



Duty free goods from Asia allowed into EGM

The Common Market Council has decided to allow over seven million dollars worth of goods mainly from Asia and Indo China into the community free of duty this year.

It will allow hand woven silks and cottons, worth about two million dollars to be imported this year from India, Pakistan and Thailand.

Other items that will also be allowed include million dollars worth of handicraft goods such as leather work, ivory and bone statuettes and toys from India, Pakistan, Thailand, Indonesia, the Philippines, Iran and Sri Lanka into the community without duty.

THE ECONOMIC TIMES

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U.S. concern over E.C.M. developments

EROSION OF GATT FEARED

"The European Common Market has had the effect of diverting trade from outside suppliers to suppliers in member countries. Only a negotiated reduction in the general level of tariffs and non-tariff barriers can effectively reduce this discrimination"

This is stated in a Report made by President Nixon's Council of Economic Advisers.

On the subject of Common Market Preferential Trade Agreements with African and other nations, the report warned that these threaten to erode the Most Favoured Nation Principle.

It will be important, the Report adds, for the coming Geneva trade talks to clarify the obligations assumed by members of GATT (General Agreement on Tariffs and Trade) with respect to the Most Favoured Nation principle that a concession given to one GATT member must be given to all.

The Geneva talks should therefore deal with all forms of trade barriers, tariffs as well as non-tariff barriers, such as import quotas and other barriers, including

both industrial and agricultural trade.

Reforms Needed

The President's advisers also called for reforms of the GATT framework to make it stronger, particularly in dealing with disputes between nations. Unsolved disputes they warned can adversely affect relations between nations.

For example, they pointed to the GATT rule which permits nations to restrain imports temporarily if they grant equivalent reductions of other trade barriers. This rule, the Report said, has proved unworkable in practice, and Governments have tended to evade it.

President Nixon's Advisers also referred to proposals for a new system of safeguards for nations

whose domestic industry is harmed by imports. If these safeguards are negotiated multilaterally, they said, they are not likely to become a disguised form of protection. Such safeguards they added, need not be accompanied by compensatory concessions, but should include effective domestic adjustments from non-competitive industries to more competitive ones.

Implicit in the U. S. Report is the commitment to continue to work through the GATT. Although new rules reforming the organization would not precede substantive negotiations, each substantive agreement negotiated would, at the same time, modify GATT rules. Thus reform goes hand-in-hand with substantive negotiations.

The Report points out that trade imbalances hurt both the U. S. economy and that of the world at large. The United States has called anew for opening

wider the gates to liberal trade in 1973.

"Reductions in foreign trade barriers can also contribute to correction of the payments imbalance. A number of countries, particularly Japan, took some liberalizing actions in 1972 aimed at alleviating the situation. It is hoped that further actions during 1973 will contribute to this adjustment process," the Report adds.

Turning to relations with developing nations, the report said both groups the developed countries and the developing can benefit from "reducing the degree of arbitrariness" in national decisions affecting aid and investment.

The United States supports a generalized tariff reduction for goods from developing nations, as a better alternative to the preferential agreements many developing nations have with the Common Market.

The Report urged all countries not yet members

of GATT to accept the obligations of membership and participate fully in the coming negotiations. Unlike earlier GATT agreements any agreements coming out of these talks will be self-contained, that is it will apply only to nations which have signed them. And although non-members may participate in the negotiations, they are bound to have less influence than full members will. All as GATT members any tariff cuts negotiated will automatically apply to them too under the most favoured nation principle.

Special Rules

In regard to trade with "centrally planned economies" that is communist nations, the report predicted that U.S. trade with the Soviet Union is likely to grow particularly fast. But it added, because the communist nations do not belong to GATT special rules will be needed setting up a multilateral system of payment settlements.

Food aid from W. Germany

A large consignment of wheat flour, gifted to Sri Lanka by the Government of the Federal Republic of Germany, has arrived in the island, and a further gift

shipment is due in mid February.

The two consignments total 5,298 metric tons of flour, equivalent to 8,000 metric tons of soft wheat.

The gift is in terms of the Food Aid Convention of 1971, which provided for food aid to the developing countries. A bilateral agreement for the current year's gift flour from West Germany was signed in October last year.

More revenue from sale of FEECs

The receipts from the sale of Foreign Exchange Entitlement Certificates were Rs.60 million recording an increase of Rs. 27 million. The increase was mainly on account of the imports of the food commission during this month, particularly of sugar, according to the latest figures released by the Central Bank.

Receipts from Income Tax amounted to Rs. 34 million, as compared with Rs. 37 million, collected in the corresponding month of the previous financial year. The revenue from turn over tax was Rs 17 million as against Rs.

12 million received in November 1971. The collections from import duties and export duties at Rs. 17 million each showed decreases of Rs. 1 million and Rs. 5 million respectively, when compared with the figures for November 1971.

Profits from the sale of arrack increased by Rs. 6 million, a slight increase was recorded in stamp duty collections. Estate duty collections showed a slight decrease and the revenue from wealth tax remained on the same level when compared with the corresponding month of the

previous financial year.

In the period October 1971 to November 1972, Rs. 539 million was collected as income tax. Turnover tax collection were Rs.491 million, while Rs. 593 million was received from the sale of FEECs. Revenue from import duties and export duties amounted to Rs. 305 million and Rs. 273 million respectively. The profit from the sale of arrack amounted to Rs. 218 million while Rs. 38 million was collected as stamp duty. The revenue from estate duty and wealth tax was Rs. 15 million and Rs. 19 million respectively.

In this Issue

	Page
† Export Intelligence:	3
† Company Reports:	4
† Global News:	5
† Mineral Resources of Sri Lanka:	6 & 7
† Opportunities for Small Industrialists:	8
† Science & Technology:	9

LARGEST SELLING FORTNIGHTLY FINANCIAL JOURNAL

MARKET PRICES

COLOMBO TEA CLOSING PRICES 30-1-73

(Rs. Cts. Per lb.)

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:	1.80	4.00	2.00	3.60
	2 at 4.40	1 at 5.00	1 at 4.15	1 at 4.20
Medium-Grown:	1.65	2.25	1.80	2.15
Small Leaf Low-Grown:	1.80	2.10	1.70	1.82
Tea For Price:	1.40	1.60	1.40	1.55
Leafy Low-Grown:	1.90	2.10		
	F.B.O.Ps		F.B.O.P.Fs	
Tippy Teas:	1.80	2.20	1.80	8.70
			2 at 8.00	1 at 40.00
			1 at 15.00	

RUBBER PRICES FOR THE WEEK ENDED. 27.1.73.

	Rs. cts.—per lb.		Avg. to Same Period	
	Closing Quotations	Avg. to date	1972	1971
RSS No. 1	101 3/4	1.00	71 1/2	
RSS No. 2	97 1/4	95 1/2	67 3/4	
RSS No. 3	96 1/2	94 1/2	66 3/4	

COPRA	(Rs. per candy)	
	Opening Price	Clos. Price
Estate Copra No. 1	273.00	257.75
COCONUT OIL (Rs. per ton)		
January	1,250.00	1,250.00
February	1,250.00	1,250.00

DESSICATED COCONUT	(per lb.)	
	Opening price	Closing Price
January	.71	.72
February	.72	.72

PRICES OF THE WEEK ENDING 28.1.73

Commodity	Buyers (Per lb)	Quotations	Export DUTY
Cardamoms	27.05	34.00	40%
Cardamom Seeds	13.00	14.25	on true
Cloves	12.50		F.O.B.
Cloves Stems	2.75	3.00	value.
Mace	8.00	9.00	
Nutmeg (Shelled)	5.50		
Nutmeg (Unshelled)	2.50	3.00	
Pepper (Black)	3.65		
Papain (White)	34.90	36.00	
Papain (Brown)	28.00	29.00	
Cinnamon H/1	Unquoted		20% on true f.o.b
Cinnamon H/2	"		value
Cinnamon Quilings No. 1	"		
—do— No. 2	"		
Cocoa	350.00		Nom 40% on
Coffee (Arabica)	300.00		325.00 true f.o.b
Kapok (Clean)	unquoted		value
Kapok (Unclean)	45.00		
Croton Seeds	150.00		
Essential Oils			
Cinnamon Leaf Oil	18.50	25 ozs	
Cinnamon Bark Oil		20.00	
Citronella Oil Estate Quality	Per lb.	10.50	10% on true f.o.b
Citronella Oil Ordinary	Per lb.	10.30	value

SUBSIDIARY CROPS .. WEEKLY PRICE LIST WEEK ENDING 28.1.73

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	8 lbs)	
	(Per Bag 154/15)	(Per bushel)
—Paddy	Unquoted	
—Other varieties	"	
—Rice Per Boiled	"	
—Country Rice No. 1	"	
—Country Rice No. 2	"	
—Samba Rice	"	
—Kora	"	
—Maize	Per Cwt.	30.00 31.00

TEA REPORT

Auction No. 5 held on 29th and 30th January, 1973.

The total quantity offered was 9,898,400 lbs., comprising 5,134,000 lbs. Leaf Grades, 1,249,425 lbs. Dusts, 47,377 lbs. Reprints, 94,148 lbs. Sundry Lots and 3,420, 827 lbs. Ex Estate. Quality was generally better this week with most second invoices from Western Districts showing a marked improvement. Strong demand was seen throughout the Sale.

HIGH - GROWN TEAS: Improved Western brokens appreciated quite strongly in value and the best teas were often 40/80 cents dearer. Below best and plain liquoring types were generally quite steady, though a few bright teas showed advances of 10/20 cents easier. BOPF's followed much the same trend as their BOP's and bright teas in the middle price range appreciated more than their BOP's. Pekoes were barely steady and were sometimes easier.

MEDIUM-GROWN TEAS: Best brokens were firm to about 10 cents dearer while colour though stalky teas were 5/10 cents easier. BOPF's were irregular generally 5/8 cents easier. OP's were about steady.

LOW GROWN TEAS: Strong demand was seen

Commodity Commentary

for all grades, small leaf BOP's improving by 5 cents while BOPF's were a shade easier while others were about steady. Well made OP's and Pekoes were fully firm while others tended slightly easier.

TIPPY TEAS: FBOP's were firm on last rates. Attractive small leaf Flowery Fannings and the best long leaf varieties were dearer. Below best were about firm.

RUBBER REPORT

Week ending 27th January 1973.

Mainly on account of the decrease in Duty by 3 cents per lb., RSS No: 1 opened 3 1/2 cents dearer at 97 cents per lb. and followed fluctuating fortunes in Eastern Markets, thereafter forging ahead to record Rs. 1/02 1/2 per lb. mid week, but declining to Rs 1/00 1/4 per lb. latterly before closing dearer at Rs. 1/01 3/4 per lb.

Approximately 752 Tons of LATEX CREPES were offered at the Two Sales held during the week under review, a substantial increase of 538 tons compared to the previous week's total. At the First Sale, best latex crepes eased further by 1 to 1 1/2

per lb whilst, the FAQ offerings were marked down by 1 to 2 1/2 cents per lb. The duller types declined sharply by about 1 to 5 cents per lb. whilst the inferior grades were irregularly easier. At the subsequent Sale, best latex crepes were irregularly dearer, whilst the FAQ offerings improved by 1/2 to 2 cents per lb.

Approximately 209 Tons of SCRAP CREPES were offered at the Two Sales held during the week under review, an increase of 149 tons compared to the previous week's total. At the First Sale, light and dark brown scrap crepes were irregular, whilst the darker sorts were easier by about 1/2 to 3 cents per lb. Flat Bark was irregular. At the subsequent Sale, light brown scrap crepes were irregularly dearer whilst the dark brown types were easier by 1/2 cent per lb.

EXPORT DUTY The Export Duty for the period 29th January 4th February, 1973 will remain unchanged at 26 cents per lb., inclusive of the present flat rate of 3 cents per lb. Cesses remain unchanged at 1,980 cents per lb.

Produce Report

Cardamoms: 3,734 lbs. of Cardamoms were on offer, a decrease of 2855 lbs. compared to the previous week's total. With a drop in the quantity available, the market was firmer with better demand, No. 1 quality closing at Rs. 27/05 to Rs. 34/- per lb., an increase of Rs. 2/05 on the lower limit and Rs. 4/35 per lb. on the upper limit, Next best grades were slightly dearer at Rs. 25/50 to Rs. 27/05 per lb, whilst No. 2

quality moved down to Rs. 24/- to Rs. 26/- per lb., with off grades fluctuating between Rs. 21/- to Rs. 24/- per lb. Inferior grades were more or less at previous levels at Rs. 11/- to Rs. 20/- per lb. A small quantity of husks fetched Rs. 1/- per lb. Transactions in Seeds were around Rs. 13/- to Rs. 14/25 per lb.

Cocoa: Approximately 277 cwt. of Cocoa were on offer, a decrease of 122 cwt. The market was rather

irregular and bidding was very slack, No. 1 easing to close at Rs. 350/- per cwt. for a nominal quotation. A small quantity of good quality Cocoa fetched Rs. 400/- per cwt. Next best grades came down to be transacted at Rs. 325/- to Rs. 350/- per cwt, whilst No. 2 grades were also easier at Rs. 300/- to Rs. 325/- per cwt., with Off grades closing at Rs. 230/- to Rs. 300/- per cwt. with poorer sorts fetching between Rs. 150/- to Rs. 225/- per cwt.

Coffee: 26 cwt. of Coffee were on offer with one lot of good quality Robusta fetching Rs. 265/- per cwt.

Pepper: Approximately 6,902 lbs. of black Pepper were on offer with No. 1 quality being sold at Rs. 3/65 per lb. and 11 1/4 lbs. of white pepper being transacted at Rs. 10/55 per lb.

Cloves: Approximately 1,264 lbs. of good quality Cloves which were on offer were sold at Rs. 12/50 per lb.

Cinnamon: 670 lbs. of Cinnamon consisting of Quills and Chips were on offer with Quills fetching Rs. 2/85 per lb. and Chips being transacted at Rs. 2/30 to 2/40 per lb.

Nutmeg: 34 lbs. of Shelled Nutmeg which were on offer fetched Rs. 5/50 per lb.

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 (Kurakkan)	12.00—13.00
—Sorgum	Unquoted
—Soya Beans	850.00 (per ton)
Spices Condiment	Per lb.
—Mustard	1.90 — 2.00
Chillies	Per Cwt.
—Dried Long	unquoted
—Dried Round	"
—Off Grade	"
—Goraka	65.00 — 68.00
—Vanilla	Per lb
—Tamarind	Per cwt
—Ground Nuts	Per 80 lb
—Cashew	Per lb.

LEIPZIG SPRING FAIR 1973

LEIPZIG AFFORDS PROSPECTS FOR INTERNATIONAL CO-OPERATION AND AN EXPANSION OF EAST-WEST TRADE IN SPRING 1973.

More than 9,000 firms producing technology and consumer goods in 60 countries are making preparations for the 1973 Leipzig Spring Fair to be held, for the first time from Sunday, March 11th to Sunday, March 18th.

With its theme, "For world trade and technological progress", the fair provides a floor space of some 3,500,000 sq. ft. which will accommodate new and first rate products and be the scene for an international exchange of experience. The international character of the Leipzig Fair becomes evident by the fact that 50 per cent of exhibitors will be coming from abroad, and foreign firms will take up about one third of the floor space available.

Exhibitions of technology will be in 26 trade groups, consumer goods come in 22 trade groups. The fair has undergone some streamlining over the past few years, and the main product groups represented in the spring of 1973 will be machinetools and related implements from 20 countries, heavy engineering including metallurgy from more than 20 countries, automation technology and products of the electrical engineering and electronics industries from 22 countries as well as food production and agricultural technology from 19 countries. Firms from more than 40 countries will be exhibiting consumer goods on a floor space of about 1,000,000 sq. ft. in Fair buildings in the city centre.

More than 6,000 exhibitors from socialist countries including the 300 most important foreign trade firms will display the results of socialist economic co-operation. GDR export firms will show products from practically all domestic industries.

Young national states such as India, Egypt, Iraq, Algeria, Syria and Chile will be represented with official collective exhibitions and supplement traditional export items with industrial products.

There will be more than 25 capitalist industrial nations such as France, Italy, the FRG, the Netherlands, Britain, Sweden, Finland, Austria, Japan, Belgium, Switzerland coming to the fair to profit from

its potential for East-West trade which is enhanced even further by socialist economic integration. Japan's 100 largest firms will participate in a collective exhibition.

It has been estimated that 35 per cent of visitors to the fair are technologists for whom a comprehensive programme of specialist events will be organised. Activities designed for the exchange of scientific and technological information and promotion of commercial activities will consist of symposia on electronics, the applications of microfilm and metal working.



Exhibition stall of Akai - Electric Co. at the Leipzig Fair.

A total of 150 lectures is to be delivered by representatives of exhibiting firms from home and abroad, with the emphasis on labour saving in metalworking, industrial applications of electronic data processing and the mechanization of building construction. The organisers of the fair will again award Gold Medals and Diplomas for outstanding products.

Tremendous development in industrial and household implements

15 countries will be displaying their exhibits of the trade group of industrial and household implements on a floor space of about 9000 sq. m. The export range of the GDR industry will occupy most of the exhibition space. The foreign trade enterprises from socialist countries are represented as well as important exporters from non-socialist countries (Sima Group from India, GIAFM (with Thomson-Brandt) from France; RR. Christians, FCG Hafina AG, Switzerland; and Cornelius, U.S.A.

Under the well known trade mark of AKA ELECTRIC the electrical

consumer goods industry of the GDR offers an attractive display in the Handelshof. Its high standard of productivity emphasises its importance for deepening socialist international economic co-operation. The product groups are arranged according to use - with modern household implements and light fittings holding first place. The standard range has undergone an improvement by way of new products.

Kitchen gadgets include the Universal - Kuechenmaschine KM 8 with numerous attachments and the new hand-mixer R K 25,

The mixer can be used widely because of the added gadgets. Various Grills provided with upper and lower heat can be used directly on the table.

Offers in Glass and China ware

Skleexport and Keramilka from Czechoslovakia, Minex from Poland, Kristalimport from Yugoslavia, Sovirel and Quartz and Silice from France, Villeroy Boch from FRG, Saivo from Italy, Ospag from Austria to mention some well known, foreign dealers in glassware china, stone and earthenware. These are accommodated together with representatives from the GDR-which from the main body of the exhibition-in the traditional centres the Stodetisches Kaufhaus and the Messehaus Maedler Passage. A total of 14 countries have 9,000 sq. m. of floor space at their disposal,

Combinations in crockery

Ceramic raw materials as well as household and hotel table ware, made of porcelain, Sintonan and stoneware fancy porcelain and ceramics belong to the universal offer from the

EXPORT INTELLIGENCE

Bright market potential for cashew

Prospects for cashew kernels and cashew nut shell liquid exports to world markets are very promising. On the basis of the annual rate of growth the world consumption of cashew is at 10-12%. It has been estimated that the world demand for cashew kernels would be 235,000 metric tons in 1980 compared to 146,000 metric tons 1975. According to a study made by the Ministry of Plantation Industries. Cashew nut is the backbone of the salted nut industry; it is not too large or too small in size; it is bland and does not dominate in the mixture and at the same time it is the most moderately priced nut after Brazil-nut. Cashew is also nutritious without being fattening.

World consumption has been increasing at an average annual rate of 10.9% in the last few years (1965-70) and this came about simultaneously with price increase of the or-

der of 20-20%. However, the expansion has not been uniform among various importing countries; while imports more than doubled in the Soviet Union and showed an increase of 41% in Western Europe between 1967-69; they increased in the United States by 28% (with further increase of 12% from 1969-70)

Among the reasons explaining the low level of consumption in Western Europe is the fact that the nut is very little known and is highly priced which limits consumption to high income groups. With lowered price which would encourage the confectionery industry to use more cashew and with promotional effort, cashew consumption in Western Europe could get closer to the United States level. According to trade information available countries in West Europe could probably increase by 3-4 times and also the Soviet Union could take about 3 times the present amount of cashew in kernels.

Export Opportunities

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

Showa Boeki Co. Ltd.,
Royal Mansion Room No. 205, 6-15, 7-chome, Akasaka, Minato-ku, Tokyo, Japan.,

Sahkee Trading Co. Ltd.,
Importers & Exporters, 4, 4-chome Doshomachi, Higashi-ku, Osaka, Japan.

Toko Tsusho Kaisha Ltd.
Chiyokawa Bldg. 2-3, 3-chome Shinbashi, Minato-ku, Tokyo, Japan.

Tokyo Maruichi Shoji Co. Ltd.,
16-9, Uchikanda 2-chome, Chiyoda-ku, Tokyo, Japan.

Yagi Tsusho Kaisha Ltd.,
20, Imabashi Sancho, Higashi-ku, Osaka. 541 Japan.

Prawns and shrimps

Tokyo Maruichi Shoji Co. Ltd.,
16-9, Uchikanda 2-chome, Chiyoda-ku, Tokyo.

Cuttlefish

GDR's ceramics industry. Special features are the sets of combinations available for household and hotel table ware, the durability of the decors, the functional aesthetic qualities and bright modern colour schemes.

Zebra Co. Ltd.,
Nikkon Bldg.,
17-2, Shimbashi 5-chome, Minato-ku, Tokyo

Marine products

Messrs. Rashid Wali Mohomed,
2- Sind Market, M. A. Jinnah Road, Karachi-2.

Messrs. Tabani Ariff,
2, Sind Market, Post Box No. 4498, M. A. Jinnah Road, Karachi.

Messrs. Punjab Soap Factory Registered,
397, Circular Road, Lahore - 6.

Messrs. Ferozsons Laboratories Ltd.,
197-A, The Mall, Rawal-pindi.

Messrs. Ekram Corporation,
48, MacLagan Road, Lahore.

Messrs. Combined Industries Limited,
36, Shahrah-e-Qaid - Azam, Lahore.

Messrs. Pakistan House International Ltd.,
West Wharf, Karachi.

Coconut oil

VVB Deko exhibits textiles and clothing

Exporters from 23 countries will exhibit textiles, clothing furs and fur clothing.

VVB Deko, from the GDR will again build their exhibition around curtain,

Contd on page 9

Improved performance by Richard Pieris & Co Net profit up despite odds

Company Meeting Reports

The Annual Report and Accounts of M/s Richard Pieris & Co Ltd., for the year 1972 was tabled recently. The Chairman emphasised in the course of his review of the activities of the company that future progress depends largely on ability to develop and increase rapidly exports of a non-traditional nature.

Excerpts of the Chairman's Report are given below:

"As I foresaw last year, our performance over the period under review showed a marked and significant improvement over the preceding year. From the lowest profit recorded in the last decade for the year ended 31 March 1971, we succeeded in the face of tremendous odds and disabilities, to achieve a Net Profit before taxation of Rs. 1,809,822 for the year ended 31 March 1972.

We started the financial year on a disastrous note as a result of the insurrection in April, 1971, which plunged the country into a state of internal strife and chaos, but as the months went by we staged a remarkable recovery that enabled us to recoup the losses sustained initially. The latter half of the trading year was fruitful and rewarding,

and we ended the year feeling reasonably satisfied with ourselves on our overall achievement.

The turnover of products and processes originating from our Factory in Navinna recorded satisfactory gains over the preceding year. Similarly, the sales of motor vehicle

compared to 1970/1971. The combination of these two factors, more than any other contributed significantly towards the end result.

In the field of exports, we registered a three-fold improvement over the previous year. Perhaps what is more

assiduously on our pioneering efforts if we are to make appreciable headway in the years to come.

As I said in my last Report, the path of success is long and tortuous and this axiom is particularly true in the field of exports. Developing economies such as that of Sri Lanka, which are fledglings in the sphere of non traditional exports face many obstacles and intrinsic disabilities in exporting their goods to the more developed countries of the world. Inadequacies of market intelligence lack of basic knowledge of competitive prices and of promotional media and expertise are but some of the few impediments that we must overcome by systematic and sustained effort.

With a view to adding to the knowledge gained on the initial fact finding tour in August last year, a revisit to some of the Middle East countries was undertaken recently. In addition, our regular participation at the Baghdad International Fairs was this year supported by representation. We will spare no effort to process the fund of knowledge, experience and hindsight acquired as a result of these tours into meaningful reality.

In the sphere of industrial relations, we continue to enjoy exemplary relations with our

work force at all levels. This relationship was further reinforced by the trials and tribulations that we had to encounter in the period under review. This utterance may appear paradoxical but it is nevertheless true. During the disturbances last year, to which reference has been made at the beginning of this statement, our employees generally and in particular the work force at our Factory in Navinna rose to unprecedented and magnificent heights to maintain productivity and sales at relatively high levels in the face of the limitations thrust upon them and the Company. We are indeed grateful to them for their responsiveness and adherence to the tenets of duty and responsibility to the Company, to their motherland and not least of all, to themselves and their families.

The future of this Company will lie, to an increasing extent, on its ability to develop rapidly exports of a non traditional character. This will be rendered possible only if our industries are made viable and sufficient income is generated locally to cushion the inadequacy of export profits or even absorb any marginal losses that may be incurred in exporting. The generation of exports must be collateral to a thriving domestic market and one should not be allowed to expand disproportionately at the expense of the other."

How exports fared in 1972/73

"Of the new items that we exported during the year 1971/72 the quantities of erasers and rubber hoses have been significantly large for first entry. Shipments covered 4.3 tons of erasers and 65,000 feet of rubber hose. We also shipped 7600 gross of rubber playballs an appreciable increase over the previous year.

Though exports of other products such as mattresses, pillows floor mats, balloons and P.V.C. leather cloth did not record significant increases over the preceding year, they nevertheless found acceptability in world markets by conforming to established standards of manufacture and quality control.

The spectrum of our exports covered the United Kingdom, Bahrain, Kenya, Iraq and Kuwait."

spare parts improved appreciable as we received enhanced allocations for the importation of this commodity as

gratifying than the actual increase in itself, is the fact that we have made inroads into previously untapped areas and we have enlarged on the scope and exportable products and destinations. These achievements augur well for the future and we must build up

MANAGEMENT

Labour management relations (2)

Once management accepts some responsibility for its employees, it may show this in several ways. It may be paternalistic, either because this is, as in Japan, a carry-over from a feudal society, or because management chooses to express its concern for its employees' welfare in that way and meets little or no opposition from them to the dependent role implicit in paternalism. Paternalistic employers are also still found in both the USA and the UK, although they are more common in countries like Italy where class divisions are stronger and where there is a master-servant, father-son relationship in industry.

Nor does paternalism necessarily vanish with advancing industrialism for in Japan, a highly industrialized country, workers are hired for life and almost never sacked. There, paternalism even extends to the pay packet which is based on a variety of factors,

of which the most important are the employee's educational status on entering the company and his length of service—a system of payment that obviously discourages mobility.

The employee will also get a family allowance. Only a small part of his total pay will depend on the kind of work he does and the way in which he does it. He will also receive a great range of social benefits from his company.

When good employee conditions are more of a right than a favour, we have moved from paternalistic to, what Harbison and Myers have called, constitutional management. These rights may come from legislation or they may, especially in the USA, be included in the bargain which labour makes with management. Either way, they promote, as we saw earlier, the growth of bureaucracy. In industry,

as in society as a whole, a constitutional approach by establishing rules safeguards the individual from interference by his superiors. Such safeguards inevitably limit the power of the superiors and hence their freedom of action. As Harbison and Myers say.

The democratic-liberal nations, such as the United States of America, Great Britain, and Sweden, have this type of managerial philosophy more often than the others. Perhaps it is not a philosophy which many managers would consciously choose, if they had alternatives; but most do not have alternatives. They come increasingly to accept the fact that they must deal with the work-force under prescribed or agreed-upon rules, and they adjust their policies and behaviour to fit these conditions and limitations.

Ruthless, autocratic management takes no account of employees' welfare or wishes; paternalistic management is

concerned with employees' welfare but decides what it thinks is best for them; constitutional management, which may be mixed with some paternalism, treats its employees in accordance with the rules laid down by government or agreed with the union. None of them regard their employees as partners in a democratic enterprise, although some may talk of copartnership while limiting it to profit-sharing. Finally management may genuinely regard its employees as partners in the enterprise and therefore, entitled to participate in the decisions, at least in those directly affecting them. Rarely, such participation may extend to other aspects of company policy.

How is management likely to exercise authority in the future? There seems little to suggest that many companies will practise participative management. This requires a belief that it is right to do

so (which is uncommon amongst managers and not markedly on the increase) as well as a personality that can cope with the problems inherent in any genuine attempt to encourage employees to share in some aspects of decision making. Participative management will not work just because it is law, or because management thinks it will pay. Managers who do not genuinely believe that people have a right to share in decisions affecting them are likely to be too irritated by the difficulties which arise in discussions.

The enforced growth of constitutional management has restricted the opportunities for autocratic management.

The main query is whether the rules are going to be increasingly on management by government and trade unions, or whether management will retain or extend its area of freedom of action.

All - round economic development in South China

Nanning:

The expansion of light and heavy industry to meet the needs of agriculture is the key to advances made by an administrative region in Kwangsi, South China. The work is guided by the general principal of "taking agriculture as the foundation and industry as the leading factor" for developing the national economy.

Average per-hectare grain yield in the Yulin region since 1969 has topped the six-ton target set in the national programme for agricultural development. Output of sugar cane, jute, tobacco, peanuts, fruit and other products has risen steadily. There has been further progress this year.

The region's industrial output value in 1971 was 85 per cent above the 1965 figure and rose higher in 1972.

Priority is given to the development of agriculture to ensure the supply of grain, raw material, capital manpower and market for industry, while efforts are also being made to expand industry so as to speed up agricultural development.

Industry is the leading factor and industrial departments have been organized to help

speed up agricultural mechanization and to tackle such questions as irrigation and fertilizer. Many cement works have been put up and several thousands of diesel engines, water turbine pumps and generators turned out. The irrigated area has been extended by 40,000 hectares in the past two years. More chemical fertilizer is being applied per hectare. Large numbers of threshers, hand tractors, feed crushers and rice transplanters are being produced. This frees manpower for land improvement, intensive farming and diversification of the rural economy. The region's 1971 agricultural output value exceeded the 1970 figure by 15.7 and there was further rise last year.

The Yulin region abounds in sugarcane, jute, tobacco fruits, peanuts and other industrial crops. These raw materials are being worked up locally with the establishment of sugar mills, canneries and other factories, in addition there are plants turning out porcelain, glass and resin. The region has now 626 small and medium light industry enterprises turning out more than 2,000 kinds of products.

Light industry accumulates funds for the state, increases export commodities and supplies rural markets. It encourages the growing of industrial crops and consolidates the rural collective economy. Most of the sugar cane, tobacco and jute used to be processed outside the region. In busy seasons, large amount of lichees, longans, pineapples and citrus fruit went bad in transport. With the setting up of processing plants locally, many communes and production brigades are increasing the fruit tree acreage on mountain slopes. A number of communes and brigades have bought transplanters, tractors and threshing machines since 1971.

More than 150 heavy industrial enterprises have been set up, covering iron and steel, coal, machinery, walking tractors, electrical fertilizer and metallurgy, since the cultural revolution began. This promotes the development of light industry and agriculture.

DEVELOPING COUNTRIES TO GET MORE JAPANESE AID

Tokyo

The annual White Paper on Economic Cooperation recently announced that Japan continued to face the need to improve the quality



as well as to expand the quantity of its aid to developing countries.

This white Paper put particular emphasis on what should be done to improve and expand Japanese foreign aid in the era of changing world monetary and economic systems.

The report said Japan's aid to developing countries during calendar 1971 amounted to \$2,141 million, up 17.4 per cent over the previous year.

YUGOSLAVIA'S MONETARY POLICY

Belgrade,

The Yugoslav Federal Executive Council at its recent session adopted a skeleton draft of the country's credit and monetary policy for this year. The adopted economic policy measures will ensure that the monetary funds of economic organizations grow more quickly than the overall mass of money. They will rise 24 per cent compared with this year. In this way the 1972 trend of increase in the financial resources available to the economy will continue.

The projections provides for a 17 per cent increase in the mass of money this year compared with 1972. The total credits may increase about 13 per cent.

It has also been anticipated that the National Bank of Yugoslavia should provide from primary issue the mass of money to the amount of 6,820,000 dinars. A sum of 1,390,000,000 dinars will be made available to the republics and provinces for selective purposes. The rest will be used for credits to direct clients of the National Bank of Yugoslavia and those to be approved for the purposes specially agreed on.

The main task is to slow down the growth of prices and cost of living, with a view to bringing about stabilization and raising the standard of living and the level of competitiveness of the economy. The products and services whose import has already been liberalized, will have their prices also liberalized at the beginning of next year. Further liberalization of prices during 1973 will be taking place parallel with that of import, provided the process of stabilization and supply—and demand relations make it possible.

(Tanjug)

DIAMOND WEIGHING HALF A POUND ON SHOW

London The third largest rough gem diamond ever found - the "Star of Sierra Leone" - is on public view as the centre-piece of the newly arranged gem collections at the Geological Museum, South Kensington, London, for a limited period.

The stone weighs 968.9 carats (nearly 1/2 lb) and measures 2 1/2 inches long by 1 1/2 inches. It was recovered on 14 February 1972 the grease belts at the separaplant of the Diminco Mine, Yengema, Sierra Leone, where diamonds are found in alluvial gravels.

The stone was named by the Sierra Leone President, Dr Siaka Stevens, and was brought to London in May 1972 in order that potential buyers could view it at the offices of the central selling organisation through which 80 per cent of the world's diamonds are marketed.

The "Star of Sierra Leone" was purchased by Mr Harry Winston a New York jeweller, and it is by his courtesy that it is exhibited at the Geological Museum in London.

It is hoped that the stone will yield approximately 400 carats of finished diamonds in various shapes and sizes - less than half the original weight of the rough stone.

The largest diamond known was the Cullinan (3,106 carats) found at the Premier Mine, South Africa, in 1905. The second largest was the Excelsior (995.2 carats) found at the Jagersfontein Mine, South Africa, in 1893 (BIS)

RAILS IN THE MOUNTAINS

Moscow

The construction of a new railway is under way in the Soviet Transcaucasia. It will link the Armenian capital with Akstafa, a large railway juncture in nearby Azerbaijan.

The new railway will be a shortcut between the north-eastern regions of Armenia and the heart of the European part of the USSR. In one section the rails will be laid in a 7.5-kilometre tunnel, the largest in the USSR, cut through the mountains of the minor Caucasus (APN)

International Investment Bank at work

It will soon be two years since the International Investment Bank began its activities. The decision to found it was adopted in the process of elaborating the Comprehensive Programme, in view of the need for the greater concentration of the financial resources of the member states of the Council for Mutual Economic Assistance.

The members of this bank are the People's Republic of Bulgaria, the Hungarian People's Republic, the German Democratic Republic, the Mongolian People's Republic, the Polish People's Republic, the Socialist Republic of Rumania, the Union of Soviet Socialist Republics and the Czechoslovak Socialist Republic.

The fixed capital of the Bank has been set at 1,052 million transferable roubles and it has formed by share-contributions made by the member-countries in collective currency. Besides this, special funds may be created in the Bank. The Bank can receive financial and bank credits, accept medium term and long-term deposits, issue percentage share-loans at the international monetary market.

With the creation of the International Investment Bank

the role of the transferable rouble has grown, because the medium-term crediting of the capital investments of the member-countries of the Bank is, to a great measure, transacted in this currency.

In conditions of the crisis of the international currency system the advantages of the transferable rouble are made more obvious, because it

By V. VOROBYOV

does not suffer from conjuncture fluctuations of the capitalist currency market and provides for uninterrupted accounting among CMEA member states.

Principal Task

The Bank has begun to fulfill its principal task—the crediting of investments and has already opened credits for the construction of 26 projects in six countries, to the total sum of about 280,000,000 transferable roubles, including 110,000,000 transferable roubles worth of convertible, currency. The Bank credits are channelled to the development of such branches of the national economies of the member coun-

tries, which play a major role in their economy and promote the solution of tasks envisaged by the Comprehensive Programme of Socialist Economic Integration. These are the machine building and chemical industries, railway transport, the light and food industries.

The Bank has organised business-like cooperation with the organs of the Council for Mutual Economic Assistance, with the International Bank of Economic Cooperation, the national banks of member-countries, and established business contacts with certain international currency—financial organisations and banks of the capitalist countries.

The future will see the wider utilization of the possibilities of the International Investment Bank for the creation of additional capacities in the member countries of the Council for Mutual Economic Assistance.

The activities of the International Investment Bank will promote the successful fulfillment of the Comprehensive Programme of Socialist Economic Integration, the consolidation of the might of the world socialist system.

"Sovetskaya Rossiya" -APN

MINERAL RESOURCES OF SRI LANKA

A Mines and Minerals Bill providing adequate powers to the Minister of Industries and Scientific Affairs for the vesting of the absolute ownership of certain minerals in Sri Lanka will be discussed shortly in the National State Assembly. This Bill provides for regulation of the mining or, prospecting for, collection, processing, sale and export of minerals in Sri Lanka. It also provides for the health, safety and welfare of workers in mines, and also to enable the compulsory acquisition or requisition of immovable and moveable property for any Corporation established to develop the mineral industry, and to make provision for other matters connected with or incidental to the matters aforesaid. Thus, the Bill is a landmark in the process of resource utilization and industrialization in that it sought to bring under the peoples ownership the natural resources buried in the country's soil which is not known, not fully utilized and used wastefully by a few individuals. Only the Government can exploit these for the common good.

This Bill would therefore, permit the government to get the ownership of mineral resources now lying under lands owned by individuals private and public local and foreign firms. It will ensure the transfer of ownership of such valuable resources to the people.

Mineral resources of Sri Lanka

Mineral resources are non renewable natural resources in the man's environment which needs conservation for proper and maximum

utilization for the general welfare of the nation. Minerals are found in the topographical terrain and thus it has some relevance to the geological structure. Over 90% of the geological structure in Sri Lanka composes of crystalline rocks of over 2000 years belonging to what is known as the pre-Cambrian era. Hence most minerals are found in these rocks or in the secondary deposits.

The major minerals are:

Graphite; Gemstone;—

Beach Mineral Sands; — Kaolin and Industrial Clays-Silica Sands & Vein Quartz, Telopac, Lime and Limestone, Mica, Samara, Iron Ores, Magnetite, Apatite and Salt

Some of these are exploited others are not.

Graphite

Traditionally best known mineral, graphite, is expected for the high-quality is found in the Western, Sabaragamuwa, Southern, North Western Districts. This Mineral is found in the country in the form of veins pegmatites and flaker. Only veins are exploited and thus the reserves are large. Since 1821, graphite mining is done and we have been exporting to world markets in the raw material form. Until the graphite miner were nationalized, three families controlled this natural resource. The State Graphite Corporation mines and exports the mineral raw form. Only grinding of graphite to micro sizes are done in this country when vast industrial potential based on

graphite are known. Crucibles carbon brushes, lubricants are very few of the many possibilities. The demand for graphite based products in India, Pakistan, Bangladesh, Burma, Malaysia, Indonesia Japan would suggest the need for a regional Co-operation in developing a graphite export industries processing zone.

Gemstones

Precious and semiprecious gemstones have been exploited in Sri Lanka from the past times. It is accepted that no other country save Brazil produces a variety of gemstones as Sri Lanka. The gemstones found in Sri Lanka include sapphires, Rubies, chrysoberyl, topaz, tourmaline, garnet, aquamarine, spinel, zircon and moonstone. The Sri Lanka Gem Corporation has been established to purchase and export gemstones from Sri Lanka. No international gem auctions are available in Sri Lanka. The Corporation has not yet engaged in gemming.

MINERAL

Mineral Sands

Black beach sands which are actually deposits have become a prominent export from Sri Lanka. Ilmenite, rutile, zircon garnet, monazite and sillimanite are few known beach sands found in Pulmoddai, Kaikawala and Polkotuwa. The Sri Lanka Mineral Sands Corporation exports nearly 80,000 tons of refined ilmenite annually and smaller tonnage of rutile and zircon. No attempts have been done to develop industries based on beach sands yet.

Silica Sands

Marawala — Nattandiya — Madampe belt and the Ampan — Vallipuram belt are the best known areas for their rich deposits of silica sands on which a glass industry could have been begun. About Rs. 4 million is drained out of Sri Lanka annually to China, Japan, Romania, Czechoslovakia and India to import sheet and plane glass. It is a

pity that nothing done in this field.

Vein Quartz

High grade sillimanite Lanka is found in massive Vein quartz occur in Opadaka, Pussella, Rattota, If has various uses industries. Not made of this raw

Felspar

Felspar occur in various parts of Ceylon especially in Kandy and Koslassa. It is a vital ingredient in glass and glass industry used in various industries including in cleaning

Limestone

Sedimentary limestone found in Jaffna, and talline the form of best known deposits occur

Soviet economic activity in 1972 and 1973

By the end of the second year of the Soviet Five Year Plan a substantial growth had been registered in the leading industries. In 1972 alone industrial production doubled the corresponding figure for all pre-war Five-Year Plans taken together.

Long-term Plan

The CPSU Central Committee and the USSR Council of Ministers passed a decision on the elaboration of a long term plan for 1976-1990.

The plan will envisage a very big growth of labour productivity and the most rational distribution of productive forces over the country. Now that the task of evening out the economic development levels of the national republics has been solved in its main aspects, it has become possible to approach economic questions first of all from the viewpoint of the interests of the state as a whole naturally taking into account the specific interests of Union and Autonomous Republics.

The long term plan should also consider the large scale development of international division of labour, above all the economic integration of

socialist countries. In carrying out this plan it will be necessary to raise the well-being of the Soviet people to such a height, L. I. Brezhnev said, which will vividly show all, even the most inveterate sceptics, the possibilities and advantages of the socialist system in all spheres of social life.

The fostering of the social consciousness of all citizens is a most important component of the process of communist construction. Among other things it is made necessary by economic factors. What the USSR is building is not a kingdom for loafers, L. I. Brezhnev went on to say, but the most organised, the most industrious society in the history of mankind.

AGRICULTURE

Last year, in the conditions of the worst drought over the last 100 years, the collective farms and state farms took in 168 million tons of grain, i. e., more than was harvested annually on an average in the preceding five-year period. That figure was cited by Leonid Brezhnev, General Secretary of the CPSU Central Committee, during the celebrations on

the occasion of the 50th anniversary of the Soviet Union in December last year. The data on the exact quantity of grain harvest had been expected in the country, and the feeling with which Leonid-



Picture shows the harvesting of cotton. Machines enter the fields after the cotton has been defoliated.

Brezhnev's statement was received is a feeling of legitimate satisfaction. Hence, the attitude to grain purchases abroad. If the Government has in its possession for less grain in the year of an unprecedented drought than the annual average level in the past five year plan period, if

inspite of all this the government still purchases grain abroad, it means that it fulfils and will continue to fulfil unreservedly the programme for considerably raising the people's living standards.

Soviet agriculture faces the task of increasing the volume of its gross output in 1973 by 12.6 per cent. The task is not only to fulfil but also overfulfil the plan, making up for the crop failure of the past year. The minimum necessary grain harvest is fixed at 197,400,000 tons. Such a

target has been set for the first time.

This precisely explains the public enthusiasm now being experienced by the Soviet countryside. Collective farms

and state farms, districts, territories, regions and republics are assuming socialist obligations. These are documents stating in detail what methods are proposed to be used for producing higher results than those provided for in the plan.

The initiative in a obligation has been the land tillers.

Soviet agriculture current year is of such goals which never attained before is also important one's attention to results of the last

Relations

A feature of cooperation with other countries is that it has been ever more widening the economic fields.

The steady Soviet trade is motivated by the concluding trade agreements especially on a basis. The importance of such agreements all in that they necessary legal trade relations are envisaged the nation treatment many cases contain programme for trade development of trade relations. This facilitates development of states

SRI LANKA AND THE MINES AND METALS BILL

nothing has been found in this field.

Vein Quartz

grade silica in Sri Lanka is found in the form of Vein quartz. They occur in Kandy, Matale, Nalanda, Habarana, Kanduwawa, Balangoda, Ratnapura, Badulla, Pelmadulla, Bibile and Welimada areas. Cement

whilst interbanded deposits do occur in Kandy, Matale, Nalanda, Habarana, Kanduwawa, Balangoda, Ratnapura, Badulla, Pelmadulla, Bibile and Welimada areas. Cement

occur in veins in parts of Ceylon especially in the Talagoda area. It is an essential ingredient in the pottery industry. It is also used in various industries in cleaning powders.

Limestone

miocene limestones in Puttalam to the north. Crystalline stones are found in the limestone deposits in Mannar

Corporation established the factories in K.K.S. and Puttalam uses miocene limestones to manufacture cement.

Coral deposits found along the coastal belt from Ambalangoda to Matara along the eastern coast are used for the manufacture of lime.

Industrial Clays and Kaolin

China Clay, Ball Clay, refractory clay, brick & tile clay & pipe clays are the major

industrial clays found in Sri Lanka. Low lying areas of Nugegoda — Boralesgamuwa areas have the largest known deposits of China clays. Ball clays have been found in the Bolgoda—Dediyawela areas. The Ceylon Cement Corporation & few private sector

BY

Ariya Abeysinghe

B. Com (Ceylon)

Asst. Director (Planning) Ministry of Plantation Industries

brick and tile manufactures do make use of these clay in industry.

Mica

Phlogopite, muscovite and biotite are the main types of mica found in Sri Lanka. Sheet and scrap quality mica are available in Sri Lanka and scrap mica all mined and exported. No industries based on mica are found in Sri Lanka.

Iron—Ores

Limonetic and banded magnetite iron ores are found in Sri Lanka. The limonetic areas are found in the South—Western sector of Ceylon especially in the Dela, Kahawatta, Kalawana, Rakwana, Eheliyagoda, Balangoda, Kosgoda, Ambalangoda, Akuressa and Deniyaya areas. About 2 million tons are estimated to be available. No attempts to exploit these reserves have been undertaken. Scattered character of the deposits create some difficulties of exploitation

Magnetite

Wilegedara and Paniredawa near Madampe gave clues to the availability of this mineral. It is estimated that the reserve is about 5 million tons. Separation of deposits into four blocks and the cost of mixing are too basic disadvantages.

Salt

National Salt Corporation explores sea—water based salt in Elephant Pass and Hambantota areas. The various salt

based industries have not been begun as yet.

Minerals in the National Economy

The total production of minerals is about Rs. 39 million (in 1971). Exports of minerals amounts to about Rs. 17 million. About Rs. 9 million worth of minerals are used in local industries mainly in cement, ceramics, tiles, bricks and salt. Thus, much minerals find their way to the world yet in the form of raw minerals. More and more minerals can find uses in local industry and even for export as finished or semi finished products.

At present only 6 different Corporations are either mining and using or purchasing and exporting raw material minerals or producing local products. No integrated mineral development and utilization planning has been done. The Geological Department headed by a very competent geologist has done a great deal of work on the research and survey side but on the retilization side not much has been done. What

is needed is a Central Mineral & Mines Authority in Sri Lanka which can coordinate all work related to mines & minerals like the Coconut Development Authority there could be a Mining, Processing, marketing and a separate Research Board. The Chairman of each Board could constitute the Mineral Development & Mines Authority of Sri Lanka. The Director of geology survey could be made a member of this Authority

A senior economist and a Chartered Accountant and a representative of private industries using local minerals should be on the board. All exports and investments in minerals could be vested in the proposed Authority. The following corporations could work in harmony with such an organization — Cement Ceramics, Mineral Sands, Salt Gem and Graphite. The Minister of Industries & Scientific Affairs could easily give policy directive to the Authority which could in turn coordinate activities related to the scope of activities coming within its purview.

(The views expressed are personal views & in no way represent those of his employer)

Prospects ahead

in assuming such has been shown by themselves.

agriculture in the ar is out to attain which it has ned before. What portant is to draw tion to the way he last year are

assessed in the USSR and to the conclusion drawn there from.

Capital Investment

State capital investments in agriculture keeps expanding. In 1973 the state allocates the huge sum 16,400,000/- roubles for financing such programmes that determine

on weather. There are comprehensive mechanisation chemicalisation and land improvement. A third of the capital outlays will be spent on land improvement projects. More than 700,000/- hectare of land will be irrigated over the year, more than 900,000/- hectares of boggy

land will be reclaimed and 8,500,000/- hectares of pasture land will be supplied with water. The collective farms and state farms will be supplied with 328,500/- tractors and 224,500/- motor vehicles.

Technological progress combined with the people's growing interest in the results of their work holds out the promise of making this year a year of a quantitative and qualitative upsurge in Soviet farming.

Relations with developing nations

of the USSR's with the developing nations is that it has more widely embraced economic and trade

eady expansion of e is largely pro- the practice of trade agreements, on a long-term importance of ements lies above they provide the legal basis for ions and as a rule, e most-favoured ment and in contain a concrete for the expansion been partners. tat the steady at young nation- on planned

lines, an important factor for the fulfilment of their socio-economic development programmes. The planned and stable nature of the trade with the USSR is seen in the business circles of developing countries as an important advantage.

The solution of the complex problems of the economic development of developing countries is greatly helped by the Soviet Union's consistent line of expanding its purchases from them of manufactures and semi-manufactures—the products of the national industries of these countries. As early as 1965 the USSR completely removed all customs duties on the import of industrial goods from the developing countries and

agreed to accept their finished products and traditional export commodities in repayment for the credits granted.

Technical Co-operation

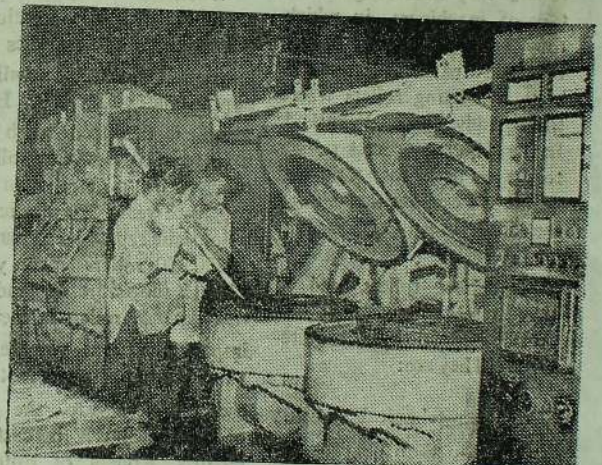
Of no less importance for the developing countries is economic and technical co-operation with the Soviet Union which has also been steadily expanding.

The Soviet Union is currently rendering the developing nations economic and technical assistance in the construction of about 800 industrial and other projects of which 300 are already operating successfully.

Over 150,000 foremen and skilled workers have been

trained in the developing Afro—Asian countries with Soviet assistance. In addition, thousands of workers and specialists have undergone practical training at industrial plants in the Soviet Union. As the number of projects undertaken increased, the sum of Soviet granted credits to young states also rose steadily.

About 70 per cent of the funds provided for by the techno-economic cooperation agreements between the USSR and developing countries go for the needs of the latter's national industry, the basis of the real economic independence of any country. At that over half the Soviet aid is used for building heavy industry plants.



Many industrial ventures have been set up in the developing countries with Soviet assistance. Picture shows the Kelaniya Tyre Factory at work

We continue the series on how the economic giants farmed in 1972 and their impact on the economies of the developing countries.

In accordance with its ninth five-year plan for economic development in 1971-1975, the Soviet Union continues to extend stable trade, economic, scientific and technical ties with the developing countries on the basis of equality and mutual benefit, in the interests of strengthening their economic independence. The Soviet Union holds no shares in the plants in the developing countries with its assistance.

The further expansion of economic relations between the Soviet Union and the young states makes a new contribution to the strengthening of the national independence of the newly free countries and facilitates their efforts to gain equal positions on the international scene.

Opportunities for Small Industrialists

Rubber rollers are used as components in a variety of machinery such as rice hullers, textile machinery, paper making machinery, printing machinery etc.

Rubber rollers used in printing machinery have a long life and the rate of replacement is consequently very low. However, the rollers used in this type of machinery need re-building at regular intervals. At present this task is carried out by one establishment which has the capacity to cater for the needs of the local printing industry. The manufacturing of rubber rollers for paper making machinery is a highly sophisticated operation and here too the demand for replacements is extremely low. This report is therefore confined to the study of prospects of manufacturing rubber rollers for use in rice hullers and textile machinery in which areas lie the heaviest demand for these items. Though rubber rollers are used in the textile industry at various stages in the production line the demand is significant only in the area of spindles. Hence in the field of textile machinery this report deals only with rollers used in spindles.

The functions of rubber rollers vary according to the type of machines in which they are used. In rice hullers the paddy passes between two counter-rotating rollers where the paddy gets de-husked. In the spinning process rubber rollers are used for 'drafting' which determines the size of the spun thread.

All rubber rollers used in these machinery have to satisfy certain basic requirements. They are:

1. High mechanical stability
2. Uniform hardness throughout the rubber cover.
3. Ability to withstand the temperatures likely to be encountered.

CAPITAL REQUIREMENTS (for rice huller rollers)

	Rs.	Rs.
Fixed capital		
Land (1/2 acre)	2,500	
Building (80'x40' - 3200 sq. ft.) at Rs. 20/- per sq. ft.	64,000	
Machinery & Equipment	104,000	
Installation of power & water	2,000	
Furniture—Office Equipment	2,000	
Contingencies	8,100	
		182,600
Working capital		
Stock—Raw material and packing	39,450	
Finished goods	20,800	
Receivables less payables	20,000	
Cash requirement	10,000	90,250
Total capital employed		Rs. 272,850

DEMAND

Rice huller rollers

Of the 1232 rice hullers now in use in the country approximately 600 work on the rubber roller principle. The average life span of a pair of rollers in a huller working at full capacity is about one week, during which period the rollers would process between 1500 and 2000 bushels of paddy. On the assumption that all rice hullers in Ceylon work at full capacity the annual demand for rollers can be estimated as 62,400. This can increase further with increasing rice production.

At present this entire demand is met by imports. The

RUBBER ROLLERS FOR MACHINERY (1)

exact volume and value of imports cannot be quoted due to lack of accurate data as rollers in some instances are grouped together with other spares for hullers. The rollers are of a standard size and the c.i.f. price of each unit works out to about Rs. 25/- giving a total import value of Rs. 1,560,000/-.

Rollers for Textile Spindles

When the textile complex at Thulhiriya is operational the number of spindles in textile mills in Ceylon will be approximately 300,000. Each spindle is equipped with an average of two rubber rollers, each with a life span of roughly 3 years. This indicates a domestic replacement market of 200,000 rollers per year. Though the entire demand for this type of rollers is met by imports the exact volume and value of imports cannot be ascertained due to the lack of specific entries in customs records. Rollers of different sizes are used in spinning machinery the prices of which vary according to size. The estimated value of annual imports is Rs. 1,003,200/-

LOCATION

These units could be located in areas where raw materials are readily available, i.e. near rubber producing areas. But if arrangements could be made to obtain the principal raw material—rubber smoked sheet—the unit could be located to suit the convenience of the entrepreneur. As the end product is not too bulky the question of locating the unit near the market would not be a deciding factor. This unit could also be accommodated in a rubber based industrial estate.

INVESTMENT

This project has been costed for the manufacture of roll

covers for rice hullers only. It is recommended that 4 units be set up for the production of 60,000 rollers per annum. Each unit would have an output of 1250 roll covers per month (25 working days). Total investment per unit would be Rs. 272,600. (Fixed and working capital).

There is however scope for another unit to be established for the manufacture of textile rolls and other moulded products if a vulcanizing press, an extruder, and moulds are used in addition to the machinery recommended for the production of huller roll covers.

RAW MATERIALS

The main raw material used in the manufacture of rubber rollers is smoked rubber sheets which are locally available. The other raw materials used are china clay, Sulphur, silica, carbon black, antioxidants, zinc oxide, stearic acid, peptising agents solvents and mineral oil, most of which have to be imported.

MACHINERY & EQUIPMENT

	Rs.
Boiler	24,000*
Mixing Mill	50,000
Autoclave	20,000*
Miscellaneous equipment	10,000
	104,000
Calendering machines (if necessary)	100,000
* with FEECs & duty	

TECHNICAL PROCESS

Rubber covered rolls and rollers are being used to an increasing extent in the machinery of many different industries. These rollers have to perform an extremely wide

range of functions such as driving, covering, controlling, guiding, squeezing off, applying material and pressing.

The surface of rubber rolls have to satisfy increasingly strict requirements. If the surface has specks or contains pockets the roll in most cases will not be suitable. An important requirement in the manufacture of rubber covered rolls is therefore that the compounding ingredients should be dispersed entirely in the stock.

COMPOUNDING

A batch suitable for the mill is determined and compounding ingredients are weighed out accordingly. The weighed out ingredients are kept separately in bins or bags

adjusted and the rubber is loaded into the mill, where the rubber is gripped and squeezed between the rollers. After a few passes the rubber beings to form a band round the front roll and a moving bank above the nip. To ensure uniform treatment of all the rubber the operator from time to time cuts through the band of the front roll and moves a part of the mass to another position on the bank whilst the machine is in motion. The milling (with Natural Rubber) is continued until the desired plasticity is reached. The masticated rubber may then be removed from the mill and kept until required, or the mix may be completed at once.

The compounding ingredients are then added to the

to suit the order of addition at mixing.

MIXING

Rubber and compounding ingredients are mixed on a rubber compounding mill (or banbury).

The opening between the rolls of the mill (the nip) is

rubber usually in the order of resins, mineral rubbers, factice ZnO, antioxidants, fillers, oils, waxes, accelerators and sulphur which will be absorbed by the rubber which is cut from time to time in order to disperse the material well into the mix.

To be Continued
(AN IDB STUDY)

Take it in your stride



Bata

Sohan Sydney Dan

The ocean and world of tomorrow

An international conference "Ocean and World of Tomorrow" that was held in Tokyo recently discussed the question of a fuller use of the resources of the ocean for man's benefit. The conference was attended by over 800 scientists from 26 countries.

The participants in the conference discussed the tasks of the development of the coastal shelf. It was estimated that these areas of the ocean hold one-third of the world's prospected oil reserves.

Interesting products

The oceanologists have the task to develop minerals on the sea bed. Underwater bulldozers that can operate at a depth of up to 60 metres being designed for this purpose.

A number of projects for building industrial enterprises at the coastal shelf were submitted to the conference. A great interest was shown in the projects of building floating airfields, underwater atomic power stations and oil tanks.

Many participants in the conference stressed the importance of preserving and

increasing the ocean's biological resources.

Many important problems were discussed ranging from the creation of "sea farms" for artificial hatching of fish and sea animals that are used for food to scientific determination of the volume of the catches that ensures replenishment of the stocks of fish.

NOW FLOATING PUMPING STATIONS

The "Kama" ship building yards in the city of Perm in the Urals is preparing to start the production of automated floating pumping stations for use in agriculture.

The floating stations are designed for pumping water from rivers, lakes and artificial water reservoirs into irrigation systems of collective and state farms. It takes only one man to control the whole sophisticated plant.

Leipzig Spring Fair 1973

Contd from page 3

decorative upholstery fabrics and carpets all of which have gained it a total of 25 Gold Medals at Leipzig Fairs, apart from other awards.

The curtains have adopted quiter patterns such as geometrical symbols, while textured curtain fabrics use a lot of colour to bring out a rustic character. Voiles also emphasise colour, but in general light single coloured designs prevail. This year's exhibition comprises all the best quality materials VVB Deko can

offer, with the accent on polyester fibres and cotton.

Printed decorative fabrics come in warm colours and unsophisticated designs. Coarse yarns and diaphanous appearance contrast vividly with austere curtain designs. Fancy woven decorative fabrics include Jacquard makes with clear designs against bright backgrounds. First-rate synthetic fibres along with well finished conventional materials are used. Every third sample of decorative fabric has been made by the Melimo process. The material itself, Malimo (R), which is a GDR

trade mark will be on display as a basic fabric in a diaphane and as a burnt-out article.

Upholstery fabrics for modern home come in beige and brown but also in red and blue, and of coarse yarn and different stripe designs.

Carpets include textile flooring and conventional pile and looped carpets, principally in Berber beige and gold. Every item is marked by its attractiveness and high quality.

SCIENCE AND TECHNOLOGY

A new hardening process

A new non-electrolytic method of surface treatment to make the surface of softer metals, plastics and ceramics just as hard as or even harder than super hard alloys by means of a nickel phosphorous alloy coating, has been developed by a Japanese firm.

The leading steel making and other metallurgical, chemical manufacturer has decided to commercialize the new process from conviction that its new method has a wide range of industrial applicability.

It has also applied for patents on the new technology in various countries including the U. S. West German as well as in Japan.

The Secret

The method consists in immersing metal or plastic objects in a solution of

nickle, phosphorous and a special type of organic solvent of the amine group. The secret lies in processing the surface of such objects in a special way to completely activate the surface and making the ionized nickle and phosphorous in the solution adhere to the activated surface by utilizing the principle of chemical reduction.

The method is so convenient that the once coated materials may be almost instantly converted back to their original condition if wanted by a few seconds soaking in another special solution. Thus the same material may be treated as often as wished. The company believes such a versatile surface treatment method knows no preceding anywhere.

Bridges from glass fibre

The erection of of an unusual bridge across a taiga river near Soviet city in the Far East is underway. Its supporting structure glued wooden beams are rain forced with glass - fibre framing.

The new method has been elaborated at the Institute of Construction and Architecture in

Byelorussia, a Republic in the West of the USSR. Research has proven that glass - fibre structures are not inferior in strength to steel ones. The use of glued wooden structures will make it possible to increase the length of bridge spans and cut the expenditure of high quality wood by some thirty per cent. (APN)

White paper on Foreign Investment (1972): An analysis

(c) Depreciation for short term equipment:

- (i) 80 percent of the cost
- (ii) 66 2/3 percent of the cost
- (iii) 50 percent of the cost
- (iv) 33 1/3 percent of the cost.

Development Rebate of 20 percent for new plant, machinery, fixtures & 40 percent in cases which are approved projects. 20 per cent development rebate for certain buildings like factories, staff and line welfare buildings, constructed for an industrial undertaking.

(e) Carry forward losses allowed.

- (x) Export Incentives
 - (i) 55 per cent FEEC premium on such exports.
 - (ii) Graduated Sale rebate on custom duty paid on import of inputs of their exports.
 - (iii) Special raw material allocations to fulfill export orders.
 - (iv) Special tax concessions

(a) 8 year tax holiday on profits, dividends and income derived from exports projects approved by the Ministry in charge of the particular sector.

(b) 5 year tax holiday for existing undertakings.

(v) Declared dividends of exports undertaking during tax holidays are free from income tax

(vi) Export promotion expenses incurred outside Sri Lanka in an approved export project enjoying tax holidays are allowed to be deducted in full. This include research expenses e. g market, product design research.

(vii) Investment relief equal to the amount of actual investment or 20 per cent of their assessable income whichever is less. This is allowed only if projects are held for, a minimum five. year period.

(viii) Exemption from turnover tax on exports.

The 1972-White Paper on private Foreign investment in

The first part of this analysis of the White paper on investment appeared in our last issue. Here, the author continues with the incentives provided and draws his conclusions.

fact has clearly depicted the new thinking. It has provided incentives to local and foreign investors and no doubt the investor would consider investment in various fields.

In this study I have shown few investment possibilities which would attract investors. Compared to the 1966 White Paper on Investment, I think the 1972 White Paper gives more facilities and the approval will be given on the net benefit of each project to the economy. (Courtesy Industrial Ceylon)

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FOREIGN AID AND DEVELOPMENT

The Aid Consortium meets in Paris once again (this month) to decide on the quantum of aid to be voted out to Sri Lanka, whose aid team is led by Dr. H. A. de S. Gunasekera, Secretary, to the Ministry of Planning and Employment. Although much malignancy is attached to foreign aid, the well-being of the nations depends very much upon it.

It is reported that this year Sri Lanka needs approximately \$ 75 million in foreign aid to finance essential imports, while last year only \$ 25 million were released by the donor countries. The tempo of economic activity vis-a-vis the Five Year Plan therefore depends largely on the goodwill of the Aid Club countries.

FOREIGN AID IS IN FACT A NECESSARY EVIL IN VIEW OF THE DEBT SERVICING BURDEN THAT IT ENTAILS. BUT THE ECONOMY CANNOT EVEN SURVIVE — APART FROM DEVELOPING — WITHOUT LARGE DOSES OF IT. THE EFFICIENT UTILISATION OF THE AID WE RECEIVE AFTER HARD NEGOTIATION AND MUCH PLEADING NEED HARDLY BE EMPHASISED.

Like Oliver Twist we always keep asking for more, but the unfortunate aspect is that we do not utilise efficiently what is given to us. As the Auditor General pointed out recently much foreign aid goes down the drain due to waste and delays in avoidable areas. The Government must take serious note of such shortcomings and remedy the situation forthwith, lest we become the laughing stock in the eyes of the International Agencies through which aid is channelled.

Foreign aid, takes many forms. Apart from the customary project and commodity aid it also flows in from foreign private sources in the form of investments. Government has already published its White Paper on foreign investment which provides the incentives for such investment. Now what is needed is to lure the foreign investor who will bring in the much needed capital and technical know-how to work in collaboration with our local entrepreneur. THIS WILL PROVIDE A POTENTIAL SOURCE OF FOREIGN EXCHANGE EARNINGS THROUGH THE EXPANSION OF THE COUNTRY'S EXPORT TRADE. IN THIS MANNER WE COULD REDUCE PROGRESSIVELY THE ANNUAL HUMILIATION AT THE HANDS OF THE AID CLUB.

Impetus for economic overheads

A large part of the public sector's construction programme, involving 30 per cent of capital expenditure devolves on the Ministry of Irrigation, Power and Highways.

Maintenance facilities for 850,000 acres in both major and minor irrigation schemes

GEM EXPORTS

The value of gem exports up to the end of December 1972 by the Gem Corporation and the private sector was Rs. 15.5 million, the share of the Corporation being Rs. 4.1 million.

In our last issue it was erroneously reported that private sector exports fetched Rs. 1.5 million in addition to the Corporation earning Rs. 4.1 million.

are now provided. Last year irrigation facilities were provided for 8,350 acres of new land and improved facilities to 7,600 acres. This year irrigation facilities would be provided for another 12,400 acres and several major and village irrigation works costing Rs 25 million would be constructed. Improvements to 15,000 miles of road were effected and maintenance including re-surfacing and seal-coat work costing Rs. 40 million would be done by the year's end.

6,516 acres were provided with irrigation and drainage facilities last year. This year's target would be another 11,080 acres for the cultivation of paddy and subsidiary crops as chillies and onions.

Planning, designing and investigation of major projects proposed included flood control of the Nilwala, Kalu and Gin Gangas, the Samanawewa projects, the development of the Moneragala regions and Stage II of the Mahaweli Project I

The development of the Uda Walawe area by the R.V.D.B. would make 67,000 acres available for the cultivation of paddy, cotton, sugarcane and other subsidiary crops. The estimated cost of this scheme has been revised to Rs. 590 million. Work is proceeding.

The Mahaveli Development Board has begun work on Stage I of the Mahaveli project. Costing Rs. 862 million, construction would be over by 1978. The project would provide 84,500 acres of new land for cultivation, 102,600 acres of cultivated land with more water to enable the cultivation of 2 crops per year, and generate 40 megawatts of power by 1975. Work on the Polgolla complex is proceeding according to plan and would be completed in 1974.

Upturn in Britain's investment

A strong upturn in private industrial investment and a 5 per cent increase in Gross National Product over 1972 are likely features of Britain's economy in 1973 as seen in the Economic Outlook, published by the Organisation for Economic Co-operation and Development.

Appearing twice a year, the Economic Outlook gives a general assessment of trends and prospects in OECD countries collectively as well as assessment of the economies of leading members. The assessments are the joint work of staff of the Secretariat of the Department of Economic and Statistics. On investment, the Economic Outlook section on Britain notes that the Confederation of British Industry and the Financial Times survey of business trends and opinion, published in November and December showed "a much more buoyant business climate", than earlier in the year.

The trends shown in the surveys, says the Outlook, suggest "that a strong upturn in private productive investment could take place over the next year". Stock building, it says, should be a major source of stimulus. The recovery of stock building could amount to the equivalent of two per cent of output between the second halves of 1972 and 1973.

The assumption of a real GNP growth of 5 per cent during 1973 seems reasonable "on the basis of current trends and official aims", says the Outlook. With such growth, import volumes would probably continue to rise strongly, but exports would benefit from, among other things, more buoyant

growth in Britain's markets. The balance of payments would be likely to suffer from the initial effect on terms of trade of the depreciation by a favourable impact on export and import volumes.

SHARE MARKET REPORT

The Share Market was a little more active throughout the week, according to the Report of the Colombo Brokers' Association for the week under 26.1.73.

Teas	Previous Price		Price on 26.1.73 or-	
	Rs. cts.	Rs. cts.	Rs. cts.	Rs. cts.
Ceylon Provincials	2.00		2.00	
Great Westerns	4.50		5.00	+50
High Forests	3.00		3.00	
Luckylands	.40		.40	
Maha Uvas	3.00		3.00	
Mochas	7.25		7.00	-25
Opalgallas	1.05		1.40	+35
Uplands	3.25		3.00	-25
Wanarajahs	2.00		2.00	
Tea Cum Rubbers				
Saffragms	4.00		4.00	
Udabages	2.50		2.50	
Watapotes	3.00		2.50	-50
Rubbers				
Selinsings	10.50		9.00	-1.50
Coconuts				
Perak Rivers	10.00		10.00	
Commercials				
Cold Stores	8.25		8.25	
Ceylon Nutritional Foods	5.75		5.75	
Browns	8.50		7.50	-1.00
Ceylon Silks	5.00		5.00	
Chemicals Industries	12.00		12.00	
Collettes	4.50		5.25	+75
Glaxo Allenburys	10.50		10.25	.25
Richard Pieris	7.75		7.75	
Rowlands	3.50		3.50	
Wellawatte Mills	3.50		3.25	-25
Gestetners	9.00		9.00	
E. B. Creasy	7.50		7.25	-25

There were changes in Preference Shares. Henderson 7 per cent Cum Prefs falling from Rs. 3 in September, 1970, to 10 cents and Stratheden 6 per cent Red Cum Prefs Rs 750 in April, 1970, to Rs. 4.50 and no business in Government Loans.

The following dividend announcements were made:- Reckitt and Colman of Ceylon Ltd. 5% Interim on 25.1.73 Chemical Industries (Colombo) Ltd. 12 1/2 per cent Final on 3.1.73 Uva Highlands Tea Co. Ltd. 10 per cent Interim on 31.1.73 Ceylon Non Ferrous Metal Industries Ltd. 8 per cent to be notified, Reckitt and Colman of Ceylon Ltd. B Class 6 per cent Final to be notified.