



**New State Graphite Corp.**

Government has set up a new State Graphite Corporation on the heels of its taking over the Bogala graphite mine in the interest of the country's industrial development.

Sivanathan, Chairman of the National Salt Corporation has been appointed Chairman of this new Corporation.

Government proposes to vest all Graphite mines in the country. The mines which have so far not been affected by the takeover are the Kahatagaha and the Regedera mines.

**THE ECONOMIC TIMES**

Vol. 2 No. 7

Friday 2nd July 1971

**C-PLAN AID RAISES**

**THE COLOMBO PLAN HAS BEEN AND CONTINUES TO BE AN EFFECTIVE MECHANISM NOT ONLY FOR THE EXCHANGE OF TECHNICAL KNOWLEDGE AND SKILLS AMONG MEMBERS COUNTRIES, BUT ALSO TO AFFORD AN ADEQUATE FLOW OF FINANCIAL ASSISTANCE FOR DEVELOPMENT PROJECTS AS WELL AS FOOD AID. CAPITAL AND TECHNICAL AID, HOWEVER, CONSTITUTE THE MOST SIGNIFICANT CONTRIBUTION.**

The cumulative total flow of capital aid and technical assistance from the six major donor countries — Australia, Canada, Japan, New Zealand, United Kingdom and the United States—to the 18 member countries of the region, since the inception of the Plan, has amounted to US\$30 billion approximately, an increase of nearly US\$24 billion during the last decade.

The total contributions in the year 1969 was US\$1,400 million or US\$ 1.4 billion, while the figure for 1969 was US\$ 2.4 billion.

The comparative figure for 1959 and 1969 are given in the Table below -

**AID CONTRIBUTIONS TO THE COLOMBO PLAN REGION**

U.S. Dollars	
1959 US \$ 6,348 billion (approx)	1969 US \$ 30.5 billion (approx.)
Australia 68.8 mil	Australia 317.1 mil
Britain 42.0 ..	Britain 1,767.0 ..
Canada 231.7 ..	Canada 919.0 ..
Japan 1.7 ..	Japan 2,485.1 ..
New Zealand 26.0 ..	New Zealand 41.0 ..
U.S.A. 5,600.0 ..	U.S.A. 25,100.0 ..

**CISIR evolves new methods of manufacture**

The CISIR has evolved new methods of manufacturing,

with local raw materials, 18 items which are now being imported.

These items range from fertilizer, distemper, hardboard and cosmetics to food items.

The CISIR has evolved a method to produce fertilizer rich in mineral content from limestone found abundantly in the Kandy and Badulla districts. It has also found that locally available clay could be used in the making of high quality distempers. Coconut fibre dust going waste in coastal areas could also be processed into hardboard.

The CISIR now intends passing this knowledge to the local industrialists to help them utilise local raw materials for the overall economic development of the country.

totalled 6,536, the same level as in 1968.

During 1969, 551 trainee and student places were provided by the countries in the region. India continued to play a leading role as a regional donor, providing 326 places, i.e. 59 per cent of the regional total. Training within the region has also been provided through third country programmes financed mainly by Australia and the United States.

**20th Anniversary**

On the occasion of the 20th Anniversary of the C-Plan which fell on 1st July 1971, Mr. Maithripala Senanayake, Minister of Irrigation Power and Highways, Stated "We in Ceylon have always had an

affectionate regard for the Colombo Plan for Co-operative Economic Development in South and South-East Asia, an idea which was mooted in this country with the collaboration of several Commonwealth countries. The C-Plan is no longer confined to the Commonwealth alone, as it has broadened out into a truly international organization including 18 countries of the region and six donor countries outside the region.

The Colombo Plan, has, in the last 20 years contributed much towards this effort and together with other international organizations done much to achieve the targets set. Much more remains to be done and it is a great sense of concern as a Minister directly involved with some vital sectors of development that I say that the value of aid flows and development efforts are best judged by the resultant benefit accruing to the average man. From irrigation springs ultimately the sinews of man, from power the sinews of industry; and highways provide the arteries of speedier movement.

**MONEY SUPPLY INCREASES**

Ceylon's money supply recorded a large increase of Rs. 77.2 million in March this year compared to an increase of Rs. 29.4 million in the preceding month, according to latest Central Bank Statistics.

In the first quarter of 1971, money supply recorded an increase of Rs. 83.3 million or 4.2 per cent, compared to an increase of Rs. 49.2 million or 2.6 per cent in the corresponding period last year.

The currency component of the money supply increased by 80.1 million, while demand deposits declined by Rs. 2.9 million. At the end of March 1971, the money supply stood at Rs. 2,050.0 million representing an increase of Rs. 117.7 million or 6.1 per cent over the level in the corresponding month of last year.

Under the Colombo Plan, in terms of money, labour and skill involved, in terms of benefits or the vast stimulus to national growth, the river valley multi-purpose projects of the region are the most spectacular schemes undertaken by the member governments to meet the needs of the region's populations.

External assistance to these projects both in capital aid and know-how have greatly helped the national efforts of these countries".

Mr. Eisaku Sato, the Prime Minister of Japan said " In

1954 my country joined the Colombo Plan which event marked the starting point of our foreign aid. Since then, we have continued to extend as much assistance as possible to the developing countries in South and South-East Asia under the Plan.

When the Colombo Plan was established two decades ago, it opened a new era in the history of technical co-operation in South and South-East Asia. I am confident that the developing countries in the Colombo Plan areas have been greatly encouraged by the significant achievements of the Plan during the past twenty years.

Currently, the Colombo Plan is stressing the importance of education in the development of the countries in the area. As an Asian country, Japan fully supports the objectives of the Plan and is determined to contribute positively toward the achievement of these aims.

**Tea in short Supply**

Tea is going to be in shorter supply than usual in the months ahead and markets should continue to be satisfactorily strong, according to a report of a leading brokering firm.

The report adds that Pakistan is already buying here and will very probably be taking appreciably more Ceylon tea this year. Continental Buyers have been active in Indonesia's and have taken up quite a substantial weight of Indonesia anticaptured forward production. Australia will therefore have to turn to Ceylon and possibly India to substitute for the expected purchases Australia, would have been likely to have made from Indonesia".

**MORE PRODUCTS UNDER QUALITY CONTROL**

The Bureau of Ceylon Standards will bring eight more local items under quality control. These include tooth paste, canned fish, fruit juices, jams and jellies sanitary towels, bicycle tyres and tubes, electrical accessories and umbrellas.

Standards have already been laid down in respect of several other products which include frozen prawns, toilet soap, laundry soap, batteries for motor vehicles, coconut oil, desiccated coconut, cocoa beans and black pepper.

**Petroleum Corp. turns out more solvents**

The Ceylon Petroleum Corporation will shortly begin to manufacture four kinds of solvents while will result in an annual foreign exchange saving of about Rs. 5 million.

Corporation sources expect further exchange saving through the manufacture of other solvents in the near future.

One of the solvents now being manufactured is used in coconut oil extraction.

The Oils and Fats Corporation uses 600 tons of this

solvent annually and each ton is said to cost nearly \$22 in foreign exchange. The other oil miller uses 500 tons per year.

Industries Ministry sources said that an attempt was being made to induce all oil millers to use the solvent extraction process in the manufacture of coconut oil since a greater quantity of oil could be extracted in addition to the quality being better.

**In this Issue**

	Page
* Export Intelligence	3
* Management :	4
* Shipping & Aviation News :	5
* Global News :	7
* Housing problem in Ceylon :	8
* IMF Missions at work :	9
* Investment in LDC's—The unresolved debate :	8 & 9
* Ceylon—USSR Trade: A special supplement :	10—19



TEA REPORT

MARKET PRICES

COLOMBO

CLOSING PRICES

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold B.O.P.)

	BOPS		B.O.P.	
High Grown	1.70	3.30	1.90	
	1 at 3.45	2 at 3.80	1 at 3.10	1 at 3.60
	1 at 3.60	1 at 3.80	1 at 3.25	2 at 3.25
Medium Grown	1.35	1.94	1.60	2.23
Small leaf Low Grown	1.70	1.80	1.55	1.70
Tea for Price	1.35	1.62	1.40	1.52
Leafy B.O.P.	1.75	2.10		

RUBBER PRICES FOR THE WEEK ENDED 27.6.71

	Rs. cts.—per lb.)		
	Closing Quotations	Avg. to date 1971	Avg. Same Period 1970
RSS No. 1	81 3/4	83	96
RSS No. 3	73 3/4	75	91 3/4
RSS No. 3	71	75	90

(Rs. per candy)

	Opening Price	Clos. Price
Estate copra No. 1	206/-	206.25

(Rs. per ton)

	Open Price	Clos., Price
COCONUT OIL	1,375.00	1,350 -
June	1,325.00	1,350/-
July		

DESSICATED COCONUT (Per lb)

June and July .61 cts. Closing Price.

PRICES OF THE WEEK ENDING 27.6.71

Commodity	Buyers Quotations	Export
Cardamoms	12.00—13.00	40% on true on
Cardamom Seeds	17.50—	F.O.B value
Cloves	33.00—34.00	
Clove Stems	4.00—4.25	
Maace	8.50—9.00	
Nutm g. (Shelled)	3.00—3.50	
Nutmeg (Unshelled)	1.75—2.00	
Pepper (Black)	7.00—7.50	
Papain (White)	13.50—14.00	
Papain (Brown)	11.50—12.00	
Cinnamon H/1	3.55	20% on true f.o.b.
Cinnamon H/2	3.50	
Cinnamnn Quillings No. 1	2.75	
Cinnamnn Quillings No. 2		

	per Cwt.	Export	Duty
Cocoa	236.00	40% on	
Coffee	375.00—400.00	true f.o.b	
Kapok (Clean)	165.00	value,	
Kapok (Unclean)	55.00		
Croton Seeds	100.00—125.00		
Essential Oils	Per 25 oz. lb.		
Cinnamon Leaf Oil	22.00—25.00		
Cinnamon Bark Oil	Per oz 24.00		
Citronella Oil Estate Quality	7.80	10% on	
Citronella Oil Ordinary	7.40	true f.o.b	

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 30. 6. 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/ (58 Lbs) Per bushel)

Paddy	
Samba	14.00—
Other varieties	12.00—
Rice Par Boiled	70.00—

23 held on 1st 1971.

offered comprising Grades. 45,614 lbs. Sun-... easier.

High-Grown Teas: The best Western Main Grades were firm to a cent or two dearer while the plainer teas were very well supported and gained 5/8 cents.

Low-Grown Teas: Although good prices are still being paid for long leaf BOP's these dropped very sharply and can be quoted 20 cents down; OP's were also 10/20 cents easier. Small leaf BOP's changed little and the BOPF's gained a cent or two. Price tea was slightly dearer at the top and firm at the bottom while the plain BOPF's were slightly dearer.

Tippy Teas: Small leaf FBO-PF's and FBOP's dropped 10/20 cents while the more attractive FBOPF's were -50 cents to Rs. 1/- easier.

Off Grades: There was a good demand for all types with liquoring Broken Pekoes and BM's 3/8 cents dearer and best

Commodity Commentary

Eastern Fannings up to 20/30 cents higher. Clean leaf Low-grown were firm but very stalky types were a few cents easier.

Dust: Best Westerns were 10/20 cents dearer, other High-grown, Mediums and Uvas fully firm. All secondary liquoring Dusts were 5/10 cents dearer with the exception of fibrous Invoices which were easier. Low-grown dropped a cent or two.

lack of activity with a downward trend under far eastern influence. The possibility of the U.S. West Coast Dockers strikes when current labour contracts expire on the 30th June, also had an over-shadowing effect on market conditions. (US East and Gulf Coast labour contracts expire on the 30th September, 1971).

RUBBER REPORT Poya Week ending 29th June 71

World Rubber Markets remained dull and featureless with operators side-lined watching the outcome of Friday's announcement that arrangements had been finalised with the Chinese People's Republic regarding the purchase of the Malaysian stock-pile, and future trading between the two countries. The finalised deal is estimated to be between 3000 to 5000 tons.

Sheet: RSS 1 opened at -/81 1/4 cts. registering a 0-/01 1/2 cts. drop on the previous week's closing figure, improved a cent the next day, declined -/0 1/2 cent by mid week and remained at this level over the international week-end as duty too remained unchanged. The market picked up however to -/83 1/2 cts. in line with improved eastern levels by the close of the week. Approximately 102 tons of Sheet Rubber were sold by Members of our Association of which 81% consisted of No. 1 sheet.

Latex Crepe: There were 435 tons of Latex Crepe on offer this week showing an increase of 181 tons on the previous week's figure. At the first sale (579,707 lbs), the market opened at previous levels and kept steady right through for the steady right through for the pale crepes on offer. On the other hand, the No. 3 grade showed a substantial improvement on previous levels and advanced by 20 cents. At the second sale (395,498 lbs.), while pale crepes maintained their levels, the duller sorts and off grade types recorded losses, with the No. 3 grades losing entirely its previous gain.

The SINGAPORE MARKET opened with values barely steady, fluctuating slightly thereafter on varying sentiment regarding the outcome of the stock-pile deal and also on the announcement that the Malaysian Government would not hesitate to intervene in the Market when it deemed it necessary to do so.

The LONDON MARKET opened barely steady and was marked down in line with eastern levels. Dealers have that some switching activity in landeds had a depressing effect in near-bys.

The NEW YORK MARKET was again marked by

Produce Report

Week ending 27th June, 1971

Cardamoms: 5,682 lbs. of Cardamoms were on offer indicating a decrease of 551

lbs. As expected the market was slightly easier and No.1 quality was quoted at Rs. 12/- to Rs. 13/- per lb., a decrease of around -/75 cents

Country Rice No. 1	82.00	84.00
—Country Rice No. 2	75.00	76.00
—Samba Rice	95.00	100.00
—Kora Rice	100.00	110.00

	Per Cwt.
—Maize	29.00
—Red Gram (Toor Dhal)	40.00
—Black Gram (Undu)	61.00
—Bengal Gram	46.00
—Green Gram	53.50
—Bombay Cowpea	40.00

—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 (Per Bushel)

—Finger Millet (Kurrakkan)	11.00	12.00
—Sorgum	440.00	(per ton)
—Soya Beans	850.00	(p cwt)

Spices Condiment (Per Lb.)

—Mustard	6.00	
Chillies (Per Cwt.)		
—Dried Long	350.00	360.00
—Dried Round	Unquoted	
—Off Grade		
—Goraka	100.00	105.00
—Vanilla (Per lb.)	18.00	20.00
—Tamarind (Per Cwt.)	115.00	
—Nut Cashew (Per lb.)	5.50	
—Groundnut (Per 10 Lb.)	58.00	60.00

COMPANY MEETING REPORTS

The Economic Times regularly features Company Meeting Reports.

Annual Reports of Companies may be addressed to:

Editor, (Company News)  
C/o The Economic Times  
(1st Floor.)  
157, Jayantha Weerasekera  
Mawatha,  
Colombo



# Preferential tariffs for developing countries—E.C.M. makes progress

## EXPORT INTELLIGENCE

Progress has been made in the Common Market talks for preferential tariffs for developing countries, according to a W. German news release.

The current talks are concerned with the amount of goods to be exported duty-free by the developing countries to the Common Market countries. It is being considered to set the rate at the amount exported in 1968.

Also being discussed are growth quotas, which should automatically be added to the tariff quota every year, and certain additional quotas, amounting to 5% of the exports from industrial countries. There seems to be some agreement to distribute the tariff quota for the developing countries so that half the quota will benefit those countries which have relatively little industrial development.

### Limited benefits

These preferential tariffs are of but limited benefit to the developing countries, because they are granted for only limited amounts of export goods. It is actually only an additional rebate which is given to the developing countries, in the amount of the former duty on the former amount of goods. In concrete terms this means, in the case of the Federal Republic of Germany, 15% duty on 500 million DM dutiable imports—75 million DM. This is an insignificant amount in terms of the developing aid provided to these countries. It remains to be seen whether the much more important effect of giving the developing countries a larger share of the market through preferential tariffs will be realized.



### Guides to Industrailists

The International Trade Centre in Geneva has issued four important publications during the last few months.

The first one is a handbook entitled "Getting Started in Export Trade", which deals chiefly with export techniques. It is primarily for manufacturers and export agents or other businessmen in the developing countries. This handbook contains four main chapters: the first on organization, the second on problems of market expansion, the third on market expansion, the third on problems of pricing, credit and foreign trade policies, and the fourth on transportation and packing problems. A complete bibliography follows.

Another important ITC publication is a market study of selected electrical household appliances in Greece, Portugal, Great Britain, and Yugoslavia. The appliances used in the study are sewing machines, refrigerators, electric fans, and air conditioners. The most important market data are provided for each of the countries, making it possible to obtain a general view of the structure and market volume without much trouble. General information is also furnished in the annex about each of the countries covered by the study.

Further publications include two important handbooks: 1) Handbook of Production and Industrial Journals and 2) World Handbook of the Industrial and Trade Association. Both handbooks are classified according to the SITC of DEN-nomenclature so that the reader can acquire the desired information with relative ease.

### Export Opportunities

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

M/s. A. P. Boylan  
101, Wheel Rose, Porthleven  
Helston, Cornwall.

Gems—rough and cut; beetles; insects (dead) and general entomological subjects. Also, abalone sea-shell-sand; general sea shells, local handicrafts and tropical fish.

M/s. Wilhelm Lainbertze Gmb  
H & Colk.

415, Krefeld, Frang—Hitze  
—Str. 8,  
West Germany.

Engraved wooden textile printing blocks (old and new).

M/s. International Industries (Far East) Inc.,  
Rms. 503—504, Nikkatsn  
Int'l Buildings.,

1, 1-chrome, Yuraka-Cho,  
Cliyada-kn-Tokyo, Japan

Mica

M/s. Parker Sangyo Co. Ltd.  
9, 1—Chome Nihombashi  
Edo bashi,  
Chuo-kn, Tokyo, Japan.

Mica.

M/s. Hara & Co. Ltd.,  
Sild Centre Bldg.,  
1, Yamashito—Cho,  
Nika-kn, Yokohama,  
Japan.

Mica.

### NEW GRADES OF RUBBER

The Ministry of Plantation Industry has formulated a plan to enable the rubber industry to switch over from the production of conventional grades to new grades to maximise export earnings.

Under this plan five rubber processing plants are to be set up for the production of new grades under a phased 5-year programme involving Rs. 5 million. The United Nations Development Programme will provide 413,000 dollars for this scheme.

The first of these plants will be sited at Mawanela.

### MAIN FEATURES

The main features of the plan are:

:: Production of block rubber from scrap rubber which amounts to 15 per cent of the rubber production.

:: Establishment of a specification laboratory to test and control the production of block rubber.

:: The stepping up of production of high grade sheet from latex supplied by small holders and small estate sector by establishing crude processing centres, some of which would also function as collecting centres for block rubber.

It has been estimated that each of the proposed processing plants would produce 10 tons of rubber per day. This would mean that the country's rubber production would increase three fold within just three years.

### SHARE MARKET REPORT

The Share market was quiet for the period ended 28 th June 1971, according to the Report of the Colombo Brokers Association.

	Previous Price	June 28th	+ or -
<b>Teas</b>	Rs. Cts	Rs. Cts	Rs Cts
Estates of Uva .. ..	3.75	4.00**	+25
Nahavillas .. ..	3.00	3.00*	
Uplands .. ..	4.75	4.75**	
Welimadas .. ..	5.00	5.00	
<b>Tea-Cum Rubbers :</b>			
Golindas .. ..	2.25	4.00*	+1.75
Hunuwellas .. ..	6.50	6.50	
Kuttapitiyas .. ..	3.00	3.00	
<b>Rubbers :</b>			
Labugamas .. ..	8.50	6.75**	-1.75
<b>Commercials :</b>			
Chemical Industries ..	10.75	10.75	
Rowlands .. ..	4.00	4.00	
Wellewatte Mills ..	4.50	4.25*	-.25
Muller and Phipps ..	12.50	10.00	-2.50

There has no business in coconuts and Preference shares Government loans were dull.

## EASTERN PAPER MILLS CORPORATION

### SUPPLY OF EQUIPMENT FOR INTEGRATED PULP AND PAPER MILL AT EMBILIPITIYA, CEYLON

Tenders are hereby invited by the Chairman, Eastern Paper Mills Corporation, P.O.Box 1367, 356, Union Place, Colombo 2, (Cable Address:- 'EPEMPCORP' Colombo) from manufacturers and Principals or their accredited Agents, for the supply of complete equipment for an integrated Pulp and Paper Mill for the manufacture of nominal 15,000 finished long tons per annum, of Printing, Writing and Bond Papers of basis weight range 30-120 grammes per square meter.

All Tenders should reach the Chairman, Eastern Paper Mills Corporation not later than 2.00 p.m. on 30th November 1971.

Those interested can obtain full technical details and specifications of materials and equipment by forwarding the full name and address of the Principal Tenderer, together with a non-refundable Tender Deposit of \$ 100 (U.S.) or its equivalent by airmail or telegraphic transfer to Eastern Paper Mills Corporation, P.O.Box 1367, 356, Union Place, Colombo-2, Ceylon, on receipt of which one copy of the details and specifications of materials and equipment and Forms of Tender will be airmailed.

Further particulars may be obtained from the Eastern Paper Mills Corporation or from Ceylon Embassies abroad.

CHAIRMAN  
EASTERN PAPER MILLS CORPORATION

P.O.Box 1367,  
356, Union Place,  
Colombo 2.



# Shipping & Aviation

## CEYLON CARGO-LINER SERVICE TO COMMENCE SOON

Ceylon's cargo-liner service to the U.K, Eire and the Continent is scheduled to commence in October this year. The liner service will be a member of the United Kingdom, Eire and Continent Conference.

The final agreement which will make Ceylon a Conference member is expected to be signed in London shortly.

The Ceylon Shipping Corporation will have four vessels sufficient to carry 20 per cent of the traffic from Ceylon to the U. K, Eire and the Continent.

The Corporation is now negotiating for a line of credit for the purchase of more ships for its merchants fleet. At the same time the corporation is also seeking the concurrence of several British Shipping Conferences to operate time chartered ships for its liner service to the U.K. and Europe.

According to Shipping Corporation sources, the approval of the Shipping Conference is necessary if the majority of the vessels in the national line are those that have been time-chartered for the purpose of operating a liner service.

## VIZAG SHIPYARD ORDER BEFORE SCHEDULE

The Hindustan Shipyard, Visakhapatnam, in the public sector, has delivered a 12,900 tonne cargo liner, m.v. "Vishwadarshan" to the Shipping Corporation of India. This is the 23rd vessel delivered by the Shipyard to the Shipping Corporation.

The ship has been delivered two months ahead of schedule. The shipyard could have delivered it still earlier in February if it self but for delays in getting from the delivery of equipment its own suppliers. The delivery of the ship two months ahead of schedule will mean an extra earning of \$360,000 (Rs. 270,000) for the Shipping Corporation.

The shipyard now actually feels sorry that it had not provided for a clause in the contract with the Shipping Corporation for the payment of a premium for earlier delivery.

The Hindustan Shipyard will be commissioning its dry dock in the first week of next month for undertaking ship repair work. It has been built at a cost of Rs. 4.8 crores. Its repair facilities which will go into operation as soon as the dry dock is commissioned have already been booked by the Indian Navy which has sought the shipyard's assistance for repairs to be made to three

A.R. submarines. Governmental between India

es built es tech- for n.

N 1971

at decade was very eventful in the field of Civil Aviation in the Union of Soviet Socialist Republic, and during this year 1971 Aeroflot will reach a new high among World Airlines.

An indication of the Soviet advancement in Air-transport was made at the Aviation Show held in Paris in May this year. This advancement was more exemplified recently by the Soviet Minister of Civil Aviation, Mr. B. Bugaev, when he addressed a conference of Tass Correspondents, in Moscow. He said that: "This year will be another important landmark in the history of Aeroflot development. This year will usher in a new quinquennium which will primarily be a period of further scientific and technical progress".

He added that "Civil Aviation of the U.S.S.R. has planned to carry in 1971 about 80 million passengers, and about 2 million tons of cargo to process from the air 85 million hectares of sown acres". Our pilots Mr. Bugaev proclaims will start mastering TU-144, the World's first supersonic airliner and passengers will also be carried by TU-134, TU-154, IL-62, IL-62M, representing the second generation of Soviet Jet Airliners.

At the Paris Show, U.S.S.R. displayed five new sensational models.

- (1) TU-144- an elegant and streamlined in shape. This supersonic Airline has perfect flying qualities. It cruises at a speed of 2,500 Km per hour. It will whisk you from Moscow to London or Paris in 1.5 hours or can do Delhi-Moscow in just 2.5 hours. TU-144 would comfortably accommodate 130 to 150 Tourist Class passengers. Timesaving on schedule flight exclusive comfort of operation are some of the distinguished features of the TU-144.
- (2) IL-62M-a 200 seater passenger craft which does 20% more distance than the 162 seater IL-62 model introduced to Ceylon in April last year

(3) TU-154-Jetliner of medium range is a real cost saver. It is operated by a three member crew and could ferry up to 164 passengers at a cruising speed of 900 to 950 Km per hour. The TU-154 is able to takeoff with full commercial load from Aerodromes in high mountains and hot areas.

(4) IL-76 a new cargo Aircraft with a speed of 1100 K.P.H. It has a maximum cargo capacity of 40 tons.

(5) B-12—This world's biggest Helicopter has a commercial cargo capacity of 41 tons or 200 passengers.

Aeroflot today uses some of its latest models IL-62, Tu-134A YAK-40 and Helicopter MI-2, MI-8, KA - 26.

According to plans afoot the year 1971 will witness Aeroflot playing a more leading role in the skies.

To the questions by TASS CORRESPONDENT.- What changes will there be on the International Route, Aviation Minister, Mr. Bugaev had said, "In the last five year period the total length of International Soviet Airliners Routes have doubled and now it is over 150,000 Km and we intend to continue extending our International contacts. We have planned to begin regular flights to some South American Countries, to Australia and more African States with which we still do not have permanent contacts. In August 1971 Aeroflot will start operating to Bangkok. This in other words means that within this year Aeroflot will touch at major cities of all the five Continents, thereby bringing Australia and South America within the network Aeroflot's Air-map.

## CONCORDES LOG 250 FLIGHTS

The two prototypes of the Concorde supersonic jet airliner have now logged more than 250 flights. Britain's 002 flew its 100th mission last week cruising for more than an hour at 1,300 m.p.h. high above the Bay of Biscay.

The plane was recently fitted with a modified Rolls-Royce Olympus engine to obtain early data on handling and performance characteristics of the production Olympus, which is less complicated, lighter and will improve the aircraft's aerodynamics.

The French prototype, which has flown some 150 times, is currently checking the effects of sealing modifications incorporated in the engine nacelles for drag reduction.

## FREIGHT ROLE FOR TOP-SELLING CIVIL AIRLINER

Continuing development of the HS 748 twin turboprop airliner-Britain's top-selling civil aircraft-will include the fitting of a big new freight door to give the plane the dual role of a freighter and airliner.

Sir Arnold Hall, Chairman of the Hawker Siddeley Aviation Group, said in London last week that the freight door, which would shortly be introduced to allow pallets to be loaded, was one of the developments that would ensure the 12-year-old 748 remained in production for "many years ahead". He was announcing the order for the 250th aircraft-one of two booked at a cost of some 2 million by the Royal Australian Navy. They will be delivered early in 1973.

The two new planes, which will be basically similar to the 10 already in service with the Royal Australian Air Force, will be fitted with navigational and electronic training equipment. They will also be able to operate as freighters or as 20-seat executive aircraft.

Since it first flew in June 1960, the 300 mph 748 has been in constant demand by operators round the world. It can carry up to 58 passengers over 1,150 nautical miles.

Bata  
Bata  
Bata  
Bata

shoes  
for  
the  
whole family

SONY.  
2R-29



TRANSISTOR RADIO  
Only Rs. 115/-  
SIEDLES  
CINERADIO

9 & 10, Consistory Building,  
Front Street, Colombo 11  
Branches:  
Kandy, Jaffna, Gampaha,  
Ambalantota & Bambalapitiya.

TEAM



## It's quicker with the computer green lights

From the moment your car enters the city it will be watched over. As you approach each set of traffic lights a tiny computer nearby will note your presence and pass the information to a bigger co-ordinating computer that is busy receiving traffic flow reports from both city centre and suburbs.

This computer is in turn informing and taking instructions from yet another that stands alone in a darkened room plotting strategy on how best to set traffic signals all over the city to speed the traveller on his way.

This is not happening yet. But by the turn of the century it is likely to be the pattern of city life in many parts of the world. For traffic experts believe the computer is perhaps the only means of preventing many of our crowded cities literally grinding to a halt.

### SPEED THE BUS

Indeed, computers promise to do much more than just smooth out the flow of vehicles. They will be in control of systems that will be able to identify different types. Such a system could, for example, spot the public service bus among the queue and switch the signals to give it priority.

When this happens the motorist may find it better to leave his own car on the outskirts of the city and travel on by public transport. Some cities already have special

roads and traffic lanes reserved exclusively for buses. But experts are coming to the conclusion that this is wasteful because cars ought to be filling the space between the buses.

With computer controlled identification systems the buses could share the same roads as other vehicles with the computer ensuring that they get priority for a smooth, easy flow through the streets. By having a complete up-to-the-minute picture of the traffic situation all over a city, the "big brother" strategy computer will be able to advise drivers through electronic notice boards of faster alternative routes to get round traffic pile-ups. Traffic can also be re-directed before it can cause a jam and fed into car parks that are known to have space available.

### SPECIALISTS

Specialist firms are being born out of this new need to apply man's latest technology to a problem that was once answered by crude mechanical semaphore signals on street corners. One such company is GEC-Elliott Traffic Automation, of London, which is now pioneering the third generation of computerised traffic marshalling.

It can offer eight intensive years of know-how in all forms of automated traffic control as a follow-up to 50 years of general experience in the signalling field. In re-

cent years computer control of Madrid and Munich to seek is Zurich Switzerland. The company cannot take the place of new modern trafficways. But it can ensure that existing streets are used in the most efficient way.

Experience has shown that a computer making instant decisions—this is known as an on-line computer—can not only speed up traffic but also allow streets to handle even more vehicles at these faster speeds.

Until now the development of automated traffic systems has been dictated by the pace at which new computers have arrived. Now that the mini-computer has arrived traffic engineers can set their own pace of progress.

Among other parts of the world currently showing interest are South Africa, South America, the Middle East, Australia, Hong Kong and Singapore. Britain is also likely to follow up its West London computer control ex-

## SCIENCE AND TECHNOLOGY

### ROBOTIC ARTIFICIAL LIMBS

Shiro Kato of the Department of War has invented a fully-operated limb with a "human touch" and fingertips.

The invention is a dream of his colleague who, while he was still an assistant professor at the university, expressed the desire for an obedient robot who would pour him tea at his command. Professor Kato is now carrying out further research in co-operation with engineers at the Matsushita Electric Industrial Co. to put his invention to practical application.

Professor Kato, who originally wanted to major in philosophy, studied science during the war and, after graduating was engaged in development of an automatic sighting device for an anti-aircraft gun

experiment with automated control in up to 15 other cities over the next five years.

Much work on automated vehicle supervision has also been done in North America and soon the know-how on both sides of the Atlantic may be brought together. For GEC-Elliott admits it has made arrangements for talks on the subject with an American firm.

After the war, he put his skills to work to develop artificial limbs. The program will introduce the professor and his invention—the result of what may be called "peaceful" application of his scientific knowledge.

### A WORK ROBOT

A sophisticated industrial work robot to replace human factory workers having a built-in miniaturized electronic computer has been completed in a commercial form by Ishikawajima-Harima Heavy Industries Co. in Japan

According to the company, its new Conslarm CP-11 will have a memory capacity more than 10 times as large as any conventional robots of the kind.

Its internal computer fed delicate programming data by magnetic tape and other means will not just make it perform simple repetitive jobs, but perform many complex tasks, including packing which requires a memory. Its price will be around Yen 14 million (approx. \$38,888).

## MANAGEMENT

### The Ofrex manner

If the British invested Chartered Accountancy, it was certainly the Americans who devised Industrial Finance. Combine the Two, and the results are frequently notable. (A.G. ANDY)

ANDREWS 45, deputy managing director of Ofrex Group, the £11 million stapling and office equipment group, started his career as a practising Chartered Accountant. But just as strong an influence on his business philosophy has been a longish spell of 16 years with American subsidiaries in Britain, among them Litton Industries. His experience leads him to make some scathing comments about the status either actual or deserved, of the typical British financial director—often a highly paid book-keeper who merely reports on history. He plays too little part in shaping the company's future.

Accountancy training, he acknowledges, has changed since his day, but he considers that most of what he was taught was "how to do grocers' accounts."

Ofrex is now a holding company with a number of well-known names among its subsidiaries, such as Rexel, Fordigraph and British Industrial Fasteners. Under its chairman, George Drezler, managing director Arnold Stevens runs the Liverpool companies, while Andrews, reporting direct to the Chairman, runs the shop in London. His initial appointment with the company, in 1967, was to build up a "fairly simple financial system." People, he says, "get caught up on sophisticated techniques—ours is not a capital-intensive business, and we finance it out of retained earnings. Return on investment is a perfectly adequate measure of control for our purpose."

Re-organising the company's accounting procedure was one thing—persuading managers to use it effectively and with understanding was quite another. For this purpose, Andrews instituted a programme of training course for middle managers in Ofrex, drawn from all functions, to teach them the fundamentals of accounting, and the method by which the annual budgets are drawn up and consolidated. More broadly, the aim is to improve the group's profit-consciousness, and to stress that "the yield on net assets is in the final analysis more important than sales."

Andrews' first experience with American companies was with Monroe, manufacturers of office calculators and other equipment. His first experience, in general, rather than financial, management came when his Managing Director fell ill, and he took over for a nine-month spell. Shortly after, Monroe merged with Litton Industries, and Andrews found himself with a rapidly widening circle of responsibility. Then, in one traumatic year, he started marketing a small desk-sized computer for Monroe, in order to build up his commercial background.

### New X-Ray tube developed

Broussias Hospital in Paris has successfully employed a new X-ray tube developed by the research services of Compagnie Generale de Radiologie, a subsidiary of the Thompson Group.

Doctors can now X ray the vascular system to an accuracy of about 1/10 of a millimetre and take a series of repeated shots, hence follow-

ing the Kenetic evolution of a phenomena, without deteriorating the X-ray tube.

This important event results in a more accurate diagnosis of the state of vascularisation of the tissues and the early detection of pathological anomalies. Cancerous tumours, angioma and infarctus of the myro-cardium can now be diagnosed earlier and more accurately.

"It was a harrowing experience he remembers. It left him with a pie of enquiries and complete exhaustion, but 'it was a bull point to have done it.'"

"The pace all round Litton was hotting up' by this time and Andrews moved back into finance as European controller. One thing he learnt from Litton was the value of strict reporting—a small isolated unit can be very slack and sloppy." Litton, he thinks scored with its own form of interfirm comparisons. The company has had its management problems in the UK, but its product is highly successful, with a very wide range of applications and markets.

In this respect, terminals are similar to the industrial and office staples which form one of Ofrex's most successful lines. Staples are produced in vast quantities—hundreds of millions a week, literally.

Ofrex has set as its growth objective at least to double every five years. This rate has certainly been attained in the last two. However, Andrews himself is the first to disclaim any connection between the achievement and his arrival as finance director in 1967—"I'm a member of a team," he says. But in a company the size of Ofrex, the setting of any sort of financial target, let alone its attainment, is relatively uncommon.

Contd. on page 19



# THE LAND OF 'WHITE GOLD'

Practically every one of the 15 Soviet republics has been given one or another figurative appellation describing either its nature or natural resources, in short, its main riches. "The land of eternal fires" was the name bestowed upon Azerbaijan for its rich oil reserves. Since olden times the Ukraine has been known as the "Granary" for its bumper harvests. . . .

Uzbekistan is called "the land of "whitegold" because it grows more cotton than any other Soviet republic. In 1970 the republic produced over four million tons of cotton, a record yield, never attained before.

The monuments of the past are remarkable, but equally noteworthy are the modern creations of the Uzbek people. Like all Soviet people these days the Uzbeks have passed another landmark in their socialist history: by persistent labour they have implemented the tasks mapped out by the 23rd CPSU Congress for the development of the national economy over the years 1966—1970. Industrial output in this period increased 1.6 times.

### Industrial potential

The republic has developed more than one hundred branches of industry, such as metallurgy, chemistry, power engineering, gas extraction, machine-building and electronics.

By Murad Nepesov

Prior to the revolution the Uzbek soil after the 1917 October Revolution. Socialism provided Uzbekistan with the possibility of making an unprecedented leap forward—from feudalism to modern civilisation. Soviet power assisted by sending specialists from Moscow, Leningrad and Kiev and by supplying tractors, building factories and plants and laying irrigation canals.

The level of progress of any state is determined today by its industrial potential. In the last five years Uzbekistan has commissioned power stations with a total capacity of more than 1.5 million kilowatts, built 56 large industrial complexes, created new industrial branches, such as gold mining and the production of chemical fibres, and has commenced the production of tractors to operate on cotton plantations. Today the annual gas extraction in the republic amounts to more than

... cubic metres. ... plants were ... during the ...



Cotton storing point at 5th Anniversary of Uzbek SSR Experimental Husbandry Farm.

This thumbnail sketch of Uzbekistan's industrial progress in the last five-year period would be incomplete without mentioning machine building.

Almost one third of all Uzbek workers are engaged in this branch—one of the most advanced branches of industrial production. They turn out compressors and spinning machines, tractors and cotton picking combines, bridge cranes and transformers, and many other machines. Uzbekistan has outstripped the United States in the output of cotton-picking machines.

chinery has been produced and the number of tractors in the republic amounts today to more than 120,000, i.e. 30 per cent more than in 1965. In the same period hundreds of thousands of hectares of new lands were irrigated, new water reservoirs and canals commissioned. Farmers have taken in more than 20 million tons of cotton, nearly 2 million tons more than in the preceding five-year period.

The Uzbek people have scored considerable successes in the fields of science and culture. The works of Uzbek physicists, chemists, mathematicians and biologists are known internationally. And in the number of students per thousand of population Uzbekistan has outstripped the United States.

Today 4 million people are studying in one form or another. More than 60,000 skilled specialists graduate each year from dozens of institutes and hundreds of technical schools. This is almost twice the number of five years ago.

The last five-year period has laid a firm foundation for the further progress of Uzbekistan. The 24th CPSU Congress defined the main trend of this progress. The new Five-Year Plan betokens still bigger prosperity for the entire country, and for Uzbekistan—the land of "white gold"

### Rapid Progress

In the past five-year period the agriculture of Uzbekistan has also made big progress. A large quantity of farm ma-

## Investment in the LDC's...

Contd. from page 8

most plentiful productive factor; in these countries industries that can adapt their production processes to use large amounts of labor are desirable.

2. The production processes employ the most efficient technology for the economy of the LDC. Technology in this connection does not necessarily mean labor-saving equipment. A production process employing the best technology can still be relatively labor-intensive.

3. Production involves training of local workers, technicians and managers in skills that can be used in other industries.

4. Production requires the purchase of substantial inputs of material and intermediate products from other sectors of the local economy. Purchases of domestic inputs induce expansion in the other sectors and possibly lead to economies of scale.

5. The project does not have a long pay-out period. A long pay-out period may tie up resources that could be productively employed in other sectors.

6. Output can be sold in an unprotected market, domestic or foreign, at competitive world prices. It is probable that the greatest benefit will be obtained, other things being equal, if output is exported. Foreign exchange earned for the country will be more valuable than the nominal exchange rate indicates if the rate is overvalued. On the other hand, sales in a protected market may lead to small, or possibly negative net benefits because of the implicit subsidy to the foreign investor that is the result of protection.

### Primary-Product Industries

U.S. direct investment in LDCs has reached substantial proportions. Yet, it is not clear that either investment in primary-product industries or in manufacturing has made the expected contribution to the balanced over-all development

of the recipient countries. Many writers have outlined the reasons for suspecting that the contributions of primary product industries (despite foreign-exchange earnings) have been less than might be anticipated. In general, they relate to the fact that most primary-product industries have relatively few linkages with the domestic economy. The production processes are capital-intensive; the industries require little in the way of inputs from the rest of the economy; capital equipment and management are imported; and local labor that is hired receives little training that can be transferred to other sectors.

It cannot be argued that investments in primary-product industries have had no favourable effect on the host countries. They have contributed, for example, to the development of infrastructure, particularly transport facilities. While these facilities have usually not been ideally suited to the internal development requirements of the country, they have not been without value.

In recent years, governments of the LDCs have taken a variety of measures to increase

the local benefits of foreign investment in primary-product industries. The oil-producing countries have increased the proportion of profits taken in taxes. In some countries, the government has entered into a partnership with the major primary-product firms. In addition, many governments have required that the proportion of the management and technical positions occupied by nationals of the LDC be increased. While the economic benefits of some of these measures are equivocal, it is probable that in a number of countries the primary-product industries are now making a greater contribution to the development of the domestic economy.

In countries where direct foreign investment is primarily in manufacturing, the determination of its contribution to domestic economic growth is more complicated. On the surface one might expect manufacturing investment to make a greater contribution to development than would investment in primary products. Manufacturing industries often have production processes that are more adaptable to labor-intensive methods. In addition,

the skills learned by local labor in foreign manufacturing industries are more often transferable to domestic industries than those learned in primary-product industries.

Perhaps most important, manufacturing industries usually are more integrated with the domestic economy than are extractive industries. The transformation involved in manufacturing requires a wider variety of resource inputs, all of which cannot be provided by the firm. Consequently, demands are placed on the economy and some of the external benefits will be realized.

Unfortunately, it is questionable whether the potential benefits of foreign investment in manufacturing have been adequately realized in practice or, if they have, whether they have not been offset by the costs associated with the investment. It is a well-documented fact that frequently the principal motivation for direct investment in manufacturing in the LDCs has been the desire of foreign firms to maintain sales on the domestic market in the face of barriers to imports.

(To be Continued)



# Move urged to end economic crisis

New York

India's Ambassador to the United States, Mr. L. K. Jha said here last week that a thorough review of international trade and payments was needed if the world was to avoid another economic crisis such as was witnessed in the thirties.

He said unilateral actions by the major countries to combat recession and unemployment at home and to prevent the outflow of gold may only lead to a deepening of the crisis for the world as a whole.

Addressing the Economic Club of New York, Mr. Jha said bilateral arrangements or agreements within a group of countries could be just as hard if they created new problems for third countries.

"What we need," he said, "is the kind of joint thinking which has, time and again, dealt with one crisis after another."

"When speculative pressures threatened individual currencies, central banks evolved countermeasures to deal with them. When gold was being drained away from the monetary reserves of major

countries by speculative demands they were able to agree upon the two-tier system for gold," he said.

The best way to solve the problem of recession, he said, was to find ways and means of linking idle capacity with unsatisfied demands.

Any attempt to combat recession by artificially stimulating domestic demand or by curtailing competition from overseas was to adopt a negative approach.

Mr. Jha said the current world economic situation demanded a fresh look on the "whole gamut of international trade and payments in order that the international institutions are equipped to convert what looks like problems into opportunities."

## JAPAN LIBERALISES INVESTMENTS IN CAR INDUSTRY

Tokyo

Japan has opened the automotive industry to foreign capital investments in line with recommendation made by the Foreign Investment Council. Under the libera-

lization measures, business interests are allowed to acquire ownership of enterprises in the car industry. The Government has liberalized investment in single-store retail business in the automotive industry, also up to a maximum of 50 per cent ownership.

## UPPER CLYDE SHIPBUILDERS IN TROUBLE

London

Another major British Company, the Upper Clyde Shipbuilders Consortium, builders of the Queen Elizabeth 2, was on the verge of collapse last week, only four months after the collapse of Rolls Royce.

Apart from the implications for Scotland, where unemployment is climbing towards



10 per cent mark, the collapse of Upper Clyde would add to increase the already considerable pressure on the British Government's plan to reflate the economy.

Upper Clyde today employs 7,500 workers in its three yards. The livelihood of another 25,000 in sub-contracting and ancillary firms probably depends on the Consortium remaining in business.

The Company has been plagued by financial and labour problems, but the present crisis, the worst ever, has come about because of ebbing confidence among its suppliers.

## MALAYSIA BOOSTS PINEAPPLE EXPORTS

Kuala Lumpur

The pineapple cannery of Malaysia plans to double its present production by 1973

to reach an export value of \$ M 70 million.

This Government cannery produces at present about 40 per cent of the country's total pineapple exports, Britain is the largest buyer.

A \$ M 12.7 million replanting scheme for 38,000 acres in Sugar Patani has been approved by Malaysia's Ministry of Commerce and Industry. A new cannery in Pulau Sebatang at an estimated cost of \$ M 7.5 million is nearly ready to go into operation.

## SECOND PLACE IN WORLD TRADE

Bonn

The Federal Republic of Germany took second place in world trade again in 1970, following the U.S.A. and preceding Great Britain. German exports in 1970 were DM 125,300 million, imports were DM 109,600 million. This means that exports have increased by 10%, imports by 12% in comparison with the year before.

## A BILLION NEW JOBS!

Bangkok

With population in Asia and the Far East, including mainland China, growing at its present rate of at least 2.6 per cent per year, a rise in the population of the region from the present 2 billion to 2.7 billion in 1985 and to 3.8 billion by the turn of the century, will call for 1000 million new jobs to be created in the region for a growing labour force within the next thirty years.

This warning comes from an ECAFE report which estimates that the working population of the region, aged 15 to 64, will more than double over this period of time, unless fertility limitation is extended swiftly over the next two decades.

## GATT EXPECTS INCREASE IN WORLD TRADE

Geneva

GATT is optimistic about world trade development for 1971. According to GATT, volume of world trade is supposed to increase by about 5-7%, the value by 7-11%. The GATT expects a 4.5% increase of the entire world production with 2-4% increase of export prices.

# THE STRENGTH OF THE U.S. DOLLAR

A sober analysis of recent developments reinforces the belief that the U.S. Dollar will continue to be one of the world's strongest currencies for a long time to come.

The underlying trends are much more favourable for the position of the dollar and for the continued effective functioning of the international payments system than some of the more spectacular surface events would seem to indicate.

Undeniably, the United States since 1965 has gone through a difficult period of inflation which has been detrimental to the international position of the dollar. The disturbances in international currency exchange markets in may tended to focus attention on this problem and on the continuing U.S. Balance-of-payments deficit, despite the fact that the May disturbances were triggered by massive flows of funds from country to country seeking the highest interest rates—not by any deterioration in the basic position of the United States in the International Economy.

As Hendrik S. Houthakker, a member of President Nixon's council of economic advisers who is soon (July 15) returning to academic life, remarked during a June 22 appearance before the joint economic committee of the U. S. Congress, "The international monetary situation, and the U.S. balance of payments position, are not as bad as many be-

lieve them to be. A number of corrective measures have already been taken, and their effects should show up within the next two years or less."

A similar point was made in the chase Manhattan bank publication, *International Finance*—

"Indeed, the recent course of the American Economy vis-a-vis the rest of the Industrialized free world, whether indicated by current price trends

By Eugene Brake

or the direction of basic balance-of-payments tendencies, does not support the contention that the relative value of the Dollar is undergoing an erosion in terms of other major currencies. On the contrary, economic trends in countries now in substantial payments surplus suggest the likelihood that the reverse is true".

### Progress against inflation

The basic reason for expecting the dollar to exhibit strength in the coming years is the U.S. progress against inflation.

Although U.S. officials are not yet satisfied with the amount of progress, the fact remains that the United States is already exhibiting a better price performance than most other industrial nations. This is true whether one looks at domestic prices or the index of prices for export goods. Thus the United States already

is putting itself in a position to improve its competitive position in world trade.

The shift from a restrictive economic policy to a cautiously expansionary policy can be expected to contribute to the improvement in the international position of the United States—not weaken it, as many people suppose.

A faster rate of domestic expansion tends to stimulate imports, and thus for most countries would result in a weakening of the balance of international payments. . . Because capital movements play an unusually large role in U.S. International transactions, however, the effects on U.S. trade are more than offset by the effect on capital movements.

A resumption of normal, healthy growth in the U.S. economy will encourage investment in the United States and discourage American investment abroad, improving the balance of payments.

The expectations for a strong dollar are confirmed when analysts look at the prospects for other currencies. As U.S. officials have been pointing out, the Federal Republic of Germany and other European industrial nations have not had particularly large basic surpluses in their international payments recently. The recent flows of dollars into these countries resulted from temporary and reversible movements of short-term capital—movements that economists

do not consider to be part of the "basic" surplus or deficit.

*The floating of the Canadian dollar and exchange rate movements in Germany and some other countries during the past two years have helped to correct whatever fundamental disequilibrium might have existed in the international monetary system.*

### Only problem—Japan

Dr. Houthakker told the congressional committee this week that these exchange rate adjustments have not yet had time to produce their full impact on the international movement of goods and funds and that the ultimate effect will be a significant help to the U.S. balance of payments. In fact, Dr. Houthakker said, "The only problem that remains is Japan."

Japan maintains many restrictions against imports and against international capital movements, and has a currency which many experts feel is undervalued.

Japanese authorities have indicated a willingness to speed up the liberalization of the trade and investment restrictions. If, despite these moves, Japan continues to pile up reserves at an excessive rate, it might eventually be willing to consider further measures.

If the Japanese problem is solve and the United States succeeds in keeping inflation under control, the dollar—and the world economy in General—could enter a new era of strength and stability.



# INVESTMENT IN THE LDC's: THE UNRESOLVED

(Part

The basic purpose of the U.S. foreign assistance program is to encourage the development of politically independent societies which protect the rights of individuals and provide for improvement in the standard of living of the people. Although the United States has in the past sought to achieve this objective by providing assistance to less developed countries (LDCs) with a variety of economic systems, nevertheless the conviction has been expressed in the Congress and the Executive Branch that the primary aims of foreign assistance can be accomplished best by an initiative within the framework of private ownership of the means of production. Because of this conviction, various aspects of the current foreign assistance program are directed toward strengthening the private sector of LDCs.

Since the inception of President Truman's Point Four Program, one of the primary means for accomplishing the basic purposes of foreign aid has been to encourage private U.S. investment in the LDCs. The reasons for legislative support of private investment have been that it provides the LDCs with capital, technology and management skills needed for economic development and at the same time offers a stimulus for development of the domestic private sector.

The United States initiated the specific risk investment insurance program in 1948 to encourage private investment in Western Europe. In 1952, this program was extended to the LDCs. Recently, an extended guaranty program covering a broader class of investment risks in the LDCs was begun on a limited basis.

Government policy toward private investment in LDCs has been inherently contradictory, however. In 1968, as a

...on the investments, invested. to be... The President proposed the establishment of an Overseas Private Investment Corporation (OPIC) to stimulate "additional investment through businesslike channels." The OPIC is to administer the existing programs to encourage foreign private investment in LDCs. In addition, it will have a small direct lending program for private development projects. The renewed interest of the Nixon administration in encouraging private foreign investment raises several questions that should be answered to help guide new policies and institutions. On the purely economic aspects—leaving aside important institutional, political and sociological fac-

*"We must enlist the energies of private enterprise, here and abroad, in the cause of economic development. We must do so by stimulating additional investment through businesslike channels, rather than offering ringing exhortations."*

The President proposed the establishment of an Overseas Private Investment Corporation (OPIC) to stimulate "additional investment through businesslike channels." The OPIC is to administer the existing programs to encourage foreign private investment in LDCs. In addition, it will have a small direct lending program for private development projects.

The renewed interest of the Nixon administration in encouraging private foreign investment raises several questions that should be answered to help guide new policies and institutions. On the purely economic aspects—leaving aside important institutional, political and sociological fac-

tors—the key questions are:  
1. What types of private investment should be encouraged? Specifically, what kinds of investment make the greatest contribution to the objectives of the United States in LDCs?

By CHARLES D. HYSON  
Special Export Advisor  
Agency for International Development  
U.S. Department of State  
And  
DALE R. WEIGEL,  
Business Administration Faculty,  
University of Iowa.  
(From Columbia Journal of World Business  
Copyright 1970 by the Trustees of Columbia Un-

2. What are the major influences upon the decisions of private firms to invest abroad, and can U.S. government policies alter the working of these influences?  
3. What are the over-all benefits and the costs to the United States of increased in-

vestment by U.S. LDCs? Do the benefits exceed the costs?  
Foreign investment in LDC contributes to

development provided entire net addition to try's output due to investment is not appropriate for the foreign investor. from the investment due to the recipient of any or all of the forms:

## Housing problem in Ceylon—

The local housing problem is basically centred round:

- (b) The lack of an enlightened housing policy and a programme of planned development on which the public and the private sector can plan production of components acquire and deploy plant and use skilled manpower on an expanding scale year by year.
- (b) The lack of supporting services such as roads, water, sewage disposal facilities and electricity.
- (c) The lack of urban development plans, on which housing development can be based.
- (d) The lack of housing finance.
- (e) The complete absence of housing management.
- (f) The very low priority given to environmental and social aspects of housing.
- (g) Research and research consciousness.

of Local Government is woefully understaffed. We have a total of 3 planners and they are engaged by Government more on Architectural Work. Our need is dozens of planners working very closely with the economic planning division of the Central Government.

**Our resources**—We have a Department of Architecture at the University which is to develop a Department of planning and a Department of Building Economics very soon. We need staff for the planning school as well as planners in the Department of Planning. The staff recruited for one should actively co-operate in the work of the other. We could get an imaginative young man to head the School.

### 2. Supporting Services: Roads Water, Sewage: (b) above.

Much of housing is in urban areas, hence, the Municipal Services that are necessary to support housing has to play a large part in any development. In the city of Colombo if one were to start any scheme whether it be housing or hotel building, one would very soon find that the water, sewage, and electrical power services are inadequate to service the new project. The cost of these Supporting Services may very well be a third or more of the cost of the whole project. If this is added to the cost of the housing units you will only inflate the costs to impossible figures. Hence, funds for these have to be found separately from Urban Development funds or a direct subsidy as the case may be.

### 3. Housing Finance (d) above

As housing is for the working and the middle classes, to

which category a vast majority of the people in this country belong, and as this class has no cash savings, we need to create an initial fund, contributed wholly by Government and partly by Trade and Industry. Simultaneously we could start a fund into which the working people, for whom housing is needed, could contribute.

These contributions, would be in the pattern of savings accounts which will bear interest, and which, even if the present generation of workers will not benefit by getting houses for one and all will by itself yield a sufficiently attractive interest. Here a housing Bank is indicated.

### 4. Housing Management: (e) above

With an initial housing fund created as suggested above, we need good and efficient management to see, not only that the funds are used prudently and profitably, but also to see that the fund increases and generates a progressively expanding industry and activity. This can only be done by good management.

A single body, (a housing authority) or several of them are needed, whose responsibility it should be to secure land, develop the land and obtain or provide the services, construct the houses and service, and maintain them.

After housing is built, there should be adequate revenue from rentals to service them, (that is to bring in the correct type of tenants, collect the rents, and maintain the buildings and the services in good

order). The rentals should also provide sufficient funds for the amortisation of the project or buildings in a limited number of years, say 60 or thereabout after which they could be replaced.

### 5. Housing Policy: (a) above

If there is a well thought-out housing policy geared to

## Short-term and long-term solutions

and linked with our industrial and national development plans, the cost of housing which is the biggest problem can be reduced, controlled and kept within reasonable limits. If the building industry both Public and Private can see a clearly defined Housing

By  
**Justin Samarasekera,**  
F.R.I.B.A., F.C.I.A.  
President, National Organisation for Housing Research

Policy, backed by finance, and good management, it will respond with economical and speedy building.

When the building industry sees a programme of work handled by a competent authority backed with adequate finance and capable of generating its own finances too, it will take to new and speedy methods of construction, acquire plant machinery and expertise. Further, housing is construction and construction is industry that gives employment to a very wide range of people and skills.

### 6. Environmental and Social Aspect: (f) above

Housing is impersonal to the extent that we do not know the individual or the family that is to occupy a particular

unit. To this extent it is different to an individual's house. We however know the cultural, social and ethnic background of the people for whom we are providing homes.

It is important that we provide this home environment to each family—an environment in which to love and live, raising a family with the very intimate and personal bonds to each other and to the com-

munity that is so necessary in making responsible and valuable citizens.

Unfortunately, when we organise ourselves to do mass building into which housing usually falls, we are apt to get very inhuman, and think mainly of techniques of building speed and ease of construction, and other efficiency factor and forget the very essential features that are necessary to preserve the individuality of people that forms the fabric of a contented society.

We have seen this happen too often in recent times at home here in Colombo and abroad, where in mass housing the human aspect has been forgotten and people have been treated like battery bred chicken.

Our Architects, Sociologists, Landscape Architects and our Planners must get a very important place in a housing set up where their voices are heard and their work of creating an environment pleasurable for the individual to live in is appreciated.

**Research**  
There must be constant and continuing research on housing - distinct from building research - Housing research

has to consider, more basic factors, to put in simple terms, the people - their ways, their personal habits, communal habits, their income, what portion of this can be rent, and at that rate are the priorities in economic unit that provide to make build viable.

### SHORT TERM SOLUTIONS

If a short term solution is readily available, the serious problem. Proposed by Ministers and ment who have to impact on the individual is the voter?

If there is no immediate solution not only know it, the individual know it too and pp... The country must put in the thinking and results must be given least publicity.

Our short term efforts therefore be aimed at ing over-crowding, water, sewage, and e... and better environmental conditions to those living conditions.

Cost (related to rent) the deciding factor, it be carefully considered can be done within limits and if all facilities amenities cannot be decide on priorities a... only the essentials lea... tent to provide the when he is in a position.

Are these priorities follows:-

- (a) Land
- (b) Roads, paths, ways
- (c) Water & sewage services
- (d) Electricity



# DEBATE

## Part I)

by U.S. firms in Do the benefits ex-

costs investment in an tributes to its deve-

ON

development, state

Faculty,

ld Business) Columbia University.

provided that the addition to the coun- but due to the invest- ment appropriated by an investor. Benefits investment may ac- ce recipient country in all of the following

consider, much more tors, to put in very terms, the origin of their ways of life - personal habits - their al habits etc. Also come, what propor- this can be spent on at that rental what priorities in the most unit that one can to make building theme

### TERM SOLUTION

short term solution is available, there is no problem. Policies are Ministers and Govern- no have to make an on the individual, who otter.

ere is no immediate not only must we the individual must too and appreciate it. ntry must participate thinking and the re- st be given the full- licity.

short term effort should be aimed at reliev- er-crowding, providing sewage and electricity ter environmental con- to those living in slum ns.

(related to rent) being iding factor, it has to fully considered that e done within these and if all facilities and es cannot be given on priorities and give e essentials leaving the o provide the balance e is in a position to do

these priorities as Land Roads, baths, alley ways. Water & sewage services Electricity

1. Additional wages to labor. If labor is more productive in the new industry than in alternative employments, and wages reflect the difference, the wage differential constitutes a benefit (increased real income) to the country. The benefits will be particularly large if investments serve to reduce unemployment, for in this case the labor is not drawn from other productive employment.

2. Lower prices to consumers. Foreign investors may be able to supply a product at a lower price than the imported article because either improved technology and better management, or the absence of international transportation costs, lead to lower supply costs. The recipient country benefits to the extent that the lower costs are passed on to consumers.

3. Expanded government revenue. The government may appropriate some of the addi-

- (e) A toilet and tap for each family
- (f) Supports, roof, floor, walls, doors and windows for light and ventilation.

Or will they be arranged in another order? One has to study, discuss, workout and cost them to arrive at a solution.

Short term proposals to last 15 to 20 years should be feasible. They can be replaced with better living units with improved environmental conditions later when our economic conditions improve, and our planning proposals are ready.

Our immediate solution may give the present slum dwellers better environmental conditions, with very little improvement of their special needs per person or per family. Yet we would have solved more than two thirds of the problem.

For doing this we cannot emphasise too strongly the need for the immediate setting up of a unit for crash planning with:

- (1) A group to conduct a social survey to ascertain the average size of family, family income, rent that can be afforded.
- (2) A group to carryout environmental planning exercises.
- (3) A group to plan and cost the essential services.
- (3) A group to evaluate speedy methods of construction.
- (5) A group to study and workout management & servicing problems.

Finally a word of warning is necessary. The satisfactory solution is only the long term one, the crash plan is only an interim solution to the worst aspects of over-crowding and should not be taken too far. If we do, we will only create

tional output by means of taxes. The spending of the increased revenues can benefit the country.

4. External effects. There may be additions to output in sectors of the economy, other than the sector in which the original investment is made, for which the investor does not receive remuneration. For example, local production workers, technicians and management personnel trained by the foreign investor who leave their original employer to work for local firms contribute to increased output to which the foreign investor has no claim.

The foreign investment may also break a bottleneck or in some other way reduce costs for another sector of the economy. If the other sector can increase output and realize economies of scale, these economies constitute a benefit of the foreign investment which accrues to the LDC.

These net benefits of private foreign investment may be reduced if explicit or hidden subsidies from the government of the LDC are needed to attract the investment. Explicit subsidies often take the form of tax reductions or the provision of special facilities such as industrial estates and transportation facilities. Hidden subsidies include tariff protection in the domestic market and over-valued exchange rates which subsidize imports of material and equipment. A further form of subsidy occurs when dividends are repatriated to the parent firm at an over-valued exchange rate.

The net contribution of a foreign investment to the development of the recipient will depend on the magnitude of the benefits and costs and on their timing. For instance, if there is heavy use of domestic resources in the early years of a project and the benefits do not materialize until after a substantial period of time has elapsed, the benefits will have to be large to justify the project from the point of view of the LDC. This is because domestic resources employed (with the possible exception of labor) have lucrative alternative employments whose benefits could be compounding during the period when no benefits are being produced by the foreign investment projects. In general, in countries with very limited resources, investments that yield their benefits quickly are preferable to those that have longer term payoffs, other things being equal.

Specifically, foreign investment will be more likely to make a positive contribution to development provided that:

1. A relatively large amount of resources in abundant supply are used in the production process. In most LDCs unskilled labor is the

Contd. on page 6.

# I. M. MISSIONS AT WORK

Even of the Fund the the con-

far m the Fu regular

The mission, though in much the same way. Most Fund members still have exchange controls on current payments under "transitional" arrangements provided by Article XIV of the Fund constitution, and they are required to seek an annual ruling on whether these controls may be retained for another year, or whether they should be relaxed or abolished. Countries that have already abolished the controls and moved onto Article VIII need an annual waiver for any temporary reintroduction of restrictions; and even when there is no specific issue they voluntarily discuss their economies with the Fund at regular intervals. In addition, countries must consult the Fund on parity changes, when they are seeking a stand-by credit, and whenever they have breached undertakings given in return for the use of Fund resources. In the early days, some consultations were conducted in Washington or even by mail, but now nearly all consultations involve the visit of a Fund mission to the country.

The first mission to a prospective member is called, self-evidently, an "acquaintance" mission. The mission's most important immediate task is to agree with the country on an initial quota subscription, and usually an initial par value that can be recommended to the Fund's executive directors.

A year later, the first Article XIV mission goes out if, as usual, the new member has elected to retain controls on current payments for the time being. The first time round the staff usually tries to arrive after the budget for a fuller view of the economy; but on later visits the staff tries to arrive before the budget to help influence it. Because almost three-quarters of the Fund's members currently remain on Article XIV, the regular Article XIV consultations are the most common of those conducted by the Fund, and so they are described here at slightly greater length.

### Advance questions

About a month in advance, an extensive questionnaire is sent out to the country's authorities. This seeks detailed

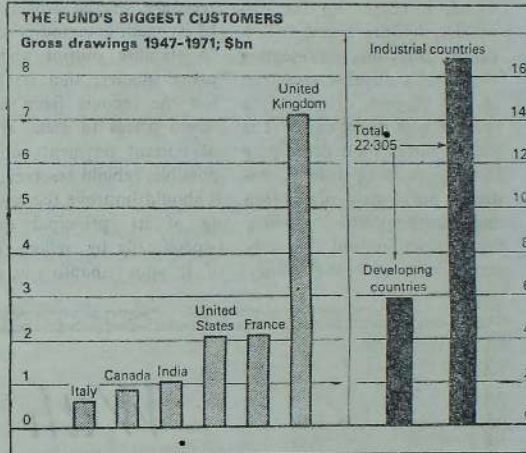
information on output, employment, prices, wages, money balance of payments, trade and payments and comparisons of forecasts and output. This questionnaire is exhaustive in that the mission can add still further questions on arrival.

Before setting out the staff prepares its own "briefing" paper, analysing the country's problems and outlining the attitude the mission proposes to adopt.

Once approved by the managing director of the Fund, this constitutes the mission's directive. It is described as "strictly confidential". It is seen only by the mission and a few key officials in the Fund. It is never submitted to the Fund's board or to the country concerned.

The reports include an account of the discussion in the country, supplemented by a detailed survey of its economy. Finally there is the proposed decisions submitted for approval by the Fund's directors. This is usually brief, consisting of no more than a few paragraphs, and even those consist mostly of Fund judgements, not binding the member to any action. In an Article XIV consultation, described here, only the Fund's declaration on the retention or abolition of exchange controls has legal force. This normally consists only of a single paragraph. Here is one example;

"The Fund welcomes the recent steps taken to liberalise imports and the progress made in reducing reliance on bilateral trade agreements. Further measures along these lines



Missions usually stay in a country for about two weeks. Their first call is on the country's Fund governor (the finance minister or governor of the central bank) to arrange an agenda. This may include talks not just with all the relevant government departments, but in some cases with the prime minister or head of state; and, in addition, there may be informal talks with commercial banks and other institutions in the private sector.

Missions try to keep one or two days in their second week free from interviews to prepare a summary of their findings for the final confrontation with the authorities on the last day of the visit. During this interview the head of the mission summarises its preliminary analysis and its views, and the authorities may take up some of the points raised.

Within 48 hours of its return to Washington, the mission gives the Fund's managing director a summary of its findings and then writes its more detailed reports. These are sent to the Fund's executive board without clearance from the member country, by contrast with practice in the World Bank

would be desirable." This is fairly typical and, though legally binding, invisibly does not bind the country to do anything specific. This is because of the Fund's policy of not pushing countries into a premature abolition of current payment controls, on the ground that once this step to Article VIII has been taken, it cannot be retraced.

Thus the main objective of Article XIV missions is not so much to force as to gradually nudge countries along towards multilateral payments and freedom from exchange controls; to provide the authorities with expert outside advice; and to supply an undramatic opportunity for the discussion of highly confidential matters, like proposed drawings or parity changes, without arousing speculation. The regular consultations help the Fund staff to build up reasonably accurate forecasts of the calls likely to be made on Fund resources. And there is a pay-off for other countries because staff mission reports and the board's comments on them are circulated to all member governments. This helps reassure countries that their problems are not unique.

Contd. on page 10.



# I.M.F. MISSIONS

Contd. from page 9

Moreover, it is not a one-way traffic; the process ensures that a small country like, say, Ceylon, will regularly get a critical, insider's appraisal of the American, British and French economies, and not just the other way about. But this also means that mission reports and minutes of board discussions of those reports get a very wide circulation in being distributed among 117 governments, with a corresponding danger of leaks. As a result, certain confidential matters, like proposed parity changes, are treated as a matter between the country concerned and a handful of Fund officials.

### Board discussions

Some time after the return of a staff mission and the circulation of its report among executive directors of the Fund, it comes up for discussion by the board of executive directors, representing the Fund's member countries in Washington. Here is an account of a recent case. The staff reported on a developing country with painfully endemic problems: population and consumption growing faster than output; investment down and the money

supply shooting the roof; huge unemployment accompanied by essential but increasing for the main employer; whole edifice supported certainly by the proceeds of a single export though there is now a flood of fledgling industries with limited market in the country and no conceivable market anywhere else in the world. What does one say to this

Remaining within its limited brief, the mission suggested that consumption and recurrent government expenditures should be held down to free more resources for investment; that the country should take advantage of a recovery in the world price of its main commodity export to stabilise output and improve quality; that it should use the income from higher world prices to clear arrears of current payments and, if possible, rebuild reserves; that it should improve the marketing of its principal export (specifically by selling more of it spot than forward in

ing market); and that they should be changed to invest- consumer ed to loop- smuggling port licens- ion's ors ty's food? be done markets for od? Why progress on population control?

There are some points that stand out from this typical example of the Fund's most common form of consultation under Article XIV. Although these missions are concerned narrowly with a gradual freeing of payments, this inevitably involves a broad examination of a country's economy and policies. Fund rulings on exchange restrictions are binding on members, but seldom call for specific action. The judgements of the staff and

### STAND-BY CREDITS

The Fund's other missions follow a similar form to the more numerous Article XIV

consultations and can be described more briefly. In the case of Article VIII countries there is a formal Fund decision only in cases where some exchange controls have temporarily been reintroduced on current payments: for instance in the case of Britain, there is now an annual Fund decision on whether to extend the waiver granted in respect of the undertaking by overseas sterling area countries to maintain minimum balances in London in exchange for a dollar guarantee on most of their sterling reserves, this having been defined in the Fund as a restraint on current payments. In other cases, there is no decision attached to Article VIII consultations, only a general discussion by the executive directors circulated, along with the staff's comments, to all member countries.

In the case of stand-by credits, the initiative comes from the country seeking a facility, though usually without indicating how much it hopes for. "We will not usually be taken by surprise, knowing the background from our regular consultations," says a Fund official. Thus the Fund usually goes out with its own assessment of what it is like'y to offer, but the staff, in turn, does not show its hand either. This figure is

kept by the leader of the mission very close to his chest and not revealed to the other members of the mission or the country," said an official. But the result of this discreet horse-trading is not necessarily to beat down the country's request.

In some instances the mission may decide the country has underestimated its needs and that an adequate stand-by is more important than any. The mission's business is also to agree with the country on the "letter of intent" setting out the conditions on which the stand-by will be used. The Fund's directors may subsequently question the staff's assessment of a prospective borrower and staff recommendations on policy, but this tends to influence only the terms of future arrangements. There is no known case where the directors have rejected the size of a stand-by recommended by the Fund staff. Not all stand-bys are actually used. Some are "symbolic" credit lines renewed for as much as ten years and in one case, Turkey's, for 15 years.

Contd on page 18

With Best Compliments

F  
r  
o  
m

## CEYLON OCEAN LINES LIMITED

SIR BARON JAYATILLEKA MAWATHA  
COLOMBO - 1.

Tel: 29076/77

P. O. Box 1276

Telex: 156 Ceylonline CBO

Agents for All USSR Lines



# CEYLON - SOVIET UNION TRADE

Special Supplement

## Trade between U.S.S.R. and Ceylon

Thirteen years ago, in February 1958, Ceylon and the Soviet Union signed a Trade and payments agreement in Moscow. Three years later, in 1961, at the time of a meeting between ministers of foreign trade of the two countries, an understanding was reached to conduct trade on a long-term basis with the establishment of specified volumes of mutual deliveries of goods, beginning from the next year, 1962, the USSR and Ceylon began signing three or two year trade agreements.

These documents define the more advisable lines of developing commercial relations, incorporating concrete lists of varieties of goods applicable to the entire period of effectiveness of the long-term agreement concerned. Such prac-

ices attach stability to Soviet Ceylonese trade, introducing elements of planning into it, in which both countries are naturally, interested.

### Pattern of trade

What is the pattern of Soviet-Ceylonese trade? What specific goods are the object of exchange?

The Soviet Union delivered and delivers now to Ceylon industrial raw materials some consumer goods and food products, machinery and equipment.

The USSR is a major supplier of such goods as cement, cut plywood for the tea boxes,

oil refining industry trade in oil products. 50 per cent) increase in trade turnover over the period, as compared with 1969. Mutual deliveries of goods will be of a balanced character, as it was envisaged by the 1958 agreement.

### Balanced trade

Until recently, oil products figured prominently in Soviet

By  
A. FILATOV

exports, which incidently, had helped Ceylon to do away with dependence on the Shell, Caltex and Esso companies. Thanks to the uninterrupted deliveries of Soviet oil products the government succeeded in 1963 in launching the building up of the state sector

The 1958 agreement provided for balanced trade. With the funds accruing to it from its deliveries and also the sums received as reimbursement of the credit granted by the USSR to Ceylon in 1958 for building economic projects, the Soviet union purchases from Ceylon a variety of her traditional exports. The USSR is a major buyer of Ceylon's coconut oil. Thus in 1968 it purchased 24,000 tons of this product, which exceeded 35 per cent of the total amount of oil exported by Ceylon over that year. The USSR imports considerable quantities of natural rubber, copra, tea and cocoa-beans from Ceylon. In recent years, the imports were extended to include certain consumer goods: ready made garments, footwear, and so on.

On November 2, 1970 as a result of negotiations held in Moscow in the spirit of mutual understanding and in an atmosphere of friendship, an agreement was signed on goods deliveries in 1971.

This agreement provides for a considerable (approximately

50 per cent) increase in trade turnover over the period, as compared with 1969. Mutual deliveries of goods will be of a balanced character, as it was envisaged by the 1958 agreement.

Meeting the wishes of the Ceylonese side, the Soviet Union, on a long-term repayments basis, will deliver to the Island various equipment and machinery including road-building machines, machine-tools, tractors, and so on.

The agreement takes into consideration Ceylon's great interest in marketing goods of her traditional exports. Specifically, the USSR is to increase the purchases of Ceylon tea, which shows the Soviet Union's aspirations to assist Ceylon in the solution of one of its major problems.

### Soviet Trade Partners

The Soviet Union has more than a hundred states as its trade partners.

As V.S. Alkhimov, Deputy Minister of foreign trade of the USSR, declared, the USSR's foreign trade turnover had exceeded 910 million roubles over the five-year period 1966-70.

Among the major partners of the Soviet Union are the socialist countries, first of all the German Democratic Republic, Poland Czechoslovakia, Bulgaria and Hungary. The developing countries of Asia and Latin America play an important role within the system of external economic relations.

## First in the field of EXPORT

The firm of Albert Edirisinghe keeps in the forefront of modern industry and current trends with the manufacture of 'Ceyrite' Spectacle frames. 'Ceyrite' Spectacle frames are regularly exported to Russia thus earning valuable foreign exchange to Ceylon.

Today Albert Edirisinghe Opticians are proud to be the first in the export field for spectacle frames. In addition to the manufacture of spectacle frames Albert Edirisinghe have opened an ORTHOPTIC Clinic, which is handled by qualified specialists, who are also in charge of fitting OTICON hearing aids.

'Ceyrite' products—manufactured to the highest standards, and in the very latest designs and colours in keeping with world trends. 'Ceyrite' frames are quality tested and like all Albert Edirisinghe products assure you long wear and absolute satisfaction.

Albert Edirisinghe Opticians—  
FIRST with the latest developments in Ophthalmic Optics in Ceylon.

FIRST to introduce METAL LUX colour-coating on spectacle lenses of any prescription. . . . .spectacles treated with METAL LUX coating are remarkably comfortable to wear.

FIRST to embark on an island-wide optical service

FIRST to introduce mobile optical unit serving rural areas

FIRST in the field of export

**ALBERT  
EDIRISINGHE  
OPTICIANS  
LIMITED**

VISION HOUSE, 52, GALLE ROAD, COLOMBO-4

With the  
Compliments of

**SHERMAN DE SILVA & SONS**

Exporters of Rubber,  
Cinnamon & other  
Ceylon Produce

23, Sri Sangharaja Mawatha,  
COLOMBO-10  
CEYLON

Phone : 35552

Cables: SHERCOM



# SOVIET FOREIGN TRADE

In 1970, the closing year of the eighth five-year plan, Soviet foreign trade totalled 22,100 million roubles, 51.2 per cent more than in 1965. Five-year plan assignments for the level and volume of trade turn-over have been overfulfilled considerably.

The socialist countries are the main trading partners of the Soviet Union. Their share in the Soviet Union's foreign trade exceeded 65 per cent in 1970. Effective measures taken within the framework of socialist economic integration, includ-

ing the further development of production, scientific and technological specialisation, co-operation helped to expand and deepen relations between the Soviet Union and CMEA countries.

The Soviet Union is doing good business with socialist countries. With Cuba, increased the volume of trade. The People's Republic of China declined from 375 to 300 million roubles for reasons beyond the Soviet Union's con-



The share of developing countries in the Soviet Union's foreign trade increased from 11.9 to 13.5 per cent during the past five-year period.

In view of faster growth rates in trade with socialist and developing countries, the share of economically developed capitalist states in the total volume of Soviet foreign trade had somewhat decreased to 21.3 per cent, as against 21.9 per cent in 1969. The Soviet Union did relatively more trade with those countries which displayed in their economic relations a tendency toward concluding long-term agreements, covering trade - econo-

mic, scientific-technological and credit aspects.

The Soviet Union's exports increased sixty per cent in 1970 compared with 1965. The share of machines and equipment grew from 20 per cent in 1965 to 21.5 per cent in 1970 with their total cost increasing by more than one billion roubles.

A steady upward turn in the Soviet Union's exports enabled it to use more actively the opportunities offered by the foreign market for meeting the home demand. In 1970 Soviet imports increased fifty per cent as against 1965.

# Pressed for Keeps

Hentley scores, yet again, with the introduction of 'Supremo' and 'Bancare' Perma Prest Shirts! 'No-iron', 'Easy-care', 'Drip-dry'... these words become obsolete, with the advent of Perma Prest — a recognised 'plus' — and the most sought-after feature in the fashion-world today!

Perma Prest Shirts are manufactured on special machinery exclusive to Hentley, whose export earnings have made possible the importation of this machinery for their factory in Ceylon. Only Perma Prest Shirts are completely uncrushable. Wash your Perma Prest Shirt, hang it up, and

it dries ready to wear! Hentley Perma Prest shirts always have that 'just pressed' look — the smartest look ever!



Look for the name 'Perma Prest' in the Hentley range





# U.S.S.R.'s Co-operation with Developing Countries

Special stress was laid in the Draft Directives of the Five-Year economic development plan of the USSR for 1971-75, delivered at the 24th CPSU Congress by Chairman of the Council of Ministers Alexei Kosygin on the Soviet Union's economic relations with the developing countries of Asia, Africa and Latin America.

"In the case of many of them," said Alexei Kosygin "India, Afghanistan, Iran, Pakistan, the United Arab Republic, Syria, Iraq, Algeria and others—our trade and economic cooperation are entering a stage where we may already speak of firmly established mutually advantageous economic ties."

Speaking about the significance of cooperation between the Soviet Union and the developing countries of Asia, Africa and Latin America, Kosygin

stressed that it benefits the consolidation of their national independence.

In 1960-1965 the volume of Soviet trade with this group of countries amounted to 7,800 million dollars, whereas in the 1966-70 period it reached the mark of 12,500 million dollars. In 1970 the developing countries accounted for 13.5 per cent of Soviet foreign trade. The number of the Soviet Union's trade partners among them has largely increased in recent years: from 26 countries in 1955 to 68 at the present time.

### Trade policy

The foreign economic policy pursued by the Soviet Union with regard to the newly-free countries is not based on temporary market determined considerations but stems from the very nature of the socialist state, in accordance with the

Leninist and friendly Non-Interference affairs, sovereign M

countries so problems in economic policy also correspond to the interests of the Soviet economy.

At the present time the developing countries are large importers of Soviet machines parts of Soviet machines and plant, oil products, metals, fertilisers, wood and paper goods, chemical products, instruments, oil coal, food-stuffs and other goods. The Soviet ships to those countries com

ment for the construction of industrial pro- training of the them.

Soviet Union imports from developing countries a large amount of their traditional goods, as for instance, cotton, raw hides, oil, coffee, cocoa beans, fruits etc. At the same time the Soviet Union imports growing amounts of finished goods produced by the young national industries in those countries.

### Long-term agreements

Soviet trade with many developing countries conducted on the basis of long-term inter-governmental trade agreements in which it is stipulated what goods and in what amount are to be supplied. Such agreements also taken

into account the many year's experience of commodity exchange and are meant to perfect the structure of commodity circulation and facilitate the economic development of these trade partners.

Long-term agreements provide for stable supply of trading partners with the necessary raw materials, equipment and other goods and an utmost use of the advantages offered by the international division of labour. They serve as a basis for establishing strong and mutually beneficial economic links.

Here are a few examples to prove the point. Soviet-India trade is based on Five-Year agreements. The trade agreement between them for the 1971-75 period provides for Soviet deliveries of mining, geological prospecting, oil-well drilling, power engineering and other equipment; also farm machinery, tractors. Metals, oil products and other goods constantly required by India's national economy.

The Soviet Union will export from India: coffee, peanuts, jute, fabrics, footwear, knitted and sewn garments. Being a large and reliable trade partner of India, the Soviet Union decided to purchase there on a long-term basis large amounts of machines and equipment turned out by the India national enterprises: excavators, storage batteries, electric motors, etc. Some 50,000 electric motors of one kind alone will be supplied by India to the Soviet Union. Such an exchange lasting many years guarantees a provision of the Soviet Union with the necessary raw materials, food-stuffs and other goods. At the same time India will secure for itself a stable market for many of its manufacturing goods.

The Soviet Union has in addition established long-term trade agreements with Algeria, Tunisia, Pakistan, Ceylon, Iraq, Syria and other countries.

Soviet import of new goods manufactured by the young national industries of the developing countries not only serves as an effective support to their economies but steadily promotes larger commodity circulation.

Mention should also be made of the great significance of economic and trade cooperation between the Soviet Union and other socialist countries on the one hand, and the developing countries, on the other. It is an important aspect of the work for securing peace and the rights of nations to a free and independent development.

The opportunity of purchasing in the Soviet Union and the other socialist states machines equipment and other goods on mutually beneficial terms and also of receiving credits on favourable terms facilitates the strengthening of the economic position of the developing countries

Contd. on page 16

## QUALITY EXPORTS FROM CEYLON BY A.F. JONES



### Subsidiary Exports

Essential Oils

Cosmetics

Building Materials

Writing Ink

Exports from

Ceylon are channelled

throughout the world

with established

expertise by

A. F. Jones (Exporters) Ceylon Limited

a member of

the maharaja organisation limited.





## USSR: The biggest publisher of books

It is known that there can be no education or economic progress without books and that art cannot exist or mass media develop without them. One can easily judge the role played by Soviet books in the overall development of the country by one fact alone—during the fifty-four years of Soviet power more than two million titles of books have been published whose total impression is more than 30 milliard copies in the USSR.

A fourth of all the books published on this planet are from the USSR. Every minute 2,700 books are printed in the Soviet Union and in the course of one day—3.5 million. These are the figures only for books. Besides books, thousands of newspapers and magazines are published in the USSR, the daily circulation of newspapers alone running into 63 million copies.

The leading place among the titles of publications is taken by the works of Marx, Engels and Lenin, while books dealing with various problems of social sciences - History, Philosophy, Economics and

Jurisprudence—are in demand among Soviet readers. Thousands of books with theoretical and economic problems have been published on industrial planning, production and management, such problems as connected with the implementation of the economic reform and methods of cost accounting.

More and more books are being published on problems of Marxist philosophy. Particular emphasis is placed on the publication of popular studies intended for the general reading public. There has been a considerable increase in the number of books on science and technology reflecting the progress made by the Soviet Union in this field. A similar increase can be seen in the made of publications dealing with scientific information.

A prominent place among publications is occupied by reference books, universal and special encyclopaedias, dictionaries.

A large number of books has been published on all the

of natural science. It is not only in the country of origin but also in Asia, Africa and Latin America are also published in the Soviet Union. A top place among Soviet publications is given to books for children and teenagers. Every sixth book published in the Soviet Union is addressed to young readers. Soviet books are profoundly international in their content and in their essence. It is not surprising therefore, that they are welcomed in all corners of the globe. In view of the keen interest foreign readers take in Soviet books, a number of Soviet publishing houses bring out foreign-language editions of works by Soviet authors. Books are published in 33 foreign languages. These include besides the leading European languages, Arabic, Hindi, Sinhalese, Bangali, Tamil and other languages of the peoples of Asia and Africa. The publishing houses "Progress", "Mir" and APN alone annually publish more than one thousand titles of books and brochures on various subjects in foreign languages. In order to give all foreign readers an opportunity of getting Soviet Union publications there was established in 1923 the All-Union Association "Mezhdunarodnaya Kniga"—the sole Soviet foreign-trade organisation exporting Soviet publications. Now V/O "Mezhdunarodnaya Kniga" one of the world's largest book-selling firms, has long-standing commercial relations with more than 1,000 book-selling, publishing, musical and philatelic firms in more than 100 countries all over the world. V/O Mezhdunarognaya Kniga is a wholesale book-selling organisation. It also exports music, paints, reproductions, maps etc.

### Translated Literature

The USSR leads the world in the publications of translated literature. Its output in the USSR is nine times that of Britain, four and half times that of Japan, four times that of the United States. In the past few years alone foreign authors have been printed in a total of 353 million copies.

More than two thousand Soviet authors have been trans-

lated into foreign languages. Their writings are published in 52 countries of world Besides the works of Russian and Soviet writers books by writers of European countries and the United States and many books by writers of Asia, Africa and Latin America are also published in the Soviet Union.

A top place among Soviet publications is given to books for children and teenagers. Every sixth book published in the Soviet Union is addressed to young readers.

Soviet books are profoundly international in their content and in their essence. It is not surprising therefore, that they are welcomed in all corners of the globe. In view of the keen interest foreign readers take in Soviet books, a number of Soviet publishing houses bring out foreign-language editions of works by Soviet authors. Books are published in 33 foreign languages. These include besides the leading European languages, Arabic, Hindi, Sinhalese, Bangali, Tamil and other languages of the peoples of Asia and Africa.

The publishing houses "Progress", "Mir" and APN alone annually publish more

than one thousand titles of books and brochures on various subjects in foreign languages. In order to give all foreign readers an opportunity of getting Soviet Union publications there was established in 1923 the All-Union Association "Mezhdunarodnaya Kniga"—the sole Soviet foreign-trade organisation exporting Soviet publications. Now V/O "Mezhdunarodnaya Kniga" one of the world's largest book-selling firms, has long-standing commercial relations with more than 1,000 book-selling, publishing, musical and philatelic firms in more than 100 countries all over the world. V/O Mezhdunarognaya Kniga is a wholesale book-selling organisation. It also exports music, paints, reproductions, maps etc.

V/O "Mezhdunarognaya Kniga" represents the interests of Soviet writers and composers in transactions with foreign publishing houses, musical firms and literary musical agencies. In this capacity V/O Mezhdunaroganaya Kinga" concludes contracts for long-term arrangements as well as for single publications.

Contd. on page 18

*With the Compliments of*

# BRITISH CEYLON CORPORATION LTD.

THE LARGEST MILLERS



SHIPPERS OF

## CEYLON COCONUT OIL

IN

### BULK AND IN NEW STEEL DRUMS

## OVERSEAS ENQUIRIES WELCOMED

Hulftsdorf Mills

P. O. Box 281

COLOMBO CEYLON

Telex: BCC Colombo 123

Tele: 22111-5



# Ceylon's trade surplus with Soviet Machine Tools U. S. S. R. moves the world market

Among the Eastern bloc countries the, USSR continued to be Ceylon's principle trading partner in 1970, accounting for Rs. 82.3 million or 47 per cent of the total value of exports.

Exports to the USSR in 1970 contracted by Rs. 7.2 million when compared with that of the preceding year,

mainly due to reduced exports of rubber and coconut products. The value of tea exports however, increased by Rs. 3.8 million over the last year.

Imports from the USSR in 1970 contracted by Rs. 10.9 million to Rs. 39.8 million. This contraction was due to a decrease in the value of im-

ports of 5.0 per cent. Imports of machinery and parts thereof, however, increased by Rs. 1.5 million over the last year. The USSR has been a major source of machinery and parts for Ceylon since the Soviet Union.

five year period in the tool building industry represented in the USSR mainly by heavy cutting machine tools.

Orders for such machinery have already been placed. A vertical lathe for turning turbine parts with a

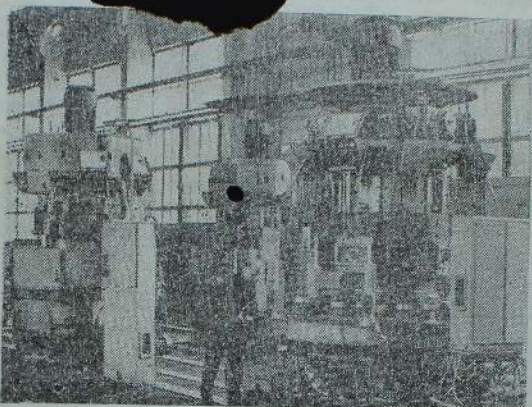
diameter up to 20 metres and weighing up to 560 tons was shipped to the Japanese firm Hitachi, for instance. There are not more than ten such machine tools at enterprises of the world, said Ivan Maslov, president of the foreign trading organization Stankoimport.

## THE VALUE OF TRADE (COMMODITY WISE) WITH U.S.S.R.

	U.S.S.R.	
	1969	1970
(i) Total Exports of which	89.49	82.33
Tea	14.42	18.20
Rubber	35.32	28.48
Three major Coconut products	36.19	27.36
(ii) Total imports of which	50.70	39.79
Sugar	18.57	18.17
Machinery & Parts thereof	0.73	3.20
Tubes	3.44	3.94
Tea Chests & Iron Steel	11.62	6.59
Petroleum Products	0.81	1.32
Cement	3.25	...
Cement	5.47	2.91
Balance of Trade (i)-(ii)	+ 38.79	+42.54

Source : Ceylon Customs Returns

## The Value of Soviet Machine Tools Exports



The picture shows the IK282 vertical semi-automatic 8 spindle machine meant for making tractor parts on an assembly bench.

The Moscow Krasny Proletary machine-works has every reason to be called a veteran of Soviet machine-tool construction. The famous DIP machine (DIP is the Russian abbreviation for "overtake and outstrip") given to the first Soviet lathe was created at the works and many years later the works produced the world-famous IK62 screw-cutting lathe.

The workers, engineers and designers of the "Krasny Proletary" constantly improve their production. They have learnt how to build machine-tools of high precision and efficiency, simple in operation, programme controlled and having units with a high degree of unification. These machines are currently at work in 60 countries. In particular, the specialists of the works recently completed the assembly and adjustment of several metal-cutting machines purchased by the French Renault car-making firm. The Krasny Proletary workers were among those who ensured the Soviet Union's lead in world output of lathes.

Until recently this organization, representing all machine building plants of the USSR, exported small general purpose machine tools in large series. Heavy equipment was necessary for the Soviet industry itself.

### Exports keep growing

The Soviet Union first started selling metal-cutting machine tools in 1947. Since that time Stankoimport exported 90,000 machines, 60,000 of them it exported during the past five-year period (1966-1970)

Soviet-made machine tools are supplied to 65 countries, socialist partners of the organization account for four-fifth of the total export of the metal working equipment. The main partners are Poland, which lately made bigger orders and the German Democratic Republic.

The president of Stankoimport has pointed out that the Soviet foreign trading organization continuously receives orders from firms in Britain, Italy, France, the Federal Republic of Germany, Sweden, Japan. The Soviet organization supplies these firms with Jig boring, horizontal boring machines, vertical turning Lathes and other machine tools.

Scientific and technical cooperation with leading foreign firms is widening. On agreement was signed with the French firm Alkatelle. Under this agreement Soviet machine tools are equipped with programme control of this firm and are offered for sale in the foreign market.





products of excellence from a nation on the move!

# KELANI

## tyres and tubes made in ceylon

Kelani tyres and tubes are manufactured with the most modern equipment from selected raw materials.

Strict quality control at every stage of production, backed by continuous research, is your assurance that Kelani tyres and tubes are products of excellence.

**KELANI** keeps the nation moving

Trade Enquiries to: CEYLON TYRE CORPORATION KLANIYA CEYLON

With the  
Compliments of  
**Associated Cinemas Ltd.**  
Colombo 2

Phone: 32926 & 31294



## Traktoroexport expands

The Soviet Union has become a major exporter of agricultural and road-building machines, according to Pyotr Gritchin, president of Traktoroexport. This foreign trade association, that has ties with firms in 62 countries, is celebrating its tenth anniversary.

### Long-term contracts

The Association exported 220,000 tractors, 55,000 grain harvesters and 30,000 road-building machines in the past ten years. The Association's socialist partners accounted for three quarters of these deliveries. The conclusion of long term contracts on the basis of cooperated deliveries is one of the forms of trade with them. This is a concrete contribution

to the development of economic integration

Traktoroexport ties have expanded trade organization in developing countries. India, Iran, Iraq, Pakistan, Syria, and other countries

Nearly all west European countries have become purchasers of Soviet tractors. Gritchin noted. This year machines were exported for the first time to Canada and talks are in progress on the sale of several hundred machines to Britain.

Traktoroexport helps specialists in importing countries in the operation of the machinery. Twenty thousand people were trained in the past five years.

...ration  
...e 13  
... of  
... are  
... ions  
... te  
... s  
... s  
... sion  
... countries'  
... the Soviet  
... er socialist  
... doubtless,  
... sitions in  
... ggle against mono-  
... poly capital.

The Soviet people who have successfully carried out eight Five-Year Plans are deeply convinced that their task of the further development of stable economic, scientific and technical relations with the developing countries of Asia, Africa and Latin America on mutually beneficial terms and

## SOVIET LORRY EXPORTS

The years ahead will see an increase in the exports of Soviet Lorries, according to a Tass report.

The building of a plant on the river Kama to produce 15,000 diesel trucks and truck trains will make it possible to put on the world market trucks with a carrying capacity of 14-20 tons.

So far, the Soviet foreign trade organisation is delivering mostly passenger cars. Nevertheless, last year the Soviet Union sold 33,000 lorries abroad.

in the interest of their economic independence, the task set by the 24th Congress of the CPSU, will be accomplished this time too.

Recent exports include, for instance, powerful diesel tipping Lorries, capable of carrying from 8 to 27 tons. This allowed Avtexport to get a hold on the west-European market, as firms of many countries showed an interest in the lorries used in quarry and strip-mining work. But the bulk of the deliveries goes, as before, to the socialist countries.

The Soviet Union takes first place in Europe for the production of Lorries. Last year 525,000 machines left the production lines. By 1975 it is planned to bring their output to 750-800 thousand.

## MACKIES HOUSEHOLD NAME FOR RUBBER IN CEYLON AND ABROAD.

Premium Exporters of Crude Plantation Rubber to all Parts of the World.

Also-

SOLE AGENTS IN CEYLON FOR

Signode Steel Strapping Co. of Chicago and Signode Ltd., Swansea —

*Manufacturers of High Tensile Steel Strapping and full range of Accessories-*

The material that is acknowledged by leading Tea Shippers as most suitable for palletisation of Tea chests for export.

Inquiries to:

### C. W. MACKIE & COMPANY LTD.

36, D. R. Wijewardena Mawatha, COLOMBO-10

Phone:

34446-9

Grams:

**MACKIES,**  
Colombo.

*With Best Compliments*

*from*

**A. M. DURAI PILLAY  
SHIP CHANDLING LTD.**

27, CANAL ROW, COLOMBO-1.

Tel: 34318 Telegrams: "Duryog" Colombo

## SOCIAL SCIENCE BOOKS from U. S. S. R.

Here are some titles

	Rs. Cts
A Short course of political economy	4.50
Sociology	3.00
Politico-economic problems of capitalism	4.00
Modern Theories of international economic relations	6.50
Categories and laws of the political economy of Communism	4.00
Diabetics of nature - F Engles	3.00
Advocates of colonialism	3.00
Socialist Society: Scientific principles of developments	3.00
Soviet Socialist Democracy	3.50
Elements of political knowledge	2.75
Problems of modern Aesthetics	4.50
Fundamentals of Scientific Socialism	4.00
The third world	3.50
Millionaires and Managers	4.00
Society and economic relation	4.00
Scientific Communism	4.00
Marxist Philosophy	4.50
Man's Dreams are coming true	3.00
Historical Materialism	4.50
For all time and all men	2.50

**PEOPLES PUBLISHING HOUSE**

124, Kumaran Ratnam Road,

Colombo 2.

Phone 36111.



# THE SOVIET MERCHANT FLEET

By

**YURI LANIN**

Representative of Soviet Shipping in Ceylon.

The sea-front of the Soviet Union stretches up to 47 thousand kilometers, which is twice the extent of its territorial borders. The shores of the Soviet Union are washed by the waters of two oceans and 14 seas.

Today the Soviet Union is a highly developed industrial power. With the opening of the Siberian, Far-Eastern and Northern territories and the agricultural and industrial development which followed it, there has resulted a big increase of economic activity which in turn has led to a wide growth of Soviet Mercantile Shipping.

The Soviet Shipping Fleet grew rapidly during the last ten years. This period also saw many Soviet seaports undergoing a total reconstruction. Today the Mercantile Fleet of the Soviet Union is provided with the best latest in technical equipment and is one of the best equipped sectors in the peoples' economy.

The Shipping Fleet also plays a very important role in the transport system of the Soviet states. Not only does it provide the numerous deeds of the Soviet economy and of its population in shipping of goods and transport of passengers, but is also responsible for a large proportion of its external trade. It is continually increasing the number of its international sea-routes and is one of the few sea-faring countries in the world which transacts business with other countries depending entirely on its own fleet.

Tonnage-wise the Soviet Mercantile Fleet occupies the sixth position in the world. It consists of 1,400 transport ships carrying a tonnage of 11 million tons. In the coming Five-Year Period it is hoped to increase this tonnage by five million.

With a powerful economy for support and by carrying on a peace loving policy it has been possible for the Soviet Union to widen its external trade contacts.

#### Trade expansion

Trade between the socialist countries has risen rapidly because of their economic growth. The trade exchange that takes place between socialist countries is on a planned basis and on the principle of division of labour. The trade with developing countries is also on the increase and is on the basis of economic assistance which is rendered by the Soviet Union without any strings. Trade relations with

capitalist countries are also developing quite successfully. In the coming Five-Year Period and according to the Directives of the 24th Con-

gress the trade will increase by 35%. The Fleet is a

increase in this turn-over. In the same period the tonnage of the Soviet Shipping Fleet will increase by 40%. The trade with developing countries is a major part of the Soviet Shipping Fleet. From last year the trade with Africa, Asia, America and Australia is to increase and will rise rapidly in the coming

with developing countries

As mentioned earlier, Soviet ships deliver many goods to the developing countries. For example between USSR and India during the last several years there has begun to function a regular Soviet-Indian run. Ships plying on this route deliver equipment for the machine-building industry of India, laboratory equipment, mining equipment and all other goods and loads necessary for the construction of electrification, agricultural farming and industrial development. On this same run Soviet ships fulfil their trade contracts with Ceylon.

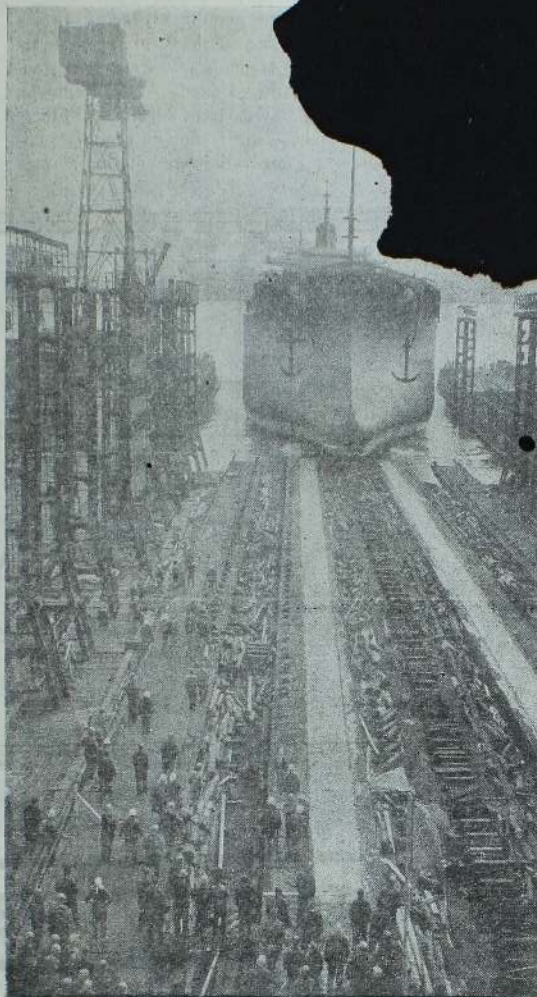
Last year 70 Soviet ships called on the port of Ceylon. Among the ships that called

were 58 cargo ships, 3 tankers, and 9 others. The turn-over in tonnage in the trade with Ceylon was 85,000 tons last year. In the course of that year Soviet ships delivered many items to Ceylon including cement, tools, textiles, cellulose, spare parts and material for tea chests.

From Ceylon the ships carried to the Soviet Union such traditional items of trade as tea, coconut oil, rubber, copra etc.

In November 1970 a trade agreement was signed in Moscow between Ceylon and the Soviet Union for '71-'72. This Agreement provides for a rapid growth of trade between the two countries and lays the foundation for an increase of maritime contacts.

Soviet ships now call on 900 ports of the world. The turnover in trade as a result amounts to 150 million tons. The Soviet Mercantile Fleet consists of ships of all types which can fulfil many duties. Most of them were built in recent years and from the technical and economic point of view they satisfy the highest standards.



Picture shows the launching of the Gerlena ore carrier. (Photo by V. Tselik, APN)

The Gerlena is the name of a new ore carrier built by the Baltiisky shipyards in Leningrad on the order by the Gerrard Rederi, a Norwegian firm. The name of the ship combines the name of the firm and that of the city where the ship was built (Leningrad).

The Gerlena is a modern ocean-bound ship with a displacement of 47,000 tons. It is 201 m in length and 27m in width. The main diesel installation has a capacity of 12,000 hp.

The new ore carrier is the latest ship to be built for export. At present the Rigoletto, the Traviata and the Madame Butterfly ore carriers which were built by Leningrad ship builders are plying the seas and oceans, flying the Sewdsh flag.

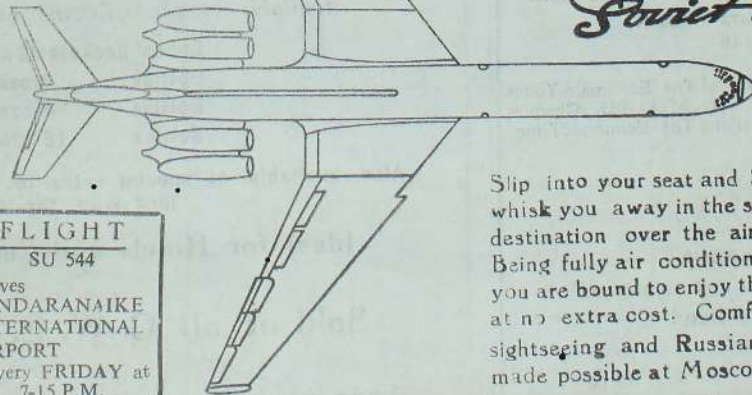
A BOON TO BUSINESSMEN

When Seconds Count . . . .

there is no airline faster—or more consistently reliable than

# AEROFLOT

*Soviet airlines.*



FLIGHT  
SU 544  
Leaves  
BANDARANAIKE  
INTERNATIONAL  
AIRPORT  
every FRIDAY at  
7-15 P.M.

Slip into your seat and Soviet Airlines will whisk you away in the shortest time to your destination over the airways of the world. Being fully air conditioned and pressurized you are bound to enjoy this luxury air travel, at no extra cost. Comfort is the key note—sightseeing and Russian breakfast is now made possible at Moscow.

*Fly Aeroflot for Speed, Safety & Comfort*

Inquiries: AEROFLOT, 25 GAFFOOR BUILDING, COLOMBO-1 PHONE: 25580.  
OR CONTACT YOUR TRAVEL AGENT.



# U.S.S.R's FOREIGN ECONOMIC TIES

Co-operation with the socialist countries occupies a special place in the foreign economic relations of the USSR. In five years, the aggregate commodity turnover between the Soviet Union and the other socialist countries has increased by nearly 50 per cent. Co-operation in production and scientific-technical co-operation among the members of the Council for Mutual Economic Assistance has expanded considerably.

Deliveries of many types of goods by Soviet industry, including machinery, chemicals, raw materials and fuel, will increase substantially. Oil deliveries to the CMEA countries, for example will go up from 138 million tons in 1966-1970 to 243 million in the ninth five-year period, natural gas accordingly from 8 thousand million cubic meters to 33 thousand million, electric power from 14 thousand million kilowatt-hours to 42 thousand million, and iron ore (in terms of metal from 72 million tons to 94 million.

In the new five-year period we shall import from the CMEA countries 1.3 thousand million rubles worth of equip-

ment for our chemical industry, nearly 3 thousand million rubles' worth of oil and water-borne transport facilities and more than a thousand million worth of manufactured goods. Larger deliveries to the Soviet Union from the CMEA countries will enable us to cover more fully the needs of our economy.

### Immense potentialities

All-round use of the immense potentialities latent in the co-operation of socialist economic integration now being worked out.

In the present five-year period our country will devote great attention to extending all-around economic and scientific-technical co-operation and on this basis, increasing foreign trade also with the other socialist countries—the Democratic Republic of Vietnam, the Korean People's Democratic Republic, the Republic of Cuba and the Socialist Federal Republic of Yugoslavia.

The Soviet Union has taken a number of steps to develop our trade with China. However the results achieved in the matter fall far short of the actual possibilities of the two coun-

### Ties with developing countries

A further expression of the Soviet Union's foreign economic ties with the developing countries of Asia, Africa and Latin America is envisaged in the coming five years. In the case of many of them—India, Afghanistan, Iran, Pakistan, the United Arab Republic, Syria, Iraq, Algeria and others—our trade and economic co-operation are entering a stage

where we may already speak of firmly established mutually advantageous economic ties.

Our co-operation with them, based on principles of equality and respect for mutual interests, is acquiring the nature of a stable division of labour counterposed in the sphere of international economic relations to the system of imperialist exploitation. At the same time, through increased trade with the developing countries the Soviet Union will gain the

Contd on page 19



With the compliments  
of the  
**PEOPLE'S BANK**

Largest network of branches. Correspondents  
throughout the world.

## I. M. F. MISSIONS....

Contd. from page 10

Where stand-bys are actually drawn, usually in tranches arranged beforehand with an agreed schedule of repurchases, "checking up" missions visit the drawing country twice a year, usually combining one visit with a regular Article XIV or Article VIII consultation. Besides that, countries drawing in the higher credit tranches are required to submit monthly reports on their observance of the conditions in their "letter of intent." These are watched very strictly and if, for instance, the expansion of bank credit has risen even slightly above the ceilings agreed, there is an

immediate letter from the Fund saying: "Your right to further drawings has lapsed and we should be glad to discuss at your convenience." However, the Fund does not act quite as harshly as which this implies: failure to meet some conditions of a stand-by is regarded merely as a warning that a country's stabilisation plan may be failing, not as proof that it actually is, and it is the business of the investigating mission which then goes out to make a decision about this.

Last but by no means least, countries are required to consult the Fund when they wish to change their parity.

### THE ECONOMIC TIMES

Order form

157, Jayantha Weerasekera Mawatha,  
Colombo 10.

Please send me/us 24/12 issues of The Economic Times I/We enclose herewith Rs.....by M. O./PO. Cheques Cash and look forward to receiving The Economic Time fortnightly.

Mr./Mrs./Messrs.....

Address .....

Date..... Signature.....

All remittances should be made payable to:-

SEMAK PUBLISHERS

Our subscription rates are:

1 year 24 issues	Rs. 12.00
1/2 year 12 issues	Rs. 6.00
per issue	cts. 50

(Postage free)

# C. W. E.

Do not MISS this chance!  
Amazingly GOOD drink

## OXO

As a soup or as a flavouring agent in curries.  
Ideal drink for all.  
A must for sportsmen and sportswomen.

Available in the following Sizes:-

Cubes packets (6 x 1)	
Bottles	2 ozs.
Bottles	4 ozs.
Bottles	16 ozs.

Also available at special rates in large containers 2 x 4 lbs jars with the injector

Ideal for Hotels and Catering Institutions

Sold at all C. W. E. Retail Shops

Trade inquiries to:- General Manager, C.W.E.  
21, Vauxhall Street, Colombo-2



# Economic ties . . .

Contd from page 18

opportunity of satisfying more fully the requirements of its own economy.

## Commercial relations with the West

We stand for broader commercial relations also with the industrially developed capitalist countries. A tendency is shaping in our economic relations with Finland, France, Italy, Japan, the FRG and Austria to conclude long-term agreements that include trade and economic, scientific and technical, and credit and financial aspects. This creates additional preconditions for the development of trade.

If industrial and commercial circles in the capitalist countries display a sufficient interest in expanding economic relations with the Soviet Union trade with those countries will grow more considerably.

## USSR PUBLICATIONS . . .

Contd. from page 14

The USSR is the only country where Sinhalese editions are being printed. For example this year about 17 titles of books in Sinhala and 20 in Tamil have been published by "Progress Publishers". Among them are books on political literature, library of Soviet literature, books from the Constituent Republics of the USSR and books for children, young people and tiny tots.

The following books have also been published recently **Neocolonialism: Its Essence and Methods**; **Lenin in Our Life**. Y. Gagarin-I see the Earth, Gorky's novel "Mother" will also be printed soon.

By N. Mairstrenko  
Officer of the Trade Department of the USSR Embassy.

## Management . . .

Contd. from page 5

Organic growth apart, Ofrex, has made several acquisitions, including an injection moulding company and others in industrial stencilling, and has just won control of Ellams, an old-established manufacturer of duplicating equipment.

Each of the acquisitions, naturally, is submitted to the same rigorous financial controls as the other companies in the group, which in at least one case, has enabled Ofrex to recover the purchase price within 18 months. Leasing

The scope of our economic relations with the Western countries could be entirely different of course, if constructive steps were taken towards resolving the outstanding problems that complicate the international situation at present.

The Soviet Union, the fraternal socialist countries work continuously for the peaceful coexistence of states with different social systems. We do not regard war as inevitable and therefore stand for economic competition between the two systems. We are against closed groupings of the "common market" type. We stand for a broad development of multilateral economic ties without any discrimination at all. That is our position in principle.

We are prepared to cooperate with any state that so wishes, providing that it adheres to the principles of peaceful coexistence. Those who accept to injure the Soviet Union by setting up restrictions and discriminatory barriers in economic relations with us, forget one thing i.e., the Soviet Union possesses resources that fully enable it to develop independently.

It is essential that the planning agencies, foreign trade organisations and industry should approach the development of foreign economic ties from the standpoint of their effectiveness for the national economy as a whole, not from the standpoint of an individual department.

The development of our foreign trade and the extension of international economic, scientific and technical co-operation should promote the successful fulfilment of the tasks of the new five-year period.

of road vehicles, rather than outright purchase is one feature of Andrews' policy that is imposed on each part of the group—'we can earn 25%—30% on our capital,' he claims, and we don't want our managers having long debates on the type and value of vehicles, —never mind wrapping up capital in such unproductive ways.' But one feature of Litto's policy Andrews has left behind. With memories still fresh of its less happy experiences, he says, quite firmly, that 'we have no need to go into any industry we know nothing of.'

(Courtesy Management Today).

**PRODUCTS**  
of  
**CEYLON STATE FLOUR MILLING CORPORATION**  
**FLOUR**  
(HEAT FLOUR)  
&  
**EMOLINA**  
(RULANG)

**NOW AVAILABLE**

**INQUIRIES:-**  
**CEYLON STATE FLOUR MILLING CORPORATION**  
3-1/1, STATION ROAD, COLOMBO-3.  
Tel: 21300 & 23152

**ALSO AT**  
**THE PUBLICITY CENTRE & SHOW ROOMS FOR STATE INDUSTRIAL CORPORATIONS**  
110, Sir James Peiris Mawatha, Colombo-2.  
&  
**MARKETING DEPARTMENT RETAIL SHOPS COLOMBO.**

*With Compliments*  
from

# JAFFERJEE BROTHERS

150, St. Joseph's Street, COLOMBO-14.

*Exporters of*  
**TEA, RUBBER, COCONUT Products**  
*and all Ceylon Produce*

**Phone 32051-4. Telex -103**



# THE ECONOMIC TIMES

Editorial Department  
Friday 2nd July, 1971

(1st Floor), 157,  
Weerasekera Mawatha,  
COLOMBO

## BACK TO SANITY

It is now understood that the Cabinet is in the process of drawing up a "package deal" whereby the Government and the people would have to co-operate a great deal in a mutual manner which would involve sacrifices from all sections of the population in order to accelerate the process of economic development. This includes a series of austerity measures; the cutting down on social overheads, eliminating or at least reducing the degree of social welfarism to which we have become so accustomed, the re-introduction of Saturday-Sunday as the weekend holiday and a clarion call to the workers to increase productivity and show a greater dedication to duty, and not merely clamour for their rights and privileges.

The present economic plight of the country makes it incumbent on our policy makers to come back to sanity and adopt realistic (though stringent) measures to resuscitate the economy and work towards rapid economic progress. The people now fully realize that the era of prosperity that was promised by successive Governments has now turned to be a mirage. It is therefore essential to restore a real image in a positive manner and not merely pamper the voter which would result in the creation of yet another mirage. The country cannot afford it and the masses seem to be in no mood to tolerate it—they want some tangible results. No one likes to be led up the garden path over and over again.

*It is very heartening to note that the Government means business and is now determined to take prudent steps in the interest of overall development by placing the nation before politics which depicts a statesman-like approach to the problem.*

Ceylon has been appropriately classified as a nation of lotus eaters. A developing country can never hope to develop as long as it eats up whatever it produces and expects almost everything either free of charge, or heavily subsidised by the State. Apart from the various subsidies such as those in respect of food, transport and housing, Government expenditure on social overheads has been increasing by leaps and bounds in recent years. Thus resources that should normally have been diverted towards development have been utilized for consumption purposes. In other parts of the world it is perhaps only air and water that could be obtained free of charge, but Ceylon is unique in that the people are even given their staple diet free.

In the sphere of commerce and trade Ceylon suffered a tremendous set back since Sunday which is internationally accepted as a holiday was made a working day and the poya day was declared a holiday instead. This was the result of the then Government giving into pressure exerted by certain religious organisations which were spearheaded by so called responsible citizens holding high positions. Ceylon's loss has been some other country's gain. At last saner counsel has prevailed.

*It is hoped that rational thinking of this nature would prevail and that the Government would not give in to pressure groups in formulating the "package deal" and that its introduction or implementation would prove to be a turning point in the chequered economic history of Ceylon.*

## Procedure for refund of rebates irks industrialists

Provision for refund of rebates on Customs duties on industrial materials used to be a deterrent to exporters. The duties on certain raw materials are so high that the industrialist will not be able to find the money to pay them. He may not be able to borrow from the banks, but even if he could, the rates of interest to be paid may be so high as to prove a disincentive to exports. An example of the burden on borrowing from banks is the requirement that, for the issue of letters of guarantee to the Customs Department, an initial deposit must be made of 15% of the value of the guarantee and the balance paid in 12 monthly instalments. Lack of Finance to pay duties is a severe handicap especially to small scale and medium scale industrial exporters.

should be paid the rebates due along with the export proceeds, immediately they are realised, but not earlier.

### SEVERE HANDICAP

The duties on certain raw materials are so high that the industrialist will not be able to find the money to pay them. He may not be able to borrow from the banks, but even if he could, the rates of interest to be paid may be so high as to prove a disincentive to exports.

## People's Bank: A decade of service

The People's Bank completed its 10th year of service to the nation on 1st July 1971. It commenced business by taking over the assets and liabilities of the Co-operative Federal Banks.

The primary function of the People's Bank was to popularize the banking habit in the rural areas and to mobilise rural savings, while paying its role in rural development by extending credit facilities for agricultural as well as for industrial purposes.

Today the bank has spread its tentacles to all parts of the country and can claim to have the largest number of depositors in any bank in Ceylon.

One of the more popular attractions of the Bank, has been its Investment Savings Scheme, which combines a higher rate of interest than in the case of an ordinary savings

account with loaning facilities to regular depositors.

Its facilities for pawning of people from the clutches of private money-lenders.

### INDUSTRIAL CREDIT

The Bank is now preparing itself for active management of credit for industry in the Co-operative, Corporation and Private Sectors. It is also preparing itself to act as the investment agency of Government funds in small industries organised through Co-operatives. It will in addition help people who have ideas and the technical know-how, but who lack security generally acceptable to Banks, to hipe them in their new ventures.

The mobilisation of savings both in the urban and in the rural areas will continue to be a special feature of the Bank's activities.

In this connection the Chamber has suggested that:—

The rates of rebates should be calculated and fixed beforehand for every industrial product to be exported, either unit-wise or as a percentage of the f.o.b. value and that these rates should be published in the Gazette for the information of the exporter who will then know before hand the rebate which he will get from the Government and be able to quote confidently competitive prices for exports.

All delays in the payments of rebates should be eliminated. As far as possible the exporter

## INDIA'S PLANNING BODY TO STAY

Mrs Indira Gandhi, India's Prime Minister has categorically stated that the Planning Commission would not be disbanded following the constitution of a Ministry of Planning at the Centre. She also corrected the impression that the Commission would be a "secretariat" of the Planning Department and would not have the status it has hitherto enjoyed.

Mrs Gandhi was giving clarifications to newsmen on certain points arising from the Presidential order on the allocation of work to the new Planning Ministry and other departments.

She said that the new Planning Commission would be set up as soon as the Planning Minister Mr. C. Subramaniam, returned from his foreign tour.

The Prime Minister, who is also the Chairman of the Planning Commission, said that Mr. Subramaniam would be its Deputy Chairman. She thought it was necessary for someone to be in whole time charge of the Commission and its work. She herself could not maintain day-to-day touch with the Commission. She also indicated

that the new Commission would be constituted more or less on the basis of the present one.

The presidential notification says the new Planning Ministry will assess the country's material capital and human resources and formulate proposals for augmenting such of the resources as are found to be deficient.

It will be concerned broadly with technical questions relating to planning and the planning organisation itself. The policy and details of specific schemes, included in the Plan are matters to be dealt with by the Central Administrative Ministries & State Governments.

## Japan's GNP hits a new high

Japan's gross national product (GNP) reached Y70,617,700 million (about \$196,160 million) in 1970, according to a preliminary estimate for the third (July-September) and fourth quarter (October-December) released by the Economic Planning Agency last week.

The nominal growth rate was 18.3 percent and the real growth rate was 11.2 percent, which is the lowest since 1967.

According to the estimate the gross national expenditure (GNE) in the July-September period showed a nominal increase of 3.7 percent and a real rise of 2.9 percent over the previous period, and in the October-December period it indicated a nominal increase of 2.1 percent and a real increase of 0.3 percent over the preceding period, clearly revealing a slow down in the rate of increase.