



THE ECONOMIC TIMES

Thursday, 16th September 1971

Money Supply Increases

In the first half of 1971 the money supply in Ceylon recorded an increase of Rs. 183.8 million as compared to an increase of Rs. 106.8 million in the corresponding period last year, according to the latest Central Bank Statistics.

In the month of June 1971 the money supply rose by Rs. 30.7 million following an increase of Rs. 18.3 million in May 1971. The money supply which stood at Rs. 2,150.4 million in June represented an increase of Rs. 160.5 million or 8.1 per cent over the level in the corresponding month of last year.

A BREAK FOR DEVELOPING NATIONS?

Some of the recommendations presented to President Nixon last week by his Commission on International Trade and Investment Policy are aimed particularly toward developing countries.

The Commission recommended a continuing effort by the United States and other developed countries to assist less-developed lands by bilateral and multilateral aid, plus improvement of the trade position of the less-developed countries.

The Commission said, "The United States, together with the other industrialized countries has a profound interest in promoting a peaceful world community with improving material well-being. The developing countries, with two-thirds of the world's people, must be brought into this community.

The 27-member Commission was appointed by President Nixon in May, 1970 to make a thorough review of the United States international economic policies. Some of its recommendations are that the United States should:—

- * Continue to support private investment in low-income countries where such investment truly contributes to development.

- * Continue to work toward the creation of a multilateral

insurance agency which would include the less developed countries among its membership, and in which the costs would be equitably shared among the members.

- * Move vigorously to improve the less developed countries' access to U.S. markets giving priority to those products in which the less-developed countries have a special interest.

- * Refrain from imposing new quantitative limitations on the less developed countries' manufactured exports, and make efforts to reduce existing restrictions.

Request from the U.S. Congress legislative authority to initiate a system of generalized tariff preferences for less developed countries.

- * Liberalize quotas on agricultural commodities of interest to developing countries in concert with similar action by other developed countries.

- * Adopt a system of zero tariffs for many manufactured and semi-manufactured goods from the less developed countries.

Impetus to canning industry

Ceylon will shortly have three fully-modernised factories for the processing and canning of local fruits.

This will become a reality as a result of an 'exceptionally' favourable line of credit offered by one of the largest and prestigious heavy-engineering firms, namely, Ingra-Konstruktor of Zagreb, Spilt, Yugoslavia.

The Resident Manager of Ingra-Konstruktor, told the 'Economic Times' that these factories will be sited at Kalutara, Attangalla and the third

will be the extension to the existing cannary at Narahenpitiya. Construction work is expected to begin early next year and these factories are scheduled to begin production by the end of 1973.

The proposed factory at Kalutara will be used for pineapple and other fruits. The Attangalla factory will be used exclusively for the processing of passion fruit, pineapple and tomatoes.

The capacity of the Kalutara factory will be 4000 pounds of passion fruit per hour and 1,000 pieces of pineapple per hour. The Altanagiela Plant will have a capacity of 4,000 pounds of passion fruit per hour, 1,000 pieces of pineapple per hour and 1,000 pounds of tomatoes per hour.

The Resident Manager further said that negotiations between Ingra, the Marketing Department and Planning Ministry were now going on prior to the signing of a formal agreement.

The project will be undertaken under a long-term line of credit offered by Ingra. It will be spread over a six-year period at 6 per cent interest per annum.

The novel feature of this line of credit is that repayment will be in kind. Ingra has proposed that 80 per cent of the production be turned over to Yugoslavia to be set off against credit re-imbursments

NEW HOTEL PROJECT GETS GOING

Asia Hotels Corporation Ltd, a subsidiary of the C.W.E. is now going ahead with its Five

Star hotel project called Hotel Ceylon Oberoi, at Steuart Place, Colpetty, on a six acre site over looking both the sea and Beira Lake.

Sole Importer of barbed wire

The Steel Corporation is now the sole importer of the country's entire requirements of barbed wire.

Local barbed wire manufacturers will in future have to obtain their raw materials from the Corporation.

Barbed wire is manufactured by five private sector units and the Steel Corporation. The practice has been for the Ministry of Industries to give individual licences to each of these units to import their requirements of wire from any country.

The Ministry has now decided to allow the Steel Corporation to import the private sector requirements as well as substantial price reductions could be effected from the foreign suppliers on bulk purchases.

The private sector will however be given the same quantity they have been importing or even more, depending on their production capacity.

Asian Hotels Corporation Ltd. has entered into a Technical Assistance and Operating Agreement with Oberoi Hotels (India) Pvt. Limited, by which the latter will provide know-how during the planning and construction phase and operate the hotel after completion. The terms of this agreement are most favourable to the country, compared with other agreements of a similar nature in the hotel business. The primary object of Asian Hotels Corporation Ltd. will be the construction and operation of Hotel Ceylon Oberoi, but its long-term objectives envisage the construction of more hotels and their management and operation.

Many facilities

The hotel has been designed by Messrs. Skidmore, Owings and Merrill, one of the largest architectural firms in the United States. The hotel will be based on a unique design and will consist of 266 rooms with a proposed expansion of up to 400 rooms in the second phase. The hotel will provide both oriental and western food and will also have a polyne-

sian type Oriental Restaurant which will provide Ceylonese Indian and Chinese food. It will have a London Grill, a Discotheque, Bar and Oriental specialty at concourse level and a Coffee shop, movable Lobby Bar at Lobby Level and in addition, a Health Club, Beauty Parlour, Barber Shops and other facilities, Banquet and Conference facilities with seating capacity for over 850 with facilities for simultaneous translations.

It is the intention of the Board of Directors of Asian Hotels Corporation Ltd., to use local materials to the fullest extent, both in the construction of the building as in interior decor. This they feel will give a completely Ceylonese look to the place, and foreigners who will reside in this Hotel will get the feeling of living in Ceylon not merely geographically but aesthetically too.

Opportunities for small Industrialists

A series of reports on the prospects of small scale industrial projects in Ceylon will be featured regularly in *The Economic Times*.

These prospect reports, drawn up by the Industrial Development Board of Ceylon in consultation with UNSEF experts in industrial economics and technologists in these fields, serve as a guide line to potential small scale investors.

See pages 8 and 9 for the prospects of the FRUIT PRESERVATION INDUSTRY.

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MARKET PRICES

COLOMBO

TEA (Rs. Cts Per lb.)

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

	B. O. Ps		B. O. Ps	
Uva Teas :	Rs. 1.77 — 6.70	Rs. 1.80 — 6.00	Rs. 1.80 — 6.00	Rs. 1.80 — 6.00
1 at 8.10	1 at 8.50	2 at 8.50	1 at 8.60	
3 at 9.60	1 at 10.00	2 at 11.00		
S/West High Grown :	Rs. 1.80 — 3.30	Rs. 1.80 — 3.30		
Medium-Grown :	Rs. 1.78 — 1.95	Rs. 1.75 — 1.95		
Small Leaf Low-Grown :	Rs. 1.82 — 1.95	Rs. 1.75 — 1.95		
Leafy Low-Grown :	Rs. 2.31 — 2.48			
Tea For Price :	Rs. 1.38 — 1.70	Rs. 1.32 — 1.60		

	F. B. O. Ps		F. B. O. P. F. s	
Tippy Reat :	Rs. 2.35 — 2.48	Rs. 2.30 — 6.50	Rs. 2.30 — 6.50	Rs. 2.30 — 6.50
		1 at 6.90	1 at 7.66	

RUBBER PRICES FOR THE WEEK ENDED 12.9.71

(Rs. cts.—per lb.)

	Closing Quotations	Avg. to date	1971	Avg. to date	1970
RSS No. 1	78	81 1/2	93	81 1/2	93
RSS No. 2	66 3/4	73 1/2	88 1/2	73 1/2	88 1/2
RSS No. 3	63 3/4	72	86 1/4	72	86 1/4

COPRA

	Opening Price	Clos. Price
Estate copra No 1	215.25	209.50

COCONUT OIL (Rs per ton)

	1,425/-	1,425/-
Sept.	1,425/-	1,425/-
October	1,425/-	1,425/-

DESSICATED COCONUT (per lb)

	Opening price	Closing Price
Sept.	.63	.63
October	.61	.62

PRICES OF THE WEEK ENDING 12.9.71

Commodity	Buyers Quotations (Per lb)	Export DUTY
Cardamoms	11.50 — 13.00	40%
Cardamom Seeds	14.00 — 15.00	on true
Cloves	34.00 — 35.00	F.O.B.
Cloves Stems	5.00 — 6.00	value
Mace	12.00 — 13.00	value
Nutmeg (Shelled)	4.60 —	
Nutmeg (Unshelled)	2.25 — 2.75	
Pepper (Black)	5.35 —	
Papain (White)	16.00 — 17.00	
Papain (Brown)	14.00 — 15.00	
Cinnamom H/1	2.85 — 2.90	40% on
Cinnamom H/2	2.80 —	true f.o.b.
Cinnamom Quilings No 1	2.40 —	value
Cocoa	190.80 —	40% on
Coffee	375.00 — 400.00	true f.o.b.
Kapok (Clean)	135.00 —	value.
Kapok (Unclean)	40.00 —	
Croton Seeds	100.00 — 125.00	
Essential Oils	Per 25 on. lb.	
Cinnamom Leaf Oil	18.50 —	
Cinnamom Bark Oil	Per oz 23.00 —	
Citronella Oil Estate Quality	Per lb. 6.50 —	10% on
Citronella Oil Ordinary	Per lb 6.40 —	true f.o.b.

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 12.9.71

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

Cereals	(Per Bag 154/158 lbs)
Paddy	13.00—14.00
Other varieties	12.00—
Rice Par Boiled	68.00—

TEA REPORT

Auction No. 33 held on 13th and 14th September, 1971

The total quantity offered was 6,944,507 lbs., comprising 3,184,367 lbs. Leaf Grades, 568,642 lbs. Dusts, 56,639 lbs. Reprints, 61,335 lbs. Sundry Lots, 3,130,563 lbs. Ex-Estate. Save for a very few teas from the Uva District quality was generally inferior, with most Westerns barely maintaining the previous week's standard. Uva Teas: The Continental Buyer again bid strongly for a few brighter Broken, though prices were lower on previous week's Teas. The lower price bracket were generally firm, though BOP's were up to 10 cents easier. High - grown Teas: Less demand was shown at the opening for Western Broken and except for a few of the brightest which were a few cents dearer, below best were 10/20 cents easier, though the bottom was quite strong at about the Rs. 1/80 level. Much the same trend was shown for BOPF's Pekoes were a few cents dearer. Medium - Grown Teas: These opened unchanged to a few cents dearer, though BOPF's were irregular. OP's were easier on last week's prices. Pekoes barely maintained last values. Low Grown Teas: All grades were in strong demand. This week the emphasis was again

Commodity Commentary

on well manufactured OP's which showed further advances of 10/20 cents. Best BOP.1's were 8/10 cents dearer, while neat small leaf BOP's improved 2/7 cents per pound. BOP's were 5/10 cents dearer. Pekoes increased by 5/10 cents. Tippy Teas: Flowery BOP's improved by a further 10 cents per pound and small leaf Flowery Fannings were again well sought after and were fully 15/30 cents dearer. The showy types were unchanged on last prices. Off Grades: There was very keen bidding and all varieties moved up by 5/15 cents per pound. A few bright Uvas showed marked advances. Dusts: Good demand was shown for all Dusts. An all round increase of about 5 cents per pound was recorded. A few of the best Uvas advanced substantially in price.

in line with overseas advices to close at 78 cents per lb

Approximately 427 tons of LATEX CREPES were offered at the Two Sales held during the period under review, a substantial decrease of 110 tons compared to the previous week's total. At the First Sale, best latex and F.A.Q. Offerings were marked down by 1 1/2 to 2 cents per lb. whilst the duller sorts fell fairly sharply by 2 to 10 cents per lb. Inferior grades too were 1/2 to 1 cent per lb. lower. At the following Sale, best latex and F.A.Q. types slipped hunter by 4 to 4 1/2 cents per lb. whilst the duller sorts were once again 3 cents per lb. lower. Inferior types, however recovered by 1 to 2 cents per lb.

Approximately 130 tons of SCRAP CREPES were offered, a decrease of 31 tons compared to the previous week's total. At the First Sale, light brown Scrap Crepes improved by 1/2 cent per lb. whilst the dark and da ker sorts too were 1 cent per lb. Flat Bark held fully firm to slightly dearer. At the following Sale, light Scrap Crepes improved further by 1/2 cent per lb. but the dark brown and darker offerings were marked down by 1 cent per lbs. Flat Bark too was opened 1 to 2 cents per lb. lower.

RUBBER REPORT

Week ending 12 September 71

RSS NO :1 opened unchanged at 78 1/2 cents per lb. improved temporarily to 79 cents per lb. the following day, but declined to 77 1/2 cents per lb. during mid week before recovering once again

Produce Report

Week ending 12th September 71

Cardamoms: 8,525 lbs. of Cardamoms were offered, a substantial increase of 3,297 lbs. compared to the previous week's total. Despite the larger quantity on offer, better demand was in evidence and in consequence Cardamom No. 1

values moved up by -/50 cents per lb. to be quoted at Rs 11/50 to Rs. 13/- 'per lb. Next best grades sold at around last week's levels at around Rs. 10/50 to Rs. 11/25 per lb., whilst off grades and inferior quality offerings were easier at between Rs. 5/- to

Rs. 9/- per lb. Green and bold Cardamoms encountered very strong competition to fetch Rs. 21/10 per lb. Seeds were a little easier at Rs. 14/- to Rs. 15/- per lb.

Country Rice No. 1	75.00— 80.00	
—Country Rice No. 2	70.00— 71.00	
—Samba Rice	95.00— 100.00	
—Kora Rice	110.00—	
—Maize	Per Cwt 28.00—29.00	
Pulses		
	Per Cwt	
—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	
Illets		
	Per Bushel	
—Finger Millet (Kurakkann)	11.00—	11.50
—Sorgum	440.00	(per ton)
—Soya Beans	850.00	(per cwt)
Spices Condiment		
	Per lb.	
—Mustard	2.00— 9.50	
—Chillies	Per Cwt	
—Dired Long	340.00—	350.00
—Dired Round	Unquoted	
—Off Grade	"	
—Goraka	90/- —	95/-
—Vinilla	Per lb. 18.00 —	20.00
—Tamarind	Per cwt 110.00 —	115.00
—Ground Nuts	Per 80 lb 66.00 —	
—Cashew	Per lb. 5.50	

Cocoa: 35 Cwts of Cocoa were offered a substantial increase of 34 cwts. compared to the previous week's total. In the absence of No. 1 quality offerings, no quotations were made at this Sale. Below best grades fetched prices between Rs. 170/- to Rs. 190/- per cwt., whilst darker and poorer sorts were transacted at between Rs. 110/- to Rs. 140/- per cwt.

Coffee: Approximately 14 cwts were offered but were withdrawn due to want of suitable bids. Pepper: 2115 lbs. of Black Pepper were offered, the No.1 quality of which sold at Rs 5/35 per lb.

Nutmeg: 1236 lb. of both Shelled and Unshelled Nutmeg were offered. The shelled Nutmeg fetched Rs. 4/60 per lb. but the Unshelled Nutmeg was withdrawn due to lack of suitable bids.

Selected markets for industrial products

Under a short term export marketing programme Ceylon's non-traditional industrial exports will be sent to five selected markets.

This is one of the recommendations made by the Committee appointed by Mr. T. B. Subasinghe, Minister of Industries and Scientific Affairs to report on Infra-structural arrangements for the Export of Industrial Products.

The Committee also recommended the selection of 20 export items because it felt that "this spearhead approach would enable the Ministry to adopt a more flexible approach in its provision of various forms of

assistance and incentives and the allocation of resources.

The five selected markets are:—1. Middle East Bloc (Kuwait, Saudi Arabia, Jordan, Iraq, Syria, Lebanon, Aden, Dubai, Bahrain, Muscat, South Yemen, Abu Dhabi and Libya)

2. Australia, 3. Canada, United States Britain, and West Germany, 4. African Bloc (Kenya, Uganda, Nigeria, Tanzania, Mauritius, Zambia, Ethiopia and Somalia) and 5. USSR.

Among products that have been accepted for export are Biscuits, Garments, Soap, Footwear, Plywood products Rubber Products like heels

and soles, carpets, foam rubber mattresses, houses, toys, Fruit products like Passion Fruit juice, Batiks, Leaf tobacco, Tea and Rubber machinery, handicrafts and spectacle frames.

THE 1971 AUTUMN FAIR IN LEIPZIG

The International Leipzig Autumn Fair was held from 5 to 12 September 1971.

This year, 6,500 exhibits from 55 countries took part in the fair. The exhibits from profiled branches were displayed on an exhibition space of 265,000 square metres. Compared with the 1968 Autumn Fair the exhibition space has thus been extended by 12,000 square metres.

A total of 4,200 GDR enterprises demonstrated their international competitive power on an exhibition space of 208,000 square metres. The chemical industry, printing press construction, products of the medical and laboratory technology constituted focal points. There was likewise a large display of road vehicles, wood processing machines, teaching aids and school furniture, camping and sports articles as well as furniture and equipment.

EXPORT INTELLIGENCE

DROP IN COCONUT EXPORTS

The Coconut export trade is perturbed over the continued drop in Coconut production and the increase in domestic consumption resulting in a decrease in the volume of exports.

Last year fresh coconut exports amounted to only 6,321,329 nuts as against 6,332,030 nuts the previous

year. Increases in freight rates have tended to make Ceylon coconuts less attractive price-wise in view of the fact that other producers have streamlined their marketing systems. Cost of these countries use containers as against bags used by Ceylon.

The coconut trade is of the view that local coconut production should be given a stimulus through systematics and organised application of fertilizer to ensure an exportable surplus.

OTHER PROBLEMS

The coconut industry has also been hit by other problems.

The Soviet Union, the biggest exhibitor among the Socialist countries had some 86 percent of the Soviet exhibits on show in Leipzig for the first time. As is the case with the Soviet Union, the People's Republic of Poland, Czechoslovakia, Hungary, Bulgaria and Rumania were also represented in the above mentioned exhibition. The Mongolian People's Republic characterized the 50th anniversary of its existence.

Yugoslavia mainly offered chemical products. The Democratic Republic of Vietnam, the Korean People's Republic and the Republic of Cuba were the other Socialist countries.

represented in the International Trade Centre of the Autumn Fair.

Among the 15 developing centers that purchase in the Fair India was the biggest exhibitor. The Republic of India displayed products of the food-stuffs and related goods branches as well as from the textile and clothing industry. Tanzania and Singapore, which for the first time attended the Autumn Fair, provided an interesting export offer. The same is true of Mexico, Ecuador, Brazil and the Lebanon. The United Arab Republic and the Syrian Arab Republic opened economic offices in Leipzig.

Export Opportunities

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

M/S Alhaji Nuha Sanni Garment Tailoring Co.
P.O. Box 4594, Lagos, Nigeria.

Textiles, Zipfasters, Metal and plastic buttons, ornaments, sewing thread, Rayon Nylon and cotton material, Sports Shirts material etc.

M/S Alalise Inbuowo Trading Co.,
P. O. Box 3517 Lagos, Nigeria.

Knitwear, Blouses, Shirts, Caps, Hats, Footwear, Hand

Bags, Radio Watches, Watch bands etc.

M/S Nightengage Chemicals (Qld) Ply Ltd.,
P. O. Box 89 Hamilton Central Brisbane Qld, 4007.
Australia.

Coconut shell flour—100 mesh or 200 mesh.
M/S Sadally 80 Raoul Rivet St Fort-Louis Mauritius.

Textiles, fruits, crockery, toys, beer and fish.

M/S Adamally N. Ebrahimee & Sons

Bohira Bazaar P.O.Box 569.
Aden (P. R. S. V.)

Torch batteries.

Handloom goods exempt from U. S. surcharge

Handloom goods, other than handlooms fabrics, which are restraint arrangement for imports into the United States are exempt from the additional 10 per cent surcharge recently announced by the US, according to a recent news release.

Representations have been made to the US authorities to grant similar exemption to handloom fabrics also.

The developed countries, importing handloom goods from developing areas, have stipu-

lated that exporters should indicate in a special form the origin of products.

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SHARE MARKET REPORT

There was little activity on the Share Market according to the Report of the Colombo Brokers' Association for the week ended 10 th September 1971.

	Previous 10.9.71		+ or -
	Rs. Cts	Rs. cts	
Teas			
Bopitiyas ...	3.00	3.00 *	
Robeverrys ...	4.50	4.00	-.50
Uplands ...	5.00	4.75	-.25
Ryes ...	4.25	4.25	
Tea-cum-Rubber			
Huauwellas ...	6.00	5.50*	-.50
Saffragams ...	6.00	6.50	+.50
Talgawellas ...	8.50	9.00	+.50
Commercials			
B C C ...	7.25	7.50	+.25
Finance Co ...	4.50	4.25	-.25
Commerical Banks ...	5.50	5.75*	+.25
E. B. Creasys ...	8.75	8.50**	-.25

There was no business in Rubber and Coconuts and in Preference Shares.

The following dividend announcements were made: J. L. Morison Son and Jones (Ceylon) Ltd—20% Final payable on 30.9.71

The following were quoted ex-dividend: Chemical Industries (Colombo) Ltd—5% Interim on 6.9.71 Horalle Estate Co., Ltd—12% Final on 7.9.71.

Specialised training for rubber Researcher

With a view to establishing a long term programme in the newly-formed Department of Genetics and Plant Breeding the Rubber Research Institute is sending one of its Assistant Geneticists Mr. N. E. M. Jayasekera, to Britain for specialised training in applied genetics.

His training is being financed by Britain under the Technical Co-operation Scheme of the Colombo Plan.

Improving rubber yields

The institute is at present carrying out genetical research aimed at improving the yields of rubber trees, particularly Hevea, in view of the strong competition now being faced by natural rubber from synthetic polymers. Genetics seeks to discover the nature and action of genes and to reveal the systems into which genes are organised.

Advances in genetical science therefore, help plant breeders

to breed improved varieties of crop plants which are more disease-resistant and produce higher yields- thereby cutting down production costs.

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business news

C. W. E. ACTIVITIES

The Annual Report and accounts of the Co-operative Wholesale Establishment for the year 1969 was tabled recently.

Excerpts of the Chairman's Report are given below:-

"The Establishment continued to import and supply the requirements of the Co-operative Movement. In accordance with Government policy certain goods imported by us on a monopoly basis were also supplied to the private trade. In addition to the imports of food items the Establishment also imported several items like building materials under the Open General Licence Scheme and also enhanced its trading in locally manufactured goods and agricultural produce. The Establishment continued to run its chain of retail shops numbering over one hundred situated in the principal market towns in various parts of the island. The import and wholesale distribution of textiles handled by Lanka Sala Ltd., and the export activities of the Establishment were undertaken by Consolidated Exports (Ceylon) Ltd., these two Companies being subsidiaries of the Establishment. In terms of the Amending Act, No. 12 of 1969 the Establishment promoted a Joint Stock Company under the name of Asian Hotels Corporation Ltd., to construct a modern luxury hotel of FIVE-STAR status."

Imports

The foreign exchange allocations received by the Establishment during 1969 and 1968 in respect of some of the major commodities imported by us are given below:-

Commodity	1969 Rs.	1968 Rs.
Dried Fish	60,900,000	66,305,000
Cement	20,560,000	26,032,000
Hardware	1,551,000	1,829,000
Dried Chillies	30,705,000	33,336,000
Cumin Seed	4,812,000	4,200,000
Coriander	9,050,000	11,400,000
Canned Fish	13,900,000	11,000,000

Imports of food items were under normal rates of exchange within foreign exchange allocations allowed by the Government while the imports of cement and other building materials, lorry chassis, glass and other items were under import licences supported by foreign exchange entitlement certificates and under open general licence supported by foreign exchange entitlement certificates. During the year under review we continued to import on a monopoly basis dried fish, canned fish, cement, chillies, cumming

seed and coriander. This Establishment had to supply the needs of consumers under the rationing scheme for essential commodities which was introduced in 1967.

Local Purchases

Purchase of locally-manufactured items and other agricultural produce increased during the year under review. These purchases were made through co-operatives as well as for sale through our retail shops. The gap caused by the reduction in the business of the Establishment due to restrictions on imports was bridged considerably by trading in locally-manufactured goods.

Research

Since the major portion of the trading activities of the Establishment involves the handling of food items, the necessity to maintain quality control and undertake research connected with food was realized and a Research and Development Division was created. A laboratory was also established under this division.

Prices

During the year under review import prices continued to increase in keeping with world market trends. The cost of imports also increased due to the increase in the premium on foreign exchange entitlement certificates rate to 55% from 1.7. 1969. The Establishment had difficulties in finding sources of supply for items like dried fish and chillies which are seasonal.

Sales and distribution

The major portion of sales of the Establishment consisted of wholesale to Co-operative Unions and registered private wholesale dealers while the rest was sold directly to consumers through its chain of retail shops. Items like dried chillies, coriander, cumin seed, masoor dhal and maldive fish continued to remain under the rationing scheme during the year. Although imports of these commodities were made on the basis of estimates calculated on ration

book strength, the draw-off by the Unions of some of the commodities was lower than the estimated quantity. This resulted in the Establishment being left with large stocks which had to be sold after a price reduction, thereby lowering the profit margins of the Establishment.

Stores

As in the past shortage of stores-space was experienced during peak of imports and this had to be overcome by renting out extra storage space. In order to rationalise storage utilisation and to introduce Stores Management the Establishment engaged the services of a Colombo Plan Expert on Stores Management to study and report on the rationalisation of stores in this Establishment. This work commenced in November, 1969.

In order to give a better service to the consumer through our retail shops the Packing Unit was enlarged.

Accounts

Accounting procedures were further streamlined in order to enable the furnishing of up-to-date financial data for efficient management control. Quarterly final accounts continued to be rendered to the Board, while monthly statements were submitted on stocks debtors, sales, purchases, retail shop profitability and other activities. It gives us great pleasure to place on record that for the first time the Establishment entered the competition for the award for the best Company Report and Accounts sponsored by the Institute of Chartered Accountants of Ceylon and emerged as joint winners of the overall prize awarded for the best Company Report and Accounts for 1969.

Trading Profit

The turnover for the year was Rs. 392 million as against Rs. 758 million in the previous year. The reduction in sales was mainly due to the Food

Commissioner assuming responsibility for the distribution of sugar to Unions from January, 1969. The gross profit earned during the year was Rs. 60 million as against Rs. 73 million in the previous year. This showed a return of 15.3% as against 9.6% in 1968 on sales.

Net Profit

The trading activities resulted in a net profit of Rs. 31 million before tax as against Rs. 49 million in the previous year, and Rs. 14 million after tax as against Rs. 19 million in 1968. The net profit after tax showed a return of 3.4% on sales as against 2.5% in 1968.

Facts about USSR textbooks

Grade school textbooks

With more than 73 million people taking some form of instruction, of which about 50 million are in grade schools, the annual output of textbooks for the grade schools in the USSR exceeds two thousand different titles produced in a total impression of more than 300 million. Textbooks are published in more than 60 languages of the peoples of the USSR. The unprecedented dimensions of public education in the USSR constitute one of the Soviet State's top achievements.

A major role in the solution of problems of great import and responsibility facing the grade schools is played by textbooks. The value of Soviet textbooks is based on the fact that they are prepared with all regard for the latest advances in science and technology, for the many years of experience of our scientific educational system which permits to pass the fundamentals of modern science, technology and culture on to the students in a clear and concise form and expose them to the results of the inspired work of an army of scientists. Noted for their scientific value, precise and clear presentation, picturesque and incisive idiom, Soviet textbooks are indispensable aids for student and teacher alike.

Soviet publishing houses are concentrating on fresh textbooks for the grade school. To achieve this task the services of the best college professors, experienced teachers and educators have been enlisted, including some prominent scientists, e.g. Academician A. Kolmogorov and V. Khvostov, Professors M. Nechkina, A. Markushevitch etc. The target was to produce 26 new textbooks or new editions by the school year 1969/70, as well as 29

books is to be produced in 1970/71 and 11 in 1971/72.

The range will include textbooks of Russian for grades 5 to 8, mathematics/arithmetic, algebra, geometry for the grades 3 to 10, physics for the 6th to 10th grades and chemistry for the 7th to 10th grades.

Vocational school textbooks

There are nearly 5,000 vocational schools in the USSR with a total enrollment of more than two million and offering instruction in 1,100 trades and special skills. Apart from shop classes their curriculum

By

N. M. MAISTRENKO
Trade Department, USSR
Embassy.

includes courses in general and specialized production processes, production management, factory cost accounting, electrical engineering and so on.

The range of general academic subjects includes social science, political economy and aesthetics.

An average of 120 to 130 different textbooks and supplementary instructional aids are produced in big editions every year.

Soviet Textbooks in foreign languages

So far we have discussed textbooks in Russian and other languages spoken in the USSR. How about those who do not have the time to learn Russian because they are busy studying or working, yet they have an urgent need for comprehensive and easy-to-understand textbooks and instructional aids in their own or unfamiliar foreign language?

The publishing house "Mir" and "Progress" take care of this category of readers. "Mir" publishes books in English, French, Spanish and

Arabic on a range of subject covering science and technology, including textbooks for institutions of higher learning and junior colleges and vocational schools; natural science and medicine, including textbooks of medicine; social science and popular science books which provide a fine supplement to textbooks and instructional aids.

Soviet textbooks published in foreign languages are produced with regard for curricula of the countries to which such textbooks are geared.

Published in more than 30 foreign languages the range of "Progress" books includes textbooks and instructional aids on social science, in philosophy, economic, history and international relations. The program for book publication by the "Medicine" publishing house, "Kolos" publishing house—the leading Soviet publishing house for agriculture literature, "Soviet Encyclopedia" Publishing House etc provides for considerable enlargement of theoretical literature compared with the earlier printings.

All kinds of textbooks noted earlier can be bought here in Ceylon with some agencies of V/O "Mezhdunarodnaya Kings" the Sole Soviet foreign trade organization exporting Soviet Union's publications. Among them first of all is Messrs. People's Publishing House, 124, Kumaran Ratman Road, Colombo 2.

Books and other publications from the USSR you can also obtain from "Lake House Bookshop", McCallum Book Depot, K. V. G. De Silva and Sons (Colombo and Kandy) Suriya Bookshop etc.

MANAGEMENT

Job Enrichment

AMERICA'S WORKERS have a message for any manufacturer who will listen: They can do more, and do it better, and contribute a flood of valuable ideas, if management will take steps to create the right, stimulating kind of work setting. They know more about their jobs than anyone else—they spend 40 hours a week doing nothing else—and hardly any of their suggestions for improving methods are impractical. The first requirement for unlocking this stock of energy, this rich source of ideas, is to make contact, and this starts by listening: Not talking, listening. Listening to the workers tell what is wrong about their jobs and how they can be made right.

The fact that executives are increasingly turning serious attention to the problem of making jobs better, and that time and money are being invested in growing quantities

in job improvements, reflects a gradual wakening of American business to some central truths about this half-century. Authoritarian direction is on the decline. That decline is most flamboyantly visible on college campuses, but it is also discernible in the factories. Participation is rising as authoritarianism slowly declines, and again the university, focus of youth in both its discontents and its aspirations, has been first to respond. But a limited number of prescient industrial executives anticipated the change, some out of social concern, some out of sheer business sense, and now have firmly established programmes for realizing the full potential of their production workers.

Their explorations have not been without hazards. Some paths that seemed valid proved to lead nowhere, or even into trouble. But some of the investigations have been rewarding in the extreme, and have led to startlingly higher pro-

duction, better quality, greater profits, and lower turn-over and absenteeism. They have also revealed that while significant improvements can be made in almost any kind of industrial job, the new concepts are more easily imposed on younger companies and smaller companies. This is because there is less encrusted tradition in newer firms, and thus less hostility to new ways of doing things.

Another reward, less tangible but greater in human terms to concerned managements has been the change in climate in plants where the outlook for work has been altered. No one pretends that in even the most enlightened factory the situation has become idyllic that work has become play. But in some plants there is now a discernible mutuality of interest between management and the working force that results in a warmer atmosphere, an air of trust, so that workers who in the past might have spoken sullenly about what "they" want, now talk enthusiastically about what "we" are doing.

Dying in dead-end jobs:

The industrial and social problems that led some farsighted executives to make changes are easy enough to see now, exercising hindsight. There was the obvious difficulty of getting and keeping good people in a competitive labor market, the equally obvious need to maintain production and markets against intensifying domestic and foreign competition, and to maintain profits despite the cost-price squeeze.

On the social side, the self esteem of blue-collar workers was diminishing rapidly. More and more workers felt they were in dead-end positions and many of them figuratively "died" at their work. Interest in doing the job well for its own sake, the old craft attitude, was vanishing, and consumer discontent over shoddy workmanship intensified. Both attendance and attention were becoming erratic; absenteeism reach new heights. Unions kept up the pressure to organize companies that had no contracts stressing the advantages they could offer, and thus heightening awareness of discontent.

Beyond those specifics, and gradually coming to overshadow them in some areas of industry, was the waxing hostility of youth to the old authoritarian ways of running things. The challenge was acknowledged by some at least a decade and more ago, but increasingly that challenge has become a strident posed by the young persons entering the work force in great numbers with more education more

aspirations, and less willingness to accept old strictures. Youth has catalyzed a climatic change that would otherwise have come more gradually.

While these newly evident realities are keeping many executives awake at night, those who had anticipated the growth of tensions and had moved to resolve them before they caused explosions were hearing things like this:

I'm doing a better job. I just like this place so much I just think it's wonderful. I've never worked in a place where I had so much closeness with my supervisors.

—Ruth Moulton assembler
Corning Glass Works, Medfield
Massachusetts

We work as teams, decide on our own goals—we're really involved in making the decisions. If everyone doesn't work, we can't make it, so we have meetings and talk it over.

—Jhon Meyer, shape cutter
Zonnely Mirrors, Inc.,
Holland, Michigan

Now all the inspection is not left to the inspector—we all watch out for each other's defects. If one girl has machine trouble other girls jump up and help her. It's wonderful to help each other.

—Mae Darby, machine operator,
R. G. Barry Corp., Columbus
Ohio

You don't have anyone hovering over you. We can make decisions. Now there's more responsibility on the individual

—Shirley McCullough, was assembler,
Precision Castparts Corp.,
Portland, Oregon

It's terrific place to work, you have freedom, you're on your own, you make it or not. Other places I've worked were controlled, you don't leave that chair. Here, things are wide open for advancement.

—Ronald Weinberg, assembler promoted to draftsman,
Non-Linear Systems, Zel Mar
California

It's heck of a company—you're treated as a human being, you're made to feel a part of everything. Polaroid doesn't dog you. The responsibility they give you is just great. There are big opportunities to move up.

—Martin Deeran machine operator promoted to personnel department, Polaroid Corp.,
Cambridge, Massachusetts

These words, from interviews, provide an abundance of clues to solving the malaise affecting production workers across the country. While there are several approaches to the problem, the solutions

These excerpts from "Job Enrichment" show that authoritarianism is on the decline, a decline most discernible in factories. Result: Worker participation is rising. Far sighted industrial executives in the U.S. have established programs for realizing the full potential of their production workers.
(Courtesy "Horizons")

have one common denominator: treat the worker as intelligent individuals who can and will work if given the opportunity.

The U.S. is currently infatuated with the concept of self-fulfilling, which one hears so often it has become a form of verbal pollution, but this is one instance in which that expression seems genuinely applicable. If you assume your workers are slovenly sluggards who will work only when pressed by supervisors, that what you'll get. If, however you assume they can take pride in their work, get real satisfaction from it, and become personally involved in perfecting it, then this too may come to pass. Academicians would dispute their reductive view as oversimplified, but it is the common assumption that lies beneath the work of ranking prophets of works satisfaction.

Better lives, better competitors

The approaches taken differ from company to company, depending on the kind of product and on management's specific problems, as well as on which school of behaviorism is followed.

Edward Cooley, 47, president of Precision Castparts Corp., introduced job enrichment to help keep his small (US \$13, 340,000 a year) Portland, Oregon, foundry firm competitive with its more strategically located rivals, in a fearsomely competitive business. Edwin H. Land, president and board chairman of Polaroid, which has annual sales of US \$466 million, has been experimenting with different means of enhancing job satisfaction for years, out of his eloquently expressed conviction that a central concern of a corporation should be to provide a worthwhile working life for each member of the company allowing every employee to share in the responsibilities and in the rewards.

Full scale job enrichment factory workers, with real commitment from management is still comparatively rare in the U.S. Experts who work full time on job enrichment and follow it closely can list only around 40 companies doing important work—and their lists overlap.

(To be continued)

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G.D.R. Seeks wider economic ties in S.E. Asia

The Government of the GDR devotes considerable attention to consolidating and expanding economic relations with the developing nations and envisages for the coming years accelerated progress in this respect. In doing so, the GDR strictly applies the principles of equality and mutual advantage and is guided by the fact that the economic structures of the GDR and of most developing countries complement each other to general advantage.

The GDR is a highly developed industrial state with a modern, effective system of agriculture. It possesses only limited raw material resources and, consequently, has to import most of the raw materials it requires. Despite appreciable successes achieved in recent years most developing nations still face serious political, economic and social problems which can only be solved gradually and with great effort. Included here is the absence of an adequate industrial basis, frequently a

totally inadequate opening up of existing sources of raw materials, an insufficient rate of accumulation and labour productivity and a constantly adverse balance of payments.

Leading economists have repeatedly reached the conclusion that the solution of the tasks facing the developing countries require not only the mobilisation of all home resources but above all the promotion of economic co-operation with the socialist states.

Principal exports

This is also confirmed in the practical implementation of the GDR's economic relations with the developing nations. Principal exports to the African Asian and Latin American countries include machines, equipment and installations. Products such as these enable the developing countries to build important industries on the basis of the raw materials available in those regions and to achieve a rapid increase in labour productivity and accele-

rate the solution of other tasks.

By means of its exports the GDR has helped many countries to set up a textile industry, graphic arts industry, building materials industry, an industry for the processing of agricultural raw materials, an electrical engineering industry, to mention only a few.

In South-East Asia the GDR has official economic relations with Burma, Ceylon, India, Indonesia and Cambodia on the basis of government agree-

In these countries the GDR maintains official representations. These states have been exporting their indigenous products to the GDR for quite some time whereas their exports of finished goods to this country are beginning to develop.

The GDR on its part delivers, in line with the structure of its national economy, graphic tractors, cargo carriers, equipment for the textile and food industries.

Thus, the GDR is currently erecting a large textile com-

bine in Ceylon comprising a spinning mill, weaving mill and a unit for the finishing of textiles and in this manner makes an essential contribution to the development of Ceylon's own textile industry.

The GDR exported modern book and newspaper printing machinery to Burma, India and Indonesia, it helped in modernising existing printing plant and supplied complete installations for the erection of new printing houses which have now been commissioned in most cases.

A significant proportion of GDR deliveries to South-East Asian countries is accounted for by scientific instruments for education and research supplied by VEB Carl Zeiss Jena, the world renowned GDR-manufacturers of scientific and optical instruments.

A noteworthy feature is that the GDR, when supplying such equipment, undertakes the training of the future operatives in the respective countries or in the GDR.

The GDR supplies ocean-going cargo carriers, which incorporate the most modern equipment, to India and thus renders an important contribution for the expansion of India's merchant fleet.

The deliveries of agricultural machinery and implements to India, Burma and Cambodia and of potash fertilisers to India are of vital importance for increasing agricultural yields in these countries.

For the modernisation of the railway networks in Ceylon and Indonesia the GDR has supplied modern locomotives and passenger coaches.

Economic Ties

The possibilities for developing close economic exchanges between the GDR and the South-East Asian countries have by far not yet been sufficiently utilised. It is necessary to supplement the actual goods exchange by other forms of economic co-operation, including measures furthering the division of labour in certain fields, as well as the organisation of exchanges on the basis of economic plans.

The GDR is particularly interested in ensuring a high degree of stability in the field of economic exchanges not just for one year but for a period of several years and to conclude corresponding agreements. It is, therefore, necessary, also in the interest of economic co-operation, to establish relations on the basis of equality and international law between the GDR and the South-East Asian countries.

In promoting its external economic relations the GDR is guided by the principles which have proved successful in past years. The GDR is willing to expand and consolidate these relations also with the South-East Asian countries on the basis of government agreements. The GDR is a reliable partner on the strength of its constantly growing economic potential.

The Manager should have previous experience of the market for food items and be responsible, among other duties, for sales and distribution arrangements. The three Assistants are principally for (a) technical (b) accountancy and (c) purchasing duties. It will be necessary to engage two watchers for day and night security arrangements.

- Evaluation**
1. The Return on capital is 27%.
 2. (i) The Payback period fixed assets employed is 2 1/2 years.
 - (ii) The Payback period for total capital employed is 3 1/2 years.
 3. The Breakeven Point is Rs. 354,400/-
 4. The P/V ratio is .17
 5. Net profit as a percentage of sales is 9.4%

INDUSTRY PROSPECT REPORT: AN I.D.B. STUDY

(To be continued)

Fruit Preservation Industry...

(Contd. from Page 9)

WORKING CAPITAL

Raw materials (1 month) ...	25,000
Packing materials (1 month) ...	18,700
Fishing goods (1/2 month) ...	25,000
Wages & E.P.F. ...	2,544
Salaries & E.P.F. ...	2,066
Electricity ...	300
Furnace oil ...	1,200
Insurance ...	250
Rates & Taxes ...	150
Repairs & Maintenance ...	150
Vehicle Expenses ...	500
General Expenses ...	170
Total Capital Employed ...	Rs. 76,030
	270,500

RAW MATERIALS

Fruits used in the production process are locally grown. The following are the more important districts or areas from where supplies are usually obtained:

Citrus—Moneragala, Bibile, Kurunegala, Ratnapura, Badulla, Hambantota, Amparai, Vavuniya, Anuradhapura, Nattandiya and Nikaweratiya.
Passion fruit—Bandarawela, Peradeniya, Ratnapura, Colombo, (Veyangoda and Mirigama), Kalutara, Horana and Galle.

Tomato—Jaffna, Bolape, Mēressana (Kandy district), Matale, Uda-Hewaheta, Kurunegala, Nuwara Eliya, Welimada, Bandarawela, Anuradhapura, Puttalam and Ratnapura.

Mango—Jaffna, Kilinochchi, Vavuniya, Amparai, Anuradhapura, Maha-Illupallama, Hingurakgoda, Nikaweratiya, Kurunegala, Colombo, Hambantota, Matale, Kandy, Mahiyangana, Badulla, Ratnapura.
Pineapple—Gampaha, Mirigama, Divulapitiya, Badulla, Kurunegala and Moneragala.

The periods during which fruits are generally available are listed below:

Oranges—January to June August to September.
Lime—Usually all the year round but peak supplies are obtained from January to June.
Passion fruit—April to August November to December.

Woodapple—October to December.

Guava—April to July, November to January.

Tomatoes—January to March, August, to September.

Mangoes—May to July (Jaffna district), October to January (North Central Province), December to January (Middeniya).

Of the other principal raw materials, bottles, jars and labels are locally manufactured while sugar, preservatives, colourings, jam jars and "pilfer proof" seals are imported.

TECHNICAL PROCESS

Brief notes on the manufacturing processes of preserved fruits are given below:

Cordials

- (1) selection and preparation of fruit
- (2) extraction of juice
- (3) deaeration
- (4) straining, filtration & clarification and
- (5) preservation.

Jams

- (1) cleaning & cutting of fruit
- (2) mincing
- (3) applying sugar, juice and pulp to jam pan
- (4) cooking for about 30 minutes
- (5) adding balance sugar and pectin and boiling for another 5 or 10 minutes
- (6) checking refractometer to see whether sugar content is above 65 brix
- (7) pouring into bottles while very hot
- (8) sealing immediately.

Sauces

- (1) cleaning, washing & cutting of fruit
- (2) juice extraction
- (3) adding sugar and two muslin bags containing spices &

other ingredients (4) concentrating mixture till total solids come to about 18 per cent (5) removal of muslin bags and addition of chilli powder which is dissolved in vinegar (6) addition of sugar, vinegar and other ingredients (7) concentrating pulp to between 30-35 per cent & pouring into handle container and then into bottles while still hot (9) sealing

Pickles

- (1) curing or fermentation
- dry salting or fermentation in

brine, or salting without fermentation and (2) finishing and packing.

Chutneys

- (1) raw materials are cut into pieces or slices & cooked till they are soft
- (2) onions, garlic and spices are added just a little before the final stage of boiling is reached
- (3) the chutney is packed in sterilized dry bottles which are sealed airtight.

MACHINERY EQUIPMENT

Plants Machinery	Rs.	Rs.
1 Boiler (100 lbs pressure and 750-1250 lbs steam evaporation per hr)	50,000	
2 Jam boiling pan (20 gallons)	17,000	
1 Pulper & Siever	8,000	
2 Washing Tanks	1,250	
1 Platform weighing scale	2,500	
1 Dial Scale-20 lbs	175	
1 Hand mincer	40	
1 "Omnia" Jam jar sealer (for 68m. m. circumference)	2,275	
1 hand-operated capsule sealing machine	5,475	86,715

Equipment

4 Aluminium top work tables	400
20 Workman's benches	200
Tools (knives & spoons)	415
Protective clothing (Aprons)	200
24 Aluminium trays	480
20 Aluminium jugs	500
4 Aluminium buckets	60
200 Crates	2,000
Office Equipment & furniture	2,500
Laboratory testing equipment (including refractometer and thermometer)	2,000
Total Machinery Equipment	Rs. 95,470

EMPLOYMENT

No.	Rs. a month
1 Manager	500
1 Technician	350
3 Assistants at Rs. 250/-	750
1 Boilerman	200
1 Van Driver	200
2 Watchers at Rs. 200/-	400
	2,400
20 labourers (casual) at Rs. 6.00 per day (20 working days a month)	2,400
	4,800

AUSTRALIA - YUGOSLAV ECONOMIC CO-OPERATION

The Chief of the delegation of Australian businessmen from the State of New South, Wales, Minister for Decentralising and Development, Mr. John Fuller, expressed satisfaction with the visit to Yugoslavia and to her businessmen.

The talks between businessmen showed that the Australians were interested in buying industrial equipment furniture parts electric equipment and some other Yugoslav goods.

The Minister for Decentralisation and Development of New South Wales, which is the most important Australian State, possessing more than 40 per cent of concentrated industrial potential of the country said, that about twenty Australian businessmen arrived in Yugoslavia in order to get acquainted with her economic possibilities and to find new forms of co-operation in the field of exchange of goods, services and raw materials.

Talking about the direct contacts Australian businessmen had with their Yugoslav colleagues, Mr. Fuller said, that they were plentiful and that they illustrated the fact that there were many things Australians could buy in Yugoslavia and vice versa. In the first place, as to Australian commodities, one should cite the dairy products meat and other livestock products, coal for coking and equipment for automatic control of traffic.

INDIA'S EXCHANGE RESERVES DROP

Bombay

India's foreign exchange reserves which had declined by Rs. 26.2 crores during July September, 1970 dropped further by Rs. 71.8 crores during October - December, 1970, reducing the level of reserves to Rs. 738.7 crores by the end of 1970.

A review of the balance of payments for the last quarter of 1970 published in the latest Reserve Bank bulletin, shows that both imports and exports exceed by about the same extent the levels reached in October-December, 1969. The trade deficit, therefore moved up only marginally from Rs. 27.2 crores to Rs. 28.2 crores.

NIGERIA EXTENDS HER TERRITORIAL WATERS

Peking

The Nigerian government has recently published a decree

announcing the extension of Nigeria's territorial waters from 12 to 30 nautical miles, according to reports from Lagos.

Nigeria is rich in oil resources and new off shore oil fields were found in recent years. The extension of its territorial sea limits is of great importance of safeguarding its sovereignty and economic interests.

SOVIET BRITISH TRADE RELATIONS

Moscow

John Stevens, Chairman of the Council for British Trade with countries of Eastern Europe, arrived in Moscow from London last week at the invitation of the USSR Foreign Trade Ministry.

John Stevens will discuss with Soviet officials some questions of trade-economic co-operation of the two countries. He will have in particular business meetings at the State Planning Committee, the Committees for Science and Technology and the Foreign Trade Bank.

In the course of the last five years Soviet-British trade has shown an over 50 per cent increase and topped 640 million roubles last year. Britain holds the first place in Soviet



foreign trade with the capitalist countries of Europe.

The permanent inter-government Soviet-British Commission for scientific-technical and trade-economic cooperation set up last January is expected to play an important role in the development of trade-economic relations of the two countries.

INDIAN JOINT VENTURES ABROAD

New Delhi

The number of Indian Joint Ventures abroad has almost doubled in the last 2 years.

At this time in 1969 only 65 Joint Ventures had been approved by the Government, of which 14 were in operation. Today the number of sanctioned ventures is 127, and 27 of them are in production. Two years ago, the Government decided to waive Income-Tax on Dividends received from abroad. This has been an im-

portant factor in creating considerable interest in Joint Ventures.

Many of the country's leading business houses have a stake or plan to have a stake in foreign countries. The Birlas have been particularly prominent in this field, and have received Government sanction for projects in many African and Asian countries. The Tatas will also make a big impact, if their proposal to set up a Soda Ash plant in Argentina is accepted by that Government. The Walchand group has just set up a big Sugar complex in East Africa, while the Kirloskars propose to manufacture Diesel Engines.

Cotton Textiles, Sugar, Jute Fabrics, Light Engineering goods, Drugs, Cycles, Hardboard, Concrete Pipes and Razor Blades are some of the sectors in which Indian firms have shown interest abroad.

Without economic slumps and currency storms

How can the prospects of Soviet economic growth be evaluated? Isn't the USSR threatened with a production slump, or inflation? What can be said about the start of the new five-year (1971-75) plan?

These and similar questions more often than ever are asked of Soviet economists and business executives by visitors from the West—whether workers, specialists or businessmen. The enhanced interest of foreign guests in these problems is understandable. Concern and insecurity have of late increased in the West under the influence of the aggravated monetary crisis and mounting economic difficulties.

REGULARITY

If the USSR's economic development is followed not only in the course of one or two five-year plan periods, but over a longer span, say,

the past twenty years (1951-70) one and the same regularity crops up: Absence of cyclic fluctuations and the steady and planned character of growth at stable and high rates, as a rule, exceeding those of the USA, Britain, France, the FRG and other capitalist countries.

In the past twenty years, for example, the Soviet national income increased by an average of 8.7 per cent a year, as against the 3.5 per cent in the USA. Soviet industrial output grew by 10.1 per cent, that of the United States by 4.1 per cent. Agricultural production went up by 4.1 and 1.75 per cent respectively. Labour productivity in industry showed an increase of 6.3 and 3 per cent, etc. And it must be recalled that last November marked the beginning of another slump in the US economy.

In the eighth five-year period (1966-70) the influence of a number of factors (technical progress, the new system of planning and economic stimulation, the broad movement of working people for high productivity and for communist attitude to work) helped countries

—By—
M. MAXIMOV

considerably to raise the growth rates of social product, national income, industry and agriculture. On this basis the plans for raising the living standards were fulfilled and over-fulfilled.

STABLE DEVELOPMENT

The first year of the new five-year plan period is a reassuring beginning. From CSB figures it can be seen that in the past half-year and during the seven months (January July) the Soviet economy maintained stable and high rates of development, with all branches of production and especially its leading sectors developing in accordance with the targets of the Directives of the 24th CPSU Congress for the ninth five-year plan.

Under the state plan for 1971 industrial production is to grow by 6.9 per cent, and output of consumer goods by 7.4 per cent. Higher rates of expansion have been set for the branches determining technical progress.

The targets set are being fulfilled and overfulfilled. Dur-

ing January-July industrial output has increased by 8.2 per cent as against the corresponding period of last year. The seven-month plan for the marketing of products and the output of major items has been exceeded.

The same picture is in the branches which are of decisive importance for the further technical re-equipment of the economy. In the first year of the five-year plan engineering is to increase production by 10.2 per cent. This task is being met. On many items the growth rates are considerably higher. For example, the output of numerically controlled machine tools has risen by 57 per cent, production of instruments, means of automation and computing equipment by 18 per cent, motor vehicles by 23 per cent, chemical equipment and machines for processing polymer materials by 12-13 per cent, etc.

The seven-month for the output of consumer goods has been topped, with the highest percentage of growth in the meat and dairy and light industries and in the production of consumer durables.

BITTER JOKE!

The steady advance of Soviet economy goes hand in hand with rising living standards. Over the first seven-months of the year there has been a rise in nominal and real wages of factory and office workers and in the pay of collective farmers, both thanks to their direct increase and owing to various free benefits and cash

grants from the social consumption funds.

In connection with the dollar crisis, continuing inflation and increased instability in the economy, the consumer in the West makes a bitter joke that for his money he can now buy more dollars, but less goods.

This does not apply to the Soviet consumer whose purchasing capacity steadily grows, because his wage is not "frozen" and rises as production grows. The socialist state regulates in a planned way the money circulation in the country, directly determining the need for money, concentrating masses of commodities in its hands and putting them in circulation at stable prices, the state provides commodity security for money. The required correspondence gets established between the quantity of goods and the quantity of money. All this serves as the basis for the stability of the socialist monetary system. The Soviet consumer is free from inflation and the effects of currency storms on the world market. (APN)

COMPANY MEETING REPORTS

The Economic Times regularly features Company Meeting Reports.

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Investment Prospects for small Industrialists—

The fruit preservation industry in this country is a growing one and should therefore provide fair opportunities for small businessmen to take to the manufacture of items like cordials, jams, sauces, chutneys and pickles for the local market.

Apart from its incentive to fruit cultivation, the industry has a useful role in the Government's development plans to establish new industries and thus diversify the economy.

Quite a number of the existing fruit processing factories have been inadequately planned in regard to location and production methods and, in consequence, the finished products are irregular in output, inferior in quality and are not readily saleable. This model scheme has been prepared with a view to guiding prospective investors on the advantages to be gained by the establishment of fruit processing factories with proper attention to setting machinery requirements and quality standards to ensure that the finished products can be manufactured and marketed profitably.

Fruit canning which is one of the methods of food preservation has been excluded from consideration in this scheme because the comparatively large financial investment on sterilisation plant etc. appears to be justified only if production for the export market is considered and there are also certain other technological problems for small to medium sized units, particularly if manufacture is to conform to the stringent requirements of the export trade.

EXTENT OF THE MARKET

No reliable information is available at present either on the number of fruit processing factories or on their output. About 55 of these units are registered with the Ministry of Industries and the majority of them manufacture one or more of the following groups of products: (a) jams & jellies (b) sauces chutneys and pickles (c) fruit cordials, juices and syrups.

There is some evidence to indicate that for various reasons not all these units are now in production. Their output during 1960 and 1969 is re-

produced below from the "Statistics of Industrial Production of the Ministry of Industries: These projections which are based on population growth, income elasticity and the ex-

1968	No. of reporting units	Quantity	Value Rs.
Sauces chutneys & pickles ...	20	357,691 lbs	767,626
Jams & Jellies ...	23	2,990,307 lbs	3,668,212
Fruit cordials Juices & syrups ...	22	625,032 bottles	1,435,905
1969			
Sauces, chutneys & pickles ...	14	372,866 lbs	885,625
Jams & Jellies ...	15	3,469,883 lbs	5,339,347
Fruit cordials, Juices & syrups ...	19	781,036 bottles	1,990,533

According to data published in 1969 by the Ministry of Planning and the IDB Subcommittee on Fruit and Vegetable Canning Industries, the projections for total supply by the fruit canning and preserving industry are as follows:

1969	Rs. 8.8 mil.
1970	10.7 "
1971	11.6 "
1972	13.6 "

Expansion programmes of existing units are generally regarded as conservative. The actual supply during 1969 according to Ministry of Industries & Customs figure consisted of Rs. 9.1 million (production) and Rs. 184,515 (imports). The share of fruit canning in local production during that year was Rs. 670,860 worth. Imports during 1969 were mostly of items like cherry juice and preserves.

Licences are now not issued to the trade to import the products considered in this scheme in order to encourage their local production.

The available information is inadequate to make an estimation of the local demand

calendar involving sufficient supplies of different fruits at different periods. The product mix detailed below must be regarded purely as a model to guide investors, who should make their own decisions on the types and quantities of fruits to be processed, in the

FRUIT PRESERVA

for fruit in processed forms. There are also no studies in income elasticities of demand in relation to fruit and "no-body can predict the kind of fruits and the quantities that people in urban and rural areas will prefer to buy when their incomes begin to rise" (Draft Agricultural Development Plan 1971-77, & Perennial Crops)

light of the conditions prevailing in the districts in which the factories are to be located. For purposes of costing, the proportions of raw materials used in the manufacturing process were considered separately for each of these items (see Profitability Statement)

INVESTMENT

The fruit processing factories envisaged in this scheme would each have an annual output of about Rs. 8 lakhs. On the basis of the projections on supply referred to earlier it should be possible to establish at least 3 such units during 1971-72.

It is essential that prospective manufacturers should decide on a balanced production

CORDIALS

Passion Fruit ...	20
Orange ...	20
Lime ...	10
	50

Jams

Marmalade ...	30
Tomato ...	30
Passion Fruit ...	60
Golden Melon ...	140
	260

Sauces

Tomato ...	30
Lime ...	30

Facts and figures of oil prices

A steep rise in world oil prices since last September represents a rare instance of primary producers combining successfully to secure a significantly higher return on a commodity export to the industrial world—though it will also mean a particularly heavy burden on those other developing countries that import oil.

Over the five years to 1975, taxes and royalties to the producing countries will more than double to over \$15 bn. But although they have already risen by up to 40 per cent on the past year, the price of the raw material still accounts for less than sixth of the retail price of petroleum products in many industrial countries. Moreover the new agreements provide not only for an escalation of crude oil prices but also for reductions in certain circumstances.

This explanation of the new agreements has been contributed by a specialist in the oil industry.

At the beginning of July, the prices of Libyan oil went down slightly; and in August royalties and taxes for the Libyan government were due to go down too. This is not what anyone in the world has become accustomed to about oil—particularly from Libya—during the past year. Oil prices, royalties and taxes have been first, raised to an unprecedented extent and, secondly, scheduled for further steady rises over the coming five years. This unexpected reduction, nevertheless, fits entirely within the matrix of price schedules negotiated between the international oil companies and their "host" governments since last autumn. It is one of the first real tests of that price matrix—demonstrating whether the complex, inter-related price and tax structure cobbled together in Teheran and Tripoli will work as it was designed to.

The prices of crude in Libya—and elsewhere in the Mediterranean and Africa—went down because freight rates have fallen. These are "posted prices", regularly published prices that serve mainly as benchmarks for royalties

and taxes on crude. Throughout the Eastern Hemisphere, in all the different regions from which oil is regularly exported, these published prices are related to each other—essentially in terms of how they compare with Arabian Gulf crudes in distance from relevant markets such as Europe and Japan, and in terms of petroleum quality. Crudes in Libya, for example have a definable quality advantage in low sulphur content; that is worth money and indeed nowadays becoming more valuable. And what is more important, they are enormously closer to Europe, giving them a big geographical advantage. That is worth much more. But exactly how much depends on the tanker market—the one sector of the world oil business where competition is utterly volatile.

PRICES AND GEOGRAPHY

All the host governments in oil—and most of all Libya—exploited great bargaining advantages in late 1970 and early 1971 essentially from a sudden tanker boom. One of the pipelines to the eastern Mediterranean was out of action

for nine months; and Libya restricted the exports of a number of its concessionaire companies, which, it argued, were exhausting their oil reserves too fast for "good oilfield practice". That made crude oil from these Mediterranean supply sources scarce. But what it made really scarce was tanker tonnage—because replacing these "shorthaul" supplies to Europe with crude that had to be heeled three or four times as far from the Arabian Gulf around the Cape of Good Hope made a sudden call for far more spare tankers than were available. Hence last year's tanker boom; the enhanced bargaining power of the host governments; and the settlements that raised everybody's prices at the services station.

For the Western oil companies at least one motive in making those settlements on a five-year basis was to bring some order and predictability into these posted "reference prices" for crude oil. Not necessarily into actual prices in the markets; neither companies nor host governments can control those. But the forward schedule of posted prices will mean a forward schedule of royalties and taxes and hence of "tax-paid costs" for all the crude oils involved—and thus at least a solid, if slightly upward-sloping, floor under actual prices. (Neither the companies nor the host governments understandably enough, would be sorry to see actual market prices stabilised though moving slightly upward too.) Quality advantages change in value over time, according to the pattern of products different regions need and also according to the extent that people in different areas become worried about pollution. (American and Japanese consumers have far more severe restrictions on

sulphur emission, so far, than European countries. So low-sulphur oil is worth a larger premium in price there). But these quality preferences change relatively slowly, and seem predictable; so in the Tripoli settlement this spring a gradual escalation in this low-sulphur premium for Libyan and similar African crudes was agreed in advance.

TANKERS: BOOM, SLUMP

Freight rates are far too volatile to predict five years, or even one, ahead. Owners and charterers have been making and losing fortunes out of that fact during the past couple of years. And since this spring, the tanker market has felt the backlash of last year's panic boom. A year ago, faced with the prospect of a continuing squeeze on short-haul crude supplies that Libya seemed ready to tighten—and also feeling that total world demand for oil was rising much faster than had been predicted—companies were scrambling for tanker tonnage at virtually any price. It is easy with hindsight to say that the industry overreacted. In the past, it nearly always has; that is perhaps in its nature. But the indications of rising demand seemed clear; and the threats of further host government pressure were undeniable. Nobody could be sure that the series of settlements with the governments—giving them most of what they wanted—would come up quite so soon. Nor could anyone, bargaining quite apart, predict a mild winter and some general slackening in the growth of demand for oil.

All these, however, came to pass; leaving oil storage full through out Europe and other major importing areas, and oil suppliers with tankers chartered at high rates that they simply could not use. To cut their losses, these charterers started "re-letting", or trying to hire out again those

vessels they did not need. The collapse of the "spot" tanker market was as precipitous as its take-off last summer. The slump may be short-lived, tanker owners like to hope. And everyone expects some seasonal recovery in the autumn. But many forecasts of continuing high freights—rosy or gloomy according to whether you own tankers or charter them—are being revised.

In the Tripoli settlement concluded this spring, which settled the posted prices of Libyan and other African and Mediterranean crudes in relation to crudes from the Arabian Gulf over the next decade, it was agreed that from July this year there should be some fluctuation in these posted prices in accordance with monthly AFRA rates for the largest tankers. The variation is limited, down to a "floor". Nevertheless, this July's minor reductions in tax reference prices for these "short-haul" member countries of OPEC formed a first test of the system, to see whether the articulation built into it would work.

There is some uneasiness in the industry about the acceptance of this "automatic"

articulation of the price structure by the producing countries. But these countries seem likely to hold their fire over such relatively minor points, reserving it instead for larger issues, like the demands for participation in all concessions which they have recently started to make through the Organisation of Petroleum Exporting Countries. The changes in taxes due to freight variation, in any case, are minor. Countries such as Libya and Nigeria escalation at the beginning of next year; and all OPEC member countries have been guaranteed significant increases from 1973 to 1975.

PARTLY INSULATED PRICES

Consumers of oil—which means every body—have witnessed the recent convulsions of this industry, and their continuing repercussions, at quite a wide remove, through a fairly thick insulation from the changes in crude prices over which companies and governments negotiate so tenaciously.

All prices have now gone up for petrol and heating oils industrial prices for fuel, much

ESTIMATED GROWTH OF OPEC COUNTRIES OIL REVENUES AND WHO MAY PAY

OPEC Countries oil revenue	1969	1971	1975
		\$mn.	
Middle East North and West Africa ...	3,763	6,325	8,850
Venezuela ...	1,289	1,850	1,950*
Indonesia ...	610	275	400*
	6,777	10,950	15,875*
Paid for by:			
Europe ...	3,500	6,975	9,175
Japan ...	1,250	1,725	2,550
North America ...	1,050	1,650	1,950
Rest of world (mainly developing countries) ...	950	1,600	2,200

* Tax reference prices for Venezuela and Indonesia have not been scheduled in advance, so increases for 1975 over 1971, or these countries represent only estimated increases in export volume.

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The ex-factory/wholesale prices mentioned against these items are either in line with or, in some instances, lower than those of better-established private sector fruit processing firms. However as will be seen from the Profitability Statement referred to later there is

It is believed that the siting of future factories in the district where one or more varieties of fruit are grown on a commercial scale, would be of some advantage both to fruit processors in minimising supply difficulties, and to fruit growers in securing more attractive

of raw materials. On the other hand increased costs will have to be borne in transporting the finished goods from agricultural districts to towns to where one or more varieties there is an abundant supply; and a high percentage of fruit might otherwise have to be discarded as a perishable commodity. Other advantages in locating the processing units adjacent to the source of raw material supply are, that there is a decrease in losses from the growing area to the place of processing, as well as a reduction in the transportation costs of raw materials. On the other hand, increased costs will have to be borne in transporting the finished goods from agricultural districts to towns to where sales, so that prospective factories would be well advised to give very careful consideration to this vital factor, in determining the profitability of

the products to be remarketed. Suggested locations for the proposed factories are the Moneragala and Amparai districts the Ratnapura district (especially the drier areas like Embilipitiya in the Walawe area which could cater to production in the Ratnapura and Hambantota districts) and the Badulla, Kandy and Kalutara districts.

good water supply free of iron and fit for canning should be borne in mind. Easy accessibility to the rail or road systems so as to facilitate the bulk handling of incoming raw materials, including sugar and bottles to the factory and the finished products from the factory, is another important consideration. Sufficient land should be available at the site for future expansion of the factory.

CONSERVATION INDUSTRY

...conditions prevail
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adequate profit for would be manufacturers to sell at still lower prices, particularly at the outset, in order to establish the products on the market.

Most of the existing fruit factories are located in the Colombo, Bandarawela and Kandy districts.

prices during seasons, when there is an abundant supply; and a high percentage of fruit might otherwise have to be discarded as a perishable commodity. Other advantages in locating the processing units adjacent to the source of raw material supply are, that there is a decrease in losses from deterioration or damage during the transport from the growing area to the place of processing, as well as a reduction in the transportation costs

of raw materials. On the other hand increased costs will have to be borne in transporting the finished goods from agricultural districts to towns to where one or more varieties there is an abundant supply; and a high percentage of fruit might otherwise have to be discarded as a perishable commodity. Other advantages in locating the processing units adjacent to the source of raw material supply are, that there is a decrease in losses from the growing area to the place of processing, as well as a reduction in the transportation costs of raw materials. On the other hand, increased costs will have to be borne in transporting the finished goods from agricultural districts to towns to where sales, so that prospective factories would be well advised to give very careful consideration to this vital factor, in determining the profitability of

CAPITAL REQUIREMENTS

Fixed Capital Assets	Rs.
Land 1/2 Acre at Rs. 100/-	8,000
Buildings 100'x30' at Rs. 20/-/sq. ft.	60,000
Boiler Shed	2,000
Machinery & Equipment	95,470
Installation charges	5,000
Installation of Power & Water supply	2,500
Van	20,000
Contingencies	1,500
	194,470

(Contd. on page 6)

... 20,000 bottles (26 ozs) at Rs. 3/75	
... 20,000 " " " " " Rs. 3/75	
... 10,000 " " " " " Rs. 3/75	
50,000 bottles	
... 30,000 jars (1lb) at Rs. 2/70	
... 30,000 " (") " Rs. 1/50	
... 60,000 " (") " Rs. 2/00	
... 140,000 " (") " Rs. 1/70	
260,000 Jars	
... 30,000 jars (1lb) at Rs. 2/25	
... 30,000 jars (1lb) Rs. 2/25	

I.M.F. AT WORK

The work of the international Monetary Fund involves a steady flow of decisions by the executive directors in Washington, but the Fund also influences its members less directly. The decisions are made and

the influence exerted in many ways by several forces in a highly complex organization.

The Fund's parentage is not exactly denied, but not broadcast either. It is difficult to discover from any Fund publication that it is in fact an agency of the United Nations, and relations are largely confined to a formal annual report and the attendance of Fund staff at meetings of some UN committees. But the Fund is wholly independent of the UN, and the Fund and World Bank are the only specialized agencies that do not submit their budgets to the UN General Assembly.

In the Fund, ultimate responsibility rests with the governor. Each country appoints a governor and an alternate (usually the finance minister and governor of its central bank). But votes are weighted by quotas and required only for some key issues like changes in the Fund constitution, enlargement of its resources and new allocations of Special Drawing Rights, although in theory a vote can be called on any issue. Sometimes governors vote by mail or cable since they come together only once a year at the vast jumborees into which the annual Fund and Bank meetings have been turned by ever growing hordes of private bankers, financial reporters and other assorted spectators. This is partly the fault of Sir Stafford Cripps who, arriving by the *Queen Mary*, announced sterling's first postwar devaluation at the 1949 meeting and thus started the tenacious belief that these gatherings are normal occasions for momentous happenings. As a result, they are still often preceded by a ritual commotion on the exchange.

In practice, annual meetings register rather than make decisions. Mainly, they provide a platform from which governors can publicize their views. International issues are debated in several forums besides the Fund, among them the Group of Ten; Working Party III of OECD (in which industrial countries discuss their payments); and the central bankers club in Basle. The important decisions are made in the first place, by the

major countries, but the Fund can influence policy and not just technicalities.

We continue the series I.M.F. at work.
Here the author deals with the responsibility of the Fund's Governors vis-a-vis the growing importance of the executive board and the extent to which the Fund can influence policy.

An early example was the compromise to break the deadlock over access to Fund resources: "Rooth Plan" of 1952 named for Ivar Rooth then managing director, provided virtually automatic gold tranche drawings in return for a outer limit of five years on Fund credit, to reassure those fearful of its dissipation. In 1958 by personally intervening with General de Gaulle to stabilize the franc, Mr. Rooth's successor, Per Jacobsson, helped bring about European convertibility. Four years later he used his authority to keep the Group of Ten from bypassing the Fund with an exclusive stabilization arrangement threatening the viability of the larger multilateral organization.

The extent of the Fund's influence varies. It had little direct say in the 1967 British devaluation or the French and German parity changes two years later, but it was responsible for helping the British authorities to establish a new parity which did not lead to a series of other devaluations, in the way that the 1949 devaluation had. The 1949 devaluation in this sense was a failure, while the 1967 devaluation in the same sense was a success. As a major creditor after the 1967 devaluation, the Fund helped move Britain towards the belated restraint that eventually made devaluation work. Similarly, the Fund had no part in the creation of the central banks' gold stabilization pool in 1961 and little in the arrangement of the two-tier gold price system that followed the pool's collapse in 1968. But it was largely responsible for the 1969 agreement with South Africa which allowed the two-tier system to go on functioning in a way acceptable to a majority of governments and central banks.

In the creation of Special Drawing Rights, the decisive push was the announcement of the American government's support for reform in 1965; and once the Group of Ten had agreed on a plan its acceptance at the 1967 Fund meeting was virtually assured. The importance of the Fund's contribution was in the plan it drew up for the Ten. This insisted that SDRs should be unconditionally available to

all countries that wanted them instead of only a cut-off point which had been proposed for about Norway's level and which would have excluded many developing countries. Moreover, the staff plan provided that the Fund could oblige surplus countries to provide foreign exchange against SDRs offered by those in deficit, and that SDRs could be freely used to repurchase currencies from the Fund (that is, to repay drawings). The effect was to ensure that the new asset would have the widest practical use and that it could revolve in a way directly helping to adjust payments between countries.

Formal decisions

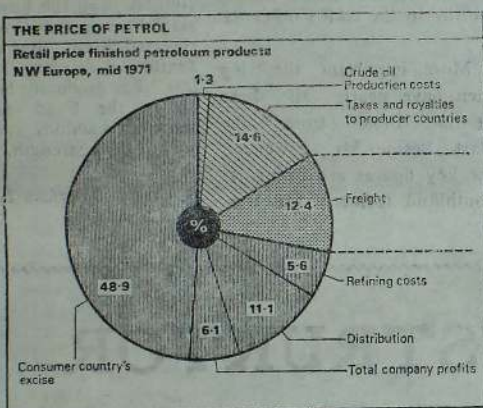
What has been described so far is the Fund's influence as distinct from the hundreds of formal decisions it makes each year. Some of these are on an interpretation of Fund rules. Most apply to individual countries agreeing on an exchange rate; approving or disapproving exchange controls; granting credits and setting the conditions; stopping access to further credit on the part of countries that have broken their undertakings to the Fund or, in some cases, approving or merely "noting" the policies of a member.

The bulk of these decisions are made by the governors only in the most technical sense; in practice they are made by the executive directors in Washington, to whom the governors' powers have been delegated. The accumulation of these decisions influence the world economy and not just individual members and the real responsibility for most decisions has increasingly shifted to the staff.

The executive directors act both as permanent representatives to the Fund and the Fund's representatives to their countries.

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more sharply Nevertheless, there is this insulation. Freight costs can easily fluctuate, and indeed have done, by more than the changes in host government revenues a barrel. The excise taxes on oil products in most European countries are far larger than the income taxes and royalties a barrel paid to the host governments (There is no need to compare the "justification" of these two quite different forms of tax. The fact remains that consumers paying say \$11-12 a barrel for petroleum products are not enormously sensitive to changes of 40-90 cents a barrel in the price of crude). The profits companies make at various stages of the business seldom total more than say 5 or 6 per cent of the prices consumers pay—even reckoned during a period of market strength like 1970-71 as distinct from the severely depressed profit levels that were experienced during most of the 1960's. And oil prices have only joined the inflationary surge (after a decade of stability) at a time when the prices of most other goods and services were already rising sharply. It is important neither to exaggerate nor to under-emphasise the significance of these changes—in price or in structure and political control—within the international oil industry. It is not the extra pence per gallon, cents per

barrel, billions across the exchanges that matter: it is the continuance—and evolution—of the largest single element in the volume of international trade, and the one on which most economies, rich and poor developed and developing, mostly depend.

For the developed economies higher revenues in the oil-producing countries mean larger opportunities for exports and industrial contracts there shifts in their balances of payments may not be onesided for long. For under-developed oil-importing countries, the burden is far less easy to bear or to offset by exports to the oil-exporting countries. Various proposals to temper the extra costs of oil to these less fortunate customers have been put forward, most recently to an OPEC conference this summer. While expressing sympathy, the host governments of oil have not so far been prepared to offer special financial dispensations. As they see the position, oil is the first raw material where collective action by governments has begun to redress the balance of advantage with the industrialised economies; their advice to other primary producers is: "From OPEC's of your own".

(Courtesy National and Grindlays Review)

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COUNTRIES OIL	1971	1975
... 6,325	8,850	
... 3,500	4,675*	
... 1,850	1,950*	
... 275	400*	
... 1,950	15,875*	
... 6,975	9,175	
... 1,725	2,550	
... 1,650	1,950	
... 1,600	2,200	

...Indonesia have
...or 1975 over 1971,
...reases in export

I. M. F. AT WORK...

(Contd. from page 9)

tries, six leading countries each appoint their own director (the US, UK, Germany, France, Japan and India) while the remaining 14 directors are elected for two-year terms by groups of countries with geographical or other ties and combined to give each director approximately equal voting power. But this means that some directors, like Canada's Robert Johnstone, represent only three countries several represent more than a dozen each including, at the extreme, Antoine Yameogo of Upper Volta, representing no less than 18 African countries (though with a combination of only 2.95% of total votes).

Executive Board

The impossibility of effectively representing so many countries is only one reason why the importance of executive directors has diminished. Another is the sheer volume of work, which has led to growing use of the "lapse of time" procedure by which staff proposals automatically become directors' decisions after a given interval unless some director has initiated an objection.

There have been other changes. While directors of leading countries are still briefed by their governments more extensively than other directors even this has become a looser tie than it was. One very important director explained current procedure in his case by saying: "I write my government recommending how I should be instructed, and if I weren't instructed the way I recommend 99% of the time, I should consider myself a failure".

Because of such changes, the executive board has now become more important for influencing policy over the longer term rather than individual decisions; and while directors' votes were common in the early days there has been only one since 1952—on the procedural though thorny decision not to postpone discussion of South Africa's offer to sell gold to the Fund in 1968.

As a rule, the managing director as chairman of the board of executive directors now seeks to ascertain the consensus of the directors.

When a staff mission reports on a country the director representing it will start the board's discussion with comments he has been instructed to make. Then follows a routine courtesy: a small speech by the director representing a friendly neighbour, to the effect that Ruritania's affairs may not be quite so frightful as they seem and in any case, everyone present will surely wish the Ruritanian authorities well in their herculean efforts to put matters right.

Thereafter, executive directors take turns to comment on the staff's findings and recommendations in detail but the discussion in informal and directors tend to speak as individuals rather than delegates. Some veterans who have been at the Fund long enough to accumulate a familiarity with countries' affairs matching the staff's contribute more frequently notable among them Peeter Liefinck, of the Netherlands who has been a director for 16 years. But the essential point is that staff proposals are usually adopted unchanged as executive director's decisions. The main effect of the board discussions is to influence the staff's approach for the future.

Main Link

The main link between countries and staff and the key man in the Fund is the managing director. Since the president

of the World Bank is traditionally an American (originally on the grounds that this would help create confidence in the capital markets where the Bank raises its funds) there is a convention that the Fund's managing director should not be an American. But he must be acceptable to the US, not merely the bulk of the membership and in Mr. Rooth's case, at least, the successful candidate was formally proposed by the US executive director.

Pierre-Paul Schweitzer the managing director since 1963 now well into his second three-year term, comes from an Alsatian family that has produced other well-known figures; his cousin is Jean-Paul Sartre, the existentialist philosopher, and his uncle was Albert Schweitzer the missionary doctor who received the Noble Peace Prize for his life's work at the leper hospital of Lambrance in west Africa.

Mr Schweitzer had an early contract with the Fund in 1947, when he was 35 and served for a year as France's alternate director. Later he was deputy governor of the Banque de France; and it seems universally accepted that he was personally picked for his present job by his predecessor Mr. Jacobasson.

Managing directors can exert a distinctive influence. The first, Mr. Camille Gutt, now 86 and in retirement was an orthodox Belgian finan-

cial who helped build confidence in a new institution. His successor, Mr. Rooth now likewise in retirement at the age of 82, was formerly president of the Swedish Riksbank: at the Fund his main achievement was to break the deadlock over use of resources Mr. Jacobasson came to the Fund in 1956 with an international reputation acquired during 25 years as economic advisor of the Bank of International Settlements. His arrival coincided with the first large use of Fund resources (by Britain, after Suez) and this, combined with his stature, enable him to assert the Fund's authority in a new way.

Mr Schweitzer, who has steered the Fund through the exchange crises and liquidity negotiations of the 1960s is described by close associate as a man who likes to make decisions and who "prefers to fight in the right causes rather than all" meaning that he will defer to subordinates on occasion, but stand up to the biggest member countries when he thinks a case sufficiently important. He is also described as being one concerned with issues than protocol, and staff relations are widely reputed (not just in the Fund) to be better than at some other international organizations. This is cited as an additional factor contributing to the staff's influence.

More important the top men have nearly all been at the Fund from the start. Besides Mr. Schweitzer, the key figures are Frank A. Southland formerly the U.S.

director at the Fund and now the deputy managing director. Jacques J. Polak and Joseph Gold. Mr. Southland concentrates on administration, while Mr. Schweitzer concerns himself more with policy. Mr. Polak, the economic counsellor to the Fund and head of its research department, is responsible for the Fund's attitude on key economic issues; his department produced the plans for SDRs commodity financing and for more flexible exchange rates (the last presently on ice).

Mr. Gold, an English lawyer is counsel to the Fund and functions rather like the US Supreme Court, in that the Fund is a rarity among international organizations with powers to interpret its own constitution. The original Articles of Agreement were left deliberately vague because, in the words of the first managing director, "voluntary misunderstandings" helped ease the path of the drafters. Mr. Gold describes himself as a "strict technician not a strict constructionist" and has spoken of his belief in "living law". The prevailing influence has been that of English common law, resting on individual precedents, rather than the less flexible codes of European civil law, and the Fund's legal staff has on some occasions reversed itself. But although flexible, a distinct "body of law" has gradually been built up in the Fund governing many of its actions and adding institutional strength.

(Courtesy American Banker)

INGRA-KONSTRUKTOR of Zagreb - Split, Yugoslavia.

- ★ Completed the construction of the First Stage of Maskeliya Oya Hydro-Scheme; Mousakelle Dam, Laxapana Diversion Dam; Polpitiya (5 miles long); Polpitiya Powerhouse (75 megawatts)
- ★ Completed Fruit Processing Plants in India, Ghana, Cuba, Pakistan, USSR, Poland etc;
- ★ Completed Cement Factories in Sudan, Ethiopia and India.
- ★ Presently completing the construction of the underground powerhouse and driving of tunnel on Kaufe Hydro Scheme in Zambia;
- ★ Completed hydro-schemes all over the world (India, Yamuna, Scholayar, Periar, Jaldhoka, Pakistan, Chicok, Mollian, Gujranwala, Cambodia, Kirirom-project, Iran, Mahabad Scheme, Mehra Klila and others;
- ★ Presently constructing Polgolla Diversion Project which is the first stage of the Mahaweli Ganga Development.
- ★ Presently constructing oil refinery in Iran and Constructing 16 Meat Processing Plants in Iran.

For all information contact:

INGRA-KONSTRUKTOR

18/1, Alfred Place, Colombo-3.

Phone: 32517

The
Economic Times

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See Order Form
on page 14

CEYLON STEEL CORPORATION

10th Anniversary Supplement

THE CHAIRMAN'S MESSAGE

Civilisation as is known today would not be possible without iron and steel. In our everyday life every one of us needs and uses iron and steel goods, such as knives and spoons, bolts and nuts, nails, hammers, saws, sickles and mammoets, railway engines and rails, machines and very many other items so vital to our lives are manufactured from iron and steel.

In recent years we have imported nearly all the iron and steel goods we needed. But today we have been able to reverse this trend. In fact with the establishment of the Steel Corporation ten years ago and the setting up of the Iron and Steel Complex with the economic and technical co-operation of the USSR the country's requirements of steel and iron products mainly for



Prof. P. P. G. L. SIRIWARDANE
Chairman
Ceylon Steel Corporation

the building industry are now met locally resulting in an enormous saving in foreign exchange.

The Corporation is now actively planning the second stage of the undertaking—the in-

Economic Counsellor's Message

On the occasion of the 10th anniversary of the establishment of the Ceylon Steel Corporation, I congratulate the administration, workers, technical staff and officers of the Corporation and wish them success.

With the commissioning of the Iron and Steel Works on the 20th of March 1967, built with the Soviet economic and technical assistance the Ceylon Steel Corporation became one of the leading State Industrial Corporations in Ceylon.

The operation of the Works enables Ceylon to stop import of rolled products, wire and wire products thus saving foreign exchange so much needed for the economy of the country.

stallation of facilities of steel making and then of iron making. These plans will take into consideration the economic needs of the country, the locally available raw material resources, such as iron ore, as well as the latest innovations in the technology of iron and steel manufacture.

I would also like to take this opportunity to express my appreciation of the magnificent services and co-operation extended to us by the Soviet experts, consultants and technicians in the construction and development of our local iron and steel industry. It is mainly due to their efforts that the steel Corporation is what it is today.

My appreciation also goes out to our own engineers, technicians and workers who have so skilfully mastered the intricacies in the manufacturing process. The Corporation owes quite a lot to their dedicated service and hard work.

Finally, I would like to thank 'The Economic Times' for bringing out this Special Supplement in collaboration with the Steel Corporation and the Soviet Embassy.

At present, Ceylonese engineers, technicians and workers having successfully mastered operation of sophisticated processes of Iron and Steel Works are fruitfully working for the benefit of strengthening and developing the Ceylon national economy.

V. ILYIN
Acting Counsellor
for
Economic Affairs,
USSR Embassy



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- (iv) Torsion Testing
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- (ii) Sulphur, Phosphorus and Oxide Printing
- (iii) Grain size measurements.
- (iv) Measurements of case depths for case hardened components.

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- (i) Chemical analysis of steels, cast iron, non-ferrous metals.
- (ii) Chemical analysis of acids, fluxes etc.
- (iii) Fuel and oil analysis - Viscosity, Flash Point, Calorific Value, Sediments, Acid Number etc. of oils lubricants greases etc.
- (iv) Complete analysis of industrial water, distilled water etc.

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Ceylon's first steel complex — A decade of progress

The establishment of the Steel Corporation under the State Industrial Corporations Act No. 49 of 1957 in 1961 saw the dawn of a new era in independent Lanka's industrialisation process. Ceylon's first successful venture into heavy industry has made it possible for the country to rid its dependence of foreign countries for a major portion of our iron and steel requirements besides effecting considerable savings in foreign exchange.

Within the short period of ten years since the establishment of the Corporation and just four years after production commenced, Ceylon with the Government of the USSR with whose assistance this project proved a reality, is now actively planning the second-stage of the venture—manufacture of steel locally. For this purpose maximum use will be made of scrap-iron found extensively locally and imported crude iron. Implementation of this project for which the Government has obtained technical and material assistance from the Soviet Union could well play a leading role in trans-

forming the economic pattern of the country.

It would be relevant to state here that iron and steel manufacture are, however, not new to Ceylon. Before Ceylon passed under foreign rule she possessed her own iron and steel industry. The slag heaps that are scattered throughout the countryside from Padaviya to Matara, the place names of old iron-working villages, and the plough knives etc with their exquisite craftsmanship found in our museums are memorials of our iron and steel industry. Under the colonial era, this craft and its traditions perished

The old Sinhala iron and steel industry was still in existence even in the early days of British rule. If Ceylon had remained independent, this ancient craft might have been developed into a modern iron and steel industry by the assimilation of more advanced technology. Instead it died, because colonial policy required Ceylon to produce agricultural raw material for the imperial powers and import

manufactured goods from the west.

Change of attitude

The then Government in keeping with its socialist aims, however, changed its attitude with the decision to set up

for the setting-up of the Steel Works.

The total capital investment in the Steel Corporation is Rs. 117.0 million. This figure is inclusive of the value of assistance given by the USSR.

Designs for the Steel Mill were drawn up by Messrs.

Steel Factory, the USSR also trained over thirty local engineers and technicians in metallurgical plants in their country. Five of these persons completed an Advanced Course in Steel Technology at the Friendship University in Lumumba, Moscow.

As many as fifty-five Russian specialists were loaned to the Steel Corporation to assist us in the initial commissioning and production stages of the mill.

These specialists in a comparatively short space of time trained local personnel to run the entire works. Today Ceylonese technicians assisted by two Russian specialists (mainly in an advisory capacity) are responsible for the smooth running of the mill.

Located on a sprawling 307-acre block of land at Oruwala, the Steel Complex was built by the State Engineering Corporation.

Construction work commenced in December 1962. Water is supplied to the factory from a pumping station at Nawa-

Contd. on page 13



A senior technician is seen checking operations at the wire mill of the Steel Corporation.

the Steel Corporation with the signing of the Technical and Economic Cooperation Agreement with the USSR.

In terms of this Agreement the Government of the Soviet Union granted a line of credit

Gipromez Engineering Company, Moscow while equipment was provided and technical services were rendered by Messrs. Tiajprom export of Moscow.

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FIRST STEEL COMPLEX

Contd. from page 12
gamuwa on the Kaleni river. These facilities were designed and constructed by the Department of Water Supply & Drainage, Power for the factory is supplied by a 132 K-V line erected by the Department of Government Electrical Undertakings.

Production

Production at the Steel Complex commenced with steel rolling and wire drawing.

In the Rolling Mill, imported steel billets are fabricated into standard shapes used mainly in the building industry. The Rolling Mill now functioning has a rated capacity of 60,000 metric tons per annum of rolled products (working on two shifts). The annual production in 1970-1971 in the Rolling Mill was 36,800 metric tons, while sales in the same period totalled 34,850 metric tons.

The Steel billets used in the Rolling Mill are imported mainly from the USSR and India.

When production first commenced the Rolling Mill was only producing M.S. Round Iron; Flat Iron; and Angle Iron. Today the Rolling Mill produces M.S. Round Iron in nine different sizes, M.S. Equal Angles in seven different sizes, M.S. Flats in eleven different sizes and M.S. Unequal Angles in three different sizes.

In the wire drawing unit, the basic raw material used is wire rods. Items produced by this unit include: Nail wire in ten different sizes; Black annealed Binding wire in eight different sizes; Galvanised Binding in eight different sizes, Welding Mesh; Galvanised Welding Mesh; Wire Netting in three different sizes and Barbed Wire.

The raw material for the Wire Mill is imported from the Soviet Union and Japan.

Estimated capacity of the Wire Mill is 12,000 metric tons per annum. Production in the year 1970-1971 totalled 9,625 metric tons. Sales in the same year also amounted to 9,625 metric tons.

The total value of the Steel Complex's production when calculated at current market prices is Rs. 65 million. The Rolling Mill and the Wire Mill are at present capable of producing Merchant Sections of wire products sufficient to meet the requirements of the country covering 90 per cent of the range of products now in use. The mill has been planned to cover adequately the growth of consumption in these varieties for the next ten years.

During the last four years of operation, Factory performance of the installed equipment has been satisfactory and a high level of production has been maintained. This has

enabled the Corporation to earn profits right throughout and in 1969-1970 the profit was Rs. 2.6 million.

With the setting up of Ceylon's first Steel Mill, huge sums of foreign exchange are being conserved and profitably diverted for development work.



Picture shows the testing of equipment by a technician at the laboratory of the Steel Corporation

Each year Ceylon imports 200 million rupees worth of iron and steel goods. Our existence in homes, schools, workplaces and fields is made possible by a host of tools, instruments, implements machines and utilities made of iron and steel. A major portion of this national wealth is now being saved by this factory.

Besides the foreign exchange saving employment opportunities for more than 950 persons

have been provided with the setting up of the Mill.

The benefits of the Steel Factory do not end with this. Steel is a strategic industry for any developing country. It consumes huge quantities of raw materials such as limestone, dolomite and iron ore. It uses power on a large-scale. Other new industries will process its products further into

iron that is at present available in large quantities locally. To ascertain the availability of scrap in the country the Corporation recently undertook an island-wide survey which revealed the existence of large quantities of scrap iron.

This project will be undertaken with the cooperation of the Soviet Union who has agreed to contribute about Rs.60 million for the extension of the Ortuwela steel mill.

In this connection a high-level team of experts from the USSR recently visited Ceylon and had discussions with officials of the Ministry of Industries and Scientific Affairs and of the Steel Corporation.

A detailed report outlining all the technical aspects of the project submitted by the Russian experts is now being studied. A formal agreement is expected to be signed next year.

The Technical Report submitted by these experts on the Second-stage envisages the installation of a continuous casting plant and the construction of an Electrical Steel Melting shop for usings scrap as a basic raw material.

The utilisation of scrap iron as a cheaper raw material compared to steel billets will result in a greater foreign exchange saving for the country. It could also enable the Corporation to be self-sufficient in its requirements of billets. Billets are in short supply in the world market, and this can adversely affect the attainment of project capacity.

The economic needs of the country, the availability locally of raw materials and the latest techniques in the technology of steel manufacture will be among the principle factors considered in connection with this project.

SECOND STAGE

The Steel Corporation is now actively planning the Second Stage of the undertaking local manufacture of steel from imported crude iron and scrap-

A huge foreign exchange saving and the creation of more employment opportunities will be the immediate benefits realised with the setting-up of the Second Stage.

GREETINGS to the CEYLON STEEL CORPORATION

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A modern steel mill comes into operation

Coming up to Oruwala within a mile of the steel factory one is suddenly confronted with a panoramic view of the Rolling Mill with its tall chimney, set amidst green fields of paddy and surrounded by waving coconut palms.

Nothing seems incongruous in this view—it is almost as if the factory were an integral part of natural scenery of this beautiful countryside.

It is hard to imagine that only ten years ago the forty acres or more on which this factory is located was covered with coconut and rubber and that life in this area and its leisurely rhythms of an agricultural society.

On this day ten years ago the Ceylon Steel Corporation was set up to implement the government's scheme to establish a fully integrated iron and steel works in this country.

Two years later, in 1963 the workers and staff of the State Engineering Corporation and the Ceylon Steel Corporation began construction of Ceylon's first modern steel mill assisted by a team of Soviet experts. Much hard

work was involved—work under harsh tropical conditions. And this being Ceylon's first metallurgical plant there were many problems—of a nature never faced in this country before—which were solved through friendly understanding and co-operation between the Ceylonese and Soviet personnel working on the project.

SOVIET CO-OPERATION

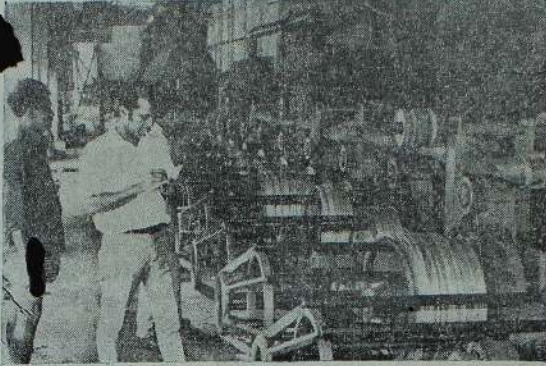
The Soviet assistance in this project—in designing the plant, in supplying machinery and equipment, in providing construction equipment and materials and most important, in training Ceylonese personnel to man the factory—was provided under the terms of the Technical and Economic Co-operation Agreement signed between Ceylon and the U. S. S. R. in February, 1958.

During the four years of construction of the project much heavy work had been carried out. One can visualise the magnitude of the task when one considers that about, 40,000 cubic metres of mass and reinforced concrete was laid for the factory foundations—concrete

sufficient to construct the foundations for 25 tea factories! Two thousand seven hundred cubic metres of pre-cast concrete had been installed and 2,800 tons of metal fabrications mounted. More than 4,000 tons of machinery and equipment had to be installed in the various shops before the factory came into operation.

the Soviet Union.

It takes only 30 seconds to convert a shapeless billet into a useful profile. Yet, concentrated in these 30 seconds are years of skill and experience and the perfect harmony of a large workforce acting in unison towards a common goal. The red-hot metal rushes by on its way, and from the



Picture shows a cross-section of the wire mill where wire products such as barbed wire, are turned out.

The Mill at Oruwala now lives a full life. It has helped bring into being many skilled specialists in different fields of metallurgy and steel technology most of whom have received their training in the best metallurgical plants in

heating furnace to the finishing yard it is watched and handled by Ceylonese workers skilled in their jobs.

PRODUCTION PROBLEMS

Problems? of course we have many. For there can be no production without problems. Yet these problems are of a special nature. How can we produce more profiles to meet demands and how can we reduce costs? How do we increase production? These are the problems that challenge the workers and staff every day—problems which

engage their attention and to which solutions are sought.

In March this year there was a serious shortage of small-sized billets to roll the popular sizes of rounds. This problem was overcome with successful experiments which enabled the use of larger billets not normally used. This was followed by rationalisation of groove mountings in relation to the demand for individual profiles which resulted in very substantial gains in production and a reduction in idle time.

Yes, problems are being solved and every new problem faced and overcome widens the experience and increases the skills of the workers, engineers and technicians.

And every new problem solved increases the understanding and goodwill between the Soviet personnel who have come here to share their experience and the Ceylonese who are faced with the responsibility of developing Ceylon's metallurgical industry as a matter of national importance. In working together we have developed very close ties of friendship and understanding with the Ceylonese.

Contd on page 15

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WORKER-MANAGEMENT RELATIONS

With the advent of the People's Government in May 1970, the workers role in society was completely revolutionised and the worker was assured a more meaningful position in the administrative machinery of the state.

Prior to May 1970, the worker was pushed into the backyard and made to play second fiddle. This was one of the main contributory causes for the continued industrial unrest evidenced in the pre-May 1970 period.

The new Government, however, in keeping with its socialist norms decided to change all this with the establishment

of Worker's Councils in all Governmental Departments and Public Sector Corporations. By this step the active participation of the worker in the day to day management of state institutions was made a reality.

A typical case in point is the Steel Corporation where due to strained relations between management and the workers, production was severely retarded and for a certain period of time came to a virtual standstill. This unhappy position was, however, remedied shortly after the United Front Government took over the reins of office.

A new Board of Directors was appointed led by Professor P.P.G.L. Siriwardena who restored normalcy at the Corporation.

Healthy relations

Today very healthy relations exist between workers and the management. Workers are consulted on all matters affecting them and in the handling of the Corporations affairs. The management is in close consultation with the workers through their Workers Council and Trade Unions and their advice is sought on important issues.

Workers are now made to feel part and parcel of the organisation and this has resulted in a tremendous increase in production both in the Vye Mill and the Rolling Mill.

The Worker's Council of the Corporation besides advising the management on important issues is doing its best to cut down waste of public funds; increase production; point out neglect of duty and draw attention to malpractices prevalent. The Steel Corporation is now contemplating the introduction of an Incentive Bonus Scheme in a further endeavour to boost production and step up all-around efficiency in the Corporation.

The Russian specialists resident at the Mill have greatly

helped in this regard as their relations with the technical staff is so friendly as to permit any problems being solved not at the conference table but by the joint efforts of the specialists and the local employees.

The Russian specialists, particularly when operations first commenced did their utmost to assist local engineers to keep production lines moving without interruption.

The Corporation had to face a frequent breakdown of supplies of billets of an important specification. This particular size of billets was necessary for the manufacture of a wide range of rolled products. The Soviet engineers assisted local technicians to overcome this problem without a disruption to production. This was done by introducing

certain adjustments whereby steel billets of another size could be used to manufacture the same products.

Recreational Activities

The Steel Corporation has set up an Employees Recreation Club through which various sports activities are conducted.

Competitions in indoor games are held regularly and the Corporation is participating in the Nationalised Services Cricket, Hockey, Soccer, Athletics, Basket Ball and Net Ball Tournaments.

The employees of the Corporation have done well in these competitions mainly due to the encouragement given by the management who feel that promotion of sports activities could lead to a happier and more contented work force.

STEEL MILL.....

Contd. from page 14

There were at one time over 100 Soviet specialists attached to the Steel Factory. Now only three of us remain. And when it is time for us to leave we shall do so with mixed feelings—feelings of joy, sadness and pride.

With joy because naturally we miss our relations and friends. And we have been long from our homeland. With sorrow because we will be leaving behind so many good friends and acquaintances. With pride because we leave behind for our friends this factory—our pride of work.

Years will go by. The second and third stages of the project

will be put into operation developing this plant into a fully integrated iron and steel works. Children will replace their fathers at their workplaces and their fathers will proudly claim—"We were the first metallurgists in Ceylon"

We see the faces of children aglow with the fiery reflection of the hot metal as it flashes by. These are the faces of children who have come visiting the factory on an excursion. They are full of wonder and admiration at seeing their elders (the first representatives of a fiery profession) bend the stubborn metal into obedience, accepting shapes and forms needed in the building of their country.

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Thursday 16th September, 1971

PRESERVING DEMOCRACY

"IF THE PEOPLE FAIL TO BE SATISFIED THE SEEDS OF REVOLUTION WILL BE SOWN" - MR. FELIX DIAS BANDARANAIKE'S COMMENTS AT THE COMMONWEALTH PARLIAMENTARY CONFERENCE.

THIS IS IN A NUTSHELL THE REASON FOR POLITICAL UPHEAVAL IN THE NEWLY EMERGENT COUNTRIES OF THE FREE WORLD. IF THE PARLIAMENTARY DEMOCRATIC WAY OF LIFE IS TO BE PRESERVED THE RISING ASPIRATIONS OF THE PEOPLE MUST BE FULFILLED.

IT IS A TRUISM THAT ECONOMIC FACTORS ARE THE PRIMARY CAUSE OF REVOLUTIONS, COUPS AND COUNTER-COUPS. IT NEED HARDLY BE MENTIONED THAT THE PACE OF ECONOMIC GROWTH ACHIEVED OVER THE LAST THREE DECADES OR SO HAS NOT BEEN FAST ENOUGH TO ABSORB THE INCREASING WORK-FORCE OF THE COUNTRY AND TO PROVIDE A SUITABLE STANDARD OF LIVING. THE LIMITED FOREIGN EXCHANGE RESOURCES IS NO DOUBT THE LIMITING FACTOR UPON DEVELOPMENT. THIS IS REALIZED EVEN BY THE MAN IN THE STREET. IT IS THEREFORE AN URGENT NECESSITY TO REMEDY THIS SITUATION TO WHICH THE GOVERNMENT IS VERY MUCH ALIVE.

A DEVELOPING NATION CANNOT ACHIEVE RAPID ECONOMIC DEVELOPMENT THROUGH ITS OWN EFFORTS ALONE. IT NEEDS THE ASSISTANCE AND CO-OPERATION OF OTHER COUNTRIES AS WELL, PARTICULARLY FROM THE DEVELOPED NATIONS. IT IS OF COURSE TRUE, AS MR. FELIX DIAS BANDARANAIKE POINTS OUT: "THE RESPONSIBILITY FOR PRESERVING PARLIAMENTARY DEMOCRACIES SHOULD BE INTERNATIONAL THROUGH DEVELOPED COUNTRIES PROVIDING A FAIRER DEAL FOR PRIMARY PRODUCERS....." GOOD. BUT THIS IS ONLY ONE ASPECT OF THE MATTER:

ECONOMIC DEVELOPMENT COVERS A MUCH WIDER ASPECT. PARTICIPATION OF FOREIGN CAPITAL IN COLLABORATION WITH LOCAL CAPITAL IS ALSO A SINE QUO NON IN THE DEVELOPMENT PROCESS. YUGOSLAVIA TODAY PROVIDES A CLASSIC EXAMPLE IN THIS RESPECT DEMOCRATIC SOCIALISM IN ITS REAL SENSE COULD BE ACHIEVED BY ENCOURAGING FOREIGN INVESTMENT AND BY DIRECTING AND CONTROLLING IT IN ACCORDANCE WITH NATIONAL PRIORITIES. BOTH THE PUBLIC AND PRIVATE SECTORS SHOULD WORK IN HARMONY AS PARTNERS IN PROGRESS. MANY EXISTING PROBLEMS WILL DISAPPEAR IF THE COUNTRY COULD ACHIEVE RAPID ECONOMIC GROWTH.

DELEGATES FROM OTHER COUNTRIES AT THE CPA CONFERENCE HAVE VERY RIGHTLY STRESSED THE FACT THAT ECONOMIC DEPRESSION AND LOSS OF CONTACT BETWEEN LEADERS AND THE PEOPLE WERE ALSO RESPONSIBLE FOR THE PREVALANCE OF COUPS AND INSURRECTIONS. AGAIN, THERE IS ALSO THE NEED NOT TO BRUSH ASIDE OPPOSITION. AS ONE DELEGATE POINTED OUT "A STRONG OPPOSITION PROTECTED INSIDE AND OUTSIDE PARLIAMENT CAN BE THE STRONGEST COUNTER TO COUPS."

TEN YEAR OIL DEVELOPMENT PLAN

The Ceylon Petroleum Corporation is for the first time drawing up a Ten year Oil Development Plan. The total expenditure involved is estimated at Rs. 996 million.

This Plan is aimed at meeting the country's rapidly increasing demand for petroleum products.

Consumption of petroleum products in Ceylon are increasing at an annual rate of 10 per cent. Accordingly, by 1981 the present consumption of 1.9 million tons will increase to 3.8 million tons.

To meet any additional burdens that might fall on the Corporation with regard to processing, storage, marketing and distribution, large-scale improvements and replacements to existing facilities, and construction of new

facilities are envisaged under the Plan.

Development project

The Plan also provides for major capital development projects like Oil Exploration and purchase of oil tankers.

In this connection the Petroleum Corporation has sought Government approval to purchase two second-hand oil

tankers for hauling its crude oil requirements from the middle East and also take back finished products like Naptha fuel oil etc.

Total capacity of each of the tankers is 30,000 tons and is expected to cost Rs. 20 million. The entire investment investment according to the Corporation could be recouped in two years.

New life for Fishing Industry

Development Plans for fisheries will originate at the village level. This was one of the decisions taken at the Government Agents Conference on Fisheries Development work, held recently in Colombo.

Plans are being finalised by the Department of Fisheries to recruit District Fisheries Extension Officers to decentralise the work of the Department. These officers will work under the general supervision of Government Agents and there will be a Fisheries Extension Office established in every coastal district.

Primary functions

One of the primary functions envisaged for the District Fisheries Development Committees is the preparation of District Fisheries Development Plans as is being done in the sphere of agriculture.

It was also decided that the District Fisheries Development

Committees should give the highest priority to the preparation of District Fisheries Development Plans on the basis of programming of the supplies and facilities required in the district to service the existing fishing fleet, planning of the organisational set up in the district through fishing co-operatives, establishment of fishing of repair workshops etc. planning of the provision of facilities in the district for marketing and improved distribution of the targeted production and planning of the provision of welfare facilities.

The District Fisheries Development Scheme hopes to increase production in the coastal fisheries from 99,750 tons to 124,820 tons—an increase of about 25,000 tons and the inland fisheries (fresh and brackish water) from 11,100 tons to 21,100 tons—an increase of 10,000 tons.

The development programme will be spread over a period of 5 years, from 1971 to 1976

Counterpart Fund Operations

In the first ten months of the current financial year Rs. 233 million was credited to the Ceylon Government Foreign Aid Counterpart Fund and Rs. 232 million was withdrawn from it. In Comparison, Rs. 231 million was credited and Rs. 232 million withdrawn in the Corresponding period of previous financial year.

In July 1971 Rs. 1 million was credited to the Fund and no withdrawals were made during that month.

Japan steps up capital liberalisation

Japan has implemented the recommendation of the Foreign Investment Council, an advisory organ of the Finance Minister, that a fourth round of liberalisation of inward direct investment designed to accelerate the liberalisation of new establishments in Japan of affiliated companies and joint venture companies with foreign capital, but it lists for the first time, only lines of business subject to individual screening.

These lines of business number seven—that is:

1. oil refining and sales,
2. electronic computers and related equipment,
3. data processing,
4. hide and leather products,
5. chain stores comprising of more than 11 shops,
6. agriculture, forestry and fisheries and
7. real estate.

All the other sectors have been opened to foreign direct investment. Besides, electronic computers will be liberalized after three years

Along with these recommendations, the Foreign Investment Council presented a written view that the Government should step up its liberalization tempo after the fourth round of trade and capital liberalization. On the other hand, discussions are now being held within the Government to further promote the liberalization policy not only to remove restrictions on foreign investment for the establishment of new enterprises but also accelerate the liberalization of foreign capital participation in existing Japanese enterprises. Further studies are being made for increasing

the number of the lines of business in which enterprises can be established on the basis of 100 percent foreign capital. (The lines of business in this category number 228, or about 30 per cent of all liberalized lines).

SOVIET AID TO INDIA

Sixty-five industrial and other projects have been built or are under construction in India with Soviet technical assistance. Plants built with Soviet aid now refine over one-third of the oil produced in the country, turn out nearly thirty per cent of the steel, while electric stations generate one-fifth of the electric power generated by India.

The USSR also helps India in the development of agriculture. For instance 25,000 Soviet-made tractors operate in Indian fields. Soviet specialists trained 40,000 Indians in different trades.