

# THE ECONOMIC TIMES

## RICE IMPORTS DECLINE

Ceylon's rice imports for the first six months of the year have shown a marked decline, according to the latest statistics released by the Food Commissioner.

From 212,558 tons in the first half of last year, rice imports have dropped to 156,272 tons in the January-June 1971 period. This represents a decline of 56,286 tons.

### G.P.S. PADDY PURCHASES UP

Paddy purchases under the Guaranteed Price Scheme showed an increase from 13,716,702 bushels for the first six months of 1970 to 18,931,338 bushels for the corresponding period this year, according to Planning Ministry sources.

Rice supplied to the Food Commissioner also increased from 115,843 tons for the first half of 1970 to 201,810 bushels for the corresponding period of 1971.

Vol. 2 No. 13

Saturday 2nd October 1971

Price 50 cts

## External trade: Overall position

# IN DEFICIT

By Our Commercial Cor.

Ceylon's balance of trade for the first half of the year (January to June 1971) showed a deficit of Rs. 77.2 million in comparison with the deficit of Rs. 205.6 million for the corresponding period last year, according to latest Central Bank data.

The value of total exports from January to June 1971 was Rs. 954.6 million while that of imports totalled Rs. 1,031.8 million. The corresponding figures for 1970 were Rs. 1,018.1 and Rs. 1,223.7 for exports and imports respectively.

In the month of June 1971, the value of total exports was Rs. 202.2 million and that of imports was Rs. 206.1 million resulting in a merchandise trade deficit of Rs. 3.9 million as against a trade surplus of Rs. 7.5 million in June 1970. Compared with May 1971, the value of exports for the current month was higher by Rs. 60.1 million while that of imports was lower by Rs. 55.1 million

### Adjusted Data

The value of imports (Customs data) when adjusted for Food Commissioner's actual imports of rice, flour and sugar show a merchandise trade surplus of Rs. 7.0 million in June

1971 and a deficit of Rs. 69.7 million in the first half of 1971 as indicated in Table A.

### Principal exports

The volume of tea exported in the first six months of 1971 was 221.3 million pounds and was 14.6 million pounds less than that exported in the same period of 1970. A decrease in the volume of exports accompanied by a fall of 2 cents per pound (to Rs. 2.41 per pound) in the average f.o.b. price of tea resulted in a fall of Rs. 39.8 million (to Rs. 539.9 million) in export earnings from tea in the first half of 1971.

The volume of rubber exported in the first half of 1971 at 162.8 million pounds showed a decrease of 9.0 million pounds as compared with the same period of 1970. A decrease in the volume of exports accompanied by a fall of 23 cents per pound (to Rs. 1.10

per pound) in the average f.o.b. price of rubber resulted in a fall of Rs. 49.3 million (to Rs. 178.7 million) in export earnings from rubber in the period January to June, 1971 as compared with the same period of the preceding year

Export receipts from the three major coconut products in the first half of 1971 amounted to Rs. 134.6 million and were Rs. 37.8 million higher than that of the corresponding period of 1970. The increase in export earnings was due both to an expansion of 32.8 per cent in their export volume (in terms of their net equivalent) and to a rise of 3.2 per cent in their average export price (Central Bank Trade Indices 1967=100).

TABLE A

	June		Rs. Million	
	1970	1971	Jan.-June 1970	Jan.-June 1971
Total Imports (Customs data) ...	183.4	206.1	1,223.7	1,031.8
Difference between Customs and Food Commissioner's imports for rice, flour & sugar ...	+7.2	+10.9	+8.0	-7.6
Total Imports (Customs data) adjusted for Food Commissioner's ...	176.2	195.2	1,215.7	1,024.2
Total Exports ...	190.9	202.2	1,018.1	954.6
Balance of Trade (adjusted) ...	+14.7	+7.0	-197.6	-69.6

## M'facturing Corps. make good progress

Most of the state manufacturing Corporations functioning under the Ministry of Industries and Scientific Affairs recorded significant increases

in production during the first six months of this year.

Output of these Corporations showing the increases made are given below:-

Producing Agency	Commodity	Unit	1970	1971
Eastern Paper Mills Corp.	Paper	Tons	4,116	5,146
	Paper Bags	Millions	3,751	3,943
Cement Corp.	Cement	Tons	138,868	169,015
Steel Corp.	Rolled Steel	M. Tons	10,540	11,842
	Wire Products	M. Tons	2,150	3,372
Tyre Corp.	Tyres	Nos	32,810	54,721
	Tubes	Nos	26,021	43,134
State Hardware Corp.	Mammoties	Nos	17,028	34,475
Paranthan Chemicals Corp.	Caustic Soda	Tons	622	660
	Chlorine	Tons	256	275
National Salt Corp.	Salt	Tons	3,096	3,678
Ceramics Corp.	Ceramicware	Tons	905	950
	Sanitaryware	Tons	250	270
Mineral Sands Corp.	Ilmenite	Tons	42,927	50,316
Ceylon Leather Corp.	Footwear	Pairs	117,576	126,981
	Tanned Leather	lbs	102,733	126,555
Oils & Fats Corp.	Chrome	sq. ft.	349,029	517,220
	Cattle Feed	Tons	4,572	4,983
	Poultry Feed	Tons	19,134	19,599
Textile Corp.	Textiles	M. yds	2,857	3,246
	Yarn	M. yds	1,082	1,317
Fisheries Corp.	Wet fish	Tons	1,194	1,950
	dried fish	Tons	73	134

Source: Ministry of Planning & Employment

### India steps up shoe exports

India will export two million pairs of shoes worth about Rs. 10 crores, during 1971-72.

Disclosing this at a meeting of representatives of trade and industry Mr. P. L. Tandon, Chairman of the State Trading Corporation, said that they could build up their export market for shoes to five million pairs in course of time. He however, suggested that the leather industry build up a corresponding market at home

Foreign Ministers of the six-nation community and their deputies decided that it was not the time for harsh reprisals against the protectionist measures President Nixon ordered on August 15.

The measures set off a crisis expected to cost the Europeans some \$2,000 millions (Rs. 1,500 crores) a year in export sales to the United States. But instead of striking back without more curbs on foreign trade, Common Market nations looked toward moves to compensate at home those industries most hurt by Mr. Nixon action's.

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# MARKET PRICES

**COLOMBO**

**CLOSING PRICES 28-9-71**

**TEA (Rs. Cts Per lb.)**

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

	B. O. Ps		B. O. P. F.s	
<b>High Grown :</b>	Rs. 1.82	4.00	Rs. 1.78	3.70
<b>Uva Teas :</b>	1 at 4.50	1 at 4.90	1 at 3.80	1 at 4.00
		1 at 5.10		1 at 4.10
<b>Medium-Grown :</b>	Rs. 1.80	1.95	Rs. 1.70	1.99
<b>Small Leaf Low-Grown :</b>	Rs. 1.95	2.20	Rs. 1.68	1.80
<b>Leafy Low-Grown :</b>	Rs. 2.20	2.60		
<b>Tea For Price :</b>	Rs. 1.55	1.75	Rs. 1.45	1.65

	F. B. O. Ps		F. B. O. P. F.s	
<b>Tippy Teas :</b>	Rs. 2.40	2.75	Rs. 2.60	8.10
			1 at 8.50	1 at 20.00

**RUBBER PRICES FOR THE WEEK ENDED 26.9.71**

	(Rs. cts.—per lb.)		Avg to Same Period	
	Closing	Quotations	Avg. to date	1971
RSS No. 1	77 3/4		81 1/4	92 1/2
RSS No. 2	66 1/2		73 1/4	88
RSS No 3	63 1/4		71 1/2	86 1/4

	(Rs. per candy)	
	Opening Price	Cl os. Price
<b>COPRA</b>		
Estate copra No 1	205.50	201.00
<b>COCONUT OIL (Rs per ton)</b>		
Sept.	1,375/-	1,400/-
October	1,375/-	1,400/-
<b>DESSICATED COCONUT</b>		
	(per lb)	
	Opening price	Closing Price
Sept.	.60	.60
October	.60	.60

**PRICES OF THE WEEK ENDING 26.9.71**

Commodity	Buyers	Quotations	Expor
	(Per lb)		DUTY
Cardamoms	11.50	—	40%
Cardamom Seeds	13.10	—	on true
Cloves	37.00	—38.00	F.O.B.
Cloves Stems	5.00	— 6.00	value
Mace	11.00	— 12.00	
Nutmeg (Shelled)	5.00	— 5.25	
Nutmeg (Unshelled)	2.50	— 3.00	
Pepper (Black)	5.60	—	
Papain (White)	17.00	—18.00	
Papain (Brown)	15.00	—16.00	
Cinnamom H/1	3.05	—	40%on
Cinnamom H/2	2.80	—	true f.o.b.
Cinnamom Quilings No 1	2.40	—	value
	Per Cwt.		Export Duty
Cocoa	Unquoted		40%on
Coffee	375.00—400.00		true f.o.b
Kapok (Glean)	135.00		value
Kapok (Unclean)	42.00		
Croton Seeds	100.00	—125.00	
<b>Essential Oils</b>	Per 25 lb.		
Cinnamom Leaf Oil	17.50		
Cinnamom Bark Oil	Per oz 22.00		
Citronella Oil Estate Quality	Per lb. 6.50		10%on
Citronella Oil Ordinary	Per lb 6.35		true f.o.b.

**SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 26.9.71**

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	14.00—
Other varieties	12.00—
Rice Par Boiled	70.00—

Country Rice No. 1	75.00—	80.00
—Country Rice No. 2	70.00—	
—Samba Rice	95.00—	98.00
—Kora Rice	100.00—	110.00
—Maize	Per Cwt	30.00—31.00

**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	
<b>illet</b>	Per Bushel	
—Finger Millet (Kurrakkan)	11.00—	12.50
—Sorgum	440.00	(per ton)
—Soya Beans	850.00	(per cwt)
<b>Spices Condiment</b>	Per lb.	
—Mustard	7.00—	9.25
—Chillies	Per Cwt	
—Dired Long	340.00—	350.00
—Dired Round	Unquoted	
—Off Grade	"	
—Goraka	90/-	95/-
—Vinilla	Per lb.	
—Tamarind	Per cwt	120.00— 125.00
—Ground Nuts	Per 80 lb	68.00— 70.00
—Cashew	Per lb.	5.50

## PRODUCE REPORT

Week-ending 26th September 1971

**Cardamoms:** 10,902 lbs. Cardamoms were offered, a substantial increase of 5,586 lbs. compared to the previous week's total. The market was considerably easier with very little buying interest with No.1 quality being quoted at 11/50 per lb. Next best grades continued to decline and were transacted at between Rs. 9/- Rs. 10/- per lb., whilst off grades were easier at Rs. 3/50 to Rs. 6/50 per lb. Seeds fell by about -/50 cents per lb. to be quoted at Rs. 13/10 per lb. Buyers reported very little overseas buying inquiries presumably due to increased world production chiefly from India, the physical effects of this increase being now felt on our local market. This feature together with increased quantities on offer in Colombo contributed to the depression in the market.

**Cocoa:** Cocoa was once again neglected with No. 1 quality being withdrawn due to lack of suitable bids. Below best grades fetched prices at between Rs. 175/- to Rs. 190/- per cwt., whilst daker and poorer sorts ranged from Rs. 90/- to Rs. 150/- per cwt. **Pepper:** Approximately 1320 lbs. of Pepper were on offer with one lot of fairly good quality fetching Rs. 5/60 per lb. at which price the quotation was made.

**Coffee:** A small quantity of 1 cwt. of Off quality Coffee which was on offer fetched Rs. 215/- per cwt.

the previous week's total. Light Brown Scrap Crepes improved by 1 cent per lb. but the dark brown sorts remained unchanged. Darker offerings were 1 cent per lb. better. Flat Bark too was quoted 1 to 2 cents per lb. higher. At the following Sale, light brown scrap crepes remained unchanged but the dark brown and darker offerings were marked down by 1 cent per lb. Flat Bark however remained unchanged.

Approximately 31 Tons of SOLE CREPE were offered during the week under review an increase of 6 tons compared to the previous week's total. The easier conditions continued except for some converging interest for 1/4" F.A.Q. Offerings. Poorer sorts were once again heavily neglected and sold at between Rs. 1/20 to Rs. 1/50 per lb.

## Commodity Commentary

**TEA REPORT**

Auction No. 35 held 27th and 28th September, 1971. The total quantity offered was 7,647,089 lbs. comprising 3,775,261 lbs. Leaf Grades 764,173 lbs. Dts, 14,357 lbs. Repts, 48,743 lbs. Sundries and 3,058,912 lbs. Ex Estate. The quality from Western districts showed irregular improvement some second Invoices were brighter while Uvas in general showed a further decline.

**High-Grown Teas:** Good demand was shown and all improved Western Broken's showed substantial advances on last rates, best BOP's increasing by 20/30 cents a lb., and corresponding BOPF's improving by 30/40 cents a lb. Lighter liquoring teas were firm to a few cents dearer. Only a few bright Uvas maintained last prices. Others were easier following decline in quality. Leaf Grades sold well and were dearer.

**Medium-Grown Teas:** Brighter medium Broken's showed an advance of 3/7 cents a lb, while plainer sorts were generally unchanged. Neater OP's were a little easier while all Pekoes were slightly dearer.

**Low-Grown Teas:** Once again a strong and active demand was shown for all grade, Black small leaf BOP's improved by 5/15 cents a lb. while the best long leaf sorts were steady on last prices. Stalky types were a little easier. BOPF's and OP's barely maintained last rates.

**Tippy Teas:** All flowery fannings were in strong demand and showed considerable increases in value. Improvements of 30/70 cents a lb. were recorded, but flowery BOP's were up to 10 cents easier while the stalky types were about steady.

**Off Grades:** Liquoring off grades especially BP's were fully firm to dearer; Low grown's and plainer Uva fannings were easier.

**Dusts:** Grainy, liquoring teas met only fair demand but were firm to a few cent, easier. Low Grown's declined

by about 10 cents a lb. Brown powdery sorts, however, were strongly supported and moved up by 5/10 cents a lb.

**RUBBER REPORT**

Week-ending 26th September, 1971

RSS NO: 1 opened unchanged at 16 3/4 cents per lb. but declined to 76 1/4 cents per lb. the following day before recovering thereafter in line with overseas advices to close at 77 3/4 cents per lb.

Approximately 616 tons of LATEX CREPES were offered at the Two Sales held during the period under review, a substantial increase of 153 tons compared to the previous week's total. At the First Sale, best latex and F.A. Q. types declined 1/2 to 1 1/2 cents and 1 1/2 cents per lb. respectively. Duller sorts were 1 to 3 cents per lb. lower but the inferior grades remained unchanged. At the following Sale, best latex crepes eased further by 1 1/2 to 4 1/2 cents per lb. whilst the F.A.Q. types fell fairly sharply by 4 to 5 cents per lb. Duller sorts, however, recovered by 1 to 5 cents per lb. whilst the inferior grades once again remained unchanged.

Approximately 150 tons of SCRAP CREPES were offered an increase of 35 tons compared

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## STATE TO BOOST NON-TRADITIONAL EXPORTS

Consolexpo, the State-owned export enterprise, will come to the assistance of small time industrialists and other entrepreneurs interested in exporting non-traditional goods from Ceylon.

The assistance to be provided by Consolexpo will take the form of providing the export know-how, obtaining the necessary documents and making arrangements to ship the goods.

Consolexpo is now in the process of preparing a catalogue containing all available information about overseas buyers and local suppliers. This catalogue, when completed, is expected to be a boon to the small time suppliers who lack facilities and finances to carry out independent market surveys of their own.

Ceylon missions abroad have been requested to direct

inquiries for the purchase of non-traditional goods to Consolexpo. Any would-be exporter could obtain the necessary market intelligence data he needs from this source,

A determined bid will be made to capture the potential European market for the export of items like batiks, brassware, pottery, ceramics, cut flowers, fresh vegetables and fruits.

## SHARE MARKET REPORT

Conditions on the share market were quiet according to the Report of the Colombo Brokers' Association for the week ended October 1, 1971.

	Previous Price		1-10-1971		+ or -
	Rs.	Cts.	Rs.	Cts.	
<b>Teas:</b>					
Pitakandes ...	...	...	4.50	4.50	
Uplands ...	...	...	5.00	5.00	
Upper Maskeliyas ...	...	...	10.25	10.50	+ .25
<b>Rubber:</b>					
Usk Valleys ...	...	...	7.00	6.00	-1.00
<b>Commercials</b>					
Ceylon Breweries ...	...	...	13.00	12.75	-.25
Cold Stores ...	...	...	10.25	13.50	+3.25
Ceylon Tobaccos ...	...	...	15.00	11.00	-4.00
B.C.C. ...	...	...	...	7.25	
Chemical Industries ...	...	...	...	10.75	
Colléttés ...	...	...	7.00	6.00	-1.00
Lankems ...	...	...	...	8.50	
Central Finance ...	...	...	...	12.00	
Finance Co. ...	...	...	...	4.25 cd.	
E.B. Creasy ...	...	...	...	9.25	

There was no business on Tea-cum-Rubbers. Preference shares and Government Loans.

## NEW HYDRAULIC VIBRATION MACHINE

The Indian Institute of Technology, Madras, has designed a new machine called hydraulic vibration of machine structures and components.

The design and development of the machine, claimed to be made for the first time in India with indigenous materials and knowhow, was done at the Machine Dynamics Laboratory of the I.I.T. by a team of technology, headed by Dr. B. V. A. Rao, working for 1 1/2 years.

The total cost of the machine is about Rs. 20,000, much cheaper compared to the imported ones which cost four to five times more, it is stated.

Lack of indigenous machines of this type and the prohibi-

tive cost of imported ones were mainly responsible for the industries rarely using the vibration testing machines which ultimately resulted in poor quality of products, said Dr. Rao.

### Boon to industry

The vibration machine essentially consists of a hydraulic power pack, a four-way valve actuated by a double eccentric and connecting rod mechanism and an actuator with a test table screwed to its piston rod. It is designed to vibrate a load of one tonne. The amplitude of the table can be varied upto two cm. and the frequency from four to 40 cycles per second.

According to Dr. Rao the machine will be a boon to industry. The main applications of this machine will be in the dynamic or vibration testing of machine structures and components, in the study of vehicle suspension and riding comforts, consolidating loose materials and in testing of Defence equipment.

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## Export Opportunities

The following foreign firm are interested in importing from Ceylon the goods indicated below:—

M/s. Adamally N. Ebrahimjee & Sons,  
Bolira Bazaar, P.O. Box 569,  
Aden (P.R.S.V.)  
Torch batteries and glass lenses.

M/s. Chem. Ing. Rudolf Lenz,  
VEB Elektrokohle,  
Lichtenberg, 113, Berlin  
Lichtenberg, Horyberg—  
Strasse 128-139, G.D.R.  
Graphite for carbon brushes.

M/s. E. C. M. (A Division of Seanoy Multi Crop Ltd.)  
2015, Lawrence Avenue West  
Weston, Ontario.  
Bicycle and bicycle accessories)

M/s Bitaney Consultants  
GMBH 4,  
Dusseldorf, Furstenwall 1871  
Germany.  
Crude rubber in bulk

## EXPORT INTELLIGENCE

### Business Opportunities

The following German firms seek business connections in Ceylon in respect of the goods given below which they offer for export:—

Pharmazeutisches Werk CmbH  
219 Cuxhaven  
Postfach 720  
West Germany

Pharmaceuticals, Veterinary  
Drugs

May & Christe CmbH  
Transformatorenwerke  
6370 Oberursel/Taunus  
Postfach 120  
West Germany

Ballasts for fluorescent lamps,  
Transformers

Wuertt. Elektromotoren-  
Gesellschaft mbH  
746 Balingen  
Postfach 109  
West Germany

Electro Motors for Sewing  
Machines

J. Kaulhausen & Sohn KG  
5181 Kinzweiler Krs. Aachen  
Kambachstr. 12  
West German.

Leathers for Spinning Mills  
High-Draft Aprons

KG Universal Elektrogeraete  
Vertrieb GmbH & Co.

2 Hamburg 1  
An der Alster 37  
West Germany

Kits / Components for Radio  
Assembly

Hans Sixt KG  
6909 Walldorf bei Heidelberg  
Industriegebiet  
West Germany.

Special Cameras and Copying  
Equipment for the Manufacture  
of Printed Circuit Boards

ANASCO  
Arznei- und Gesundheits-  
pflegemittel CmbH  
6200 Wiesbaden  
Aarstr. 1 Postfach  
West Germany

Mouth Fresheners, Dental Pro-  
ducts, Hair Grooming products,  
Vitamin Products, Cosmetics,  
Influenza Relief, Laxatives,  
Antacids etc.

Waffeh-Frankonia  
87 Wuerzburg 2  
Postfach 380  
West Germany

Hunting Equipment

## SCIENCE AND TECHNOLOGY

### Computer break - through for music notation in Braille

The shortage of highly skilled stereotypists required to put music notation into braille by hand will soon be offset by using computers to automate such transcription.

The Library of Congress and the American Printing House for the Blind of Louisville, Kentucky, with \$25,000 supplied by the Kulas Foundation of Cleveland, Ohio, will develop computer programmes to facilitate the embossing of music by braille presses in multiple copies, thus making available more classic and other musical pieces for use by blind musicians.

Over 2,000 blind musicians and music students borrow free of charge the limited nu-

mber of musical scores and instructional texts now available in braille and on discs and tapes from the Division for the Blind and Physically Handicapped of the Library of Congress in Washington. (UNESCO FEATURES)

## MANAGEMENT

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# LIVING STANDARDS IN CHINA IMPROVE STEADILY

**National Day of the People's  
Republic of China: 1st Oct. 1971**

The Chinese people are better off than ever and their living standards improve as industrial and agricultural production steadily grow.

The Chinese people, under the wise leadership of their great leader Chairman Mao adhere to the principle of "maintaining independence and keeping the initiative in our own hands and relying on our own efforts" and have smashed blockades and sabotage by imperialism, revisionism and all reactionaries.

The Chinese Government always acts upon Chairman Mao's instructions and, proceeding from the interests of the population of 700 million makes overall plans and proper arrangements.

Both production and labour productivity have risen over the past two decades or so. The state has on several occasions readjusted the wages of the workers and staff members, bringing a gradual rise in their income. This is especially true for the low-grades. The average yearly wage of Chinese workers and staff members (except those who started working in the past few years) is around 650 yuan Renminbi, over 50 per cent above the 1952 figure. There is a small wage gap between top and bottom, the highest grade re-

ceiving less than five times the lowest. The wage level has been set quite low in order to strengthen worker-peasant unity and consolidate their alliance. However, thanks to universal employment, low rent for housing, cheap prices of goods and no personal income tax, the livelihood of the workers and staff members is not only guaranteed but gradually improves since their full wages are at their disposal.

After the founding of the People's Republic of China, the Government adopted many measures to ensure employment of adult inhabitants in the cities and towns. Growing numbers of people received jobs year by year and unemployment was eliminated in China over ten years ago. The number of workers and staff members is more than six times that before liberation. College and middle school graduates are assigned work by the state. In many families several people are now working. Prices of daily necessities are low and stable over a long period.

### Social Benefits

Monthly rent and charges for water and electricity, in general, account for only 4 or 5 per cent of a family's income. In addition to their

wages, Chinese workers enjoy free medical treatment and labour protection and other welfare benefits, and arrangements are made for child bearing, the aged, the infirm, the injured and the disabled. These have been factors in the marked improvement in the welfare of China's urban workers and other labouring people over the past two decades.

People's communes were set up throughout China's countryside and all able-bodied people take part in collective productive labour. The peasants' net income and income in cash have increased with the development of the collective economy since 1958. Almost every year, the production teams set aside certain amount from the total income to cover the expenses of social insurance and collective welfare facilities. The production teams provide supplies or give subsidies to the aged, the infirm, old widows and widowers and orphans, or those members who incapacitated and have difficulties. Teams with low yields as a result of natural calamities or temporary difficulties receive state help in recovering production and get relief. There is a world of difference between the present life of the peasants and their life in old China.

Agricultural output keeps rising, which means that this tax rate on agriculture has gradually accounted for less of the total output value of farm and sideline production, dropping from 12 per cent in 1953 to 6 per cent in 1970. This has stimulated production and raised peasant income.

### Stable prices

Currency inflation and skyrocketing prices in old China made life unbearable for the people under reactionary Kuomintang rule. With the establishment of New China, the Party and the Government adopted the policy of stabilizing prices. On the basis of stable prices and expanding industrial and agricultural production, planned readjustments of unreasonable prices were made, especially of the low prices for agricultural and sideline products left over from old China. The state now pays about 90 per cent more for the main agricultural and sideline products than in 1950, while means of production for the countryside are sold by the state at lower prices. Those for chemical fertilizer, insecticide and diesel oil have dropped from one-third to two-thirds, compared with 1950.

Prices of consumer goods have generally remained unchanged. There has been almost no change in the prices of daily necessities, including grain, cotton cloth, edible oils and salt over the past dozen years.

While the price paid by the state for grain has been raised several times, the selling price to the consumer remains stable. The cost of such price differentials and the administrative expenses are all covered by the state. No capitalist countries can operate in this way. It fully shows the concern of the Party and Government for the life of the working people, as well as the advantages of the socialist system.

During the Great Proletarian Cultural Revolution, the prices of some manufactured goods in common demand, including transistor radios, plastic goods and enamel ware have been cut step by step. Production of medicine is steadily increasing and price cuts are gradually instituted. There was a sharp, overall price cut in medicine throughout the country in 1969. It came to more than 1,000 million yuan that year alone and the price to consumers was 10 per cent below the 1950 figure. The people welcomed this reduction which cut their medical expenses.

### Living Standard Up

As the living standards of the people in town and countryside rise, the disparity in living conditions between town and countryside and between worker and peasant are being narrowed step by step with implementation of the government's policies.

The workers and peasants now have enough money for savings accounts which support

national construction. Bank savings by the end of 1970 were 28 per cent higher than in 1965.

Increased output by industry and agriculture and greater purchasing power accounted for China's thriving market. Total value of retail sales over the 22 years since liberation has risen more than sixfold. Town and countryside are now fairly well supplied with goods.

China had its ninth consecutive good harvest in 1970 and a good harvest of early rice and summer grain this year under the guidance of Chairman Mao's great principle "Be prepared against war, be prepared against natural disasters, and do everything for the people." China is now self-sufficient in grain and even has a surplus. State and collective grain reserves continue to increase. The grain average per capita throughout China has increased although the population has risen by nearly two hundred million people since the founding of the People's Republic of China. China continues to import some grain mainly to increase varieties and help other countries. Grain self-sufficiency and the grain reserves fully bear out the validity of the great truth "revolution plus production can solve the problem of feeding the population" which Chairman Mao enunciated in 1949.

It will still take some time to make fundamental changes in the physiognomy of China because long rule by imperialism, feudalism and bureaucratic capitalism made the country poor and backward. However, it can be said with confidence that China's industry and agriculture will continue to develop rapidly, the living conditions of the Chinese people will be further improved and things will get better for the Chinese people day by day under the wise leadership of the great leader Chairman Mao and the Central Committee of the Chinese Communist Party.

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# Mushroom protein could boost world food supplies

London

A major new source of protein to boost world food supplies could come as a result of research into fungi, according to a food expert.

Proteins derived from mushrooms and other cellular plants may help reduce food costs and improve diets of people in developing countries, Professor Arnold Spicer, Director of the Lord Rank Research Centre, told the British Veterinary Association Conference at Lancaster, last week.

He said fungal protein could create a revolution in human nutrition similar to that caused in the textile industry by synthetic fibres.

A process to be marketed commercially in Britain next year would produce 600 tons of protein a week in the initial stages—enough to provide the necessary nutrition for two million people a week at a lower cost than conventional food.

Fungal protein has a higher standard quality than meat and it can be given a wide range of flavours by using the same chemical reactions as in nature instead of artificial chemical flavourings. Unlikely

synthetically produced proteins, fungal protein does not need to be supplemented with synthetic amino-acids.

Protein produced from fungi could be baked, fried or puffed into a ricelike food. Professor Spicer said it had the added advantage of being able to be produced locally, enabling countries with food shortages to feed people from local resources.

Studies of mushrooms have been carried out at the Glasshouse Crops Research Institute at Littlehampton, southern England, and it was claimed recently that means had been found of making "unlimited" mushroom cultivation possible.

Mushrooms were once regarded as a rare gift of nature—now Britain's output of cultivated mushrooms has risen from 2,000,000 lb. in 1945 to 100,000,000 lb. this year.

\* \* \*

## SCOOTERS: SEARCH FOR NEW TIE-UPS

New Delhi

India's Ministry of Industrial Development is likely to seek fresh offers of foreign col-

laboration for the manufacture of scooters in the public sector in addition to the proposal of Italy's Piaggios, which is under consideration.

Indicating this in an interview, Industrial Development Minister Moinul Haque Choudhury said the Ministry was also thinking of allowing expansion of existing units.

Apart from Piaggios, the Ministry had received a collaboration offer from Honda of Japan. But this was for the manufacture of motorcycles.

Proposals by Bajaj Auto manufacturing the Indian version of Vespa, and Automobile Products of India, making Lambretta, for doubling their existing capacity of 24,000 units each, had been referred to the Department of Company Law Affairs for clearance under the Monopolies Act.

The only other firm producing scooters indigenously is Escorts, which turns out some 6,000 machines a year. In view of the small share of Escorts in the manufacture of scooters, Bajaj Auto and Automobile Products of India



share a monopoly in their production.

## SPEED AND COMFORT Moscow

Ukraine—71 is a new bus developed by the designers of the Lvov Automobile Plant. Intended for long distance tourist trips, it has a maximum speed of 120 km/hr, a cruising speed of 90—100 km/hr, and its salon can seat 36 passengers.

The designers have provided maximum comforts for the travellers. There are individual panels for ventilation and lighting over the seats, large boots can conveniently accommodate the passengers luggage, the rear compartment of the salon has a coffee-making machine, a gas stove, a washing-stand and a cloak-room. Passengers will be entertained on the road: the bus salon has radio amplifiers, two TV sets, and a tape-recorder. (APN)

## CHINA'S IRON AND STEEL INDUSTRY

Peking

China made new progress in iron and steel production this year, the first year of the fourth five-year plan for the development of the national economy.

In animal breeding, the favourable trend started in 1970 is expected to keep. In order to promote cattle breeding, the stock of cows will be increased in the first place, while the rising of slaughter cattle is not supposed to change for the time being. The production of slaughter pigs and poultry will grow by 15 and 10 per cent, respectively.

## Foreign Trade

The development of foreign trade turnover will slow down against the quick pace of 1970. Within this range: trade with the non-socialist countries it will be slower than average.

Steel, pig iron and iron ore output in the first eight months of this year were 19.6 per cent, 22 per cent and 31.4 per cent higher respectively, over the corresponding period of 1970. Rolled steel output showed an increase of 19.1 per cent over the same period of last year. The variety of rolled steel increased and coke consumption was lowered.

## CHILE TAKES OVER U.S. OWNED TELEPHONE COMPANY

Santiago

The Chilean government last week took over the telephone company of Chile, a subsidiary of the U.S. International Telephone and Telegraph company.

The decision on the move was announced by Jose Toha, Minister of the Interior.

After the announcement, workers of the telephone company held a demonstration in support of the government decision.

## CONGO EXTENDS TERRITORIAL WATERS LIMIT

Brazzaville

The peoples Republic of the Congo has decided to extend the limit of her territorial waters to 30 nautical miles, according to the "Voice of the Congolese Revolution".

## Economic life in Hungary

In 1971—the first year of the fourth five year plan—the principal task is to increase the efficiency of production and utilization and to maintain economic equilibrium at the same time.

The targets set by the plan may be fulfilled by keeping to a dynamic—although not exaggerated—rate of growth. Accordingly, the 1971 plan of Hungarian economy envisages a 6 per cent increase in the social production and a 7 per cent in the national income. Of the growth of the national income, about 90 per cent will come from increased productivity.

The parts of the national income earmarked for consumption and utilization grow parallel with but at a somewhat slower pace than, national income itself. As to accumulation, about 82 per cent will be allocated for fixed assets, the rest left to increase current assets and reserves.

### Investment

Investment expenditures will be around 90 thousand million forints in 1971.

A sum of 15.5 thousand million forints will be allocated for large-scale investment projects financed by the State.

With a view to a concentrated and efficient utilization of capital investments, the number of largescale investment projects to be started in 1971 has been restricted to seven. They include four industrial projects: Hejocsaba Concrete Plant, Bataszek Tile

Factory, Borsod Meat Packaging Plant, the development of knitwear production; and that, of the building industry: by adding No. 4 House Prefabrication Factory in Budapest to the exciting ones. Two projects fall within the scope of education: "Simmelweis" University of Medicine will get a new building a new College of Transportation and Telecommunication will be opened in Győr.

In addition to the above, investment expenditures by enterprises are expected to increase by 9 per cent. More than half of overall investments are left to decisions taken at enterprise levels.

Parallel with increasing total investments, the industries of building and building materials, light industry and the development of houses will have larger shares.

### Industry

Industrial output in Hungary is to grow by about 6 per cent as compared to 1970. This rise is in concert with both the averages of the past years, and with the estimated growth rate of the Fourth Five-Year-Plan.

Among the industrial sectors, chemical industry will keep up the fastest rate of development (9 per cent). Other branches in which progress is supposed to be higher than average are electric power production, machine industry and building materials.

The number of people employed by the industries is expected to grow only moderately, ... by not more than

1.5 per cent. About two-thirds of the increase in production planned should originate in higher per-capita production

The ought of the building industry is to grow by something between 7 and 8 per cent as compared to that of last year. The number of employees will grow by approximately 12,000 while more than 50 per cent of the increase in output will be due to higher productivity.

### Agriculture

The total value of the production will be raised by about 8 per cent—provided weather conditions are normal. In all sectors of plant cultivation improved crops are expected. Crop yields planned will be attained by increased mechanization, better fertilizer supplies, extended irrigated areas and improved water supplies.

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# HOW FOREIGN INVESTMENT BOOSTS NATIONAL

"Instead of being viewed as a rival, foreign investment ought to be considered a most valuable auxiliary, to put in motion a greater quantity of production labour, and a greater proportion of useful enterprise than could exist without it."

Alexander Hamilton, U.S. Secretary of the Treasury, 1789.  
From America's earliest days, it had been foreign capital which had outfitted the ships to the settlers, financed the exploration of the continent, and started the plantations, the fisheries and the handicrafts. And for a century after independence, it was still foreign capital — sterling from England, francs from France—that financed the Louisiana purchase, built America's highways, ports and railroads, breathed life into her banks, and helped her infant industries grow large.

Today, investments from Europe are still flowing into the United States at a rapid rate—faster even than American investments are flowing to Europe. Some 500 foreign firms are now doing business in America, and another 500 are seriously thinking of entering the American market.

"We welcome them", says Commerce Secretary Maurice Stans. "They bring new products and technology, add to employment and our tax base and benefit our balance of payments".

But, he adds, as valuable as foreign investment is to us, the most capital-rich nation on the earth, it is far more valuable to many other nations, particularly the developing nations of the world".

opment—not one of keeping it out".

Actually, a U.S. economist John Culman points out, the statistics are misleading, since they represent total investments most of which have been established for decades. Of new investments, more and more American dollars are flowing to the developing nations than ever before.

### The aim

OPIC is an official of the Overseas Private Investment Corporation, (OPIC), a Government-owned, Washington-based company set up last January to help finance and insure American investments in developing nations. OPIC's aim: to encourage investment which is "responsible to the special needs of the host countries economy, and which contributes to the social and economic development of their people." In other words, OPIC will help in projects that show promise of benefiting the host by increasing national income, saving foreign exchange, opening up new jobs, and bringing advanced technology and management, while at the same time returning a fair profit to the investor.

### Mutual benefits

Americans, whose own growth was financed by foreign investors, are roaming the globe, seeking out opportunities to invest their own capital in other nations where both investor and host—can benefit. By 1969 the total of American overseas investments came to 70,000 million dollars. Ironically, more than half of it was in Canada and Western Europe. The whole of Asia has received only about two per cent, or only about as much as France alone. Clearly, as Secretary of State William Rogers has said, if there is a problem in the distribution of private capital abroad, it is a problem of encouraging it to go to developing countries where it can help in economic devel-

While U. S. foreign aid spending has been falling, private investment abroad has been on the rise. President Nixon calls such investment the most expandable source of capital for the developing nations of the world. In short, "private investment has emerged as the single most important means for transferring capital to the developing nations."

"Dollar for dollar," reports a special commission headed by Canada's Nobel Laureate Lester Pearson, private investment "may be more effective than official aid... because those who risk their own money may be expected to be particularly interested in its efficient use".

### Ironic fact

It's an ironic fact that while world trade has grown phenomenally—it more, than doubles every decade the share of the developing nations has been cut in half, so that these nations, with 67 per cent of the world's people, now produce only 5% of its exports. This is a dramatic drop-off that foreign investment is helping to stem, and even reverse.

Here is an interesting article that suggests a new way of developing nations to get the financing needed for more development.

History shows that especially during the first century of American independence, and indeed, even through the present, foreign investment has made a very significant contribution to its economic development. Other nations have utilized a similar approach with adaption to their own particular needs. And there is every reason for Ceylon too to profit by it.

Says Stans: "Most of the developing nations do not yet have any clear concept of how great their economic needs will be in years to come". He suggests that a 25 year look into the future, fully priced out, would reveal a young nation's tremendous requirements for capital. "Most" he adds, "will not be able to generate even half their capital needs internally. The balance must come from foreign sources, principally the United States".

Many nations find that a way out of the dilemma is to attract foreign investors, who have the capital, the technical know-how, and the marketing experience to turn a profit with very little expenditure of the host's precious foreign exchange reserves.

Recent examples. A Texas-styled ranch in Morolco, a nitrogen fertilizer plant in Pakistan are examples of recent modernization through the development of industry and new business by nations in North Africa, the Near East and South Asia. The shunning "crash" program and political sloganeering in favor of long-range planning and foreign investment they know modernization is not achieved overnight spectacular means.

Iran is a case in point. More than a decade ago, it launched a series of comprehensive and systematic development programs with the assistance of the U.S. Agency for International Development (A. I. D.) "Iran's development

## Investment prospects for small industrialists

Rubber latex is the main raw material in the manufacture of a variety of rubber products by processes such as dipping, casting, foaming, extrusion etc.

The products which could be manufactured by the dipping process are broadly: teats and valves, soothers, surgical gloves, contraceptives (Condoms), hot water bottles, bathing caps, ice caps, balloons, finger cots, bladders and bulbs, household goods.

The products considered here are—teats and valves; soothers, surgical gloves and contraceptives as these have a relatively wide local market. (Balloons have not been considered in this report as this item has been incorporated in our Rubber Toys Report—Series No. 10).

port of 500 cwts. (4 million pieces approximately per annum) would be a reasonable estimate of imports under restrictions in 1972. There is no commercial production of these items locally.

In 1963 the population of babies in the age group 0—2 years, was 618,478. Projecting on a total growth of 24% during 1963—1971 the population of babies in 1971 would be estimated at 767,000 of this 20% or 153,400 were in Urban areas and the rest—i.e. 613,600 in rural areas.

Teats and valves are used relatively more in urban areas. Although the rural population prefers breast feeding to bottle feeding, the latter is 'catching up' fast in the rural sector.

Assuming that 75% of the urban infant population and 30% of rural infant population would be bottle fed the total infant population using the products could be estimated in the region of 299 000.

Annual requirements of these products per baby is estimated to be 12 teats 68 valves and 6 soothers for urban sector and 6 teats 3 valves and 6 soothers for rural sector. On this basis, the annual potential demand for teats, valves and soothers in 1971, could be quantified at 5.8 million pieces. Surgical Gloves

The Civil Medical Department sources disclose the annual requirement of surgical gloves of the island as in the region of 0.5 million pairs.

Household Gloves The local demand for household gloves is estimated to be

in the region of 25,000 pieces per annum.

The demand for contraceptives should have to be assessed on the basis of imports. The average annual imports

## RUBBER LATEX GOODS - DIPPED PRODUCTS

For the years 1966, 1968, 1969 indicates a figure of 0.7 million per annum.

The estimate potential demand for teats, valves, soothers, surgical gloves and contraceptives is approximately 7 million pieces.

### MARKET SUPPLY

One firm not yet in production has machinery with a capacity which is likely to be in the region of 1 million pieces. Apart from this there are a number of approved units which have not yet brought in machinery. Their capacity, in the foreseeable future, is likely to be around 2 million pieces. On this basis it is estimated that the total installed capacity would be in the region of about 3 million pieces.

On the basis of the estimate of a potential market of 7 million pieces there would therefore be sufficient scope for establishment of about 8 more units (one shift) in this field on the scale proposed. Initially we recommend the establishment of only one unit to manufacture 500,000 pieces.

The installation of this plant is recommended in any of the following areas: (i) Akuressa, (ii) Kamburupitlya, (iii) Baddegama, (iv) Avissawella, (v) Pelmadulla

- (vi) Kalutara, (vii) Ratnapura, (viii) Kegalle, the main rubber growing area.

**CAPITAL REQUIREMENTS**  
The tentative estimates of Capital Requirement of a small scale unit to manufacture .05 million numbers consisting of teats, valves, soothers, surgical gloves and contraceptives (condoms).

Land 1 acre	Rs.	5,000
Building 2,000 sq. ft.	Rs.	60,000
Installation of Power and water supply	Rs.	3,000
Machinery and Equipment	Rs.	25,000
Installation charges	Rs.	1,000
Contingencies	Rs.	1,500
<b>Total</b>	<b>Rs.</b>	<b>95,500</b>

<b>Working Capital</b>			
Raw Materials (1 mth.)	Rs.	4,000	
Packing Materials (1 mth.)	Rs.	700	
Finished Goods (1 1/2 mths.)	Rs.	5,400	10,000
<b>Cash Requirements</b>			
Salaries & E.P.F.	Rs.	2,870	
Wages & E.P.F.	Rs.	2,210	
Transport	Rs.	85	
Power and Fuel	Rs.	200	
Rates and Taxes	Rs.	100	
Repairs & Maintenance	Rs.	125	
Testing Charges	Rs.	420	
Insurance	Rs.	125	
General Expenses	Rs.	300	6,435
<b>Total Capital Employed</b>			<b>112,035</b>

- 1. Concentrated latex (Low Ammonia types)
  - 2. Activators
  - 3. Antioxidants
  - 4. Softener
  - 5. Dyes
  - 6. Zinc Oxide
  - 7. Sulphur
  - 8. Plastic and cartons
- NOTE:**  
Concentrated low ammonia latices containing approximately 0.2% ammonia together with a secondary preservative as against latex preserved with

the customary 0.7% Ammonia. Secondary preservative e.g. ZDC 0.1% by wt. Latex with 0.02% of L. Acid (coconut oil fatty

- 1. Ball mill with electric motor
- 2. Storage tank for latex
- 3. Latex compounding tank with outlet taps; cover lid and stand. 200 lb capacity
- 4. Circulating Tank for latex with external water jacket
- 5. Vulcanizing Tank for pre-vulcanized latex complete with lid and outer water jacket.
- 6. (i) Glazed porcelain Surgeon's type—50 formers
- (ii) Glass prophylactic—50 formers
- (iii) Formers for teats—200 formers
- 7. Dipping machine continuously operated turntable
- 8. Coagulant tank
- 9. Heating tanks
- 10. Two electrically heated Cupboard for employees
- 11. Filter
- 12. Office Equipment
- (a) 1 metal cabinet
- (b) 6 writing tables
- (c) 10 chairs
- (d) Stationery etc.
- 14. 2 Fire extinguishers—2 Foam Type

- 9. Fullers
- 10. Stabilizers—Potassium Hydroxide, Vulcastab IW, Casein etc.
- 11. Coagulant
- 12. Dispersing Agents
- 13. Emulsion in oil, (a) Mineral oil (b) Oleic Acid (c) 2% Vulcastab Solution (d) Conc. Ammonia Solution

- TECHNICAL PROCESS**
  - Dipping Process—Board out**
  - (i) Compounding
  - (ii) Maturing of Compound
  - (iii) Dipping of formers (a) Straight dip (b) Coagulant
  - (iv) Drying (if necessary used)
  - (v) Beading
  - (vi) Stripping
  - (vii) Leaching
- (Contd on page 8)

Year	Cwts.
1960	250
1961	274
1962	306
1963	215
1964	245
1965	147
1966	328
1967	17,104
1968	4,753

On the basis of the above supply figures an annual im-

# IONAL DEVELOPMENT

suggests a means for  
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U.S. Agency for  
Development  
Iran's develop-

ment has been so rapid" an Agency official said recently, "that the country has 'graduated' from A.I.D. rolls and is now judged capable of self sustained economic growth. Between 1965 and 1969 the annual gross national product rose to \$304 per person. The country now is able to import more than a thousand million dollars worth of goods a year, mainly machinery, iron and steel products, chemicals and electrical equipment.

Iran continues to actively court foreign investments. The Goodrich Rubber Plant there saves the government an estimated 17 million dollars a year in foreign exchange while giving jobs to 500 Iranians. In addition, the company has liberal worker benefits, including a profit sharing plan, medical benefits, retirement, and on-the-job training. Reynolds Aluminium is building a plant in the new industrial complex outside of Tehran, with the government as the majority stockholder. John Deere plans to build plant producing tractors, and Foremost Dairies, which is 51 per cent locally owned, turns out superior ice cream among other things.

In Afghanistan, a program begun just a few years ago

to assist private enterprise in establishing new business and industries has been remarkably successful. A Chicago-based management consulting firm, working with an A. I. D. contract and with the full cooperation of the Government of Afghanistan, played a prominent role in creating a private industrial sector where almost none existed before.

In 1967 a cabinet-level investment committee was set up. Since that time, and from more than 200 investment applications, some 50 investors have launched new industrial establishments. These include rayon textile mills, raising processing, animal casings, rose essence, wine-making chinchilla and mink fur production, thread production metal furniture, tiles and pharmaceuticals plus a number of service industries such as dry cleaning plants.

The government gave land for an industrial park outside Kabul and plans are being made for an industrial development bank with capital assistance to come from outside investors.

Last year Southwestern United States came to North Africa in the form of a large-scale beef cattle ranch. The king ranch of Texas, operating in Morocco as Ranch Adaroch, established it. The enterprise eventually will encompass 124,000 acres and graze about 30,000 cattle. Morocco has made substantial progress in the development of agricultural industries. Through A. I. D. agricultural investment program, a large number of potential investors were attracted to Morocco.

A California vegetable products company has completed planting and test marketing of onions and garlic, and formed a local Moroccan company, "Basic Morocco". The first of its kind in the country,

the firm will be engaged in dehydration of onions, garlic and possibly other vegetables for export to European market, an ancillary multi-million dollar business.

Another California firm has made arrangements for establishing in Casablanca a plant for the processing of olives and pimentos for sale to the United States and European markets.

### Israelian Miracle

To expand its gross national product, Israel relied heavily on imports and aid from abroad, causing a drain of payments. Consequently the new nation opened an aggressive campaign to woo foreign investors. As a result, her exports, which had been zero in 1950, totalled almost 900 million dollars in 1970. The gross national product has grown an average of 10 per cent per year, higher even than West Germany's. The standard of living also has climbed, in spite of a 300 per cent population growth.

The foreign investor has played a big part in the miracle. For instance General Telephone Electronics, a partner in Israeli Industries Limited, puts out a whole range of consumer products—TV's, car radios, puts out a refrigerator. It has 3,000 persons on its payroll, all Israelis. The company's management is also completely local, and all employees have a profit sharing stock option in their pay envelopes. Sunforest Foods has a modern, automated plant employing both Jews and Arabs from the Gaza Strip freezing crops from the surrounding Kibbutzim into attractive packages, both for local consumption and for export.

India has received some 400 OPIC-insured investments. Ninety plant expansion and other projects there have got \$100 million worth of rupee loans. Companies dealing in fertilizers, seeds, chemicals, machine tools and refrigeration have benefited from the funds.

Contd on page 8

ary 0.7% Ammo,  
ady preservative  
0.1% by wt. on  
0.02% of Lauric  
nut oil fatty acid

could be substituted.)

**High Ammonia Latex:** Latex preserved with ammonia 0.7% on Latex.

### RY / EQUIPMENT

	Price
	Rs.
l with electric motor	3,000
tank for latex	300
mpounding tank (aluminium) outlet taps; complete with stand. 200 lbs. approximate capacity	500
ing Tank for latex complete external water jacket	1,500
izing Tank for preparation of vulcanized latex material complete with lid and stand fitted with water jacket. Capacity 100 lbs.	1,000
ized porcelain glove formers edge on's type—50 pairs mass prophylactic former	65 per pair
50 formers	10 each
rmers for teats valves and soothers—200 formers (estimated)	5 each
g machine complete with maly operated turnover frame	5,000
ant tank	500
g tanks	300
ectrically heated ovens	2,500 each
ard for employees garments	
<b>Equipment</b>	
1 mdial cabinet & typewriter	2,650
6 writing tables	
10 chairs	
Stationery etc.	
extinguishers—2 gallon a	
m Type	247.50 each

### AL PROCESS

<b>Process—Board outline</b>	
ounding	— Ball Mill
ring of Compounded lates	— Tanks
ng off formers	— Dipping Machine
Straight dip	
agulant	
g (if pre-Vulcanized Latex is used)	— Ovens
ng	— Manual Process
ing	— Manual Process
ing	— Manual Process

on Page 8)

## Investment on social overheads and alternative population trends in Ceylon

In Ceylon, a high proportion of government expenditure is directly linked to population size, because it has long been the policy to maintain certain per capita levels of a variety of services, and where possible to increase these levels.

Public expenditures in Ceylon are directly linked to population size to a greater extent than in most countries. In summary, the linkages are most important in the following fields:—

### Education—

Education is compulsory up Grade 8, although this is not fully enforced. (In actual practice about 60 per cent of pupils receive 8 years' education). Education at all levels (including University) is free.

### Health—

The Government has assumed the major responsibility for the medical care of the people. Ordinary out-door treatment is free at out-patients departments of all Government hospitals and dispensaries and indoor treatment in non-paying wards is provided free to all patients. Of all births, 65 per cent occur in Government hospitals and maternity homes.

### Food Subsidy—

(a) Each person aged 1 year and over is entitled to receive 2 lbs of rice free from the government every week and a further 2 lbs are available at subsidised price  
(b) There is free distribution of milk at schools.  
(c) Other minor foods (e.g. red onions) are also sold at subsidised prices.

### Transport—

Bus and train fares are deliberately kept low. There has not been a fare increase on the buses for 22 years, although there have been many wage increases for C.T.B. employees. Thus in recent years, public transport has run at a loss.

### Public housing—

Expenditure in this area is at present very limited. Future needs will be determined not only by population growth, but also by urbanization and trends in the income of the poorer classes.

### Police, Pension & court expenditure—

Requirements for these services vary fairly directly with population growth, though perhaps more with the growth of the adult and adolescent population than with the child population.

These population linked expenditures occupy a very important place in the government budget. Current expenditure on social services alone (education and health\*) has generally accounted for about one-fourth of the government's total current payments, and these social services account for more than a fifth of the total budget. A World Bank study of government expenditure patterns in 46 developing countries found that Ceylon had the highest level of expenditures on social services (16% of G.D.P.) among those countries. Within its 18—Country group with per capita income between U.S. \$125 and \$ 249, Ceylon occupied fourth place in the share of G.D.P. devoted to education, second place in health and first place in housing and general welfare service.

Social welfare-type expenditures have been part of the policy to achieve greater equity in the distribution of income. They have not been without their opportunity costs. Although they have been by no means irrelevant to the economic growth process, since they have contributed to raising the quality of the labour force and perhaps also to the maintenance of political stability in the country, they have been at the expense of higher levels of expenditure on more directly productive investment.

As regards the future, the main point to be stressed is that the aim of at least maintaining present per capita standards of services in these fields is more of less immutable. Therefore the increase in expenditure will be linked directly with the increase in population, and a fall in the birth rate will lead to a saving in expenditures that can be channelled into other uses.

By  
**S. Selvaratnam**  
Ministry of Planning  
and  
Employment

### Urban phenomenon

Public housing is essentially an urban phenomenon; hence requirements are determined by the urban rather than the total population. Furthermore they are determined by the number of urban households rather than the urban population. Since housing is provided only for the low-income population, requirements are inversely related to the trends in incomes of the urban population. To forecast the growth of low-income households in urban areas is not easy.

Public housing requirements will also depend on the extent to which the private sector is willing and able to provide housing for the low income sector. At the moment, in the interests of the low and middle income groups in the population, about 89 per cent of housing units in Colombo Municipality are under rent control. But rent-control is a two-edged sword; precisely because it keeps rents low, it effectively ensure that private contractors will not build for the low-income market.

Although there are many imponderables facing a projection of public housing requirements, it is clear that a perpetuation of the current birth rate will in the long run lead to greater requirements than with a fall in the birth rate. The number of low income urban households can be expected to increase more slowly if the birth rate falls. The fall in the birth rate will have little effect on the number of households for about 20 years, when it starts to effect the number marrying. But it will affect the average size of households from the start. Smaller average family size will mean fewer households below the poverty line, provided that number of household members enters the denominator in some way in the calculation of the poverty level.

What is clear is that at some point the public housing programme will have to be stepped up. Close to 2,000 public housing units need to be built in urban areas each year to keep up with the population growth alone without any attempt to reduce the backlog which has been estimated as 107,000 housing units in 1963. Yet in the 10-year period to 1969, only 4,281 units were completed by the Department of National Housing (including those leased on both rent-purchase and the rental terms.) or on an average only 428 per year. The Ministry of Local Government has also built a small number of units, but the total falls short of what is required. Continuation of the current high rates of population growth will only aggravate the situation.

\* Education and health account for about 96% of current expenditure on social services.

## RUBBER DIPPED GOODS...

(Contd From Page 6)

### Process Description

Latex dipping is carried out with vulcanized or pre-vulcanized latex, commonly either by the straight or coagulant dipping method.

The dipping process consists in the immersion of a former into suitably compounded latex followed by slow withdrawal in such a way as to leave uniform deposit of latex in the former. The thickness of the deposit may be reinforced with subsequent coatings. The process is completed by drying, leaching and if necessary by vulcanizing. It is usual to form a rolled bead at the neck of the article in order to reinforce against tearing.

### Formers

Formers must be unaffected not only by latex and coagulant but also by repeated heating and cooling. Their strength must be sufficient to

withstand the necessary handling and the material from which they are made must be easily shaped to give a surface free from imperfections. The 'glass' fulfils most of these conditions, and is used for "the making of contraceptives."

### Preparation of Compounded Latex

Normally compounding ingredients are added to latex in dispersion or solution and the water used for dispersing should be soft or distilled water. Some materials can be dispersed by stirring with water containing a dispersing agent. Other materials however, require actual grinding of the particle and for this purpose ball or gravel milling is necessary. However, most of the materials are available today in dispersions.

The filler loading will determine the hardness and flexibility of the dried deposit.

As the whitening or Clay loading is increased, the initial effect of the hardness is slight. But, after about 50 parts affect is rapid; after 200 parts it is less pronounced. Apart from initial stability of the base latex, the stability is determined by the amount of fillers and the addition of stabilizers such as casein.

### NOTE:

#### Ball Milling:

A ball mill consists of a cylindrical container half to two-thirds filled with a grinding charge and capable of being securely sealed. The container is rotated about its cylindrical axis in a horizontal plane at such a speed that the charge is tumbled. The charge normally consists of unglazed porcelain or glass balls and fine gravel or pebble can be substituted for this—Gravel which passes a 1.5 cm. mesh and retained by a 0.3 cm. mesh may be used. The inner surface of the container should be similar in hardness to the grinding charge and chemically inert to the materials introduced.

The mill is charged with the solid to be dispersed, water and wetting and dispersing agent until the gravel are just covered. On discharging the mill after grinding some of the dispersed paste will adhere to the charge but if further batches of the same dispersion are to be made negligible loss is incurred.

The ratio of water to solid matter in the paste should be such as to render the contents sufficiently fluid to tumble as the mill rotates.

The rate of grinding by the mill is related to the diameter of the container. If the mill rotates too rapidly, centrifugal

force will cause the charge to adhere to the container walls and grinding results.

After grinding the mill may be discharged by covering the outlet with a piece of metal gauze to retain the pebbles in the mill. The milling period on a given material depends on the physical characteristics of material and the state of grinding required. A few hours milling will suffice for clays and soft material.

	hrs.
Sulphur Medium grind	
484 hrs. Fine	72
Zinc Oxide	18
Antioxidant	24
Accelerators	24

Internal diameter of mill container	Suggested speed of container	Internal diameter of mill container	Suggested speed of container
cm	rpm	cm	rpm
10	93	38	48
15	76	46	44
20	66	53	41
25	59	61	38
30	53		

### (INDUSTRY PROSPECT REPORT: AN I.D.B. STUDY)

(To be continued)

## Foreign Investment...

(Contd from Page 7)

An official said most of the firms using these local currency loans are doing well and only six are in difficulty.

India also benefited from another agency whose job includes bringing the investor and client together. The International Finance Corporation (IFC), the private enterprise arm of the World Bank, brought together investors in the United States and India to finance a \$70 million fertilizer plant in Southwestern India. The project will contribute considerably to the country's efforts to become self-sufficient in food. Co-sponsors of the project were U.S. Steel and the Birla Group India's largest industrial organization.

A unique idea in the investment field is the TAW International Leasing Corporation, a firm established by several American black businessmen and financed by an American bank and insurance company for \$6.5 million in government assured investments. Africans short on capital can rent large, expensive equipment such as computers, tractors and trucks. Those who lease equipment have the option of purchasing it out of profits. TAW, established in 1968 with headquarters in Liberia, has set up subsidiaries in the Ivory Coast and Kenya, an eventually plans service throughout black and Arab Africa.

### Great impact

Foreign investment has made a great impact on the developing nations. What has made it all possible?

As many nations have found in the race for investment dollars, success goes to those countries that offer the best conditions for investments.

How does a developing country attract investment-inspired wealth? The competition is keen, and hard-

headed businessmen pick and choose carefully among the various bidders.

Some countries, by their policies, drive potential investors away. They wrap themselves in a web of protective tariffs, restrict profits that may be taken out of the country tax the firms heavily, and in extreme cases expropriate the firm entirely, leaving the investors with nothing. Cuba's nationalization of American assets in the late 1950's cost Latin America an estimated 500 million dollars in investment over two years. In Zambia several international airlines dropped plans for a network of tourist hotels after the government threatened to take over foreign-owned hotels.

(It is noteworthy that when India nationalized the nation's 14 leading banks in 1970, it left untouched the foreign banks. The government explained that they contributed to India's foreign trade and tourism in a way that local banks could not).

### Important inducements

As U.S. Commerce Secretary Maurice Stans puts it, capital is most likely to go where it is most welcome and feels most secure.

What then, does an investor look for?

First, the country itself. The two most important inducements a nation can offer an investor are manpower and well-developed infrastructure. That's a fancy word meaning good roads, railroads, ports, airports, electric power, and communications. For many developing nations the first place to invest foreign aid is in building a strong infrastructure, the key to all further development.

Equally important is a good labour supply. To attract industry away from the developed nations, a new nation

must not only offer wages below those of Europe and America, it must offer well-trained workers. Ghana boasts that it spends more per capita on education than almost any country in the world. As more and more countries seek the newer, high technology and science-oriented industries, the competition in trained manpower becomes acute. Israel has several sophisticated scientific institutes, and the number of graduates grows by eight per cent a year.

Almost as important as infrastructure and manpower to investors is stability, both economic and political. Before putting millions of dollars in to a country, an investor wants to be sure that his investment is safer from rebellion, civil war and, above all, further expropriation of his assets.

What specifically do these nations offer the businessmen after their interest has been awakened? One of the first things the investors want to know is: can I convert my profits to dollars and send them home? All the successful countries reply: yes, 100 per cent of all profits can be quickly converted and remitted. (Iran, Korea and Taiwan even permit a portion of the original capital to be sent home each year.) They find that, even after profits have been deducted, plenty of income remains, in the host country in form of wages, raw material purchases, rents etc.

Practical businessmen also insist on assurances that they won't lose their investments through nationalization.

Ghana and Taiwan guarantee investors against expropriation. Indonesia promises full compensation in event of nationalization.

Probably the most important incentive is the tax holiday, and all successful host nations offer it in one form or another. Korea, China, Israel, and Indonesia all offer a five-year holiday. Iran and Ghana go further, promising ten tax-free years, and Ireland goes

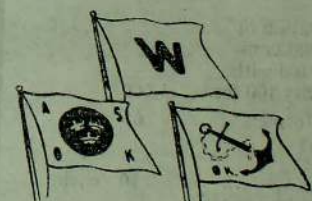
furtherst of all, offering complete tax relief for 15 years and partial relief for up to five years after that.

"It has not been easy for any of the new nations of the world to carve out the face of political independence," as U.S. Commerce Secretary Stans says, "Achieving the stability of economic independence will be even more difficult. The need for assistance, co-operation and partnership is unprecedented—on

both sides—if the world is to achieve both plenty and progress."

"We live in the most exciting economic time in history. Never before has so much of the world tried to develop or achieve a better life at a single time. Never before has the potential for satisfaction been greater—for the investor and the beneficiary."

(Courtesy U.S. Information Service.)



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# G. D. R. NATIONAL DAY: 7th October 1971

## A Special Supplement

### THE AMBASSADOR'S MESSAGE

On the 7th of October the people of the German Democratic Republic celebrate the 22nd Anniversary of the foundation of their state.



**Prof. Dr. H. Faulwetter**  
Ambassador Extraordinary and  
Plenipotentiary of the German  
Democratic Republic

Such a day naturally provides the occasion for reminiscing. Our people are looking back on 22 years of continuous successful, rapid development in political, economic and other spheres of life. The GDR, the first state in German history, having created and formed by the working people under the leadership of the working class and their leading Socialist Unity Party was improving their relations to other peoples all over the world. Because of its peaceful path of development and its support to all developing countries which are fighting for their national independence our people won friends in all countries of the world. The recognition of the GDR and the establishment of diplomatic relations to the first German Workers and Peasants State is growing up among the countries of the world.

Such a day provides also the occasion to look into the future. The people of the German Democratic Republic do it with great confidence. On the VII Congress of the Socialist Unity Party of Germany, after a broad people's discussion, the main tasks were deliberated for the following years. The conditions and decisions created by the VII Party Congress guaranteed

the further continuity of growth and development in improving the people's life.

We know that many people all over the world share our confidence for safeguarding peace and improving friendship between the peoples. And we feel particularly pleased that a great number of our Ceylonese friends joined us on this path through all the years.

As 1971 showed, the relations between the German Democratic Republic and the Young National States have been developed more and more. Also these relations between Ceylon and the German Democratic Republic.

After establishing diplomatic relations in 1970 bet-

ween our countries, important steps were taken in the young history of these relations. A Ceylonese Government Delegation, headed by the Minister of Foreign and Internal Trade, Mr. T. B. Mangaratne visited the GDR in November 1970.

The Minister of Foreign Affairs of the German Democratic Republic, Mr. G. Winzer, heading a Government Delegation from the GDR visited Ceylon in March 1971, also the Deputy Minister of Foreign Economy in February 1971.

Important agreements were signed to improve the trade, scientific-technical and cultural ties between Ceylon and the GDR. This is to mention some of the main affairs between our countries in the past year only.

*I am convinced that ties between Ceylon and the German Democratic Republic will become closer for our mutual benefit and for safeguarding peace in the world.*

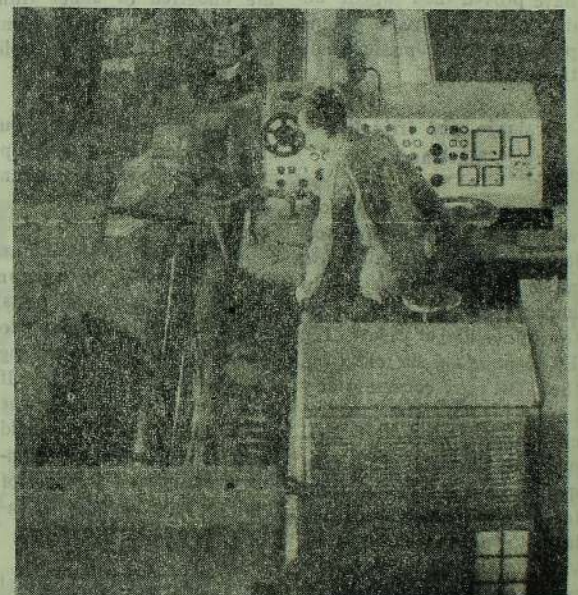
On the occasion of our National Day, I have the pleasure to wish all the best to the Ceylonese People and their Government, for a successful development of democracy and people's welfare, for a peaceful future of the country and for the further development of friendship and of mutual relations for both countries' benefit.

### THE MACHINE TOOL INDUSTRY OF THE G.D.R.

In the course of the past few years regular visitors to Leipzig Fair have been able to observe the remarkable development in the machine tool industry of the German Democratic Republic.

It is not only that the technical standards of the machine tools made in the G.D.R. have risen to levels which have won widespread international recognition, nor even the ever-increasing volume of production that is remarkable, but the development of a widespread network of service bureaux has played a decisive role in establishing the high

Some 500 machine tool from 20 countries were shown at the 1969 Leipzig Spring Fair, demonstrating again that Leipzig is developing more and more into a centre of international competition in productive capacities, in science and technology. In addition, the Fair offers visitors unequalled opportunities for comparing the efficiency and applications of the machines on show by means of direct discussions and operating trials, and of evaluating comparatively the various solutions of production problems displayed. Repeatedly, visitors at



Picture shows a cylinder Grinding Machine manufactured in the G. D. R.

### Port Installations for rapid cargo handling

The economic development of the emerging Asian and African countries necessitates the continuous expansion of their economic relations with other countries. Trade plays an important role in these commercial exchanges.

Up-to-date harbour equipment is of great importance when it comes to the transport and handling of goods with efficient and modern means. Sea ports are the principal "exchange yards" for the import and export of goods from and to Europe, America and Japan.

When reconstructing or modernising existing harbours or planning new ones the quantity of goods to be handled is not the only criterion, but also the time taken to handle these goods. Both factors go together to form an inseparable unit; they are the criteria on which the selection of handling technology and the relative machinery is based.

The German Democratic Republic has a number of factories—they are included in the Takraf industrial association—where modern and efficient harbour equipment is

manufactured. The following are the most important products from their ranges:

Dockside cranes in a variety of types and sizes for handling general and bulk cargoes, Bridge transporters and special loading and unloading equipment for bulk commodities (ores, coal, etc.),

Container handling equipment Pneumatic conveyor plant (specially for grains of all types),

Floating cranes,

Mobile revolving cranes,

Railway revolving cranes.

The factories have excellently equipped workshops in which experienced engineers, designers, technicians and skilled workers are employed who have a great deal of production experience. The individual factories work in close cooperation with the GDR "Institute for Transport Technology" in order to ensure that

the products and production methods always meet with world technical standards.

#### Planning of Port Installations

The German Democratic Republic is not only in the position of supplying harbour equipment, but the VEB Seehafenplanung, in Rostock, undertake, on request, the planning of port installations according to the newest technical and most economical points of view. This company has successfully demonstrated its ability by the planning, to name only one example, of the biggest and most modern sea port in the GDR, i.e. the port of Rostock.

The manufacturers cooperate with well-known specialists in the customer country and give technical support and direction for the assembly of the harbour equipment which they deliver. Naturally, there is good service and guarantees are provided.

The export organisation of the member firms of VVB Takraf, is Maschinen-Export, located at DDR-108 Berlin,

prestige enjoyed by the industry throughout the world.

#### WIDE RANGE

The range of machines marketed under the WMW marque by the machine tool industry of the German Democratic Republic extends from the simplest manual turning, drilling and milling machines to completely automatic machines that operate according to a pre-determined programme, control and revise the results of their work, feed and deliver the work-pieces automatically, and interchange tools automatically, according to the operations to be performed.

Mohrenstrasse 59. The organisation requested on the planning, delivery and assembly of harbour equipment, ensures swift tenders, and is responsible for the handling of foreign trade arrangements in cooperation with the manufacturing firms.

the exhibition stands of WMW factories, confirmed that further progress in the development of machine tools can only be achieved by adapting the machines to carry out new technological processes. This must be effected on the basis of a uniform approach to the new procedures required in the progressive development of fabrication engineering, and is true equally of installations in small and medium-size works, as well as of those for larger establishments.

The principle of utilising unitized components which has been consistently developed in the G.D.R. over the past 10 years is one of the basic foundations of the high productive capacity of the machine tool industry of the German Democratic Republic. Already at the time of delivery, lathes, and drilling, milling and grinding machines designed on this principle are adapted to their designed production task as far as possible.

# FARM AND FOOD MACHINERY FROM THE G.D.R.

Agriculture is the main source of food for the world's population, and the soil is the principal means of production. The quality and productivity of farming work, be it drainage irrigation, land reclamation, and maintenance, the operation of high-capacity machines, or use of fertilisers, herbicides and pesticides, is decisive for increasing crop yields. For this purpose a wide range of machinery, complete farming systems and a diverse assortment of farm chemicals are produced in the German Democratic Republic.

The international trend of development in agriculture is towards industrialised production methods, and the GDR makers of farm machinery have taken this development into account. Their machinery is operating in many countries throughout the world to the complete satisfaction of the owners. They have won many awards and have received excellent test reports from leading institutes. They have proved their worth under the most adverse geographic and climatic conditions.

## Drainage and Irrigation Machinery

Many countries are faced with the problem of land reclamation and irrigation to make the land fertile or to improve cultivated soil so as to achieve higher yields. The EKM pumping stations from the GDR have become widely known for their reliability and efficient performance. The capacity of these stations is adequately dimensioned to guarantee proper irrigation of the largest crops. They are of vital importance for vigorous plant growth and rich harvests in arid regions. EKM pumping stations can also be used for the drainage of low lands, moors and flooded areas.

The pumping stations are available in two standard variants. The first one is designed for the irrigation of 14.8 to 1,690 hectares (14.8 to 16.9 sq. km.), while the second one has a coverage of 2,210 to 4,210 hectares (22 to 42 sq. km.). These stations are fully tropicalised.

## Diesel Power Packs

VEB Schwermaschinenbau Karl Liebknecht, of Magdeburg, have developed, in co-operation with other firms, a variety of diesel power packs for stationary or mobile service. They represent ideal items of equipment for the maintenance of a continuous power supply for farms and are therefore extensively operated in remote regions which

which are not linked to the national grid. Power packs are available for generating electricity at rates from of 80 to 600 kW. They are driven by diesel engines with 4, 6 or 8 cylinders. They can also be used as emergency power packs in the event of a breakdown of the electricity supply.

## Chemical Plant Protection

Commenting on the importance of chemical plant protection, Professor Alfred Hey, director of the Central Biological Institute of the German Academy of Agricultural Sciences in Berlin, stated:

"The rapid growth of the world's population necessitates a marked increase in agricultural production in order to maintain at least the present level in the supply of food. This situation, however, is by no means satisfactory if one considers that there are hundreds of millions of people concentrated in certain regions who are underfed or suffer from hunger. One of the reasons for this is the rapid multiplication of plant pests.

"It is estimated that about 25 per cent of the world's crops are lost each year on account of plant predators.

"Plant protectants are man's most effective weapon against all kinds of plant pests, and they will continue to maintain their first-ranking importance in future, too. If man were to abandon the use of these agents it would mean that the world be voluntarily sacrificing his supply of food to such enemies as insects, fungi and weeds."

It is therefore only natural that man should give more attention to the problems of pest and weed control and the systematic reduction of storage losses. The 5th World Cereal and Bread Congress held in Dresden, GDR, at the end of May 1970 also dealt with these problems. Well over 2,000 scientists from 45 countries took part in this event.

Professor Engst from the GDR was one of the many prominent scientists to lecture on this subject at the Congress. He pointed out that "there would be sufficient food for another 300 million people if harvest losses were reduced by only 15 per cent due to the use of plant protectants."

## Export of Plant Protectants

It was stressed at this international conference that the German Democratic Republic, as a large and influential exporter of farm chemicals,

regards it as a vital task to increase the effectiveness of its plant protectants so as to reduce losses caused by insect pests and plant diseases and to minimise any possible harmful side effects these agents could have on nature in general.

A full range of herbicides, insecticides, fungicides, fumigants, rodenticides and formulations to control pest, which are a menace to public health are made by such world famous producers as VEB-Fahlberg-List, of Magdeburg, VEB Berlin-Chemie, VEB Chemiekombinat, of Bitterfeld, VEB Fettchemie, of Karl-Marx-Stadt, VEB Synthesewerk, of Schwarzheide, and Chemische Fabrik Delicia. Their products are subjected to rigid tests in their own laboratories and in laboratories of state institutions such as the Central Biological Institute of the German Academy of Agricultural Sciences. The formulations are meticulously examined for their biological, ecological, technological and toxicological properties which are of primary importance for the successful application of farm chemicals in practice.

Care is taken to ensure that maximum success is not only guaranteed in ideal weather, but also under less favourable conditions as encountered in tropical and sub-tropical countries. This is the reason why the Central Biological Institute has drawn up a comprehensive study programme to check the performance of farm chemicals under widely differing climatic conditions on all continents.

The results of these exhaustive tests have clearly shown that plant protectants, insecticides and herbicides produced in the German Democratic Republic are a valuable means of gaining additional food when they are properly applied. This is a vital prerequisite towards meeting the ever-growing demand for grain and other agricultural produce.

It must be pointed out in this connection that although plant protectants, insecticides and herbicides are available aids for achieving this aim, they are not the only means to help secure the production of sufficient food for everybody. The application of appropriate fertilisers with the object of raising soil fertility is an equally important measure, particularly in various regions of South-East Asia, Africa, Central and South America in order to overcome agricultural backwardness. Providing for higher soil fertility is therefore another way of increasing the world's output of cereal and other crops. Potash which is exported in large quantities by the GDR, holds a very significant position in this connection.

Detailed information on the export range of plant protectants, insecticides and herbicides will be gladly forwarded to interested parties by the foreign trade agency.

## Modern Processing of Farm Produce

VEB Kombinat Fortschritt Landmaschinen, Neustadt, offer a complete range of ma-

chines and plants for the efficient processing of agricultural produce. The individual companies of the group have rich tradition in this line of food engineering, particularly with regard to grain processing. They are in a position to design, plan, produce and install complete granaries, wheat and rye mills, hulling mills and feed mills.

The GDR industry can justly claim to be a leading producer of complete hulling mills in the world. Its standard rice mills have repeatedly met with the approval of experts. GDR producers can supply complete grain and rice mills with a daily throughput capacity of 800 tons. Many years of successful co-operation with prominent institutes, colleges and other scientific research centres, a large staff of highly skilled experts and a well organised after-sales service are characteristic of the high potential and efficiency of the milling machine producers of the GDR. Untechna Außenhandelsgesellschaft mbH are sole exporters of these products.

## Wrapping Machines from the GDR

At the end of the production of most foods for sale there is a wrapping and packaging service. Packaging has a protective function which is of great importance in our age of self-service stores. In addition the outer wrapper represents an ideal means of advertising the product in containers. Attractive prints are intended to catch the eye of would-be buyers and thus help to increase sales.

All these factors have created a big demand for appropriate wrapping and packaging machines on the world market.

The German Democratic Republic has a great tradition in this sphere of machine building and its wrapping and packaging machines and systems are exported to more than 50 countries in all parts of the world. Wrapping and packaging machines for individual goods, granular and powdered products formerly ranked first in export lists, but a growing demand has become noticeable for filling machines for liquid and pasty goods.

The trends of development in the field of wrapping and packaging machines are being determined by the wide variety of new types of wrapping materials, and by the need for fully automatic systems based on the unit construction principle. The Filutex bag forming, filling and sealing machine is a typical representative of such a standardised system.

## The Filutex System

The designers of the Filutex system, VEB Kombinat Nageima, of Dresden, aimed at creating a basic machine which can be extended by a large number of accessory units to produce assemblies meeting specific wrapping problems.

The Filutex system is based on the principle of the continuous flat bag which is fed horizontally into the machine. There are two basic models, the Filutex 8 i for intermittent operation and the Filutex 8 k for continuous operation. The Filutex system is extremely versatile and it will deal with at least 120 different kinds of goods ranging from bakery products to underwear.

Greetings to the  
Government and the  
People of the  
German Democratic  
Republic  
From  
**NATIONAL TEXTILE  
CORPORATION**

National Textile Corporation  
25/1, Horton Place,  
Colombo-7.

# THE G. D. R. --- YOUR TRADE PARTNER

More than 25 years have passed since the liberation of the German people from fascism. The victory of the Soviet Army and of the forces allied with it in the anti-Hitler coalition in 1945 gave the German people its big chance for a new life.

In the eastern part of Germany workers and peasants, craftsmen and members of the middle class used this chance. The concerns of the big capitalists and of the armament kings were expropriated and put in the hands of the people. The poor peasants and farm labourers were given the land of the Junkers and of the big landlords. The banks, the insurance companies, the wholesale organisations and the transport enterprises came under the control of the working people, just as the state machinery, the judiciary and the education system. Thus the roots of imperialism, facism and aggression were eradicated and the foundations laid of a new order, expressed formally with the founding in 1949 of the German Democratic Republic

## National Income

In the 21 years of its existence, the GDR has become a highly developed, socialist industrial state with a modern agriculture. It has consolidated its position amongst the top ten industrial powers of the world and has established a favourable starting basis for the seventies.

Since the founding of their Republic, the working people of the GDR have increased the national income produced by two and a half times (1969—103,000 million marks), industrial production and building by three and a half times and agricultural production by more than fifty per cent. In the past twenty years, the industry's share in the net national product rose from 47 to 60 per cent. There was an enormous increase in capital investments, i.e. from 3,600 million marks in 1950 to 30,500 million marks in 1969

The great achievements accomplished by the working people of the GDR are even more impressive when it is considered that the increase to 7.7 million in the number of people employed is equivalent to a rise of less than 9 per cent during this period. Productivity per employee has tripled in industry, in the building trade and in agriculture. This exceptional rise was made possible by the transformation of the relations of production, by the utilisation of all the advantages of large-scale socialist production, by a clear-sighted economic policy and, not least, by the new attitude of the people to their work. As the socialist owners of the means of production, the people of the GDR have realised the identity of personal and social interests has become evident to them. This explains why the GDR with its population of 17 million (0.5 per cent of the world total) accounts for no less than 1.7 per cent of the aggregate national incomes and why its citizens enjoy a high standard of living.

## International Reputation

For more than one hundred countries, the GDR, is a much-valued, efficient and reliable trade partner, being one of the world's leading exporters of machine tools, chemical products and equipment, scientific and optical instruments, graphic arts machines and equipment, rail vehicles, farm machinery, factory trawlers, furniture and consumer goods.

By reason of its raw materials situation but also in order to utilise the advantages of the international division of labour the GDR pursues an active foreign trade policy. 23 per cent of all exports are basic materials, 56 per cent engineering products and 19 per cent consumer goods and, foodstuffs and related products. Imports are made up of basic materials, engineering products, foodstuffs and related products or other farm produce; each group accounting for one third of the total. These relations reflect both the great dependence of the GDR

on the importation of certain raw and basic materials (steel, mineral oil, wood, etc.), semi-finished products, foodstuffs and related products, and the endeavour to import finished products, including not only capital goods but also a wide range of consumer goods, to supplement home production.

By  
Dr. Reinhart Greuner

In addition to the exchange of goods, the GDR works closely in scientific and technical fields and has made arrangements for co-ordination of production with many countries. In particular, the GDR is constantly expanding its relations with the Soviet Union which is its principal trade partner. Joint planning, research work and prognostic conceptions, also extensive specialisation characterize the stage reached in the co-operation, which is based on friendship and equality, between

the GDR and the USSR, the leading socialist power in science and industry.

## Successful Structure Policy

In recent years, the GDR has regularly achieved an annual growth rate in national income of 4 to 6 per cent. To ensure a stable rise in the national income on a long term basis the GDR will continue to pursue a clear-sighted structure policy.

In the beginning, it was necessary first of all to build up an efficient power industry and a national metallurgical industry and, at the same time, to overcome war damage. In the years that followed, central planning and economic management was extended to an increasing degree to the processing industries. The machine tool and textile engineering industries, the motor vehicle industry, electrical engineering industry, the precision engineering and optical industries, as well as the chemical industry all possessed fine

traditions which were taken as the point of continuation. However, completely new sectors of industry were established in the fifties and sixties: motive power engineering, chemical engineering, shipbuilding, mineral oil and natural gas processing, etc.

For a country the size of the GDR, it was a question not of dispersing its reserves and resources but of concentrating on those industries which would promote a high economic returns over a long period. This well-tried principle is being continued.

For the GDR where no increase in the amount of workers can be expected for some years to come, the rise in productivity through automation and an effective economic structure are the foremost factors for growth; in turn, these are determined essentially by the level and rate of development of science technology and education.

That is why the great economic objectives which the GDR

Contd. on Page 12

## Greetings & Best Wishes

to the

## PEOPLE OF THE GERMAN DEMOCRATIC REPUBLIC

on their

## NATIONAL DAY

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# The G.D.R.—your trade partner

Contd from page 11  
has set itself for the next few years are at the same time the country's aims in the fields of research and education.

What are the key factors in the further development? Characteristic for the power industry are the construction of additional power stations, including the second nuclear power station, and the increasing use of fuel oil and natural gas whilst the output and processing of lignite are being maintained at maximum levels. A second oil pipeline and a pipeline for natural gas from the USSR are under construction.

In the metalworking industry, the refining stage is being extended still further (cold rolling and surface treatment of sheet and strip material; production of high-grade steel light steel sections and semi-finished products of aluminium).

In the chemical industry, priority is given to the further development of oil refining the chemical utilisation of natural gas, the rapid development of high-polymers, man-made fibre materials, modern types of recording material (film material, magnetic tapes, etc.) and farm chemicals.

In electrical and electronic engineering, the scientific and technical potentials are being concentrated on the development and implementation of system solutions for complex

automation projects. These include an efficient integrated system of information techniques designed to assist in the rationalisation of planning, management and production processes, the elaboration of fundamental solutions for the automation of pre-production work (design, technology, project planning, etc.), the development of micro-electronics and the large-scale production of components for semiconductor engineering. In 1970, investments in this branch of industry amounted to about one quarter of the capital funds.

In the mechanical engineering field, it is a question of providing the appropriate equipment and machine and instrument systems for the automation on a complex scale of important sectors of the economy, of production equipment for the machine tool industry, of machine systems and complete plants for the textile, graphic parts, plastics and elastomer-processing industries and for the agricultural and food industries, of building machinery, gear systems, hydraulic equipment and ventilation and refrigeration systems—to mention only the key sectors.

In building construction, attention is centred on the application of time-saving technologies and the use of modern building materials, lightweight construction methods, and

the maximum employment of prefabricated building elements

It is true that agriculture has suffered considerable losses over the past two years due to unfavourable weather but, nevertheless, mechanisation and soil improvement projects

have been successfully continued. As early as 1968, 94 per cent of the cornfields and sugar-beet fields and 56 per cent of the potato fields were harvested with the help of combines. On the basis, of specialised socialist co-operatives agriculture is being integrated with the food industry to form a single sector of the economy.

In the same way, the standard of living of the population is being systematically raised. The re-shaping of town centres, residential areas and villages is making visible progress. In every 100 households at the present time, 4g have a refrigerator and a washing machine, '66 have a TV and a 96 a radio.

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# BUSINESS NEWS

## Geylon Petroleum Corp. makes rapid headway

Excerpts from the Chairman's Annual Report (1969) outlining the activities of the Ceylon Petroleum Corporation are given below:

The year 1969 saw the completion of the construction of the Refinery at Sapugaskande, and also the Lubricating Oil Blending Plant, Kolonnawa, the two big projects undertaken by the Ceylon Petroleum Corporation. The Refinery began to operate in mid-August 1969, while the Blending Plant commenced production from the beginning of July 1969. With these two projects commencing operations, the Ceylon Petroleum Corporation was transformed from a mere importer and distributor of refined petroleum products and lubricants to an importer of crude and base oils, producer, distributor and exporter of locally refined petroleum products and lubricants. This change also had an impact on the accounting aspects of the Corporation.

In order to bring out clearly the effect of the additional activities undertaken by the Corporation the operating and trading accounts of the three main activities, namely, refining of crudes, blending of lubricants and marketing, have been shown separately. The Corporation will continue work to further expand its activities in the oil sector.

With a view to working out the profitability of the two production Units—Refinery and Blending Plant, a decision was taken that the products of these two units required to meet local demand should be transferred to the Marketing sector at import parity prices. As regards exports and sales of bunker fuels, the profitability is bound to the actual prices realized on these exports and sales.

### Investment Cost

The total investment on the Refinery, including the preliminary expenses is Rs. 173 million. Of this sum Rs. 125 million represent the foreign exchange cost. The greater part of the Refinery expenditure had been met by loans provided by the Refinery contractor SNAM PROGETTI and also out of borrowings from a Bank. The Corporation has an outstanding liability to SNAM PROGETTI as at the end of 1969 of Rs. 75 millions to be discharged over the next four years. We have also a liability of Rs. 30 millions to a local Bank on the Refinery Account.

### Capacity of the Refinery

The input capacity of the refinery is 1.7 million tons per annum or 38,000 barrels of crudes per day. The Refinery commenced production on the 15th August, 1969. The production, initially was confined to the processing of furnace

oil and auto diesel only. It however, gradually went on stream and towards the end of the year it was operating at almost full capacity producing the complete range of products. During the 4 1/2 month period of production in 1969, the Refinery processed nearly 516,000 tons of crude oil to produce 473,800 tons of refined products. The difference is due mainly to fuel oil consumed during processing, and the actual losses amounting to 44%.

### Operating Results

The value of products transferred to Marketing Sector to meet the local demand at import parity prices and exports and sales of bunker fuels at agreed prices with buyers, amounts to Rs. 46.7 million. The value of closing stock of refined products as at 31.12.69 in the Refinery tanks at estimated cost is Rs. 3.0 million. The total operating cost for the period is Rs. 47.4 million which includes cost of crude oil, additives, chemicals etc., of Rs. 39.4 million and depreciation charge of Rs. 4.9 million. The surplus before charging interest on investment loans and on borrowed capital and also preliminary expenses is Rs. 2.3 million. The net surplus after charging interest on investment loans of Rs. 1.3 million and interest on other borrowed capital of Rs. 0.5 million is Rs. 0.5 million.

Surplus disclosed in the accounts is not a true pointer to the profit potential of the Refinery. In fact, the Refinery was not worked to its full capacity in the initial period of operation and production also was confined to output of more low value fuels. One of the reasons for the production of low value fuels is that the Corporation had in stock considerable quantities of high value bulk fuels such as petrols. The budgeted Refinery surplus for 1970 at the maximum capacity is around Rs. 20 million.

### BLENDING PLANT

#### Investment Cost

The total investment on the Blending Plant is Rs. 5.5 million of which Rs. 1.9 million represents foreign exchange cost of the project. The investment on tin manufacturing plant is Rs. 88,000/-. The Blending Plant investment cost is met by long term foreign loan provided by I.C.P.A. the Contractors for the Plant investment cost is met by long term foreign loan provided by I.C.P.A. the Contractors for the Plant, and also funds generated by Marketing operations.

The Blending Plant commenced operations on 3rd July 1969. Though it commenced production in early July it operated only for about five months last year. The

strike of employees of the Corporation in September caused the Blending Plant to be out of production for nearly one month. Even during the period of operation the Blending Plant was not worked to its full capacity... Therefore, as in the case of the Refinery the surplus shown in our operating account does not indicate the true profit potential of the plant. During the year 1969 the Plant processed nearly 2,520 tons of base oil to produce 658,000 gallons of all varieties of lubricants. The value of products transferred based on import parity prices is Rs. 2,186 million. The package cost charged to Marketing during the year is Rs. 562,000. The total operating cost of the Blending Plant is Rs. 2,625 million which includes the depreciation charge of Rs. 299,619/- for the period of operation. The surplus before charging interest on investment loan and preliminary expenses is Rs. 123,835/-. The net surplus after charging interest on investment loan of Rs. 49,000/- is Rs. 75,000/-.

### FINANCIAL RESULTS

#### Marketing

(a) The total turnover of the Corporation for the year 1969 amounted to Rs. 374.0 million compared to Rs. 355.6 m. in 1968 representing an increase of 5.2%. Income from miscellaneous sources such as hire of equipment, income from investments etc. contributed a further sum of Rs. 3.0 m. compared to Rs. 3.1 m. in 1968. The total gross income for the year totalled Rs. 377.1 million compared to Rs. 358.7 m. representing an increase of 5.1%. The volume of business too increased from 233.6 m. gallons to 243.8 m. gallons representing an increase of 4.4%. The volume and value of sales during the year under review analysed by products with comparative figures for 1968 are given in Table A.

(b) The direct cost of sales of product for 1969 is Rs. 292.6 million as compared to Rs. 300.1 million in 1968 despite an increase in turnover of Rs. 18.4 million. This is mainly due to relatively low prices paid for imports of refined fuels during 1969 and also the abolition of the Import Licence fee in the latter part of 1968. In 1968 the Import Licence fee cost the Corporation Rs. 5.8 million. The lower import costs in 1969 resulted in a foreign exchange saving of Rs. 18 million. The higher turnover with lower direct cost of sales resulted in an increased gross margin of Rs. 81.4 million in 1969 as compared to Rs. 55.5 in 1968. This represents an increase of 46.7%. The total operating expenses including depreciation amounts to Rs. 52.3 million which shows an increase of Rs. 8.4 million when compared with the 1968 figures:

After an adjustment for dealer turnover tax of Rs. 6.1 million less depreciation of Rs. 1 million for Trincomalee Installation, for the previous years the net surplus for 1969 before income tax is Rs. 27.1 million which is nearly double the 1968 figure.

### Investment Cost in Marketing Sector

The investment of fixed assets in the Marketing Sector as at end of December, 1969 is Rs. 87 m. compared to Rs. 82 m. in 1968. The difference accounts for additions during the year. The investment cost includes the amount of compensation agreed with Companies for vested assets acquired from them. As the amount agreed as compensation is a lump sum figure the need for a detailed breakdown of the figure into various classes of assets existed. Hence the Corporation employed the services of a private valuer to assess the values of various categories of assets acquired from oil companies at the date

of take-over. At the time of writing the Valuer has submitted his report. It is proposed to effect the necessary adjustments arising from this valuation in the accounts for 1970.

The overall profit of the Ceylon Petroleum Corporation for 1969 is shown in Table B.

Preliminary expenses of 10.4 million which includes interest on foreign loans of 5.7 million have been written off against the total surplus of 27.6 million. The balance surplus has been transferred to Sinking Funds, to cover compensation liability and to provide for capital liabilities in respect of Refinery and Blending Plant.

TABLE A

Products	1969		1968	
	Volume in million gallons	Value in million Rupees	Volume in million gallons	Value in million Rupees
Super Petrol ...	24.7	85.5	23.5	87.3
Regular Petrol ...	18.9	58.2	18.8	58.0
Desel Oil ...	60.4	90.6	55.9	84.4
Heavy Diesel ...	25.6	28.0	25.4	25.5
Furnace Oil ...	40.2	23.7	40.9	24.9
Kerosene ...	69.3	50.2	64.9	47.2
Others ...	4.7	37.8	4.2	34.3
<b>Total Inland Sales ...</b>	<b>243.8</b>	<b>374.0</b>	<b>233.6</b>	<b>355.6</b>
<i>Add bunkers and exports credited to Refinery Account—</i>				
Diesel Oil ...	0.1	0.1	—	—
Marine Diesel ...	2.4	1.1	—	—
Furace ...	33.3	8.1	—	—
Naphtha ...	5.4	1.5	—	—
<b>Total ...</b>	<b>285.0</b>	<b>384.8</b>	<b>233.6</b>	<b>335.6</b>

TABLE B

		In Million Rupees
Marketing—	Surplus for the year	32.15
	Less: Adjustment for previous years	5.09
		27.06
Refinery ...		0.46
Blending Plant ...		.08
<b>Total Surplus</b>		<b>27.60</b>

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# THE ECONOMIC TIMES

Editorial Department  
Saturday 2nd October, 1971

(1st Floor), 157, Jayantha  
Weerasekera Mawatha  
COLOMBO 10.

## CEYLON'S CYCLIC DISASTER

THE FLOODS ARE FAST RECEDING AND IT IS ONLY PROVIDENCE THAT HAS SAVED CEYLON FROM YET ANOTHER MAJOR CASTASTROPHY. FORTUNATELY THE DESTRUCTION, DAMAGE AND OVERALL LOSS TO THE COUNTRY HAVE NOT BEEN EXTENSIVE. NEVERTHELESS, SEVERAL THOUSANDS HAVE BEEN RENDERED HOMELESS AND THEY HAVE SUFFERED INDIVIDUAL LOSSES AND UNTOLD MISERY WHICH OF COURSE NECESSITATES, AS USUAL, GOVERNMENTAL BENEVOLENCE.

FLOODS, IS ONE OF THE NATURAL DISASTERS THAT HAS AFFLICTED THE COUNTRY WITH ALMOST CYCLIC REGULARITY. FLOODS ARE HOWEVER NOT A NEW PHENOMENON IN AN ISLAND WHICH IS SUBJECT TO THE VAGARIES OF TWO MONSOONS, BUT THE UNWELCOME VISIT IN THE FORM OF A DEPRESSION IN THE BAY OF BENGAL IS ONE THING TO GUARD AGAINST.

OUR DEPARTMENT OF METEOROLOGY DOES NOT POSSESS MODERN EQUIPMENT WHICH WOULD ENABLE IT TO MAKE ANY ACCURATE WEATHER FORECAST SO AS TO WARN AGAINST ANY IMPENDING DISASTER OF THIS NATURE. IT THEREFORE BEHOVES ALL PLANNERS BOTH IN THE SOCIO-ECONOMIC AND AGRICULTURAL FIELDS TO ONLY HOPE FOR THE BEST AND BE PREPARED FOR THE WORST.

IT IS UNFORTUNATE THAT DESPITE THE FACT THAT FLOODS HAVE OCCURED REGULARLY OVER THE YEARS AND HAVE WROUGHT HAVOC IN ITS TRAIL THE AUTHORITIES CONCERNED STIR THEMSELVES AND TALK OF VAST PROTECTION SCHEMES ONLY WHEN THE FLOODS ARE RAGING. AS THE FLOOD WATERS RECEDE THESE TALKS TOO SUBSIDE AND THE PLANS FIND THEIR WAY INTO THE VARIOUS DEPARTMENTAL PIGEON HOLES.

THERE ARE NUMEROUS FLOOD PROTECTION SCHEMES THAT WERE DESIGNED OVER A DECADE AGO, BUT LITTLE OR NO HEADWAY HAS BEEN MADE TOWARDS THEIR IMPLEMENTATION. THE KALUGANGA, NILWALAGANGA AND THE GINGANGA PROJECTS ARE SOME OF THE MORE GRANDIOSE ONES THAT HAVE YET TO BECOME A REALITY.

MEANINGFUL STEPS MUST BE TAKEN URGENTLY TO PREVENT THIS NATURAL CALAMITY THAT COULD ALMOST OVERNIGHT UPSET TO A GREAT DEGREE GOVERNMENT PLANS TO STEP UP THE FOOD DRIVE WHICH DEPENDS ON NORMAL WEATHER. DOLING OUT FLOOD RELIEF IS ALSO AN UNDUE BURDEN WHICH STRAINS THE LIMITED RESOURCES OF THE GOVERNMENT AND DIVERTS EXPENDITURE FROM DEVELOPMENT PURPOSES TOWARDS CONSUMPTION. EVERY EFFORT SHOULD BE MADE TO ELIMINATE THE CAUSE AND REDUCE THIS DANGER OF PERIODIC FLOODS. HUMANITARIAN MOTIVES DEMAND IT.

## More British support for U. N. programme

Britain is to make a one-third increase in the financial contribution she makes to technical assistance programmes carried out under United Nations auspices.

Announcing this, the British Overseas Development Administration said that £8 million would be made available to the United Nations Development Programme (UNDP) for the year 1972. This will bring Britain's total contribution to the UNDP and its predecessors to nearly £58 million more than any other country except the United States and Sweden.

But money comparisons are not the best way of measuring the scale of UNDP operations and the support provided for them by individual countries.

### Technical aid

Created at the beginning of 1966 by a merger of the former UN Expanded Programme of Technical Assistance and the UN Special Fund, UNDP helps developing countries, not through the provision of development capital, but in providing experts, training, including help in establishing technical training, and research institutions.

Last year 1,321 experts from the United Kingdom served on UNDP projects in developing countries. This was more than any other country supplied.

At the same time 700 UNDP Fellows were receiving training in Britain, bringing the total number trained there to almost 8,000 under UN programmes alone over the past 20 years.

## U. S. loan for hotel project

The U.S. Ambassador Robert Strausz Hupe delivered a cheque for Rs. 3,500,00 to Mr. M. T. L. Fernando, representative of the Inter-Continental Hotels Corporation on the Board of Directors of Hotel Services (Ceylon) Limited, last week.

This investment in the 252-room hotel, now under construction in the Fort area, was loaned to the Inter-Continental

Hotels by the U.S. Agency for International Development.

An additional loan of US \$3,362,000 is available to the Hotel Services (Ceylon) Limited by the U.S. Export-Import Bank on a guarantee furnished by the Government of Ceylon.

Bechtel International Corporation is managing the construction and Inter-Continental Hotels Corporation will manage it under a management agreement.

## R. B. I. cautions depositors

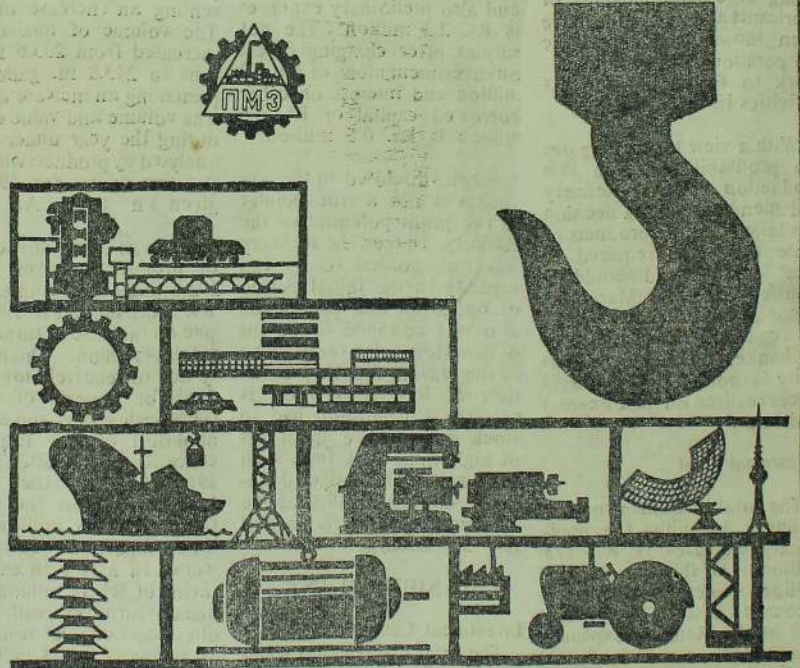
The Reserve Bank of India has advised people intending to deposit their funds with non-banking companies to find out whether companies soliciting deposits were doing so to meet their genuine business requirements, whether their financial position is sound and whether the affairs of the companies were being managed effectively.

"While there are a number of financially sound companies accepting deposits, there are also quite a few whose financial position may not be so sound, although they may be formally complying with the directions of the Reserve Bank," a press note issued by the Bank said.

The Bank said those who place their funds with a non-banking company either in the form of unsecured loans, should not presume that the deposits or loans are fully protected or are absolutely safe merely because the company claims to have complied with the Reserve Bank's directions.

The Reserve Bank made the clarification following frequent advertisements by non-banking companies soliciting deposits from the public.

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