultant at the Ceylon Tyre Corporation is seen helping the Ceylonese technicians.

acceptance in Europe. The use of wider breakers is becoming more and more po-

pular in tyres with low height to width ratio.

VEHICLE STABILITY

When talking of vehicle control, tyres play a unique and indispensable part. If not for tyres, vehicles could not have been controlled on the roads. It is the area of contact between the tyre and road surface that serve to accelerate, decelerate and negotiate a bend. It is in this area of contact the necessary forces are produced. Therefore the vehicle control can be improved by the proper choice of the contact area and thereby the contact pressure.

Therefore there is a moment trying to turn the wheel back into the straight ahead position. This is known as self-aligning torque. The relationship among the three parameters in the steering angle, the cornering force and self-aligning torque can be varied by the choice of the shape of the contact area, lateral stiffness of the tread and the coefficient of friction between the tyre and road surfaces. Much work is being done to study the relationship that exists among these three parameters.

The other aspect of vehicle control—the wet road holding property of tyres has attracted the attention of the tyre designers. Far reaching improvements have been made in this direction both by improving the tread compound formulation which gives a greater coefficient of friction and by developing new tread patterns which facilitate easy removal of water between the tyre and road surfaces. The phenomenon of aquaplaning, i.e., a condition in which a film of water between the tyre and road surfaces render the brakes and steering ineffective, has been studied extensively and suitable tread patterns are being developed to reduce the occurrence of this phenomenon.

FUTURE DESIGNS

Tyre designs of the future can be reasonably assured in the light of what developments have taken place during past ten years. Radical changes are expected in the tyre shape. New materials will be used with the view to bring down the cost of production while maintaining the quality of performance at a high level.

As long as the automobile industry keeps advancing development in tyre construction will go on as the new tyres have to meet more exacting requirements of the automobiles. The task before the tyre designer is to evolve a design by which the cost of production could be brought down without affecting the quality of the products. (Concluded)

INDUSTRIAL ARBITRATION...

Continued from Page 7

(i) Labour Tribunals.—

The main function of a Labour Tribunal is to determine individual applications made to it by workmen whose services have been terminated or, on their behalf by their respective trade unions, in respect of the following matters namely,—

- (a) the termination of the services of workman by his employer,
- (b) the question whether a gratuity or any other benefits are due to a workman upon the termination of his services (either on his own volition or by his employer)
- (c) the quantum of such gratuity or the nature and extent of such other benefits.

A Labour Tribunal is also empowered by the Act to function as an Arbitrator when a dispute is referred to it for settlement by arbitration either by the Commissioner of Labour for voluntary arbitration or by the Minister of Labour for compulsory arbitration.

(ii) Arbitrators (voluntary arbitration).—The function of an Arbitrator (including a body of Arbitration) is to settle by arbitration any industrial dispute that may be referred to him by the Commissioner of Labour, with the consent of the parties.

(iii) Arbitrators (compulsory arbitration).—

An arbitrator to whom a compulsory reference is made by the Minister under section 4(1) of the Act, is authorised to settle such disputes by arbitration.

(iv) Industrial Courts.—

An Industrial Court is authorised to settle any industrial dispute that may be referred to it by the Minister of Labour

What is an Industrial Dispute

Since the statutory function of Industrial Arbitration is the settlement of industrial disputes, one should know what an industrial dispute is. It is defined as a dispute or difference between a workman (or workmen) and an employer (or employers) connected with the employment, non-employment, or the terms of employment, or the conditions of services, or the termination of the services, or the reinstatement in service, of any person. (For the purpose of this definition "workmen" includes a Union of workmen).

Since the definition of the expression "workmen" includes a "workman whose services have been terminated," it is possible for a dismissed workman to raise an industrial dispute in respect of his dismissal and other matters arising therefrom. (14 Decided em

ployer or workman cannot however be made a party to an arbitration proceeding.

Duties and Powers

The Act requires a Labour Tribunal an Arbitrator and an Industrial Court to make such inquiries and hear such evidence as they may consider relevant to the matters in dispute before them, and thereafter to make a decision which, in their opinion, would be just and equitable.

What is a Just and Equitable Decision

The following observations made by the Chief Justice in the Municipal Council of Colombo vs. T. P. de S. Munasinghe and others (15) gives a clear indication as to the true meaning of what was intended by a just and equitable decision

"...I hold that when the Industrial Dispute Act confers on an Arbitrator the discretion to make an award which is 'just and equitable', the legislature did not intend to confer on an Arbitrator the freedom of the wild horse. An award must be 'just and equitable' as between the parties to a dispute; and the fact that one party might have encountered 'hard times' because of personal circumstance for which the other party is in no way responsible is not a ground on

When a wheel is turned through an angle from the direction of motion in order to negotiate a curve there is frictional force acting at right angles to the plane of rotation of the wheel. This force which is required to hold the vehicle on its circular path is known as the cornering force. It is proportional to the load on the tyre and the co-efficient friction between the wheel and the surface. This force varies along the length of the area of contact because the vertical load along the length of an area of contact varies. The resultant cornering force will be acting at a point away from the centre of the contact

which justice or equity requires the other party to make undue concessions. In addition, it is time that this Court should correct what seems to be a prevalent misconception. The mandate which the Arbitrator in an industrial dispute holds under the law requires him to make an award which is just and equitable, and not necessarily an award which favours an employee. An Arbitrator holds no licence from the legislature to make any such award as he may please, for nothing is just and equitable which is decided by whim or caprice or by the toss of a double-headed coin".

1 Section 49 of the Industrial Disputes Act.

- 2 Section 13 (2) of the Local Government Service Act No. 18 of 1969.
- 3 First Labour Tribunal was established on 2.5.1959.
- 4 & 5 temporary tribunals.
- 6 Circuit Tribunals.
- 7 Section 3 of Industrial Disputes (Special Provisions) Act 37 of 1968.
- 8 Section 3 (1) (d) of the Industrial Disputes Act.
- 9 Section 3 (2) of the Industrial Disputes Act.
- 10 Collective Agreements No. 5 of 1957—C.M.U. and E.F.C.
- 11 Section 4 (1) of the Industrial Disputes Act.
- 12 First Industrial Court was constituted in March, 1956.
- 13 Section 22 of the Industrial Disputes Act.
- 14 Colombo Apothecaries Ltd. vs. E. A. Wijesooriya 70 N. L. R. 481.
- 15 71 N.L.R. 223.

Shipping & Aviation

USSR MERCHANT MARINE

The Soviet Union, just as other socialist countries, declares for freedom of international navigation said Timofei Guzhenko, USSR Minister. "We take part in international maritime organization and we are also actively developing our own marine that would ensure that the country's foreign trading relations are independent from economic and political diktat of capitalist monopolies."

The USSR merchant marine that ranks sixth in the world (its deadweight is over 12 million tons) is becoming more active on the world scene. At the same time, Guzhenko said, the Soviet seamen "do not set themselves the goal to disorganize the forms of international navigation that were created over many years." The Soviet Union every year chartered foreign ships for carrying its goods and plans to continue doing so, the Minister said.

Guzhenko said the Soviet Union actively develops co-operation in carriages by sea with the CMEA countries. Carriages between the socialist countries account for one-third of the carriages of the USSR merchant marine on international sea lanes. Soviet engineers, in cooperation with their colleagues from the fraternal countries study the prospects for container carriages, the ways for automation of cargo handling on ships and in ports, the problems of preventing corrosion.

The Minister pointed to the great importance of inter-governmental agreements on maritime navigation concluded by the Soviet Union. The first such agreement the Soviet Union concluded in 1967 with France. Later, similar

agreements were signed with great Britain and the Netherlands.

The Soviet Union takes an active part in the work of the Inter-Governmental Maritime Consultative Organization of the United Nations (IMCO) of which over 70 states are members (APN)

HS 748 PROPJET NOTCHES A MILLION FLYING HOURS

The twin-turboprop Hawker Siddeley 748 airliner has now logged more than one million flying hours, operating from some of the most isolated and difficult air-strips in the world.

Since the 40-58 seat raicraft first flew in 1960 more than 230 have been sold to 45 operators in 30 countries. The 300-mile-an-hour propjet was designed in Britain as a rugged, economical, short - medium distance replacement for piston-engined aircraft and has as far afield as Thailand and South America.

In airline service the 748 has carried more than 19 million passengers and is currently logging some 20,000 flying hours a month. More than a third of 748 flights are from short, unpaved strips in remote regions where there are virtually no ground facilities. But it has its own built-in power supply and the Rolls-Royce Dart engines can clock up 5,000 running hours between overhauls.

The simple, yet tough structure of the aircraft, is claimed by Hawker Siddeley to offer a "virtually indefinite fatigue life". Major structural parts have a crack-free life equal to 3,000 flying hours per year for 10 years.

In addition to its role as an airliner, the 748 has also proved popular as a VIP or

executive aircraft. It is used by many heads of state including Queen Elizabeth the Queen Mother, the King of Thailand, the Prime Minister of Nepal, the President of Brazil, the President of India, Venezuela

It has also pioneered work being used in the of the latest autopilot flight systems are. It is now being calibration of navigational aids.

The latest version introduced features doors which give flexibility for cargo operations and the possibility of

JAPAN AIR LINES SERVICES

For the coming five fiscal year from 1971 to 1975, Japan Air Lines has prepared a new future growth plan.

Under the program, JAL plans to inaugurate a service from Tokyo to Chicago and beyond to New York. Extension of the current Tokyo-Vancouver route to Mexico, the Jakarta service to Bali and the Sydney route to Auckland are respectively planned. The current Tokyo-Guam service call at Saipan. Also JAL hopes to serve to Africa and start a South Pacific service.

Increase in flight frequencies on the current global network is also part of the future plan.

To meet the future schedule, JAL will expand its operating fleet from the current 61 to 87 aircraft—42 giant jets including Boeing 747's five Boeing 747F freighters, 36 DC-8's, two YS-11's and two Concorde SST's.

SECOND SIMULATOR FOR UTA

UTA which already has a DC8 Simulator, has now ordered a DC10 Simulator.

The most modern techniques have been used in the

sphere of flight Simulation and this machine is made up of two Computers, as well as a system of cabin movement showing six steps of liberty. It will then be able to be equipped with a visualisation device. Means of checking, at the disposal of the instructors

of a new conception. Cathode screens allow the training sessions which can be recorded and even played back to be followed with precision.

TOURISM

SPLENDOURS OF CEYLON

A rare tusker in Ruhunu National Park in Ceylon—the preserve of about fifty to sixty elephants which spend practically the entire day in full view feeding on the partially submerged grass and sedge.

The park is well situated and is easily accessible from the trunk roads heading for the East coast or to the Gal Oya Valley.

A little tree-top hut towards the middle of the tank is an additional vantage point.

These are some of the scenic spots and tourist attractions visited by nine representatives of the Japanese press who recently made a 10-day tour of discovery of Ceylon—as guests of MSA.

Relatively little is known of that resplendent island among the Japanese, according to Mr Hironobu Shimizu, Public Relations Officer who escorted the party.

At the end of the tour, Mr. Shimizu reported: Ceylon is well worth a stopover. I am glad to say that every member of the group enjoyed the tour very much. It was considered a pleasant and successful trip."

As all phases of the flight—both normal and abnormal—can be precisely simulated, a great part of the training for the qualification for the DC10, as well as the periodical checks of the crews, will be made on this Simulator.

The same will apply to the familiarization with the different procedures with the approach and landing of the airports served by UTA.

Members of the press party were impressed with the scenic beauty of Ceylon's hill stations, its wild game sanctuaries and, above all with the natural charm and courtesy of the people.

And the fact that Buddhism is one of the principal religions in Ceylon—with its colourful rituals and temples—will prove to be a great attraction to the Japanese.

NEW CHEF FOR LAVINIA HOTEL

Mr. Werner Meister, a Swiss national resident in Hong Kong has been appointed executive chef at the Mt. Lavinia Hyatt, Hotel, the former Mt. Lavinia Hotel.

Mr Meister comes to Ceylon with a wealth of experience, having worked in Europe, Africa and the Middle East in a leading chain of Hotels. Later Mr Meister joined the staff of the Hotel School Vieux Bois, Switzerland as a lecturer before graduating to Sous Chef of the Hong Kong Hyatt.

The Management of the Mt. Lavinia Hyatt have now planned a wide range of daily lunches, special Poya lunches 'with sea food specialities and package weekends' at economical rates during the off season. Mr Meister will, apart from planning these special menus, personally supervise the catering and culinary departments.

Economic Exhibition ...

Contd from page 4

The use of chemicals is of great benefit to agriculture. The exposition presented in one of the halls of the "Agriculture" pavilion demonstrates the effectiveness of scientific methods in the application of fertilisers. It also demonstrates new agrochemical devices, such as the RLP-64 unit for determining samples simultaneously.

Lenin once dreamed of 100,000 tractors for the farmers of the Soviet Republic. At present, there are over 1,700,000 tractors working in the fields of the country. The powerful agricultural machinery is illustrated by the K-700 tractor and the giant DT-75M caterpillar tractor with an 80 h.p. motor, as well as by the "Kolos-6" grain-harvesting combine with a capacity of 6 kilogrammes of grain per second.

There are also several working farms which demonstrate the use of machinery in handling cows, pigs and chicken. In general, it has become a rule of the Exhibition to demonstrate whole systems of machinery, which provide complete mechanisation of various agricultural processes, instead of showing separate devices.

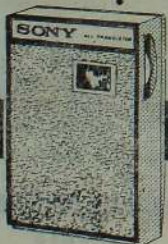
The main aim of the Exhibition is to exchange and disseminate advanced experience. Its programme is expressed by its motto "From the Exhibition—into everyday use!" which dates as far back as 1923.

From exhibits to production, this is our main task", says Alexander Ivanov, candidate of technical sciences, Director of the Exhibition.

Meticulous statisticians have calculated that it would take not less than a month just to walk by foot through all the 72 pavilions and demonstration sites of the exhibition.

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INVESTMENT CLIMATE

"It would be idle to ignore the obvious fact that there is at present a feeling of uncertainty in the Private Sector. The Business Undertakings (Acquisition) Bill, the Compulsory Savings Bill, the Capital Levy, the high rates of taxation, growing indiscipline in the ranks of labour, wage increases without regard to productivity, decrease in labour productivity unrealistic price controls of industrial goods, have all increased the fears and uncertainties still more".

The above excerpt from the Annual Report of the Ceylon National Chamber of Industries sums up in unmistakable terms the views of the private sector in regard to the present investment climate in Ceylon.

It is no doubt the policy of the United Front Government to set up a mixed economy where the private sector will have its place, while the state plays the leading role. This position is accepted. But what apparently irks the entrepreneur is the "uncertainty" that is said to prevail as a result of the various legislative enactments that could at any moment undermine the very existence of the private sector.

It is obviously not the intention of the Government to strangle the private sector with the powers with which it is equipped. However, the very thought that the "Sword of Democles" hangs dangerously over its head could be frightening. And it is this fear that inhibits private sector investment.

While no one really doubts the bona fide intentions of the Government, as long as such fears exist one cannot reasonably expect private sector investment to reach a level necessary to maintain the minimum acceptable rate of growth of domestic production and employment. It therefore seems very necessary that the existing "disincentives" to private investment should be removed because assurances alone do not seem to suffice.

It is now abundantly clear that the private sector must play a definite and positive role in the economic development of the country, while the commanding heights of the economy will necessarily be in the hands of the state. For this, the private sector must be unfettered and the risk of appropriation must be eliminated. By continuing what is now referred to as the "Public Sector versus Private Sector controversy" the economy as a whole will suffer.

This is no time for ideological controversies or the polemics of economic enterprise. What is needed most is action — words must give way to deeds.

Case for export promotion bureau

The Ceylon National Chamber of Industries has urged the setting up of a Bureau of Industrial Exports under the Ministry of Industries and Scientific Affairs as a means of promoting exports of industrial goods.

One of the more important suggestions made for the setting up of the three departments of Industries, Commerce, and Agriculture, and the Ministry of Industries and Scientific Affairs, is the setting up of a Bureau of Industrial Exports. This Bureau would be responsible for promoting exports of manufactured products.

Major obstacle

The chamber has pointed out that at present, an exporter of industrial goods has to deal in turn with many departments of Government such as Industries, Commerce, Import and Export Control, Exchange Control, Customs etc. This results in delay and inconvenience and consequent loss and discouragement to exporters. The frequent lack of

accord among the objectives of the various departments is a major obstacle to the export of industrial goods from Ceylon.

In order to remove this obstacle and provide a positive impetus, a Central Organisation or Department should be set up with overall powers and full responsibility for the promotion and facilitation of industrial exports.

Main Functions

This organisation would attend to all work relating to exports of industrial goods, including the issue of permits. It is also suggested that the Bureau of Ceylon Industrial Exports should function as an executive and policy making body with a full-time official Chairman, designated "Director of Industrial Exports". Like the Boards of other Corporations, it will

consist of seven members one of whom would be a representative of the Treasury. The others should be appointed from persons having experience and knowledge of the export trade.

Exporters of industrial goods may receive assistance from the Bureau. Exporters who wish to avail themselves of these concessions and assistance should register themselves with the Bureau of Ceylon Industrial Exports. The Bureau will consider the financial position and standing of an applicant and the quality of his products before registering him. Two types of applicants may be registered:—

- (a) Actual Industrial Producers and
- (b) Export Houses which will buy goods from industrial producers and export them.

IMPORT FIRMS NOT DISPLACED

The Sri Lanka State Trading (General) Corporation will not displace existing import firms in the execution of its functions.

According to a new policy decision made by the SLST (G) C, existing import firms will be given quotas though not based on the former practice.

It was earlier planned to vest the Sri Lanka State Trading (General) Corporation with the total import monopoly of

those goods in which it has been assigned to deal.

This plan has been revised in order to prevent large scale retrenchment that might arise as a result of existing import firms, being displaced by the SLST (G) C.

In allocating quotas to existing import firms, two factors would be taken into consideration: the number of employees in the firm and its turnover.

Merchandise trade deficit declines.

The merchandise trade deficit in January 1971 showed a decline of Rs 22.9 million as compared with the corresponding month in 1970. The value of total exports in January 1971 was Rs. 148.8 million and that of imports was Rs. 181.1 million, resulting in the trade deficit of Rs. 32.2 million as against the deficit of Rs. 55.2 million in January, last year.

The value of imports (Customs data) when adjusted for the Food Commissioner's actual imports of rice, flour and sugar show a merchandise trade surplus of Rs. 11.9 million in January 1971, as below:—

	Rs. million	
	1970	1971
Total imports (Customs data)	222.2	181.1
Dif. between Customs and F.C.'s imports of rice flour & Sugar	+2.3	+44.2
Total imports (Customs data) adjusted for F.C.'s	219.9	136.9
Total exports	167.0	148.8
Bal. of trade (adjusted)	-52.9	+11.9

According to Customs data for January 1971 (as compared with January, 1970) imports of flour and sugar decreased by 24.9 thousand tons and 1.9 thousand tons, respectively while import of rice increased by 42.6 thousand tons.

Data on food imports as furnished by the Food Commissioner, however, indicate that while imports of rice and flour decreased by 24.7 thousand tons and 21.0 thousand tons, respectively, the volume of sugar imports increased by 4.1 thousand tons.

Imports in volume terms of rice, and sugar (Customs data) vary from those recorded "as having been cleared through the Customs" or "actually received by the Food Commissioner".

The following data illustrate the differences in respect of January 1971:—

	Thousand Tons	
	Customs	F.C.'s Diff.
	Data	Data
Rice	61.7	23.4 +38.3
Flour	16.1	— +16.1
Sugar	30.9	16.8 +14.1

Loan from China

The Peoples Republic of China and Ceylon concluded a loan agreement last week whereby Ceylon will receive Rs. 150 million free of interest and repayable within 12 years after a grace period of 3 years.

China has not laid down any conditions about the utilisation of the loan. It is not tied to any project, nor is it restricted to the import of any products from any particular country.

With the present loan the total economic assistance given to Ceylon by China amounts to Rs 405 million approximately, of which Rs 130 million are grants while the balance consists of interest free loans.

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