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JAPAN-CHINA TRADE: A NEW ERA

Japan has just started investigation works in the huge Chinese market of 800 million population. With the recent rapid change in international situation involving China, including Peking's participation in the United Nations and expulsion of Taiwan from the U.N. seat, at most all the major Japanese enterprises began to shift their eyes from Taiwan to China.

Top leaders of the Japanese business community recently visited Peking and the inclination to China of the Japanese economic field is becoming full-fledged. On the other hand China has come out successfully through the confusion of the cultural revolution and the Chinese economy is on the upswing.

New Development

It can be said that the Japan-China trade relations has now entered a period of new development. The only and highest barrier before further economic interchanges between the two countries is the lack of diplomatic relations.

Resumption of normal ties between the two countries now seems to be the majority opinion of the Japanese and is already incorporated in the practical political program of this country. It can thus be expected that the Japan-China trade will see a substantial expansion in the years ahead.

Trade Balance

After stagnant years of 1967 and 1968 the Japan-China trade

started picking up since 1969. In 1961 when private - base trade through so-called friendly firms was started the two way transaction amounted to only \$48 million or 0.5 percent of Japan's over-all trade. In 1966 the figure rose to \$622 million, occupying 3.2 percent of this country's overseas transactions. The inactive trade in 1967 and 1968 resulted from confusion that followed the cultural revolution in China.

The 1969 figures represented Japanese imports of \$360 million, lower than the 1966 level, but exports saw a sharp rise. The Japanese export to China continued to increase in 1969 and 1970 renewing records each year. In the years before 1964 Japan's import from China exceeded exports to the same country.

Exports and imports remained balanced in the years until 1967. After 1969 Japan has been over-exporting to China.

In 1970 Japan's exports to China totaled \$573 million, or 3 per cent of the country's over all export, and its imports from China stood at \$250 million, equivalent to 1.3 per cent of Japan's total imports. The two-way transactions with China in the same year reached \$862 million which was 2.2 per cent of Japan's overall trade. The Japan-China trade in 1970 represented an increase of 31 per cent over the preceding year.

Even in the lack of normal diplomatic relations China already is ranked the seventh largest buyer of Japanese goods following the United States, South Korea, Taiwan, Hong Kong, Australia and Liberia. China currently is on the 16th of the list of suppliers for Japan.

Viewed from the Chinese side, their trade with Japan occupies about 20 per cent of their total trade of \$4,200 million making Japan their largest trade partner in the world, according to JETRO, a Japanese trade promotion organization. China used to rely on the Soviet Union for half of its trading but now the major trade partners are Japan and some West European countries.

Future Outlook

Japan is expected to export to China large plants in the fields of petrochemical, chemi-

cal fertilizer, shipbottoms, railway, communication and oil pipelines on top of exporting steel products, industrial ma-

Govt. to finance replanting scheme

The Government will provide one hundred per cent finance for the replanting of uneconomic tea and rubber lands registered with the Tea and Rubber Controller, with other profitable crops.

Fifty per cent of this assistance will be in the form of an outright grant by the Ministry of Plantation Industries, while the balance will be given by the State Mortgage Bank under a special loan scheme. It will carry an interest of 5-7 per cent.

The alternative crops will be recommended by the Ministry. Among them are cocoa, cardamoms, coconuts, cloves, nutmeg, pepper, pineapples, passion fruits, pasture, timber, rubber (in tea land), oil palm (in rubber lands), lemon grass and mulberry.

The UNDP Special Fund will assist the Ministry of Plantation industries in this programme.

chinerics, transportation equipment and synthetic textile raw materials. It can be said that large Japanese business firms have been planning to achieve the above end.

Following increased production in China Japan can expect

purchases of larger quantities of foodstuffs, feeds, soybeans silk, chemical products, coking coal and others. It is believed by observers here that the Japan-China two-way trade will reach a level somewhere between \$2,000 million and \$3,000 million by around 1980.

Dollar devaluation causes anxiety

The devaluation of the U.S. dollar by 7.9 per cent has created in its wake a further setback to the ailing Ceylon economy.

The Government decision to link the rupee with the U.S. dollar will mean that imports from the non-dollar countries will automatically go up, while our exports to these countries may become cheaper. This could lead to adverse repercussions on the balance of payments position which is already fast deteriorating.

As far as the consumer is concerned he will be burdened

for Ceylon

with price increases in respect of a wide range of food items and locally manufactured products. The Government spends approximately Rs. 900 million for the import of food items alone.

Among the goods imported are rice, flour, sugar, fuel, dhal, textiles, milk foods, motor vehicles, tractors, fertilizer, motor spares and raw materials etc.

The Central Bank has announced that there has been

no devaluation of the Ceylon rupee as its par value in terms of gold continues to be at a 0.149297 grams of gold as fixed on 21st November 1967.

The new parity for the Ceylon rupee in terms of Sterling is Rs.15.1649, while the earlier rate was Rs. 14.8435, the parity in terms of the U.S. dollar remains at Rs. 5.9524.

15.4 MILLION DOLLAR U.S. LOAN TO CEYLON

The U. S. Government and the Government of Ceylon signed a new multi million dollar Food For Peace Agreement.

This agreement provides the Government of Ceylon with \$15,428,000 (more than Rs. 91.7 million) in long - term credits for the purchase from the United States of up to 179,300 metric tons of wheat flour in the calendar year 1972.

Dr. H. A. de S. Gunasekera, Permanent Secretary of the Ministry of Planning signed for the Government of Ceylon and Mr. Peter J. Peterson, American Charge d'Affaires signed for the United States.

With this new agreement the United States will have provided a total of approximately Rs. 416,500,000 (US\$70,

000,000) to Ceylon in the form of long-term credits for the purpose of food stuffs, mostly wheat flour, since 1967.

Favourable terms

The terms of the new agreement are more favourable to Ceylon than those of previous agreements. The repayment period of the loan is 40 years, including a 10-year grace period during which payments on the principal of the loan are not required. Interest during the grace period will be at two per cent. Thereafter it will be at three per cent.

It is expected that orders will be placed immediately

Price Index Soars

The Colombo Consumers' Price Index Number for the month of October 1971 at 144.4 showed an increase of 1.9 points as against 142.5 for the month of September 1971.

and shipments will begin early in 1972.

Care Aid

In addition to the food provided under the newly-signed agreement, the United States also contributes food to World Food Program (WFP) projects in Ceylon and the Cooperative for American Relief Everywhere (CARE).

In the latest agreement with CARE, the United States has pledged 2,400,000 worth of food for free distribution by CARE in Ceylon. Much of the food in the various WFP projects in Ceylon is similarly given by the United States.

In this Issue

- * Export Intelligence : page
- * Management :
- * Science & Technology :
- * Global News :
- * Investment Opportunities : 6 &
- * Britain's aid programme :
- * Changing situation of world's workers : 6 &

MARKET PRICES

COLOMBO

TEA (Rs. Cts. Per lb.)

CLOSING PRICES 3-1-71

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

	B.O.Ps		B.O.P.Fs	
	Rs. Cts	Rs. Cts	Rs. Cts	Rs. Cts
High Grown:	1.90	3.20	2.10	3.00
	1 at 3.25	1 at 3.25	1 at 3.20	1 at 3.20
		1 at 3.35		
Medium-Grown:	1.75	2.10	1.90	2.15
Small Leaf Low-Grown:	1.90	2.45	1.88	2.00
Leafy Low-Grown:	2.08	2.30		
Tea For Price:	1.45	1.68	1.45	1.80
	F.B.O.Ps		F.B.O.P.Fs	
	2.10	2.35	2.30	8.50
Tippy Teas:	4 at 2.55	—	1 at 9.60	1 at 10.40
			1 at 9.90	1 at 9.90

RUBBER

PRICES FOR THE WEEK ENDED 26.12.71.

(Rs. cts.—per lb. Avg. to Same Closing Quotations Avg. to date Period

	1971		1970
	Closing	Avg. to date	Period
RSS No. 1	70 1/4	79 1/2	91
RSS No. 2	65	71	86
RSS No. 3	64	69	84

COPRA

(Rs. per candy Opening Price Clos. Price

Estate Copra No. 1	194.00	185.00
COCONUT OIL (Rs. per ton)		
December	1250.00	1250.00
January	1250.00	1250.00

DESSICATED COCONUT

(per lb.) Opening price Closing Price

December	.55	.56
January	.55	.56

PRICES OF THE WEEK ENDING 26.12.71

Commodity	Buyers Quotations (Per lb)	Export DUTY
Cardamoms	10.00	11.00 40%e
Cardamom Seeds	13.00	13.45 on true
Cloves	28.00	— F.O.B.
Cloves Stems	4.70	5.00 value
Mace	17.00	18.00
Nutmeg (Shelled)	4.00	4.50
Nutmeg (Unshelled)	2.00	2.25
Pepper (Black)	5.00	5.25
Papain (White)	21.00	22.00
Papain (Brown)	17.00	18.00
Cinnamom H/1	2.75	— 20% on
Cinnamom H/2	2.65	— true f.o.b.
Cinnamom Quilings No. 1	2.40	— value

Per Cwt. Export Duty

Cocoa	126.00	136.00	40% on
Coffee	345.00	—	true f.o.b.
Kapok (Clean)	150.00	—	value
Kapok (Unelan)	50.00	—	
Croton Seeds	100.00	110.00	
Essential Oils	Per ox./lb.		
Cinnamom Leaf Oil	15.50	per 25 ozs	
Cinnamom Bark Oil	Per oz.	20.00	
Citronella Oil Estate Quality	Per lb.	6.70	10% on
Citronella Oil Ordinary	Per lb.	6.50	true f.o.b. value

SUBSIDIARY CROPS WEEKLY PRICE LIST POYA ENDING 26.12.71

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

Cereals	(Per Bag 154/158 lbs)
Paddy	13.00—14.00
Other varieties	12.00—
Rice Par Boiled	78.00—80
Country Rice No. 1	98.00—100.00
Country Rice No. 2	90.00—95
Samba Rice	110.00—115.00
Kora	115.00—118.00
Maize	Per Cwt. 27.00—28.00

TEA REPORT

Auction No. 1 held on 3rd January 1972

The total quantity offered was 9,198,695 lbs comprising 5,017,777 lbs. Leaf Grades, Reprints, 44,055 lbs. Sundry Lots and 3,122,403 lbs. Ex Estate. Quality from the Dambula/Dickoya areas showed little improvement on the previous auction's offerings. Demand, except for the BOPF Fannings grade, was less.

High grown Teas: The few best Dambula/Dickoya Broken were firm but others were most irregular often declining 10/20 cents per pound. BOP Fannings however sold well and were generally 5/10 cents dearer. OP's and Pehoes declined 10/30 cents.

Medium grown teas: Bright colour Medium Broken were 5/10 cents lower with plainer kinds often declining 10/15 cents. BOP Fannings met more inquiry and were a few cents dearer particularly in the lower price range. OP's were a little easier and Pekoes 10/30 cents lower.

Low grown teas: There was less demand for all Low-Grown varieties except BOP Fannings. Leafy BOP. 1's often declined 10/20cents in the higher price range but were only 5/10 cents lower at around the Rs. 2.10 level. Small leaf BOP's declined 10/15 cents. BOP Fannings advanced 5/10 cents per pound.

Tippy teas: Flowery BOP's declined 19/15 cents. Well made Small leaf Flowery Fannings were slightly dearer but easier. Showy types could be quoted irregularly dearer.

Commodity Commentary

Off grades: There was good demand all round. Medium Fannings and clean leaf Low-Grown types were firm with the best 5/8 cents dearer. Best Western Fannings were 10/20 cents dearer following quality Well made liquoring BM's and BP's were generally easier but the lesser sorts moved up by 2/5 cents.

Dusts: There was excellent demand for all types, especially secondary sorts which were 15/20 cents higher. Westerns were irregularly dearer following quality whilst Mediums and Low-Growns were 10/14 cents higher.

RUBBER REPORT

Week ending 26th December 1971.

RSS NO. 1 opened unchanged at 70 cents per lb. and improved fractionally to 71 cents mid-week, and eased thereafter to close at 70 1/4 cents per lb. during a four day trading week.

Approximately 676 Tons of LATEX CREPES were offered at the two sales held during the week, a decrease of 55 Tons compared to the previous week's total. At the first sale best latex crepes eased by 1/2 cent per lb., whilst the FAQ types were 1 cent better. Other grades remained unchanged on account of better overseas advices and the anticipated devaluation, values were marked edupland best latex crepes were 2 to 3 1/2 cents per lb. dearer, whilst FAQ types were 1 to 1 1/2 better cents per lb. Other grades also improved by 1/2 to 1 cent per lb.

Approximately 129 tons of SCRAP CREPES were offered which is about the same quantity offered during the previous week. Whilst light brown scrap crepes were 1 to 1 1/2 cents dearer, browns and darker sorts were 1 to 2 cents lower with Flat Bark also easing by about 1/2 cent per lb. At the following sale light browns improved by a further 1/2 cent whilst browns remained unchanged with darker types 1 cent better and Flat Bark 1 1/2 cents dearer.

Approximately 29 tons of SOLE CREPE were offered during the week under review of which 5 tons were reprints. A decrease of 6 tons compared to the previous week's total. There was better demand for 3/16" Smooth Sole Crepe on account of short covering but the 1/8" and 1/4" thicknesses remained neglected. Off grades and miscellaneous were sold at 85 to 95 cents per lb.

FROTH & CUTTINGS opened easier at 53 and 54 cents per lb. and improved during the week to close at 54 and 55 cents per lb. respectively.

CURLY & SHELL SCRAP NO. 1 opened easier at 43 and 42 cents per lb. respectively but improved slightly to close at 45 and 46 cents per lb. for the week.

EXPORT DUTY: The export Duty for the period 27th December, 1971/2nd January 1972 will remain unchanged at 3 cents per lb. which is the present flat rate of duty. Cesses also remain unchanged at 1.980 cents per lb.

don futures price was quoted as unchanged at 65 pence per lb.

Cocoa: There were 52 lots totalling 531 cwt on offer showing an increase of 53 cwt on the previous week's figure. Buyers showed interest at slightly enhanced prices for all grades when No. 1 quality was quoted at Rs. 126/- to Rs. 136/- per cwt which was Rs. 6/- better than previously. Grades next to best were dearer and sold at Rs. 85/- to Rs. 100/- per cwt. with the darker and poorer grades also following the same trend to fetch Rs. 25/- There were no garblings nor shell cocoa on offer. At the close of the week the London futures price was quoted at £ 189/- sterling per ton and Ghana at £ 192/50 sterling per 1000 kilos.

COFFEE: There were 15 lots totalling 76 cwt. 3 qrs. 17 lbs. an offer comprising both Arabica and Robusta Coffee. All lots of Arabica were withdrawn for lack of suitable bids while Robusta fetched Rs. 354/- per cwt. at which price quotation was made. Dealer's quality fetched Rs. 160/- to Rs. 200/- per cwt.

Pepper: One lot of 380 lbs. of pepper dust was on offer and this fetched /60 cts. per lb.

Croton seed: One lot of 7 cwt. 3 qrs. 24 offer and this was with drawn due to lack of suitable bids.

Produce Report

Week ending 25/12/71.

Cardamoms: There were 63 lots totalling 5069 lbs. on offer this week showing a decrease as much as 5418 lbs. on last week offering. Despite the comparatively small quantity on offer the market was not very active and was marked down by Rs. 1/- per lb. on the higher quotation when No. 1 quality was sold at Rs. 10/- to Rs. 11/- per lb. Grades next to best fared as

previously when these changed hands at Rs. 7/- to Rs. 9/50 per lb. Off-grades also were about unchanged at Rs. 6/- to 7/- pre lb. Seeds were slightly easier and were transacted at Rs. 13/05 to Rs. 13/45 per lb. The highest price paid for superior quality was Rs. 19/55 per lb. for a lot of 361 lbs. and the lowest price realised for very inferior quality was Rs. 3/30 per lb. At the close of the week the Lon-

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

Millets	Per Bushel
—Finger Millet (Kurrakkan)	12.00—
—Sorgum	Unquoted (per ton)
—Soya Beans	850.00 (per cwt)

Spices Condiment	Per lb.
—Mustard	6.75— 7.00

Chillies	Per Cwt.
—Dried Long	370.00— 375.00
—Dried Round	Unquoted
—Off Grade	Unquoted
—Goraka	85— 95.00
—Vanilla	Per lb
—Tamarind	Per cwt 100.00— 105.00
—Ground Nuts	Per 80 lb 68.00— 70.00
—Cashew	Per lb.

JETRO STEPS UP TRADE PROMOTION WORK

The Japan External Trade Organisation, the institution popularly known as Jetro is a public Corporation established for the purpose of promoting trade and fostering understanding between Japan and the other nations of the world.

Jetro receives an annual subsidy of about Rs 80 million from the Government of Japan. It has its headquarters in Tokyo with 25 Branch Offices throughout Japan

Liason Centres

The overseas facilities provided by his organization are spread over 40 countries all over the world. There are 19 Trade Centres set up in New York, London, Paris, Bangkok and other principal cities of the world. 41 Representative offices are located throughout the world. One of these is in Colombo. These function as liason centres for the promotion of trade relation between Japan and other countries

Promotion of Trade means promoting not only exports from Japan to foreign countries but also imports to Japan from foreign countries. Jetro has several plans to help the promotion of exports from the developing countries with whom Japan has to adjust trade imbalance.

The main task is to acquaint Japanese businessmen with the general economic pattern in Ceylon, Import and Export policies, Policy for Foreign Investment etc.

It is one of the responsibilities of Jetro in Ceylon to enlighten Ceylonese businessmen on the Japanese economy and industries and also to introduce Japanese Companies for the purpose of trade. It also uses its good offices to give every encouragement towards profitable trade relations.

Jetro Colombo receives over 300 trade inquiries per month and an aggregate of about 4000 annually. This number of inquiries is one of largest among the ten Jetro Offices located in Asian regions.

TRADE FAIRS

In order to promote foreign Trade, several trade fairs are organized and held by Jetro. At Expo '70 the Japanese Government Pavilion was planned and managed by this organization

Jetro is prepared to hold an exhibition of Ceylon products at its exhibition hall in Tokyo at its own expense. Jetro Head Office has intimated this desire to the government of Ceylon through the Embassy of Ceylon in Tokyo, and hopes that the government of Ceylon would accept the proposal.

Similar exhibitions of the products of India, Pakistan, Iraq, Thailand etc, had been held at different times in the past at Jetro exhibition hall, and after the exhibition Japanese importers and the exporters of these countries had occasion to have direct business contacts.

JETRO Exhibition-Special Features

Four exhibitions are held each year from April to March and lasts for a period of 7-10 days. In principle this exhibition is held for purpose of improving trade relations with a developing country which has a remarkably unfavourable balance of trade with Japan and also to contribute towards increasing the economic interchanges between the two countries.

With a nominal expense, the exhibiting country will be able to introduce her products to the Japanese market as well as carry out publicity in whatever sphere desired.

If samples of exhibit goods are to be offered free to visitors to the exhibition, such goods will be exempt from customs tariffs, as are catalogues and pamphlets.

Expenditure to be borne by the exhibiting country:

(1) Expenses for the transport of the goods (including catalogs, pamphlets, items related to these, and materials related to exhibit goods) to be exhibited to and from the exhibition hall, as well as the various expenses of customs clearance.

(2) Expenses for the reception. (In most cases

amounting to approximately U.S. \$1,500 for 400-500 invited guests)

(3) Expenses necessary for distribution of samples to the visitors of the exhibition (e.g. In case of free coffee services, expenses for hearings, percolators and cups, etc., and labor-services.)

Expenditure to be borne by JETRO:

JETRO takes responsibility for all other expenses except "other expenses" shall be construed as the following:

(1) Expenses of the Exhibition Hall (including electricity, heat and cleaning charges).

(2) Expenses for basic arrangement and decoration of exhibition hall and construction expenses

(3) Expenses relating to the opening ceremony and expenses of printing and mailing invitations.

(4) Expenses for personnel required for reception desk at hall and for management of exhibition.

(5) Costs of printing and displaying exhibition posters.

(6) Expenses relating to press Conferences.

Mr. A. Koyama, the Managing Director of JETRO, Colombo Branch, told the *Economic Times* that his organization was very keen that Ceylon should participate at this Exhibition as immense benefits would accrue to the country by way of export promotion and the establishment of closer economic ties with Japan etc. Ceylon could also take the opportunity to woo Japanese investors who are keen on embarking on joint ventures here.

JETRO is prepared to meet an expenditure of Yen 1,000 million appropriately in connection with Ceylon's participation.

Export Intelligence

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

Tenger Trading Co. Ltd.,
13, Higashi Kan Gyoko Bldg
Tamato-Machi,
Shimonoseki,
Japan.

Frozen fishes and shell fishes
S. P. Nygh, B.B. Nygh & Co.,
6th Floor, Lincoln House,
280, Pitt Street, Sydney
N.S.W. 2000, Australia

Prawns
Abdella Saad Ben Haris,
Importers, Indentors &
Manufacturers,
Benghazi/Libya,
P.O. Box 206.

Frozen poultry and Meats.
M/s. Craftsmen Enterprise,
164, Jalan 20, Seleyang
Bahru;
Kuala Lumpur,
Malaysia.

White Shirting of all types
Hirachfelder & Co.
127, Tenth Street,
San Francisco,
94103, U.S.A.

Canned and dried pineapple.

EXPORT INTELLIGENCE

Methods to boost exports of S. E. Asian nations

Sales Techniques

The Japanese Ministry of International Trade and Industry plans to offer guidance to Southeast Asian nations on how to promote overseas sales of their products.

The plan being studied as part of the ministry's overseas economic aid projects involves the use of a Japanese trade fair vessel.

Displaying the export commodities of these countries aboard the vessel, Japanese staff will show Southeast Asian businessmen how to conduct business negotiations.

A trade fair vessel scheduled for completion in July next year will be used for this purpose. Subjected for the trainings are eight countries in Southeast Asia.

Tour Planned

The vessel carrying samples of these countries' products will visit the United States, Australia and other advanced nations in the Pacific area for six months. The project is to be sponsored by JETRO, a semi-official Japanese trade promotion organization.

Export activities of developing nations in Southeast Asia have been on the increase following industrialization of these countries. However, the rates of export expansion are much lower than those of advanced nations.

Advanced nations, particularly Japan, are, for this reason, in a position to help promote exports by developing nations in order to correct trade imbalances.

RUSSIAN TEA IN WORLD EXHIBITIONS

Ceylon, Indian, Georgian and Azerbaijan tea is well known to people who like this invigorating and refreshing beverage. A new brand, Russian tea has in the past few years appeared among the most famous varieties of tea. It has successfully competed at the world tea-tasting exhibition in Brussels where it even shared the first place with Ceylon tea.

This variety of tea grows on a narrow strip in the Russian sub-tropics in Krasnodar territory (the Southern part of the USSR), on the slopes of the hills surrounding the Black Sea resort Sochi. Specialists have discovered an interesting fact: The more to the North the tea plantations are located the stronger the fragrance and better the flavour of the tea. The plantations along the coast in Sochi are the world's northernmost. They cover an area of 2,000 hectares. The popularity of Krasnodar tea grows both in the USSR and abroad. It is readily bought by many countries.

SHARE MARKET REPORT

The Share Market was inactive for the week ended 30th December 1971, according to the Report of the Colombo Brokers' Association.

	Previous Price	30th Dec. 1971	+ or -
	Rs. Cts.	Rs. Cts.	Rs. Cts.
Teas			
Doomoos ...	5.50	4.00	-1.50
Roeberrys ...	2.50	2.50**	
Strathedens ...	6.25	6.25	
Rubber			
Niriwattes60	.60	

There was no business in Commercials, coconuts, Preference shares and Government loans.

The following were quoted ex dividend:—
Diesel Motor Engineering Co. Ltd., 5% Interim on 30.12.71
Chemical Industries (Coombo) Ltd. 15% Final on 31.12.72
Upper Maskeliya Estates Co. Ltd., 5% Interim on 28.12.71.

The Economic Times

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New Pushbutton Telephones

Three types

Large-scale trials are to be carried out by the British Post Offices with a new type of push-button telephone which, unlike others, does not need special telephone exchange equipment to handle calls made with it.

The Post Office will be supplied with several thousand of these receivers by GEC-AEI Telecommunications Ltd., of Coventry. They will be used to assess their performance under public-services conditions.

The new telephones have been developed from an earlier push-button model which has proved successful during the past year in private telephone systems in Britain as well as in networks in other countries.

Both types are self-contained pushbutton models that can simply be connected to existing telephone lines as a replacement to the dial phones now in service in all parts of the world. By comparison, pushbutton receivers in use in North America have to be linked to special equipment at telephone exchanges.

GEC was in fact, the first company to offer three types of pushbutton telephone—the self-contained model for all types of exchange; the version that will only work with converted or adapted switching mechanism and is extended for large exchange networks; and a special type for private systems.

GEC believes that the British trials will prove that push-buttons are much more convenient to use—and that they will reduce the number of wrong numbers, a high percentage of which is currently due to faulty dialling.

The extra speed of push-buttons will also enable the caller to transfer a long number from his memory with more accuracy. The buttons transfer the numbers into the electronic memory of the telephone which then the signals at a slower speed similar to that of dialling.

MANAGEMENT

TURNING INPUTS INTO OUTPUTS (II)

In comparison with other subjects, the teaching of production management of any description in this country is scanty, at undergraduate, postgraduate or post-experience level. It is normally argued that in undergraduate management courses the study of functional subjects should be secondary to disciplinary or foundation subjects. For this reason production is usually taught only in the final year, with one or two exceptions—for example, at Loughborough. In post-graduate courses, where functional subjects are often dominant from the start, production still plays the poor relation. For the intending production manager, there are very few courses available at postgraduate level, and he must therefore look to engineering facilities such as those at Birmingham and Cranfield. While Bradford, City the University of Manchester's Institute of Science & Technology and others do provide suitable options for students to specialize in this area, in general production management courses are intended, as at the London Business School, only for the generalist student.

The problems of teaching production and production generalist students differ, especially where the student's familiarity with production technology and his mathematical abilities are concerned. But there are many problems in common and many common grounds for criticism. At the moment teaching at undergraduate level and afterwards tends to aim at passing on to the student a knowledge of 'best standard practice' in industries and the value and applications of the existing techniques. Both objectives can be criticized, since practice varies

enormously in different firms and industries, and because many techniques are noteworthy only for their limitations, and for the guidance which these provide for future developments.

Much of the present teaching is further characterized by an emphasis on technology rather than methodology and on analysis rather than synthesis. To some extent this situation is inevitable, since the body of knowledge has been developed largely by people and professions ancillary to, rather than central to, production, and consists essentially of a collection of discrete contributions. If production management teaching is to develop, however, more emphasis must be placed on synthesis, since ultimately it is only in matters of design and construction of similarities in methodology in different types of operating system has encouraged teachers to deal with their components or elements.

Since few management courses are presently designed to attract students interested in transformation systems, other than production, it makes sense to introduce courses in operations management. But it is difficult to see how they could deal adequately with problems of synthesis which are peculiar to specific systems. A knowledge of the elements of systems is transferable, but to study the manner in which these elements may be combined, we have to focus on only one type of operating system.

Study must be directed to the nature and characteristics of the whole system rather

How much metal in the air

The new techniques of measuring the heavy metal content in the atmosphere evolved by the Moscow Institute of Experimental Meteorology has made it possible to give a quick and accurate answer to this question.

Using this method, a researcher can within a short time determine the weight of each of twenty metals which, on an average, are constituents of an air sample. Despite a minute amount of heavy metals in the terrestrial atmosphere (billionths of an gram per cubic metre of air), they exert considerable influences on the state of the earth's gaseous envelope.

Economical water distribution

A three-member group of workers from the Lublin research section of the Institute for Melioration and Land Reclamation headed by Prof. Dr. Saturnin Zawadzki has been carrying out intensive research on the problem of economical water distribution in the soil. As a result of these investigations they have developed a method to determine the water retention power i.e. storage of water in various kinds of soil.

The method is based on the operation of a special apparatus designed and constructed by this group. This is the first

than the manipulation of individual elements. Elements such as inventory or quality control should not, of course, be ignored, but their limitations, as an object of study, must be recognized. Unless such systems are truly independent and unfortunately they rarely are - it is necessary also to examine the nature of the whole production system, if worthwhile and generally applicable knowledge is to be gained about its designed and operation.

Teachers, practitioners and students all condemn the low status attributed to the production function in business, but present teaching practice is, ironically, to some extent to blame. Production Policy a and strategy are rarely mentioned on undergraduate, post-graduate and post-experience courses tends and worse still - business policy as taught on these courses tends to ignore manufacturing. Courses often fail to tackle the crucial problem areas and have done little to ensure the place of production in corporate management.

The argument may be over simplified, but it does provide some explanation of the current status of production in business and education. It may also help to explain the belief that the solution of production management problems depends on advances in and further application of oper-

SCIENCE AND TECHNOLOGY

Meat from vegetables

A plant which makes meat out of vegetables is the newest idea in industry.

Scientists at the Lord Rank Research Centre, which set up the new factory, have developed a new type of fungus which they call A35. It feeds on waste food inside the machinery of the factory and afterwards it is made into artificial meat. The particular advantage of this new fungus is that it has a fibrous texture rather like meat itself, so it is not only good food value but it also looks and feels like real meat.

To begin with a small part of the fungus is mixed with waste food, and any kind of

starchy food may be used—bread, potatoes and other root crops. The fungus feeds on the waste food and grows rapidly, provided it is kept at about blood heat. Because it grows so rapidly, artificial protein made from fungi can be much cheaper than meat, which takes a long time to produce from animal fodder to a fully grown beast. When the fungus has grown enough and 'eaten' most of the food it is removed, dried and flavoured.

It probably does not taste as real meat yet, but in some dishes like curries, stews, and mince it is hard to tell the difference. It is good, too, in stuffed peppers.

Computer plans Irrigation work

The blue print for the land layout in the Karshin Steppe, where the first state farms are being built on virgin lands there, were produced by an electronic computer, which also made all the necessary calculation.

The planning work involved in land layout was always considered a complex and troublesome matter since the irrigated areas must accurately keep an inclination vital for the uniform watering of the soil.

The electronic computer centre at the planning institute used for this purpose a special device linked up to a 'Nairi' computer. Making the blueprints for an eight-hectare irrigated plot now takes only a few minutes. (APN)

Polish set of devices for determining the potential water retention power of a given kind of soil.

The apparatus consist of special blocks which used together, permit the measurement of the relation power of soil in a laboratory. To put it briefly, the results of these measurements give a precise indication of the amount of water needed by a given soil.

The method has already proved useful during the tests made in the valley of the Zarnica river, Lublin voivodship.

Quicker painting process

British Leyland have adopted the ICI Electrocoat system to paint their Rover 2000 range. A 25,000 gallon paint tank has been installed at Rover's Solihull works, in the English Midlands, capable of handling the company's entire output of up to 1,000 cars a week.

The new Rover plant, one of the most sophisticated to be installed in a car factory, is believed to be the first in Britain designed to process a motor body made from two dissimilar metals in this case, steel and aluminium, which are both used in the Rover 2000.

The installation incorporates a sophisticated rinsing and filtration system which allows surplus paint to be washed off over the dripping tank-saving both paint and space.

The Electrocoat technique was developed by ICI Paints Division and Pressed Steel Fisher, now part of British Leyland's Austin-Morris group. It is virtually a fully automated system, with a continuous line of bodies passing through the paint tank, giving the car manufacturer vehicles which are more effectively protected against corrosion, plus reduced labour costs.

(Courtesy Management Today)
CONCLUDED

Honda to export cars to France

Tokyo

Honda Motor Co. Ltd. has successfully concluded an agreement to export to France a total of 1,500 sports-type Honda Z600 passenger cars.

The contract has reached Y1,000 million (about \$3 million). This Honda Z600 is said to be more popular in foreign countries than in Japan.

With this success, Honda Motor is planning to advance into other European countries including Britain and Belgium.

The agreement has been reached between Honda Motor and France-Honda, a subsidiary company of France and the contract will be settled in yen payment. All of 1,500 cars will be shipped by the end of February, this year.

Honda Motor Co. Ltd. is now developing electric driven motorcycles and planning to start sales within next year at the earliest.

Suzuki Motor Co. Ltd. is also making efforts to develop new types of motorcycles with rotary engines.

The motorcycle makers in Japan are tackling the problems of how to avoid noises and exhaust fume. Honda's new electric-driven motorcycles are of rather small type, the same as present 50cc class. Its maximum speed is less than 70 kilometers an hour.

Honda's electric-driven motorcycles, if completed, are capable of running nearly 200 kilometers with one charging. Their prices are to be fixed later, but are expected to be a most the same as the present types of motorcycles.

GOOD BUSINESS OPPORTUNITY IN YUGOSLAVIA

Belgrade

An American Trade Mission composed of leading American businessmen and headed by Mr. Richard Whitney, Assistant to the secretary of Commerce of the United States of America, stayed in Yugoslavia recently.

Mr. Whitney emphasized that broad opportunities exist for business cooperation between American and Yugoslav firms. The American delegation met with many representatives of Yugoslav export-import enterprises and manufacturers with whom they discussed opportunities as well as the ways and means of concluding business agreements. Mr. Whitney declared that he considers the newly established contacts as very useful, because they explored all forms of future co-operation between Yugoslav and American firms in practically every field of business.

Mr. Whitney stressed that on its return to the USA, the mission would submit a report to Secretary Stans, outlining potential for trade and direct

investment in Yugoslav companies. According to his own evaluation, the American companies could greatly assist further Yugoslav economic development through joint ventures increased purchase at Yugoslav made goods, etc.

Mr. Whitney, believes that Yugoslav has a good labour force that the market is an expanding one, and that there are excellent opportunities for direct investment. In the same vein, he also underlined a whole series of facilities and advantages offered foreign investors in Yugoslavia. He concluded by stressing that Yugoslavia could become a very useful partner of American companies in their endeavours to develop business relations with the countries of Eastern Europe and Africa.

THE SOVIET MOTOR INDUSTRY IN 1971-1975

Moscow

In keeping with the Directives of the 24th CPSU Congress for the current five-year period (1971-1975), the Soviet motor industry will make rapid strides. By 1975 the over-all production of motor vehicles in the USSR will be more than doubled and will exceed 2 million. The output of cars will develop especially quickly. By the end of the five-year period the annual car output will reach 1.3 million.

Soviet motor vehicles are winning ever wider recognition at the world market. They are



bought by more than 70 countries, including advanced countries of the West. For instance, heavy duty trucks of the Minsk auto works (Maz vehicles) are purchased by some 50 nations (APN)

10,000 SHADOWS FROM ROLLS-ROYCE

London

Rolls-Royce, whose luxury limousines are used by Royalty top diplomats and businessmen throughout the world, has achieved a new production record.

The 10,000th car delivered since the current range of Silver Shadow and Bentley 'T' cars were first introduced in 1965, was handed over to an Australian businessman, Mr. Peter Wynn Morris. His choice and his fifth Rolls-Royce is the 120 mph Corniche version.

The current range of Silver Shadow and Bentley 'T' cars are said to be the most successful models in the company's history. They have accumulated overseas sales totalling well over £25 million and production is being stepped up to meet what Rolls-Royce des-

cribes as "a virtually unabated demand in both home and export markets".

Last year alone the Company produced more than 2,000 cars with deliveries earning a record £15 million, and this year output is running slightly ahead of the 2,300 target.

No previous Rolls-Royce or Bentley model has achieved today's production landmark without major engineering or styling changes.

INDO-GDR TECHNICAL CO-OPERATION

Berlin

In technological co-operation with the GDR India is extending its production program of machine tools. In accordance with an agreement signed in New Delhi the state Machine Tool Corporation in Ajmer will produce under licence an internal cylindrical grinding machine of the Berlin Machine Tool Factory in Marzahn.

The GDR also granted the Indian producers the right to export and will supply components by 1975. In the meantime India has expressed its interest in the production under licence of further machine tools.

FOREIGN INVESTMENT AND ECONOMIC GROWTH

Economic growth is the product not only of trade and assistance policies but also of judicious investment. The key to higher standards of living is production. The source of production and the most basic source of development—must inevitably be investment.

No matter how much public assistance developed countries make available, long term economic growth will depend heavily on private investment, domestic and foreign.

Foreign investment provides needed capital. It serves to transfer the technology and scientific knowledge critical to the development process. It also increases export earnings.

In this report to the Inter-American Development Bank last year, Raul Prebisch noted that foreign investment has a unique contribution to make in the development of the exports Latin America needs for acquiring foreign exchange. We believe this is true. In 1968, the most recent year for which we have figures, we estimate that export sales by U.S. affiliates located in Latin America accounted for over a third of Latin America's total exports of manufactures.

It is often claimed that foreign investment, in intent or in fact, deprives developing countries of their wealth. Our own experience is—that natural resources, if rationally developed under fair terms, contribute more to a country's

development than if left undeveloped. Each country must, of course, determine or itself the pace at which to transform natural resource wealth into other useful forms, of property.

New attitudes

In the past, foreign private investment, including that from the United States, tended to be concentrated in extractive industries but this has changed. The book value of private U.S. direct investment in Latin America amounted at the end of 1969 to \$13.8 billion. Of this total, mining and smelting account for less than 15 percent and petroleum for only just over 25 percent. The remaining 60 percent is in manufacturing trade and other non-extractive categories. The largest single amount, nearly 33 percent, is in manufacturing—an investment of \$4.3 billion which provides about 500,000 jobs.

The allegation is sometimes made, that foreign investment particularly seeks out weak developing countries, is not correct. Two thirds of U.S. direct international investment and almost all portfolio investment is in developed, not developing, countries

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 development, not one of keeping it out.

Our belief in the value of private foreign investment for economic growth does not mean an indiscriminate policy of pressing such investment upon the countries. Developing nations must weigh for themselves the relationship between foreign and domestic investment. The decision must be theirs. The United States also shares the Latin American view that foreign investment should be related to development criteria. Indeed, long-term investment is by its very nature developmental.

My Government is sympathetic to new approaches toward a healthy investment relationship. As I said in my recent report on foreign policy:

...our own investors, both established and prospective, will need to organise... their enterprises in ways that are compatible with the legitimate economic and social aspirations and standards of their hosts.

At the same time it must be recognised that a favourable investment climate requires conditions of consistency and stability and that new formulas cannot be applied retroactively to existing enterprises without in many cases damaging future prospects.

Excerpt from statement by U.S. Secretary of State William Rogers made before the General Assembly of the Organisation of American States at San Jose, Costa Rica.

Bata
Bata
Bata
Bata
shoes for the whole family

An I. L. O. Survey

WORLD'S WORKERS IN 1970

The total number of employed people continued to rise generally in the industrialised countries in 1970, but unemployment was also rising in a growing number of them, according to information gathered by the International Labour Office.

In the developing countries, for which statistics remain sparse and uneven, unemployment and under-employment affected an increasingly large proportion of workers.

The data, just published in the 1970 edition of the ILO Year Book of Labour Statistics, show that real wages continued to increase in most of the industrialised countries though price rises accelerated there, particularly towards the end of the year.

There are at present some 1,500 million workers in the world, of whom about half are wage-earners. The active population in the developing countries amounts to somewhat more than 1,000 million people, and more than 20 million additional workers will join them each year between now and 1980. These figures give some idea of the size and gravity of the employment problem, and underline the importance which is attached to the execution of the World Employment Programme launched by the International Labour Organisation in 1969.

Overall trends

Employment in general increased, though at a slower pace particularly towards the end of the year. While the increase in employment in the manufacturing industries exceeded five per cent, in one country out of five, it diminished in some countries, including important industrial ones. Rising unemployment, already noted in one country in four in 1969, spread in 1970 to nearly half the countries for which figures are available, in particular to the major industrialised countries, and most notably in the last month of the year.

The unemployment rate in most industrialised countries remained below three per cent of the total labour force, however. It exceeded five per cent only in Canada, Ireland, United States and Yugoslavia in the course of the latest 12-month period for which statistics are available. The inability of labour to adapt to structural changes hampered the integration of the unemployed in productive work, particularly unskilled young people and the older workers.

The rise in consumer prices continued in 1970 generally at a faster rate than in 1969, particularly towards the end of the year. The increase exceeded five per cent in almost half the countries reviewed and it was more than 10 per cent in one country in six. Decreases, generally on a small scale, were however noted in some developing countries.

The increase in average nominal wages was in general noticeably greater than that recorded in 1969. Prices having risen less than wages in most of the countries for which data are available, real wages also rose. In one country in four, workers' real wages rose by five per cent or more. However, the rise in nominal wages was almost entirely absorbed by rising prices in several countries, and workers' purchasing power even decreased in some others.

Employment

Employment was already tending to rise in 1969, and this movement continued in almost all the countries supplying data to the International Labour Office.

Information on the general level of employment was available for only 19 countries and territories. This showed that the number of workers as a whole increased in almost all the countries concerned, though the rise over the last 12 months for which figures are available was less in general than it had been in 1969.

It exceeded 3 per cent in only four countries: Australia, China (Taiwan), Puerto Rico and Yugoslavia. In about ten countries, including Canada, Federal Republic of Germany, New Zealand, Poland and the Republic of Korea, the increase ranged between one and three per cent. In Italy, Japan and the United States, the annual rate of increase was less than one per cent from the summer or autumn of 1970. Reductions of some two per cent were recorded for the Ryukyu Islands and the United Kingdom.

In the United States, the labour force passed 80 million in July 1970 (having reached the 70 million mark in June 1964). The general level of employment was however only 0.3 per cent higher for the period August-October than for the corresponding period of 1969, though the annual rate of increase during the first months of 1970 had fluctuated between 1.5 and 2.6 per cent.

The general rise in the level of employment continued to be braked in most of the industrialised countries by the fall in employment in agriculture and in several countries it was also affected adversely by diminishing employment in the manufacturing industries. The drop in agricultural employment was particularly sharp in Japan, where the number of people engaged in this sector fell by 560,000 between October 1969 and October 1970. In Italy more than 300,000 workers left the land for industry and the service sector between July 1969 and July 1970.

Statistics for 23 countries indicate that employment in the non-agricultural sectors is rising almost everywhere, and that in one country in two (Australia, China (Taiwan), Finland, Israel, Italy, Luxembourg, New Zealand, Norway, Puerto Rico, Republic of Korea, Republic of South Africa and Yugoslavia) the increase exceeded 2 per cent over the last 12 months for which information is available.

The increase was of the order of one to three per cent in Canada, Federal Republic of Germany, Hungary, India, Japan, Poland and Sweden. The smallest increase (less than one per cent) recorded during the last 12 months for which information is available

were noted in France and the United States.

Employment in the manufacturing industries increased in 21 to 26 countries in the latest 12-month review period. The greatest increases—exceeding five per cent—were noted in Finland, Federal Republic of Germany, Greece, New Zealand, Republic of Korea, and Republic of South Africa. Increases ranging from three to five per cent took place in Italy, Norway, Rumania, and Yugoslavia. Increases of between one and three per cent were noted in 10 countries (Australia, Austria, Bulgaria, Denmark, France, Ireland, Japan, Netherlands, Poland and Sweden). There was a rise of less than one per cent in Hungary.

The level of employment in the manufacturing industries decreased in five countries (Canada, Puerto Rico, Switzerland, United Kingdom and United States). In the United States the reduction was progressive, rising from an annual rate of less than one per cent in February to five per cent in August and September, and more than seven per cent in October 1970, at that time these were about 1,500,000 wage earners fewer than in October 1969, a reflection of the strike in the automobile industry. In Canada, where the employment rate in the manufacturing industries had reached a national record level in June 1969, a decline set in, and in October 1970 the level was 3.2 per cent lower than that for October 1969.

Unemployment

Unemployment, which had fallen in 1969 in the large majority of countries publishing statistics on this subject, often continued to diminish in 1970 but the number of the countries recording an increase over the year grew noticeably, particularly towards the end of the year.

A drop in unemployment was reported in almost 30 countries, including 13 in Europe. In two-thirds of the countries concerned, the number of jobless was lower for each month of 1970 than the corresponding figure for 1969. They included Australia, Austria, Finland, Greece, Italy, Netherlands, Norway, Singapore, Spain, Sweden and Switzerland.

However, unemployment increased in 1970 in more than 20 countries for which figures are available—particularly Canada, Ceylon, Chile, France, Ghana, India, Morocco, Pakistan, United Kingdom and United States and, in addition at the end of the year, in Burma, Denmark, Federal Republic of Germany, Japan and Malta. The increase in the number of unemployed in the latest 12-month period for which statistics have been received was particularly noticeable in Canada, France, Japan, Monaco and the United States.

In Canada the unemployment rate in 1970 exceeded an average of 5% of the labour force for the first time since 1963. There were 476,000 unemployed in November 1969 and 338,000 in November 1968.

The rate also exceeded five per cent in the United States, from June 1970, a level which had not been reached since the first quarter of 1965. There were 4,600,000 unemployed in November, or 1,900,000 more than in November 1969. Hardest hit were young people, women and coloured workers. A new factor emerged in October 1970 when a sharp increase was noted in unemployment among white-collar workers.

In France the monthly total of registered unemployed, which had dropped in 1969 rose sharply from the end of summer 1970, passing 300,000 for the first time in November 1970, which represented an increase of more than 80,000 in a year. (It should be noted however that half this increase can be ascribed to intensified checking of the unemployed, particularly young people, by the National Employment Agency).

In Japan, the unemployment level from January to July 1970 was equal to or less than that of the corresponding month of the previous year, but from August it was higher in the Federal Republic of Germany, where unemployment fell sharply in 1968 and 1969, the downward trend continued in 1970, to reach during the summer one of the lowest levels recorded since the end of the war. The number of registered unemployed in October and November was however greater than in the corresponding months of 1969, be-

Opportunities for small industrialists

Rubberised fabrics are made by coating fabrics with compounded rubber solution or by impregnation and coating with compounded latex so that the resultant fabric is flexible and water-proof. Generally, they are used for upholstery, linings, rain wear, bag covers, book covers, tarpauline wall coverings, gaskets and diaphragms. The proposed scheme is for the production of hospital sheeting and similar makeup.

MARKET

At present there is no local production of these items and entire demand is supplied by imports. Imports for the past few years were as follows:—

	Qty. Cwt.	Value Rs.
1967	248	62,683
1968	1394	367,724
1969	N.A.	150,002

Water-proof rubberised items are mainly used in hospitals and for infants and children under 2 years of age. The number of beds both in the public and private sector hospitals is estimated to be 41,500 for 1970, at the rate of 2 1/4 yds. per bed amounts to about 93,375 yards. The average life span of a single sheet is considered to be 3 years. Therefore, the annual requirement for hospitals alone would be 31,125 yards. Further, taking 2 1/4% increase in population per annum into consideration the requirement for infants could be estimated as 468,750 (at 11 1/2 yds. per baby) yards per year. Therefore, the total an-

nual requirement could be conservatively estimated to be 500,000 yards.

SCOPE FOR DEVELOPMENT

At present there is scope for the establishment of 7 units with an annual production capacity of 70,000 yds. each for import substitution alone. For a start it is suggested that 3-4 such units could be established and depending on the progress made 3 other units could go into production or the existing units into double shift operation. The location of these units could be within the rubber growing areas like Kalutara, Dompe, Ratnapura and Ke-

galle. These units could be accommodated in an industrial estate too.

RAW MATERIAL

The principal raw materials required are smoked rubber sheets and fabric and petroleum solvents. It is preferred to use pale crepe if the intensity of colour is important as the use of smoked sheets tend to darken. Smoked rubber sheet could be obtained locally. A wide variety of fabrics such cotton, silk nylon, polyesters, etc., are used for proofing. They are generally treated and are supplied by industrial fabric manufacturers. If nylon or similar synthetic fabrics

RUBBERISED FABRICS

CAPITAL REQUIREMENTS	
Fixed Capital	Rs.
Land 1/2 acre	8,000
Building 80' x 40' — Rs. 20/- a sq.ft.	64,000
Machinery	135,000
*Furniture and equipment and tools	3,000
Installation of power and water supply	5,000
Contingencies	5,000
Working Capital	Rs.
Stock—Raw material	65,000
Work-in-progress and Finished goods	7,500
Receivables less payables	10,000
Cash requirements to meet operating expenses	15,000
Total Capital Employed	Rs. 317,500

*Includes two fire extinguishers

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In the Un number of w ed or laid 600,000, or of the labour to 1969; bu ward trend 1969 contin recorded 19 in 1970 were the war.

Consum Figures a countries sh prices on the to rise in all in 1970, and increase was in 64 countries by more than in 52 countries est 12-month information The increas cent in 19 co tories includi Republic of Viet-Nam It was the sev that these co rded an am more than 10

Increases r to 10 per cen six in Africa, six in Asia, tw two in Ocean were Colombi nesia, Japan, Peru, Sweden dom and Uni rate of increa two and five p tries, includi gium, Canada Federal repub India, Madag Arab Republi

are used they h e.g.—with Vin Latex to provi ween the synd and the appli The fabric rec for the manuf tal sheeting an ia. is cotton. fabric has to b it may be pos this locally. C like extenders, tors, anti-oxid vulcanising ag and solvents i imported.

MACHINERY EQUIPMENT

Rubber Mill Rubber Mill Spreader Heating oven Boiler

TECHNICAL

Manufacturing Rubberised Cloth Sheets

The group co ported rubber cl supported rubbe various uses. The of supported done by spread tion or latex com the surfaces of th drying and vulc in heated chesl c ning in hot room also manufacture or frictioning pound on fabri nising on drums in or hot air. The of unsupported s

use of a sharp increase in number of unemployed men; male unemployment continued to fall.

In the United Kingdom the number of workers unemployed or laid off totalled about 1,000, or about 2.6 per cent of the labour force, from 1967-1969; but in 1970 the upward trend noted from July 1969 continued, and the figure recorded for certain months in 1970 were the highest since 1947.

Consumers prices

Figures available for 110 countries show that consumer prices on the whole continued to rise in all parts of the world in 1970, and that the rate of increase was faster than in 1969 in most countries. Prices went up more than five per cent in 30 countries during the last 12-month period for which information has been supplied. The increase exceeded 10 per cent in 19 countries and territories including Brazil, Chile, Republic of Korea, Republic of Viet-Nam and Uruguay. In the seventh year running these countries had recorded an annual increase of more than 10 per cent.

Increases ranging from 5 per cent were observed in Africa, nine in America, Asia, ten in Europe and Oceania. Among them Colombia, France, India, Japan, New Zealand, Sweden, United Kingdom and United States. The increase was between 10 and 15 per cent in five per cent in 36 countries including Australia, Belgium, Canada, Ceylon, Finland, Republic of Germany, Madagascar, United Republic and Venezuela.

Consumer prices have risen, for which information is available, by less than two per cent in 101 entries (Bolivia, Czechoslovakia, Dominican Republic, Iran, Haiti, Hungary, Kenya, Malaysia, Poland and Zambia). The level was practically unchanged in Burundi, Niger, Paraguay, Singapore and Thailand. In Cambodia, prices were on average lower between February and July, 1970 than for each corresponding month of 1969; but there was a rise of 20 per cent between July and August, 1970, and October, 1970, prices were 17 per cent higher than those for October, 1969.

Nominal and real wages

There are difficulties in presenting a picture of world developments in wages. Only 30 countries publish regular wage statistics, and the information available is often limited to the manufacturing sector. Moreover, statistical data of wages are published after considerable delay, and for many of these countries information relating to 1970 refers only to the first half of the year.

In the 30 countries, nominal wages rose. But reductions in working hours led to a slower rate of increase for weekly wages than for hourly wages.

Despite accelerating consumer price rises real wages (nominal wages corrected for price changes) went up in 24 of the 27 countries for which information has been received. The greatest increases over the latest 12 month period for which information is available were noted in Italy and the Republic of Korea, where they exceeded 10 per cent.

They have to be treated with Vinyl pyridine/NR to provide adhesion between synthetic fabric and the applied compound. The compound recommended here is the manufacture of hot-spreading and similar material. At present this has to be imported but it is possible to obtain locally. Other materials, fillers, accelerators, antioxidants, activators, pigments, etc. should be used.

MACHINERY AND EQUIPMENT

	Rs.
Roller Mill	50,000
Roller Mill	50,000
Roller	25,000
Rolling oven or	25,000
	25,000
	Rs. 135,000

MANUFACTURING PROCESS

Manufacturing Process of Supported Cloth and Rubber Sheets.

The group consist of supported rubber cloth and unsupported rubber sheets for uses. The manufacture of supported cloth is usually spreading rubber solution-latex compound on to the faces of the fabric and vulcanising them in heated chests or by festooning. The manufacture of unsupported sheets consist

of calendaring a rubber compound to suitable thickness and vulcanising them on drums in an autoclave.

Manufacture of Supported Cloth by spreading a Rubber Solution.

Mixing of compound

The rubber compound is mixed in a mixing mill (or banbury) in the following manner:

The rubber sheet is loaded on to the mill and is well masticated preferably with the use of a peptising agent. After about 10 mins. mastication the ZnO and anti-oxidants, colours and sulphur are added and mixed well. The fillers, waxes and asticizers are added next. The mixed compound is sheeted out now, allowed to cool and dusted with talc to prevent the sheet adhering to one another. It is usual to exclude accelerators from the mix at the initial mixing.

Premastication is an important factor in the preparation of dough compounds. Under mastication will give rise to formation of lumps and pin holes in the coating. Over mastication gives rise to poor physical properties and poor ageing. Therefore, mastication has to be well controlled.

Preparation of Dough

The mix is dissolved in a petroleum solvent such as SB PR solvent or Benzene, so that an approximately 40-50% solids (by weight) solution result. The preparation of the dough is usually done in an 'Z' blade type dough mixer. The accelerators are added to the dough just prior to use.

Britains' aid programme up by half

Since the endorsement by the UN General Assembly in October 1970 of the strategy for the second development decade, there has been a growing interest in Parliament and among voluntary societies in Britain about the country's overseas aid programme. There is concern too, whether, as members of the European Community, our aid programme will be adversely affected.

My answer to that is "No." The European countries each have their own extensive aid programmes as well as the growing European Development Fund. I have always believed that, as a member of the European Community, we should be able to help more generously than if we were working on our own.

In his speech to the General Assembly in New York, the Prime Minister, Mr. Edward Heath, accepted the strategy and promised that Britain would do its best to reach the UNCTAD target of 1 per cent of Gross National Product in the flow of resources to developing countries by 1975. This target includes both net official aid and net private investment.

Britain already reached this target in both 1969 and 1970 because of exceptionally high figures of net private investment in developing countries; but special efforts will be needed to maintain and improve on this performance.

Appropriate time

The beginning of the second development decade is an appropriate time to look at Britain's aid programme and at some of the trends for the future.

The British Government is firmly committed to the task of continuing to assist the development process in the developing countries, both through an expanding aid programme and by encouraging the private sector to increase investment in countries of the developing world.

Spreading Drying and Vulcanising

The fabric is removed of any starch present (starch free treated fabrics are available) by washing and the fabrics are normally heated prior to use. This is done by storing fabrics ready for use in hot rooms (50-60°C). The fabrics to be coated pass beneath the blade of the spreader, the dough forming a rolling bank between the fabric and the vertical surface of the blade. The dough is fed at the doctor blade of the spreading machine.

The desired thickness of each coat is obtained by adjusting the feed trade to suitable gauge. Each coat of dough is allowed to dry before applying the next. A change in the direction of run helps to obtain an even and smooth surface. The coated fabric passes over the steam heated platens or chests. This vapourises the solvent so that by the time the slowly moving coated fabric reaches

The official aid programme, like all public expenditure in Britain is accounted over the period of a financial year, which runs from the beginning of April in one year to the end of the following March. The provisional figure for gross disbursements in the financial year, 1970-1971 is £226.3 million. The Government recently announced that, by the year 1974-1975, Parliament will be asked for £340 million.

By

RICHARD WOOD

Britain's Minister for Overseas Development

Private investment

None of this increase has anything to do with the flow of private investment. This is a separate matter which is not under Government control, although Government actions can influence it. The Government announced in April measures to stimulate private investment in the developing countries and, on the assumption that the flow of private resources to developing countries will also be larger in four years' time, the flow of resources from Britain to the developing countries by the middle of the second development decade will be very significant.

The growth in private investment in the developing countries is bound to depend on the economic climate in receiving countries, and on their willingness both to receive it and give security to it. The Government has shown its willingness to help in this respect by the proposed insurance scheme for British investors to cover non-commercial risks.

Of the provisional gross disbursements of official aid in the financial year 1970-1971 of £226.3 million, over half is in the form of gifts, and just under half is in loans all made on concessionary terms. This general pattern is likely to continue.

At the end of the heated platens the surface is dry. Reeling takes place below the point of spreading so as to allow further drying and cooling on the return passage. Once the final gauge is obtained the cloth is vulcanised in festoons in hot rooms. With a proper vulcanising system in the compound it is possible to eliminate the festooning operation and vulcanise the material in the roll directly as it is taken up after spreading.

The compound for the top coat should be of high quality whereas the quality of the compound for body coats may be low.

The solvent used in dough spreading is usually recovered and reused. A hood over the spreading machine fitted with cans takes the solvents to a recovering plant where the solvent is absorbed by active charcoal form which it is recovered and re-used.

There is to be a 50 per cent rise in Britain's official aid to developing countries over the next four years. Gross official economic aid, currently running at about £226 million a year, will go up to £340 million by 1974-1975. The Government's aid policy was laid down by the Prime Minister, Mr. Edward Heath, to the UN General Assembly when he pledged Britain's endeavours to lift her total flows of resources to the developing countries to 1 per cent of the Gross National Product by 1975.

Free of interest

All the development loans provided by Britain used to be at normal market rates of interest for Government borrowing. We have since become very conscious of the mounting debt problem of developing countries and six years ago we changed our policy. Over 90 per cent of the loans we provide are now entirely free of interest, with a seven years' grace period when no repayments are made, and a pay-back period of 25 years.

The grant element in our aid programme includes technical assistance and multilateral aid, and also takes account of the concessionary element in our loans.

But aid is more than money. The help that can be given in professional know-how and technical skills has always been considered the key to sustained growth. Under the British programme, about 13,000 people are working abroad under what we call the Overseas Service Aid Scheme. Receiving governments provide the necessary administration to maintain the momentum of development, until enough qualified staff can be recruited from among their own people.

In addition, some 10,000 people from overseas go to Britain for training every year.

Contributions grow

Although the aid we provide on a government-to-government basis will continue to be the largest part of our aid programme the British contribution to international organisations which operate in world development is increasing.

Fire Hazards

In dealing with solvents precautions have to be taken with regard to fire hazards and the following points may be noted:

1. Selection of the solvents
2. Static electricity
3. Sparks by mechanical work
4. Proper storage of solvents and good ventilation
5. Provision of fire extinguishers

Manufacture of supported Cloth with Dry Rubber Application

Supported cloth is also manufactured by either frictioning or skim coating fabric with a suitable compound on a calendaring machine.

Rubber compound is mixed as described in the preparation of dough compound. Accelerators and sulphur are added at the end of the mix or at warming up of the mix for the calendaring operation. In frictioning, the rubber is forced through the interstices of the weave, thereby encasing the individual cords of the fabric with rubber. The middle and bottom rolls of the calender are run at uneven speeds.

For some years, about one-tenth of the British aid programme has gone through international bodies, but by the end of this year our multilateral aid will be about 15 per cent of the programme.

We have increased our funds to various United Nations bodies, and to those concerned with the population problem, but much of the rise is due to the increased replenishment of the International Development Association (IDA), which is part of the World Bank.

A welcome aspect of the World Bank's operation through IDA is that assistance given to developing countries is not tied to the purchase of goods and services from any one particular country. I know how countries receiving aid feel about "tying." They are naturally anxious to buy essential goods in the cheapest market, and I should like them to be free to do so with the funds which the governments of donor nations make available to those of the developing countries.

About two-thirds of Britain's aid is still tied to the purchase of British goods and services, but we want to see an end to tying. Britain cannot however untie without an international agreement between aid donors because her balance of payments would suffer. But I have been much encouraged by the progress made towards such an agreement at international discussions on this question.

In skim coating a sheet of rubber is plied on to the fabric and the feed rolls here may be maintained at uneven speeds to assist in maintaining the degree of plasticity of the compound. The prepared sheets are vulcanised by festooning or in rolls in hot air chambers, or wound round drums in liners in autoclaves.

Unsupported Sheets

Rubber compound is mixed as described earlier. The mixed compound is sheeted out to the required thickness on a calendaring machine and the sheets are wound round drums with soft cotton or nylon liners.

AN IDB STUDY

(To be continued)

CORDIAL WORKER—MANAGEMENT RELATIONS AT THE FLOUR MILLING CORPORATION

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

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

In a truly socialist state, however, worker—participation in the reins of the Government is a sine quo non. As such the new Government in keeping with its socialist norms decided to change the old order with the establishment of Workers Councils in all Governmental Departments and Public Sector Corporations. By this step the active partici-

pation of the worker in the day-to-day management of state institutions was made a reality.

This step paid rich dividends. With the morale of the worker rising, the general efficiency of public corporations in particular, vastly improved. Output of state run institutions showed a marked rise and Government was able to effect considerable savings and earnings due to a cut down in waste and the new national minded attitude of the worker.

Worker's Councils

A typical case in point is the State Flour Milling Corporation which was one of the First Corporations to form an employees council.

The formation of a workers council in the corporation has made a positive contribution

in increasing its efficient running production targets were reached and in most cases over-passed.

Corporation workers are consulted on all matters affecting them and in the handling of the corporations affairs. The management is in close consultation with the workers through their Workers Councils and their advice is sought on all important issues.

Workers are now made to feel part and parcel of the organisation and this has resulted in a tremendous increase in production. The Workers Council besides advising the management on important issues is doing its best to cut down waste of public funds; increase output; point out neglect of duty and draw attention to malpractices prevalent.

The management of the Flour Milling Corporation realising the benefits that accrued consequent on the formation of an employees council went a step further and decided to set up shop committees and overall production committees.

The shop committees of the Corporation consist of representatives of the workers. They are expected to draw up a programme of work over two weeks and are supposed to meet twice a month to review and discuss future programmes. Matters pertaining to policy or finance or where action has to be taken by another shop committee, they are referred to the overall production committee which consists of executives, two representatives each from the trade unions and employees councils.

The production committee is usually chaired by the

Chairman where in certain instances policy decisions are taken inclusive of certain financial implications.

The intention of the management in setting up shop committees and overall production committees was to further gear worker participation in management decisions.

The functions of the employees councils differ from that of the shop committees and production committees in that the latter does not have any executive powers.

Formation of all these councils in which the employees of the Corporation play a dominant role in the running of the Corporation has contributed in a large extent to the cordial relations between the management and employees which in turn has led to the formation of a happier and more contented work force.

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Picture shows a technician at the control table of the pneumatic intake at the state flour mill.

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Import of Licences, Installations, and Equipment

In recent years the development of world industry has been taking place at an astonishingly dynamic rate. The chemical industry is one of the fastest-growing industries of contemporary economy.

Advanced project designs developed at Polish design offices play an equally important part in the expansion of the home chemical industry. The units of Polish research backing present considerable creative potential. Nevertheless, even such an impressive technical and research backing is not able, for obvious reasons, to meet the ever-growing development demands of the chemical industry both with respect to its constant modernisation and its high technical and economic standards. It is for these reasons that the development of the Polish chemical industry relies, to a very large extent, upon licences, knowhow, design documentation, complete production lines and individual pieces

of equipment, bought abroad by the Polish Foreign Trade Company Polimex Warsaw.

Polimex buys chiefly all those technical process solutions and equipment that are of the highest world standard as far as unit production outputs, product quality, and the values of the technical and economic indices are concerned. The basic development concepts of the Polish chemical industry recently embraced the following branches:

- * fertilizer industry,
- * oil refining and petrochemical industry,
- * synthetic fibre industry,
- * plastic industry,
- * rubber industry.

The development of these branches of the chemical industry is based chiefly on equipment bought abroad.

Fertilizer industry

In order to meet the constantly growing demands of agriculture it was essential to increase the output of fertilizer production and modernise

its assortment range. The following imports have played a significant part in the development of this branch of the chemical industry:

A urea production line with a daily output of 500 tons went on stream at the Kedzierzyn Nitrogen Works. It is based on equipment delivered by the British firm of Power Gas Corporation Limited and, as the first production line in Europe, it utilizes the process licence of the Japanese firm of Toyo Kaotsu Industries Inc. Five ammonia production lines with daily outputs of 300 tons each were bought for the Pulawy Nitrogen Works, which is the largest works of this kind in Poland, and ranks among the largest in Europe too. The design and licence for these lines, which are to mark the first stage of development of the Pulawy Works, were supplied by the Danish firm of Haldor Topsoe Chemical Engineers. For processing the ammonia thus obtained, five urea production lines based

on the Japanese Toyo Kaotsu licence went also on stream.

For further expansion stages of the works at Pulawy complete nitrogenous fertilizer plant has already been a bought including: three ammonia production lines with daily outputs of 500 tons each according to the process licence and design supplied by the Danish firm of H. Topsoe, ammonia combustion (oxidation) plant yielding nitric acid; and a high grade ammonium nitrate manufacturing plant, according to the licence supplied by the Austrian firm of Vereinigte Osterreichische Eisen- und Stahlwerke AG, the said licence basing on the processes developed by the Duch firm of Stamicarbon and the French firm of Kallenberg. The final products of the Pulawy Nitrogen Works are the high-grade fertilizers: urea and ammonium nitrate.

The Wloclawek Nitrogen Works constitute another new nitrogenous fertilizer plant, currently under construction, based on licence and equipment supplied by the French firm of ENSA.

Polish Trade

The Gdansk Phosphate Fertilizer Works has an annual output of 300,000 tons, and has been delivered by the British firm of Dorr-Oliver Company Limited.

Oil refining and petrochemical industry

The petroleum processing industry ranks among the fastest-growing branches of the chemical industry. This expansion is due to the constant development of the motor-car industry as well as to the ever-growing demand for petrochemical raw materials required by numerous branches of chemical industry.

Two petroleum distilling plants with annual outputs of 3 million tons each were bought in the USSR for the Masovian Oil Refining and Petrochemical Plant at Plock. The lubricating oils hydro-refining plant was bought in Czechoslovakia, and the pyrolysis gases stripping plant was acquired from the West German firm of Linde A. G. Ethylene obtained at this plant will be processed further to yield ethylene oxide and glycol, according to process supplied by the Italian firm of SNAM Progetti, and polyethylene by the application of the ICI high pressure process, plant equipment delivered by the British firm of Simon Carves Limited being used in this case.

Process licence for obtaining butadiene was bought from two American firms i.e., Houdry Process and Chemical Company, and Philips Petroleum Company, while the actual plant equipment was supplied by the British firm of Babcock and Wilcox Limited.

The process of extraction of aromatic compounds and dealkylation of toluene will be carried out at plants operating on licences bought from the firms of: Lurgi Gesellschaft, West Germany and Houdry Process and Chemical Company, USA.

Synthetic fibre industry

The necessity of reducing the imports of natural raw materials, i.e. wood and cotton, for the textile industry, has shaped the development of production of synthetic fibres. Rayon and polyamide cord plants were bought from the Italian firm of SNIA Viscosa for the Synthetic Fibre Works of Gorzow. The polyamide cord is chiefly designated for tyres made at the Olszyn Tyre Factory. The 'Elana' Synthetic Fibre Works of Torun are being substantially developed. The manufacture of staple fibre and polyester rayon, based on the recently modernised British licence of the ICI will be considerably intensified. A dimethylterephthalate (a semi-product in the manufacture of polyester fibres) plant currently being erected at Torun. This plant was bought from the West German firm of F. Krupp Chemieanlagebau and is based on the Imhausen International Company process.

The 'Anilina' Synthetic Fibre Works of Lodz manufacture the polyacrylonitrile fibre according to the licence and using the equipment supplied by the British firm of Courtauld Limited.

(Contd, on Page 12)

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Oil Nationalistion - Reasons and benefits

Many of the under developed countries in the world which after the attainment of independence during the last two decades which have earned the appropriate nomenclature of developing countries know only too well the ruthless exploitation of their economies by a few oil companies belonging to the Consortium. To the people of these countries, political freedom by itself has not brought the fulfilment of their hopes and aspirations. They continue to suffer grave economic disadvantages in their trade transactions with industrialised and developed countries.

The prices of exports of under developed countries which are mainly primary and some processed goods have been falling faster while the prices of their imports have been rising continuously, resulting in adverse terms of trade. Additionally their perilous economic positions have been aggravated by the owner-

ship and control by foreigners of a significant portion of their natural resources.

These forms of exploitation retarded the development of the economies of the under-developed countries. The developing countries which had to import a greater part of their requirements of Petroleum products from International Oil Companies have suffered most economically. It was possible for the oil cartels to continue this ruthless exploitation for many years because they had constituted themselves into an oligopoly and by virtue of their integrated structure, were able to control supplies. "Oligopoly" denotes a situation in which the sellers are so few that each is able to assess fairly accurately the repercussion of its own action on the other similar sellers and adjust

its own strategy in the light of the anticipated actual action of its rivals.

The position of the oligopolists got further strengthened by their close association through joint ownership in certain areas by affiliation in production and refining and even marketing. For instance all the seven majors and the French State controlled Petroleum Company (CFP) are in the Iranian Consortium which controls the larger part of the production of Iranian crude and operates one of the world's largest refineries (throughout 20 million tons per annum at Abadan). This unique advantage was exploited to the maximum by most private oil companies and has enabled them to resort to self financing which really means the raising of money for capital needs thro-

Completion of the nationalisation of the oil industry in Ceylon

30-12-1971

ugh high prices charged to consumers for products.

Extraction of high prices

The asset position of the "majors" and even other oil companies when analysed show that a substantial portion of it had been acquired through high prices charged to consumers.

The Companies throughout the years justified the high prices on the ground that funds are needed for investment to develop and maintain future supplies. That funds on such a large scale are needed in view of the risk of exploration has to be admitted. But it is obviously wrong to argue that present consumers all over the world should be compelled to pro-

vide the funds required to meet the need of future customers. The correct method of raising funds should be new equity capital or a less indefensible alternative to bleeding or mulcting present consumers by oil companies has been no different from the extraction of taxes from tax payers but unlike oil companies Governments exact taxes to pay the needs of a whole community.

Unrealistic pricing policy

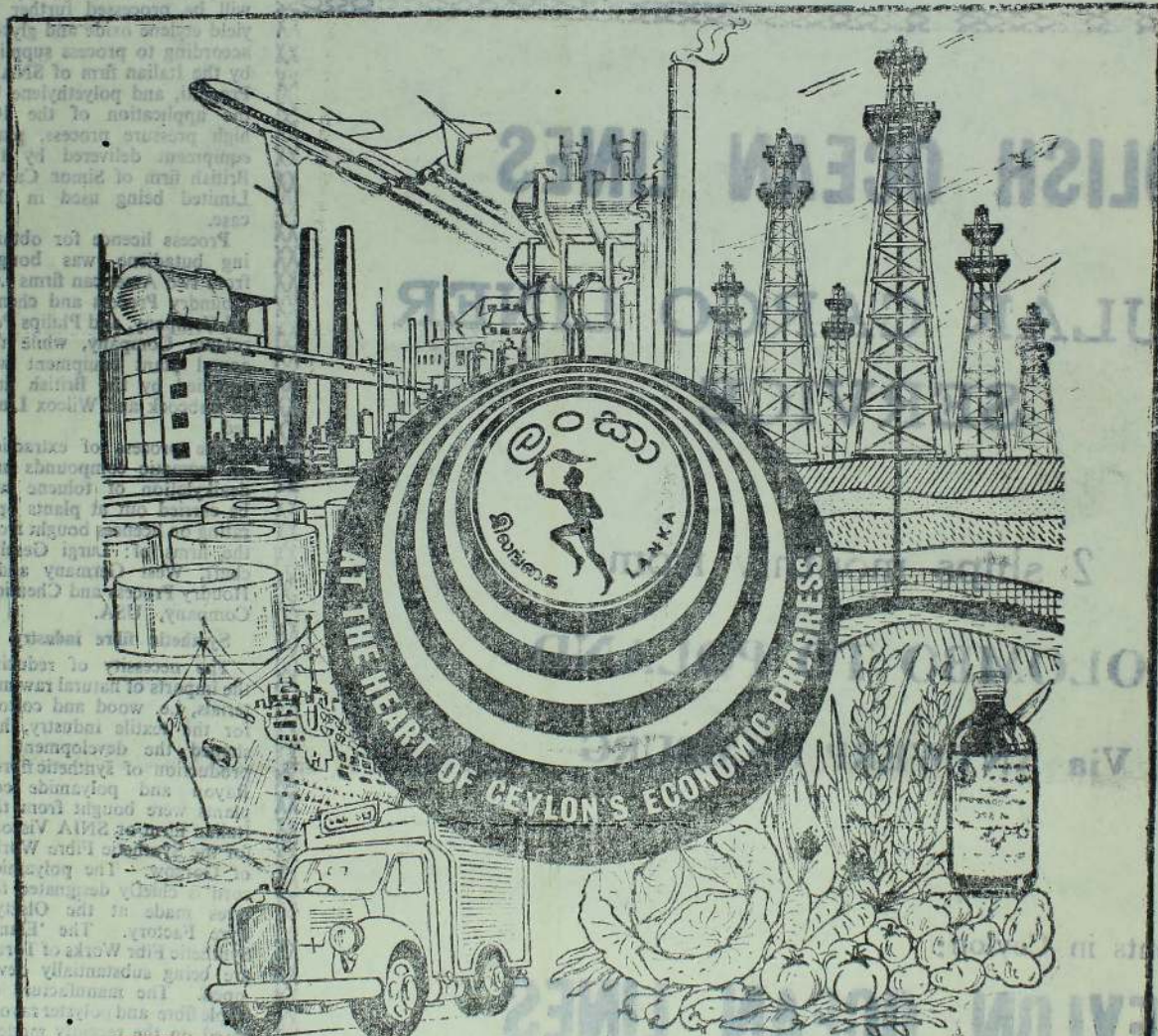
The pricing policies of oil companies were so unrealistic whether in regard to crude oil or refined products, that they came in for severe criticism from time to time even by the Government of developed countries. Even after the Second World War when Middle East production had increased tremendously and the cost was much less, the Companies were still charging high prices and this provoked an investigation of the policies of the oil companies by a sub-committee of the United States Senate in 1948. As a result of these investigations the heyday of unlimited prosperity of oil companies came to an end. About 1955 they had to give up their jealously guarded freedom of pricing.

The coming of independence to producing countries partly of Asia and Africa also resulted in an erosion of the high profits the Companies were accustomed to. These countries soon began to realise the real value of the natural resources under the earth in their countries and demanded a greater share of the profits from the crude oil produced by the Companies. The producing countries in certain areas went further to obtain better returns for the oil which was exploited in their lands. In many cases they formed national oil Companies to enter into the business of exploration and exploitation. They also demanded of the oil companies equitable participation in exploration activities in new areas.

Looking at things more closer to us, the development of policy and practice in the importing developing countries like Ceylon has been most affected by the policies of the international oil empire.

Minimisation of the cost of oil supplies particularly the foreign exchange cost was a sine-qua-non for the improvement of economies of these countries. But the pricing system for products adopted by the Companies supported by effective control of supplies and open or tacit marketing arrangements was in conflict with the aspirations of these countries. Even when some international oil companies had built refineries in the consuming countries, like India, the same degree of ex crude oil for the refineries was charged for at posted prices.

Contd on Page 11



AN OIL BASED ECONOMY IS A VITAL FORCE AND THE SUREST GUARANTEE TO ACCELERATE THE INDUSTRIAL AND ECONOMIC PROGRESS OF THE NATION. THE CEYLON PETROLEUM CORPORATION HAS THE PRODUCTIVE CAPACITY AND ABILITY TO PLAY A MAJOR ROLE IN LANKA'S MARCH TOWARDS ECONOMIC PROGRESS.

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Further exploration for oil, the manufacture of by-products and plastic containers are other activities to be undertaken in the near future. We have plans to invest Rs. 965 million in the next 10 years to further expand and develop the petroleum industry in Ceylon.

EXPORTS

In addition to meeting the country's requirements of petroleum products the C.P.C. now exports its surplus products - 150,000 tons Naptha, 30,000 tons Aviation Turbine Fuel, 60,000 tons Machine Diesel, Furnace Fuel and Gas Oil earning thereby over Rs. 100 million annually in foreign exchange.

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Oil nationalisation

Contd from Page 10

It was in this context that the Government of Ceylon in 1960, after careful consideration decided to call to account the foreign oil Companies for all the harm their policies had been causing our economy. In 1961 the Ceylon Petroleum Corporation was established to import and distribute petroleum products in competition with the foreign oil companies. Since it was felt that it would be a criminal wastage of scarce capital to set up a parallel marketing organisation, the Government decided to take over certain assets of the foreign companies and vest them in the Ceylon Petroleum Corporation. Simultaneously, a Five-Year Agreement was concluded with Techno-Export of the U.S.S.R. for the import of refined petroleum products. Although the Corporation tried very hard to come into some working arrangement with the foreign oil companies in order to carry on their marketing activities on a commercially competitive basis, it soon became evident that the foreign oil companies were not prepared to cooperate with the C.P.C. in working out such a satisfactory arrangement. In this situation the Government was forced in 1964 to introduce legislation to enable the Corporation to have a complete

monopoly of the oil trade in Ceylon and asol enter into the business of refining and exploration. Accordingly, with the passage of this legislation the Corporation was vested with powers to handle the entire oil trade in the Island and also undertake exploration and refining.

Pre-eminence position

The business activities of the Ceylon Petroleum Corporation have since grown from strength to strength. To-day, the C.P.C. holds a pre-eminence place in the Petroleum Business in this part of the world. The benefits of lower prices which the Corporation was able to secure for its supplies were passed on to consumers and the products marketed by the Corporation soon gained wide consumer acceptance. In 1964, a start was made on the refinery project, the very beneficial effects of which we obtain today.

It is true that in the last few years product prices have sagged from the level of the Companies posted prices. But assuming that the posted prices have still to be paid—and the Opec (Organisation of Petroleum Export Countries) is very much averse to lowering of posted prices—the Ceylon Refinery has been able to produce a foreign exchange saving of around Rs. 60 million annually and that gives an idea of the extent of exploi-

C. P. C. Takes total control of the oil Industry

The Ceylon Petroleum Corporation assumed total control over the petroleum industry in Ceylon on 30th December 1971 when it took over the remaining Aviation Refuelling supply facilities from Esso the last of the foreign oil com-

panies operating here.

Mr. T. B. Subasinghe, Minister of Industries & Scientific Affairs was the Chief Guest at the simple take-over ceremony.

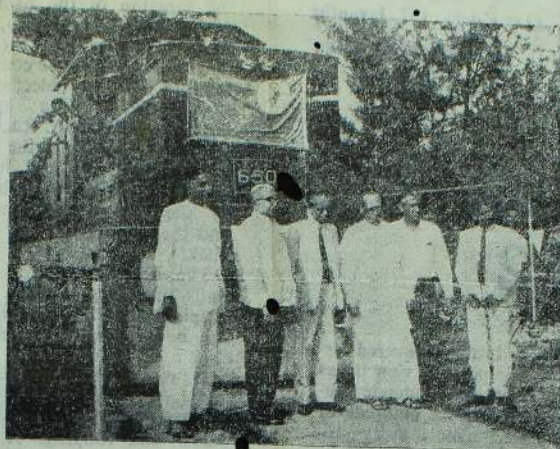
The Ceylon Petroleum Corporation entered the petro-

leum business 10 years ago in 1961 with its partial entry into the market as an importer and distributor of petroleum products in competition with the three foreign oil companies Shell, Esso and Caltex. In December, 1964 the Corporation took over the total imports and internal distribution of petroleum products from the three foreign oil companies and soon thereafter initiated work on the construction of the Rs. 200 million Refinery at Sapugaskande, Kelaniya, and also purchased the 1 million ton capacity Bulk Storage Complex at China-Bay in Trincomalee.

Bunkering trade

With the change of Government in 1970 on the recommendations of the Minister of Industries and Scientific Affairs Mr. T. B. Subasinghe, the Government decided to take over completely the bunkering and aviation refuelling trade in Ceylon. Accordingly in January, 1970 the Corporation took over the entire bunkering trade in Ceylon which it had entered in 1962 and partially entered the Aviation Refuelling trade in June this year.

With the take-over of the remaining Aviation Supply Service from Esso, the Ceylon Petroleum Corporation completes the nationalisation of the oil industry in Ceylon. The Ceylon Petroleum Corporation has earned over Rs. 95 million in foreign exchange from bunkering and Aviation refuelling services in the first year.



Picture shows the Minister of Industries and Scientific Affairs Mr. T. B. Subasinghe, sending off a train load of aviation turbine fuel from the Kolonnawa Oil Installation on the day the C. P. C. entered the aviation refueling business.

tation from which our economy is being rescued.

Foreign exchange earnings

More recently with the assumption of office by the new Board of Directors the Ceylon Petroleum Corporation has been able to further expand its activities.

In December, 1970 the Corporation took over the entire Marine Bunkering Trade which has in its first year of operation, earned for the country valuable foreign exchange amounting to approximately Rs. 85 million. Similarly the Corporation also ventured into the Aviation Refuelling trade and entered the business partially in June 1971. The foreign exchange earned from Aviation Refuelling services for the 6 months period is well over Rs. 5 million. The annual exports of Naphtha produced at the Refinery bring in a further Rs. 14 million in foreign exchange.

Contd on Page 12

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THE ECONOMIC TIMES

Editorial Department
Sunday 2nd January, 1972

(1st Floor), 157, Jayantha
Weerasekera Mawatha
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NOW ON TO 1972

1971 has been an eventful year in the chequered history of Ceylon. From an economic point of view it has been a disastrous one. The deteriorating economic situation in the country was aggravated by the outbreak of insurgent activities which disrupted almost every sector of the economy. In the words of the Finance Minister: "The country was plunged very nearly to a civil war of major dimensions. It was of much bigger magnitude than the so-called riots of 1915 which were directed as much against the rule of a foreign power as against a minority in the country".

While it is true that the resulting destruction caused a severe setback to the economic development process, there were other inherent weaknesses in the economy that caused stagnation and a slower rate of growth (G.N.P.) than that achieved in 1970. Allowing for a population growth of 2.2% it is estimated that the per capita rate of growth in 1971 would be approximately minus 1 per cent.

What does the new year (1972) hold out for the nation? A five plan has been drawn up and it now dangles before the people. It seeks to solve most of the economic problems that face the nation. Its successful implementation will of course depend on achieving the planned savings and investment targets — this is a precondition for success.

The economic prospects for the 1972 seem very bleak. As the Finance Minister points out: "The rate of growth of the G.N.P. in 1972 would not be very different to that of 1971. If the present trends continue, a major constraint on the rapid expansion of the economy is the continuing balance of payments problem. Our export capacity is estimated to be less than in 1971". Further the country's import capacity continues to decline due to the recurring adverse terms of trade. The policy of cutting down imports is nullified by price escalations of our imported commodities.

This in short is the background to the present situation that demands a great degree of austerity and reduced consumption. Therefore, the year 1972 will indeed be an austere one for all. Rising prices, scarcities and unemployment will no doubt continue to prevail.

Coming back to the Five Year Plan which will determine the destiny of the nation, there seems to be much scepticism in regard to achieving the private sector investment target, the inflow of foreign private capital and the level of private savings envisaged. The policy measures of the Government has given rise to certain misgivings. Compulsory Savings, Ceiling on disposable incomes and the Capital Levy Tax are the main causes of discontent in private sector circles. It is therefore essential that Government policy towards the private sector should be stated clearly in unambiguous terms so that this sector could pull its weight in the national development effort.

The White Paper on private sector investment should not be delayed longer as the loss in productivity during this period of "uncertainty" could prove to be catastrophic.

It is hoped that appropriate measures would be taken to ensure that the five Year Plan becomes a reality.

Under - sea hotel under way

An under-sea hotel where lovers of sea life will have an opportunity of viewing the wonderful creatures of the deep will soon be a reality.

A German investor, Mr. J. J. Reubuch has obtained the sanction of the Minister of Shipping and Tourism, Mr. P. B. G. Kalugallae, for this hotel and a site off the coast of Bentota has been selected.

According to the agreement reached by Mr. Reubuch with Mr. Kalugallae, the project will cost several lakhs. Half of this sum will be borne by the Ceylon Government and the balance by Mr. Reubuch.

The hotel will have glass walls providing a clear view of piscatorial life. Visibility will be augmented by closed circuit television.

As regards accommodation, the hotel will cater for 60 persons at a time with board and lodging. A well protected staircase will also be constructed to enable even children to descend and climb from the hotel with ease.

Mr. Reubuch said that he had decided to locate the hotel here since Ceylon seas were ideal for the venture. The abundance of granite in the sea bed will facilitate construction.

He added that it will be the first ever under-sea hotel in the world and attract tourists.

MORE SOVIET EQUIPMENT TO CMEA

In the current five-year plan period (1971-1975) the USSR will double its shipments of machines and industrial equipment to partners in the Council for Mutual Economic Assistance (CMEA). This has been envisaged by a recently adopted programme of the deepening of economic integration for the next 15-20 years.

The USSR provides the fraternal countries with agricultural machines, metallurgical and power equipment, passenger cars and lorries. It has at the same time considerably increased purchases of vessels, buses and other means of communication from Poland, the GDR, Bulgaria, Hungary and Czechoslovakia.

Oil nationalisation . . .

(Contd from page 11)

Along with these activities the Corporation has also entered the Agro-chemicals trade the production of candles, insecticides, solvents and Liquefied Petroleum Gas. These will further benefit the country by saving still more foreign exchange. Plans are now under preparation for the setting up of a Second Refinery in Ceylon which would be 90% export oriented. More recently the Government has also approved a proposal by the Corporation for the purchase and operation of a fleet of tankers jointly with the Ceylon Shipping Corporation.

Preliminary seismic work to ascertain the possible existence of oil deposits in the North Western sector of Ceylon have been completed. More detailed surveys will be undertaken by the Corporation in the near future.

Fruitful results

The nationalisation of the oil industry begun ten years ago has produced fruitful results for the country during the past decade was

successfully completed on December 30th this year when the remaining Aviation Refuelling facilities were taken over by the Corporation from ESSO.

There is one remaining field in which certain Companies still continue to exploit the public and this country and that is in the field of the marketing of Agro-chemicals. The same unfair tactics that were adopted in 1961 to 1963 in the marketing of petroleum products are now being adopted by certain companies to undermine the work of the Corporation. Government officials are being pressurised or bought over in the same way. The same solution as in 1963 is inevitable.

Taken as a whole the petroleum industry in Ceylon since nationalisation has not only produced substantial benefits for the country, but substantial earnings and saving of foreign exchange as well and increased revenue for the Government.

Import licences...

(Contd. from page 9)

Rubber industry

The ever expanding manufacture of plastic and plastic goods is aimed at reducing and eliminating the application of raw materials such as metals and wood in numerous branches of the national economy, chiefly in the engineering and building industries. Very large purchases of equipment required for the manufacture of plastic and their processing were made abroad. Thus for instance, equipment for the 'Gamrat' Chemical Works of Jaslo manufacturing the PVC and polythene pipes and pipe fittings was bought from the Austrian firm of 'Anger' allgemeine Maschinenbau-Gesellschaft m. b. H.

The constant expansion of the motor-car industry constitutes the main cause of the great development of the rubber industry. The Chemical Works of Oswiecima re-developing and modernising its synthetic rubber plant relying chiefly on deliveries effected by the British firm of John Dalglish and Son Ltd.

The Oslzyn Tyre Factory, which is the largest Polish tyres and tubes making plant, has purchased a great deal of equipment abroad, i.e. in the USSR, Great Britain, France and Czechoslovakia. The 'Teofilow' Rubber Footwear Factory of Lodz is equipped with machinery and equipment

British tractors come in

Two hundred British Massey-Ferguson 4-wheeled tractors - the first batch of the 1,000 tractors purchased under the special 1.2 million long-term interest-free British loan to Ceylon signed in September this year, were ceremonially handed over recently to the Minister of Foreign and Internal Trade Mr. T. B. Illangaratne by the British High Commissioner, Mr. A. M. MacKintosh.

Commenting on the speed with which the order has been implemented, the High Commissioner said that "few Government-to-Government loans have been so promptly taken up. All parties agreed from the outset that the need for these tractors was very pressing", he said, "and I am therefore delighted that the combined efforts of everyone concerned have succeeded in securing with such celerity the delivery in Ceylon of the first large shipment, and that in a few days from now these tractors will all be working in the fields.

"I am assured that other shiploads are on their way, and that the bulk of the 1,000 tractors involved will have arrived in Ceylon before the end of next month", he added.

The dominant position that British tractors hold in Ceylon has been won on their merits, said the High Commissioner, "for their reputation throughout the world is well known and well deserved". He added that the fact that British manufacturers of tractors have so long maintained their position as suppliers to the world was a very real guarantee to present and future customers.

DROP IN JAPAN'S GNP FORECAST

A revised version of the Japanese Government's economic forecast for fiscal 1971 submitted by Director General Toshio Kimura of the Economic Planning Agency envisages that the nation's real economic growth will drop to about 5.5 percent during the year from original estimate of 10.1 percent decided in January. This growth rate is almost as low as that of the recession year 1965 (5.4 percent).

At the outset this year, the gross national product was estimated at Y 84,320,000 million, and the nominal growth rate at 15.1 percent. In the revised forecast, the figures have been lowered to Y 80,000,000 million and approximately 10 percent, respectively. With the rise of a 5.5 percent or so in consumer prices taken into consideration, the real economic growth rate was computed at something like 5.5 percent.

supplied by the British firm of Richardson Seale Company. A number of other branches of the chemical industry also relies to a large extent on purchase made abroad.

The Polish chemical industry has always constituted an inexhaustible market for the latest technological processes and plants.