

THE ECONOMIC TIMES

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Price 50 cts

External trade : January—July 1970

DEFICIT IN OVERALL POSITION

The Value of Ceylon's imports (Customs data) when adjusted for the Food Commissioner's actual imports of rice, flour and sugar, show a deficit of Rs. 142.4 million for the first seven months of 1970, as indicated in Table I.

The corresponding value for the month of July alone shows a merchandise trade surplus of Rs. 54.9 million.

Ceylon's external trade in July 1970 resulted in a merchandise trade surplus of Rs. 8.5 million as against a deficit of Rs. 139.4 million in July 1969. In July 1970, the value of total exports was Rs. 198.7 million and that of imports was Rs. 190.2 million.

Table II below shows selected data on Ceylon's foreign trade.

According to Customs data for July 1970 (as compared with July, 1969) imports of rice and sugar decreased by 11.0 thousand tons and 8.5 thousand tons respectively, while the volume of flour imports increased by 13.0 thousand tons. Data on food imports furnished by the Food Commissioner, however, indi-

cate that imports of rice, flour and sugar decreased by 6.8 thousand tons, 26.5 thousand tons and by 22.4 thousand tons, respectively.

Imports in volume terms of rice, flour and sugar (Customs data) vary from those recorded "as having been cleared through the Customs"

"actually received" by the Food Commissioner. The following data illustrate the differences in respect of July, 1970.

	Th. Ton, Customs Data	Food Cr. Data	Difference
Rice	21.8	2.8	+19.0
Flour	70.0	41.5	+28.5
Sugar	40.1	7.8	+32.3

TABLE I

	July 1969	July 1970	Rs. Million January—July 1969	Rs. Million January—July 1970
Total imports (Customs Data)	300.2	190.2	1,454.9	1,413.8
Difference Between Customs and Food Commissioner's imports of rice, flour and sugar	+7.6	+46.4	+25.3	+54.6
Total Imports (Customs Data) adjusted for (Food Commissioner's)	292.6	143.8	1,429.6	1,359.2
Total Exports	160.8	198.7	1,170.8	1,216.8
Balance of Trade (Adjusted)	-131.8	+54.9	-258.8	-142.4

TABLE II

	Exports*	Imports	Rs. Million Balance of Trade
June, 1970	190.9	183.4	- 7.5
July, 1970	198.7	190.2	- 8.5
July, 1969	160.8	300.2	-139.0
January—July, 1970	1,216.8	1,413.8	-197.0
January—July, 1969	1,170.8	1,454.9	-284.1

Source: Ceylon Custom Returns

* Includes re-exports.

Textiles from China

The People's Republic of China will sell 50 million yards of cotton textiles to Ceylon. An agreement to this effect was signed by the Chairman of Salu Sala in Peking.

The first consignment of 23 million yards is expected to arrive in the country in time for the Christmas season.

The second consignment of 10 million yards will be available for the Sinhala and Tamil New Year. The balance will be imported by July, 1971.

Spirited bidding at Tea Auctions

There was some spirited bidding at the lower end of the market last week and it was a welcome change to see a more general interest from Buyers.

Orders from South Africa were still small but certainly showed an improvement on last week and the better teas advanced in price as a result.

Foreign aid c'part fund operations

In July 1970 Rs. 12 million was credited to the Ceylon Government Foreign Aid Counterpart Fund and Rs. 11 million was withdrawn for budgetary purposes.

Total credit to the Fund up to the end of July 1970 amounted to Rs. 597 million and total withdrawals to Rs. 957 million leaving a balance of Rs. 2 million in the Fund at the end of the month.

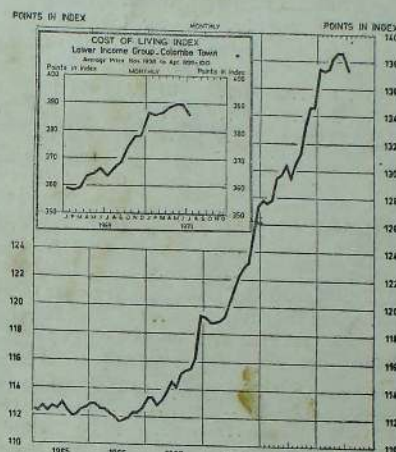
In the first ten months of the Financial Year 1969-70 credit to the Fund amounted to Rs. 237 million and withdrawals to Rs. 238 million as compared with Rs. 245 million and Rs. 306 million respectively in the corresponding period of the previous financial year.

In the current financial year the Government proposes to utilize Rs. 450 million from this Fund.

Living Index falls

COLOMBO CONSUMERS' PRICE INDEX

1952 = 100



As the above chart shows, the price Index stood at 137.3 in July 1970 registering a fall of 0.9 per cent below the level of 138.6 for the preceding month. The index for food fell by 1.8 per cent below the level of the previous month, while the indices for clothing and miscellaneous items recorded slight increases.

The Colombo Consumer's Price Index for the first seven months of 1970 recorded an increase of 6.9 percent over the Index figure of 128.9 for the corresponding period of 1969.

(Source: Dept of Census & Statistics)

Less revenue from Customs duty

According to provisional figures for July, 1970 receipts from Customs duties (inclusive of import licence fees and tea tax) amounted to Rs. 63 million as compared with Rs. 80 million for July, 1969.

pared with the corresponding month of the previous financial year. Receipts from turnover tax which amounted to Rs. 66 million in July, 1970 showed an increase of Rs. 40 million over those of July, 1969.

The low receipts were mainly due to a decline of Rs. 21 million in revenue from import duties, which was partly offset by a slight increase of Rs. 5 million in receipts from export duties (inclusive of tea tax).

The revenue from Foreign Exchange Entitlement Certificates, which amounted to Rs. 46 million, showed an increase of Rs. 13 million, while revenue from income tax, profit from sale of arrack and tobacco tax showed moderate increases, when com-

In the first ten months of the current financial year revenue from Customs duties was Rs. 569 million as compared with Rs. 677 million in the first ten months of the previous financial year. This decrease was mainly due to a sharp decline of Rs. 135 million in import duty collections, which was partly offset by an increase of Rs. 26 million in export duty revenue. Receipts from sale of FEECs showed an increase of Rs. 109 million.

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CEYLON'S FORTNIGHTLY FINANCIAL REVIEW

MARKET PRICES

COLOMBO

TEA (Rs. Cts. Per lb.)
Approximate range of prices (including teas sold Ex-Estate)

BOPS		B. O. P. Fs	
High Growa	1.40 3.10	1.45 2.90	
	1 at 3.20	1 at 3.00 1 at 3.05	1 at 3.15

Uvas	1 at 3.40 1 at 3.55		
Medium Growa	1.33 1.65	1.40 1.80	
Small leaf Low Growa	1.25 1.45	1.37 1.60	
Tea for Price	1.00 1.25	1.10 1.35	
Leafy B.O.P.	1.27 1.58		

F. B. O. Ps.		F. B. O. P. Fs	
Tippy Teas	1.30 1.62	1.35 6.00	
	1 at 1.64 1 at 1.66	1 at 8.35 1 at 9.50	1 at 9.55
		1 at 10.00 1 at 17.10	

PRICES FOR THE WEEK ENDED 15.11.70

RUBBER		Rs. cts.—per lb.)	
		Closing Avg. to date	Avg. Same
		Quotations	Period 1969
RSS No. 1	..	89 1/2	91 1/4 104 3/4
RSS No. 2	..	81 3/4	86 1/4 100 3/4
RSS No. 3	..	79 1/4	84 1/2 99 12

COPIRA		(Rs. per candy)	
		Open., Price	Clos., Price
Estate Copra No. 1	..	242.50	233.00
COCONUT OIL (Rs. per ton)		Open., Price	Clos., Price
November	..	1550.00	1525.00
December	..	1550.00	1550.00

DESICATED COCONUT (per lb.)
November and December 62 cts. Closing Price

PRICES FOR THE WEEK ENDED 14.11.70

Commodity		Buyers Quotations		Export	
		Per lb.		Duty	
Cardamoms	..	23.00	26.00	40% on	
Cadamom Seeds	..	22.00	22.50	true	
Clives	..	24.00	25.00	F.O.B.	
Cloose Stems	..	4.00	4.50	value	
Mave	..	8.00	8.50		
Nucmeg (Shelled)	..	4.75	5.00		
Nutmeg (Unshelled)	..	2.50	2.75		
Peppet (Black)	..	5.00	5.10		
Papain (White)	..	15.00	15.50		
Papain (Brown)	..	9.00	9.50		
Cinnamon H/1	..	3.60	20% on true f.o.b.		
Cinnamon H/2	..	3.40	3.50	-do-	
Cinnamon Quillings No. 1	..	2.50		-do-	
Cinnamon Quillings No. 2	..	2.75		-do-	

Cocoa	..	Unquoted	40% on
Coffee	..	415.00	true f.o.b.
Kapok (Clean)	..	140.00	value
Kapok (Unclean)	..	45.00	
Co ton Seeds	..	125.00	135.00

Essential Oils		Per Oz. lb.	Export Duty
Cinnamon Leaf Oil	..	23.50	
Cinnamon Bark Oil	..	24.00	
Citronella Oil Estate Quality	..	6.25	10% on true
Citronella Oil Ordinary	..	6.10	f.o.b. value

SUBSIDIARY CROPS — WEEKLY PRICE LIST POYA
ENDING 13.11 70

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

Cereals (Per Bag 154 to 158 Lbs)
Per bushel

Paddy	..	14.00	
Samba	
Other varieties	
Rice	..	12.00	
Par Boiled	..	70.00	77.00
Country Rice No. 1	..	83.00	
Country Rice No. 2	..	73.00	78.00
Samba Rice	..	100.00	
Kora Rice	..	115.00	118.00
Maize-	..	per Cwt.	
Pulses	..	45.00	46.00
Red Gram (Toor Dhal)	..	40.00	45.00
Black Gram (Undu)	..	61.00	
Bengal Gram	..	46.00	
Green Gram	..	53.50	
Bombay Cowpea	..	40.00	

TEA REPORT

Auction No. 44 held on 14th and 15th November, 1970.

The total quantity offered was 7,393,964 lbs., comprising 4,040,179 lbs. Leaf Grades, 929,626 lbs. Dusts, 17,600 lbs. Reprints, 80,455 lbs. Sundry Lots and 2,343,704 lbs. Ex-Estate. Quality continued to be plain but there was an improved demand for all types.

High-Grown Teas: The few useful coloury Broken and BOPFannings on offer met more inquiry and were generally 10/20 cents dearer. Plain types were fully firm to 5 cents thger. Leaf grades particularly Pekoes were only wanted at much lower prices.

Medium-Grown Teas: Best coloury Broken, which were generally plainer than last week, found less support and were 3/8 cents lower. Plain kinds and Uvas however, were in strong demand and improved on average 5 cents per pound. BOPFannings followed a similar trend but Pekoes were barely steady.

Low-Grown Teas: There was a good demand for all Low-grown types with small leaf sorts remaining firm except for a few poorly made teas which dropped 2 or 3 cents. Leafy sorts were 3/5 cents dearer particularly those that were well made. BOPFannings gained 2/5 cents.

Tippy Teas: Poorest FBOP's and small leaf Flowery Fanning were generally easier, but however, well made FBOP's were fully firm and the long leaf Tippy Fannings were substantially dearer.

Commodity Commentary

Off Grades: There was a strong general demand and BP's BM's and all Low-grown were up to 5 cents dearer. However, liquoring Fannings were 3 to 5 cents easier with the exception of a few select best which advanced in price.

Dusts: All Dusts met with a good demand at around last rates, with the exception of the best liquoring Uvas which declined with quality.

RUBBER REPORT

Week ending 12th November 1970.

World Rubber Markets improved progressively through the week.

The *Singapore Market* once again touched the 50 dollar-cent level. The week's opening prices were lower following London advices and the market ruled quiet, experiencing only narrow fluctuations on account of up country buying interest. By the close of the week prices were firm to dearer resulting in a narrowing of the November/December differentials.

The *London Market* had a featureless opening and was rather slow to develop initially owing to delayed Eastern advices and traders were not quite sure whether the higher levels in the East was a reflection of the resumption of buying by the Chinese Peoples' Republic or whether it was in anticipation of an

end to the General Motors strike. All these factors, however, caused buyers to raise their bids for the November position and the market closed on a very steady note.

The *New York Market* Due to the generally steady undertone in the East physical rubber values showed some steadiness by mid-week, but in the main trading this week was confined to dealers as the major consumers remained withdrawn with the General Motors strike continuing. On balance London and Singapore improved by 5/8d. and 2 1/2 dollar cents respectively.

SHEET: RSS 1 opened the week unchanged at 84 1/2 cents. The market remained static for two days and dipped to 83 1/4 cents on the third day of trading in sympathy with the lower Singapore opening price for the International week before making rapid gains throughout the rest of the week to close at 90 1/4 cents, a price previously reached on 21st June this year.

LATEX CREPE: There were 244 tons of Latex Crepe on offer at the two sales held during the week, showing a decline of 133 tons on the previous week's figure. The market opened slightly easier for the Pale Crepes on offer (460, 730 lbs.), but towards the close, these grades improved slightly.

(12 lots) indicating an increase of 379 cwt. Buyers showed good interest for all off grades this week. Quotation for No.1 quality was, however, not made in view of poor bidding for this quality. Grades next to best moved up considerably to transact at Rs. 220/- to Rs. 230/- to Rs. 230/- per cwt. The darker and poorer grades were also dearer and sold at Rs. 180/- to Rs. 200/- per cwt., with garblings and shell cocoa selling at Rs. 80/- to Rs. 100/- per cwt. At the close of the week, London futures price for December was quoted at £274/- Sterling per ton and Ghana Sh. 282/6d per 50 kilos for November/December.

COFFEE: There were 9 cwt. 3 gns. 15 lbs. (3 lots) on offer this week, when the best quality Robusta transacted at Rs. 425/- per cwt.

CLOVES: 2 lots totalling 8 lbs. were on offer and these transacted at Rs. 24/25 per lb. Quotation was made at this price.

NUTMEG: 4 lots totalling 729 lbs. were on offer, all of which were withdrawn for the lack of suitable bids.

CINNAMON: 4 lots totalling 469 lbs. were on offer, the best of which fetched Rs. 5/- per lb.

Produce Report

Week ending 12th November, 1970

CARDAMOMS There were 10,065 lbs. (125 lots) on offer at the sale this week as against the previous week's quantity of 6,719 lbs (80 lots) indicating an increase of 3,346 lbs. Buyers confined interest to the best quality greens only, and the market was consequently quoted at Rs. 23/- to Rs. 26/- per lb., which is a shortfall of -7/5 cents from that of last week. Grades next to best fared poorly, with

transactions at Rs. 20/- to Rs. 22/- per lb. Off-grades felt off rather sharply and these sold around Rs. 9/- and Rs. 9/- and Rs. 12/50 per lb., with seeds changing hands at Rs. 22/- to Rs. 22/50 per lb. The highest price paid for the day for Superior Quality Cardamoms was Rs. 34/75. The lowest price for the day was Rs. 9/-.

COCOA: There were 499 cwt. (47 lots) on offer this week as against the previous week's quantity of 60 cwt.

Millets	..	Per Bushel	
Finger Millet (Kurakkan)	..	10.00	10.50
Sorgum	..	440.00	per ton
Soya Beans	..	700.00	per ton
Spices Condiments	..	Per Lb.	
Mustard	..	11.00	11.25
Chillies	..	Per Cwt.	
Dried Long	..	550.00	900.00
Dried Round	..	200.00	300.00
Dried Off Grade	..	100.00	150.00
Goraka	..	108.00	
Vanilla	..	15.00	
Tamarind	..	Per Cwt.	200.00 250.00
Nuts Cashew	..	Per 80 Lbs	60.00 70.00
Groundnut	..		

An expanding U. S. Tea Market

The United States consume 144,000,000 pounds of tea annually—all of it imported. Next to traditionally tea — drinking Great Britain, the United States is the second largest tea importer in the world—mainly from Ceylon and India.

Today Americans drink an average around 35 thousand million servings of tea each year and the industry has mushroomed into a many faceted enterprise employing thousands of people and representing millions of dollars.

Principal Producers

Tea plays an important part too, in the world economic structure. For example, Ceylon's economy is built around tea which is its number one foreign exchange earner.

In India, tea holds second place as an export earner and the tea trade employs more people than any other industry. About 60 percent of the tea America drinks comes from Ceylon and India, the principal producers of the product. Not a leaf of commercial tea is grown in the United States.

America's early history is steeped in tea. When the British government in 1767 put a tax on the tea used by American colonists raising the price from \$50 a pound, America's first protest movement was born. Reacting strongly to this "taxation

without representation" the colonists stopped buying tea and refused to allow tea ships to be unloaded. One December night in 1773, men dressed as Indians, boarded British ships in Boston harbor and threw more than 300 chests of tea into the sea. This famous "Boston Tea Party" helped spark the American War of Independence.

Actetics

If it is to be wisely bought, tea must be examined and sampled and auctions give buyers this opportunity. The world's great auction centers are Calcutta for North India; Cochin for South India; Colombo for Ceylon; London and Amsterdam.

As the aluminium foil-lined tea chests arrive in the principal U. S. ports of entry for tea, they are placed in bonded warehouses until the tea is either approved for entry or disapproved by the U.S. Board of Tea Experts which sets the high standards for tea in America.

Choice of forms

Americans have choice of buying tea in four forms, loose tea leaves; tea bags, instant tea, and, very recently, canned tea.

Tea bags were "invented" accidentally in 1904 when a New York tea merchant sent out samples in small silk bags

as a means of less expensive packaging than the usual small tins.

The tea bag has become so popular in America, that more than one-half of all the tea drunk in the United States today is made with bags. Instead of silk, the bags are now made of a special filter paper and the manufacture of tea bags has become a sizeable industry in itself.

The year 1904 also saw another accidental tea discovery in America, iced tea.

Instant tea, the modern way of making tea in seconds, has become increasingly important in the U.S. tea industry. The various brands of instant teas are prepared by using a highly concentrated brew from which water is removed by drying.

The latest development — which could revolutionize the industry—is canned tea which is sold already sweetened and flavored with lemon or other fruit flavors. The Tea Council of the USA, however, is cautious on this commodity's future. A representative of the Council said that canned tea was still so new "we don't consider it a generic product." There are only two brands at present on the market and the Council refused to predict its future popularity rating.

few other factories are still in their planning stages.

RSS No. 1 opened 1 3/4 cents easier at — 81 3/4 cents per cents per lb, continued to decline in line with overseas advices to—79 3/4 cents per lb on the 6th instant, but recovered thereafter under fluctuating conditions to close at—87 3/4 cents per lb.

Approximately 2,245 tons of *L tex Crepes* were offered at the Public Auctions held during the month, a decrease of 102 tons compared to the previous month's total and also a decrease of 130 tons compared to the total in October 1969. *Latex Crepe*

Approximately 669 tons of *Ser p Crepes* were offered a slight increase of 74 tons compared to the previous month's total, but a substantial decrease of 221 tons compared to the total in October 1969. *IX Browns* opened 3 cents easier at—72/75 cents per lb, continued to decline sharply to—64 cent Nominal per lb on the 11th instant before recovering strongly thereafter to close at—75 cents per lb.

Company Meeting Reports

B. C. C. show good progress

The Annual Report and Accounts of the British Ceylon Corporation Ltd., for the year ended 31st December 1969 was tabled by the Chairman, Mr. R. Singleton—Salmon.

In the Course of h's review of the activities of the Company in 1969 the Chairman pointed out that the Port Strike and frequent power-cuts experienced during the year not only disorganised the work in the Oil Mills and Soap factory, but also caused much financial loss. But despite these difficulties the company had a reasonably satisfactory year.

Excerpts of the Report are given below:—

"An interim dividend of -/30 cts. per stock-unit of Rs. 10/- was paid in December to both Ordinary and Preference Stock-holders and it is proposed to pay a Final dividend of -/50 cts. per stock-unit to Ordinary Stock-holders and -/40 cts. per stock-unit to Preference Stock-holders. Part of these dividends arise from dividends received from resident companies from which the tax on distribution has already been deducted. Crossed-up in the hands of stock-holders, therefore, the dividends represent a yield for the year to the Ordinary Stock-holder of 8.78% and to the Preference Stock-holder of 7.39%.

The Company Tax remained at 50% throughout the year but the Manufacturers' Tax in respect of the manufacture of Talcum Powder was, for some unaccountable reason, increased to 20% on turnover.

Approximately 70 tons of *Sole Crepe* were auctioned, a substantial increase of 29 tons compared to the previous month's total and also a slight increase of 6 tons compared to the quantities offered in October 1969. *Sole Crepe* rubber values opened about unchanged at between Rs. 1/91 -/94 per lb, improved gradually thereafter to between Rs. 1/9 to Rs. 2/10 per lb at the Sale of the 23rd October, but declined somewhat at the close to between Rs. 1/80 to Rs. 2/07 per lb. On the whole good demand was encountered for all offerings, with 1/4 " thicknesses continuing to receive most attention.

The Export Duty during the month under review was as follows:—
1 Oct./4 Oct. '70 7 cts. per lb
5 Oct./11 Oct. '70 5 cts per lb.
12 Oct./31 Oct. '70 3 cts per lb.
Cesses remained unchanged at 1.980 ctns per lb.

The Export Duty on Coconut Oil remained based on the price of Philippine Copra in London and, as a result, varied from Rs. 292/86 per ton in June to Rs. 633/31 per ton in December. The Chamber of Commerce described these duties as "very unrealistic" but to my mind a better description would be "completely hay-wire."

COCONUT AND COPRA

Although there was undoubtedly a decline in the production of nuts in 1969 there was actually a material increase in the amount of Copra available for milling. The yearly totals of Copra passing through the Auctions in recent years is as follows:—

	1964	941,850	candies
	1965	768,804	"
	1966	608,118	"
	1967	487,099	"
	1968	469,106	"
	1969	550,095	"

The increase of approximately 80,000 candies can be attributed to the decline in the export of Desiccated Coconut of 18,178 tons with a nut equivalent, in terms of Copra, of 100,340 candies.

The export of Copra declined by 2,211 tons from 21,263 tons in 1968 to 19,052 tons in 1969. India was, as usual, the largest buyer taking 9,979 tons which was 1,989 tons less than in 1968. Exports to the U.S.S.R. also declined, from 5,085 tons in 1968 to 3,912 tons in 1969. On the other hands Pakistan increased her purchases by 1,296 tons taking 4,971 tons in 1969 as against 3,675 tons in 1968.

The monthly average prices per candy recorded by the Ceylon Coconut Board ranged from Rs. 273.07 in January down to Rs. 198.12 in October and back to Rs. 272.65 in December the average for the year being Rs. 237.64.

COCONUT OIL

Despite the increased quantity of Copra available—sufficient to mill approximately 12,300 tons of oil there was a decline in exports of coconut oil of 7,891 tons thus continuing the trend of the last several years

Exports in Tons

	1964	117,588
	196	86,897
	1966	72,866
	1967	66,708
	1968	63,064
	1969	55,173

RUBBER: MAIN TRENDS

Rubber Production in Ceylon during Jan/August 1970 totalled 101,757 tons, a substantial increase of 4,800 tons compared to the corresponding period in the previous year.

Consumption of natural Rubber during Jan/August 1970 totalled 2,263 tons, a slight decrease of 57 tons compared to the corresponding period in the previous year.

Actual Exports of Rubber during Jan/August 1970 was 102, 693 tons, a substantial increase of 9,247 tons compared to the corresponding period in the previous year.

SHARE MARKET

The Share Market continued to be inactive according to the Report of the Colombo Brokers Association.

Previous Price	Nov. 11th	— or —
Rs. cts	Rs. cts	Rs. cts

Teas:

Nahavillas	3.50	2.50	—1.00
Uplands	5.50	5.00	— .50
Wanarajahs	7.25	5.50	\$8 —1.75

Tea-cum-Rubber:

Udabages	6.50	5.50	—1.50
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Commercials:

Colombo Apothecaries ..	8.00	8.00	
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There was no business in Rubber, no business in Coconuts and no changes in Commercials. There was no business in Preference Shares and Government Loans.

CEYLON STAND WINS AWARDS AT IKOFA FOOD FAIR

News has been received by The Ceylon National Chamber of Commerce that the Ceylon Stand at the Ikofa Food Fair held in Munich, West Germany, last month, has been awarded a Medal and the Certificate of Merit for outstanding performance.

This is the first time that Ceylon has won such recognition, having previously participated in several West German Fairs.

Ikofo is an international Food Exhibition and Fair held annually in Munich. It presents an unique opportunity to display items of food products. This year, the Ceylon Stand, was organised for the Department of Commerce by the Ceylon National Chamber of Commerce with

the assistance of the Ceylon Embassy in Bonn. Mr. M. A. Nawaz Caffoor, the Honorary Secretary of the Chamber, was the Fair Director. The foreign exchange costs were met from funds provided by the Government of the Federal Republic of Germany.

ITEMS ON DISPLAY

The Conso Expo, the Ceylon Coconut Board, the Marketing Department and several private sector manufacturers and exporters displayed their goods which included Packeted Tea, Tea Bags, Desiccated Coconuts, Spices, Canned Pineapples, Mangoes, Jams, Sauces and fresh Coconuts.

The products on display were available for sampling, whilst Packeted Tea and Tea

Bags were sold retail. Desiccated Coconuts in packets by the Ceylon Coconut Board, were distributed as free samples. Adding a touch of glamour and colour to the Stall was a Ceylonese girl who worked as a Stand Assistant.

Ceylon's participation in Fairs and Exhibitions in the past has often drawn adverse comments, but on this occasion, largely due to early planning and active co-operation between the Department of Commerce, the Ceylon National Chamber of Commerce and the Ceylon Embassy in Bonn, Ceylon's participation at Ikofa has been a success and has drawn a large number of trade inquiries for all types of Ceylon products.

EXPORT INTELLIGENCE

Prospects of Exports to Ethiopia

Ceylonese exporters of both traditional and non-traditional items particularly the latter, may be interested to know that Ethiopia offers a growing market for their products. Recently the Government established an Embassy in Kenya in view of the increasing importance of newly emergent African nations.

EXCELLENT OPPORTUNITIES

Countries like Ceylon have excellent opportunities of finding new markets in the

newly emergent African states hence the importance in having diplomatic relations with such countries.

Among items that have excellent export potential for Ceylon in this country are leather footwear, tyres for cars and other vehicles, hand tools for use in Agriculture and other light machinery blades, ceramics, toys, rubber products, etc.

Members interested in the export of the above-mentioned items and other products to Ethiopia are requested to contact the National Chamber of Commerce for more details.

MANAGEMENT

LONG-RANGE PLANNING FINANCING CONTROL

A number of developments are forcing management into planning five, ten, or even twenty years ahead. These include the :—

- 1. Increasing rate of technological change
- 2. Growing complexity of business
- 3. Intense world-wide competition

Technological change is shortening the life-cycle of products to the point where a company must continually plan for new products or services to hold on to its markets.

Now there was a time when a company producing a fairly stable product or service could count on a market for it for decades. Today, however, a product may begin to lose sales within two to five years because it is being replaced by new products developed by competitors in the same industry or by products developed by other industries, or even by entirely new industries.

This shortening of the life-cycle of products requires quicker management decision making and much more careful planning. It is less and less possible to watch what others do and then imitate them. And it may not be long before only the first company to introduce a product will be able to make money on it. By the time the imitators get into the field, the product may be approaching the end of its life-cycle.

Business is becoming more complex because of technological changes, and also because it is growing larger. Both trends have increased the need for new specialities, and managers need to comprehend the possible contribution that each might make. Also, large size has increased the interest that government and other outside groups take in business

Techniques of modern Management

(12th Instalment in the Series)

discussions, and this demands the consideration of more viewpoints than in the past.

For example, if Frederick Taylor were to read the 'Help Wanted' advertisements today, he wouldn't know what a great many of them were talking about. He would be gratified, no doubt, to find companies advertising for time study men and methods men, but he wouldn't be able to make much of such titles

as 'cryogenic engineer,' 'EDP systems engineer,' or 'programmers of real time systems' — all new jobs growing out of technological advances. He would be hard put to understand such titles as 'organisation planner' or 'group managing director' — jobs growing out of complexities of size.

Finally, it is apparent that intensified competition on a world-wide scale has come

about because of a resurgence of industry in Western Europe, where percentage increases in productivity have been greater than those in the United States in recent years. And since a number of the underdeveloped countries are working towards industrialization, competition will increase even further in the future.

DEFINING OBJECTIVES

In developing a long-range plan, the first essential is a clear statement of company purpose. This, in time involves an answer to the question: *What business are we really in?*

For example, when IBM consciously decided that it was in the information-gathering and processing business rather than in the punch-card business, this deceivingly simple change in objectives revolutionized the entire future course of the company. Or to take another example, a certain Company finally decided that it was in the business of providing its customers with good lawns rather than simply selling grass seed. As a result it expanded its product lines to include fertilizers, weed killers, spreaders, and mowers.

Ceylon shoes to Australia

Bata Ceylon despatched its first export order of shoes to Australia last month, when two thousand four hundred pairs of children's shoes were shipped to Melbourne per S.S. 'Vishva Vikas.' This is another milestone in Ceylon's export promotion to other countries.

Bata's are regularly exporting their shoes to such destinations as U.S.A., U.K., CANADA, WEST GERMANY, LIBYA, BAHRAIN and KUWAIT.

These exports earn much needed foreign exchange for Ceylon.

BUDGET PROPOSALS—Capital Expenditure (Contd. from Page 5) MINISTRY OF LOCAL GOVERNMENT AND PUBLIC ADMINISTRATION AND HOME AFFAIRS

	Vote—3	Vote—5	Vote—7	Vote—3	Vote—5	Vote—7
		(1970—1971)			(1969—1970)	
Minister of Local Government, Public Administration and Home Affairs						
Department of Public Administration	50,000	2,000,000	—	3,500	2000 000	—
Department of Local Government	69,250	—	—	—	—	—
Department of Town and Country Planning	—	14,850,000	—	—	14,850,000	—
Provincial Administration	50,000	2,520,000	—	50,000	2,500,000	—
Department of Rural Development	430,000	—	—	340,000	—	—
	—	1,600,000	—	1,600,000	—	—
TOTAL	599,250	20,970,000	—	1,993,500	—	—
GRAND TOTAL	(Votes—3, 5 & 7)	Rs. 21,569,250	GRAND TOTAL (Votes 3, 5 & 7)	Rs. 20,973,500		

BUDGET PROPOSALS — CAPITAL EXPENDITURE

In continuation of the Budgetary proposals in respect of Capital Expenditure published in our last issue, we give the remaining Tables showing the Capital Expenditure for 1969-70 and 1970-71 of the various Ministries engaged in development work.

MANAGEMENT

(to be continued) 4

Again, if an electric company declines in business as 'supplying light and power' rather than 'supplying electricity,' it will be alert to the possibilities of new sources of power, such as atomic energies, or even gas if that appears feasible. Some electrical utilities, in fact, have already built atomic power plants.

The main purpose of long-range planning is to ensure that the company replaces itself instead of waiting for someone else to replace it. But a long-range plan is also necessary to ensure that there will be time to take the steps needed to provide new products or services or to meet increased demand for old ones.

Sometimes the changes needed are very drastic, like the change from the carriage to the automobile. More often, however, the need is to add new products or to improve products or adapt them to new uses.

The lead time needed for these new products and services varies among industries and among companies, and with the rate at which the demand is expected to grow.

In a company which furnishes a service, it may be possible to add services almost overnight if the knowledge needed to provide them is already available within the company. For example, the personnel employed by accounting firms learn a great deal about the management of different companies and different industries in the course of their audits.

Thus it may be possible for such a firm to add management consulting services to its 'accounting line' without much difficulty, and the expense involved may be comparatively small. The firm need merely do some direct mail advertising to let clients and prospective clients know that it has the service available, and perhaps hire a new man or two to relieve some of the more experienced men of their accounting work.

MINISTRY OF PLANTATION INDUSTRIES

Minister	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
..	10,000	—	3,520,418	—	—	3,000,000

MINISTRY OF SHIPPING AND TOURISM

Minister of Shipping & Tourism	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
Colombo Port Commission	15,000	—	5,800,000	7,000	—	12,500,000
..	160,050	103,300	20,809,635	500,000	240,000	15,449,282
TOTAL	175,050	103,300	26,609,635	507,000	240,000	27,949,282
GRAND TOTAL	(Votes-3, 5 & 7) Rs.	27,546,985		GRAND TOTAL (Votes 3, 5 & 7)Rs.	28,196,282	

MINISTRY OF COMMUNICATIONS

Railway Department	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
Civil Aviation Department	1,249,780	—	45,287,905	1,300,000	—	30,000,000
Commissioner, Motor Traffic	3,975,000	—	3,887,010	2,477,450	—	5,200,000
..	80,240	—	—	86,500	—	—
TOTAL	5,305,020	—	49,174,915	3,863,950	—	35,200,000
GRAND TOTAL	(Votes-3 & 7) Rs.	54,479,935		GRAND TOTAL (Votes 3 & 7)Rs.	39,063,950	

MINISTRY OF POSTS AND TELECOMMUNICATIONS

Department of Posts & Telecommunications	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
..	564,200	—	20,330,010	500,000	—	16,362,114

MINISTRY OF HOUSING AND CONSTRUCTION

Department of National Housing	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
Department of Buildings	18,447,570	4,300,000	—	—	—	—
..	34,098,980	—	943,460	—	—	—
TOTAL	18,447,570	38,398,980	943,460	—	—	—
GRAND TOTAL	(Votes-3, 5 & 7) Rs.	57,790,010				

MINISTRY OF FISHERIES

Minister	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
..	12,000	1,000,000	13,603,030	70,000	1,000,000	200,002,980

MINISTRY OF EDUCATION

Minister of Education	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
Department of Examinations	1,470,800	32,023,280	—	791,000	30,965,210	—
National Council of Higher Education and Universities	165,550	—	—	91,495	—	—
..	—	13,967,261	—	8,562,851	—	—
TOTAL	1,659,350	45,989,641	—	9,445,346	30,965,210	—
GRAND TOTAL	(Votes-3, 5 & 7) Rs.	47,648,991		GRAND TOTAL (Votes 3, 5 & 7)Rs.	40,410,556	

MINISTRY OF HEALTH

Department of Health	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
Department of Ayurveda	—	11,981,880	—	9,000,000	—	—
..	—	224,150	—	—	430,240	—
TOTAL	—	12,206,030	—	9,000,000	430,500	—
GRAND TOTAL	(Votes 3 & 5)Rs.	9,430,500				

MINISTRY OF INFORMATION AND BROADCASTING

Minister	Vote-3	Vote-5 (1970-1971)	Vote-7	Vote-3	Vote-5 (1969-1970)	Vote-7
Department of Information	40,000,000	—	8,757,510	12,000	—	3,000,000
Government Press	163,000	—	—	532,000	—	—
..	275,100	—	—	20,020	—	—
TOTAL	338,100	—	8,757,510	564,020	—	3,000,000
GRAND TOTAL	(Votes-3 & 7) Rs.	9,095,610		GRAND TOTAL (Votes 3 & 7)Rs.	3,564,020	

Urban flats for the workers—

Good urban housing is a must for any progressive nation, but any haphazard and unplanned housing programme would end in a catastrophe. The building of four walls and a roof over it alone is not the only requirement of a housing programme. A flexible programme including cultural and sociological needs, therefore, should be established to involve the whole community, both old and young.

In 1961, after an announcement was made to the effect that a particular area was to be the site for an urban renewal project, investigations were carried out in and around the housing schemes constructed by the Department of National Housing during the past ten years, and residents in and around these housing schemes were interviewed. It was found that 9 out of 10 of those interviewed were in favour of the Urban renewal project.

Those who expected to be re-located were naturally in favour of the project than those who did not expect to be re-located. However, the factors that influenced this attitude in practically all schemes were more or less of the same order where age, occupation or nature of work, the number employed in the family unit, the distance from work place, environment, the presence of relatives in the area, social contacts, availability of eating places, drug stores, taverns, the distance from schools, privacy and access to the buildings, minimum space requirements etc.

The Minister of Industries and Scientific Affairs is reported to have stated at a recent Press conference that: "Only industries which fulfilled certain criteria would be approved."

Among those criteria are:—
—Industries based only on indigenous raw materials or using mainly such raw materials.
—Industries primarily export oriented.
—Industries located in underdeveloped parts of the country.
—Small industries which are labour intensive and located outside Colombo.
—Technological industries such as small workshops etc."

In my last article I discussed some industrial possibilities based on indigenous raw materials. Since then the government has decided to undertake a Resource Survey to examine and evaluate the extent of raw materials available locally and to find out what industries could possibly be established. For any such successful industrialization programme there is a need to provide technological service infrastructural facilities like national apprenticeship schemes to develop skills, power and fuel facilities, lathe service, common technological service centres including common workshops, tool rooms, foundries and technological polytechnics. Adequate water, power, trans-

About 90% of the respondents who were involved during these studies were satisfied with the present housing in these flats. The majority of them happen to be former slum dwellers who also happen to be the real workers of the nation, where husband and wife and in certain cases even the children were actively employed. They were fairly healthy and were satisfied with their houses and surroundings, their jobs and their mode of living. It is the Architect's responsibility to find a solution for the best form of building acceptable to all. It is not possible to sever the housing problem from the country's history, culture, climatic conditions, its castes and creeds, races, etc. which are closely associated with the social and human environment.

Private Sector Corporation

The Housing needs of the under-privileged classes have to be solved on a continuous basis, just as much as food and clothing.

It is encouraging that the State has announced its fullest co-operation with any other agency wanting to alleviate the difficulties of those whose low income prevents them from obtaining suitable housing accommodation. Many such agencies are now in the process of building houses to be sold to the public at reasonable prices. Such facilities should also be extended to the private sector, in the construction of high-rise flats at reasonable rates with suitable protection to the investor

for his money and bank assistance to the buyers of such housing units.

In a free market the unfortunate results of the law of supply and demand will continue to prevail. This could be profitably controlled by the normal taxation of the country.

The competitive building incentive by the State and private sector will also accommodate the smaller contractors, smaller industries and poor individuals like the village "bassunanaha" the opportunity to live, and yet contribute towards the encouragement for Nation-wide building programme.

Standardisation Programme

The State building agencies could assist the producer of building components by standardising building materials and all building components. Such a standardisation programme has been started by the Housing Department in close collaboration with the State and private institutions. But, it should be accelerated together with the application of modular co-ordination as decided at the last conference of technologists from all parts of the island.

These components should be forthwith catalogued so that all Architects and Builders will have only to order

the size and type of building materials required. Above all it will assist the individual as a cottage industry. These catalogues should show not only building fittings but such items as doors, windows, tiles, basins, lavatory fittings, cupboards, tables and other furniture. This will reduce building costs.

Mechanised Construction

In my opinion the degree of mechanised construction methods keeping in line with advanced countries should be limited as it will not be essential in a place like Ceylon. Our labour is comparatively cheap and in the light of growing unemployment prob-

have facilities for sports and recreation as well as the urban housing problem is to be solved effectively cities are to progress dwellers' lives must be as easy and as comfortable as possible.

The Housing Department has done a continuous of the housing problem. I am now steadfast in my opinion, that only in this way can we solve the social, economic and physical problems

Need for a planned programme

The co-operative collective system now applicable to vegetables, fruits and other vegetable products could also be applied effectively to the collection of building materials such as bricks, rubble, sand, doors and windows, etc.

By
M. J. A. RAHIM ARIBA; A.C.I.A.
(Architect)

Department of National Housing.

This article is the text of an address at the recent Seminar on "Housing the Nation."

Flat dwellers are now allowed to move in their own furniture from cupboards to wardrobes into their living units. The non provision of built-in furniture in the plan itself must be considered as a serious omission in the design of high-rise flats. These must be a part of the design and construction itself. Space can be saved with the omission of necessary wall spacing, thus relieving congestion in the living space especially in the low income categories, where living space is very limited.

lems and the comparatively cheap building materials available locally, I am sure our local contractors with local labour could produce cheaper buildings. Most of the essential items such as steel, cement, doors and fittings are in the hands of the State.

Considering our position in the light of the present set-up a system of labour utilising methods, modular co-ordination methods and cataloguing on systems suitable for Ceylon should be adopted. It should be a Nation-wide move and the slogan should be "A house for every family."

The planning of all urban and rural buildings should be based on an over-all plan. This aspect has been virtually neglected in the past due to various reasons and this omission has had a direct effect on housing. Haphazard, unplanned development of towns without proper relationship or co-ordination with the Town Planning authorities are contributory factors to a number of housing problems. Every flat on every floor should

relating to urban renewal satisfactorily and in turn a valid and reasonable approach to the renewal of urban fabric.

The organisation of rail and pedestrian facilities into a logical inter-relationship is the foundation of a motive force of a proper master plan. The transport system is not dependent on its validity on the plan form or architectural quality of the structures that built on; it is a basic factor that will take even architecture without its functions.

However, until a master plan is prepared and completed soon the deterioration in the housing congestion continue. Proper zoning, density control, and decentralisation must take place immediately, unless we want to magnify the Urban Housing Problem to an even greater extent.

port and marketing facilities should also be developed simultaneously.

In this article I propose to cover the export oriented traditional and non-traditional products.

MAIN WEAKNESS

The greatest weakness in our export drive is the lack of an Export Plan indicating priorities and targets to be achieved. As the Export Promotion Mission sent from the Ministry of Industries in 1969 pointed out, our missions need a complete reorientation if our export drive is to be successful. The Government decision to scrap the Marketing and Export Promotion Centre of the IDB in accordance with the recommendations of the Hector Abeywardane Committee is a prudent step. The Ministry of Internal and Foreign Trade not only has the know-how and aptitude, but also possess the necessary authority and the personnel at the various centres of commerce to "push" our local products.

Scope for processed products

Export Markets for our products lies in both unprocessed and processed form. What we should encourage is to export processed products abroad for we could get a better deal if we do so. Ceylon exports 6% of the world demand of spices earning on

an average Rs. 50—55 million. Instead of exporting cinnamon, cardamom, pepper, cloves, nutmeg, mace in raw form, attempts should be made to develop essential oils industry to extract and export cinnamon leaf and bark oil, powdered and packeted cinnamon, powdered pepper, pepper oil, cardamom oil, clove powder, clove oil, nutmeg oil, citronella oil, lime oil, Lemon oil, vetiver oil, Ylang oil, patchouli oil, nutmeg oil, lemon grass oil and Ambrette oil, etc.

EXPORT ORIENTED INDUSTRIAL POSSIBILITIES

If we take the U.S. Market alone, according to Chemical Marketing—1969 June, by 1980 the sales of fragrance and flavour materials in U.S. would exceed Rs. 5,100 million (\$ 850 million) and the world consumption would exceed Rs. 12,750 million (\$2125 million) the world production of essential oils is estimated at Rs. 720 million. In 1968, Ceylon produced only Rs. 2.5 million worth of essential oils, just 0.3% of our share of the large world market. Compared to some of the essential oil producing countries Ceylon is well endowed with basic advantages. Nearly half a million acres can be located in the Dry Zone and Intermediate Zone which are suitable for exploitation.

According to the Report of the Tea Commission (1969), there are nearly 200,000 acres of land under traditional plantation crops classified as marginal which could be utilized for the purpose. Almost this entire extent of land is linked with good roadways and secondary communication and also supported by a resident population.

Since developing economies have placed special emphasis on essential oils as a market crop the Ministry of Plan-

foreign exchange earning. They are not-perishable commodities, and can nearly always be sold on a chemical specification.

Cashew is another product with good export possibilities. According to GATT/UNIDO the total world exports in 1966 was 60,000 tons of cashew kernels and raw cashew nut exports came to another US \$ 30.5 million. Cashew's price performance has been bright. The New York price for 320 count whole kernels

which has a good foreign exchange earning capacity.

Manioc is another commodity of promise. Manioc imported into the E. C. M. is about 60 million U.S. dollars should be developed on a broad scale for export as chips, chips and is powdered the Netherlands, Germany, France and Belgium.

Cut Flowers is another export earner that should be developed locally. Manioc for the product is available U.S.A., U.K., W. Germany, France, Italy, Belgium, Switzerland and Netherlands.

Apart from agro-based products rich prospects are available in industrial minerals and manufactured products. Granite industry now controlled by three families in Ceylon should offer vast industrial possibilities which could easily find world markets. Kaolin can also be developed in a manner to produce industrial products for export. Manufactured products like natural rubber based industrial and consumer products like sheetings, cloths, gloves, mattresses, toys, bands, tyres and tubes can easily find neighbouring markets. Coconut based products like fatty acids, hair creams, Champoos, cosmetics could easily find vast markets in S.E. Asia and Middle East. Shirts, Children's Garments, Sarongs, Canned fruits, fruit juices, salt, plywood are other products that can find very good markets.

By
"AN INDUSTRIAL ECONOMIST"

tion Industries should develop a Development Plan for Market crops like these and work in close co-operation with the Ministry of Industries and Scientific Affairs and encourage either industrial corporations to distill essential oils or a State Distillation Plant to distill essential oils be established. This is very necessary because essential oils are invariably a source of

charged between 45—55 U.S. cents in 1964 and rose to 57-67 U.S. cents.

Cashew Shell Oil has also a bright market in the U.S. for the U.S. paint, plastic, chemical and allied industries. It is very important that the Ministry of Plantations Industry in collaboration with the Ministry of Industries should develop this export product

facilities for shopping recreation as well. If urban housing problem is to be solved effectively and to progress the flat dwellers' lives must be made easy and as comfortable as possible.

The Housing Department alone a continuous study of housing problems and now steadfast in my opinion that only in this way we solve the social, economic and physical problems

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Minimum Requirements

Multi-storied flats must be constructed in urban areas to save valuable land space but the minimum standard acceptable to Ceylon and minimum living requirements must be established because different local bodies are keeping to different norms in corridor space, in size of living area, kitchen etc. These flats must be comfortable, ensure privacy, security to the tenants for the preservation of their

family unit. This cannot be achieved until a minimum standard living area is decided upon by legislation.

The minimum requirements for a family of even five members should not be less than two living rooms and space for cooking and lavatory facilities. They should also be designed to have proper approaches, with maximum light

and ventilation and adequate open areas, parks, playgrounds, community facilities and marketing centre. Every block of flat should be related to the surrounding areas having access to schools dispensaries, shops, etc. Every housing scheme should as far as possible be considered as a self contained satellite town with minimum travelling to flat dwellers for their daily needs.

Many other causes are bound up directly with the housing problem, and it will not be possible to deal with many necessary aspects and co-relative factors pertaining to this subject. However, taking urban housing very generally, it is a known fact that Ceylon, apart from a proper approach to the problem, has not even provided suitable flats to the worker, who forms the life line of the nation.

In concluding I would like to stress the fact that research in housing should continue in all spheres of building in every possible institution, and also encourage the private sector to contribute their findings to a central research body, if we were to keep pace with the times in finding new building materials and methods of construction suitable to this country.

FOREIGN AID FOR THE 'SEVENTIES -

The approaches I am outlining provide a coherent structure for foreign assistance — with a logical framework for separate but interdependent programs. With the co-operation of Congress, we must seek to identify as clearly as possible which of our purposes — security, humanitarianism, or long-term development of the lower income countries — to pursue through particular U.S. programs. This is necessary to enable us to determine how much of our resources we wish to put into each, and to assess the progress of each program toward achieving its objectives.

There is one point, however, that I cannot over-emphasize. Each program is part of the whole, and each must be sustained in order to pursue our national purpose in the world of the 'seventies. It is incumbent upon us to support all component elements—or the total structure will be unworkable.

The changed Conditions

The conditions that surround and influence development assistance to lower income countries have dramatically changed since the present programs were established. At that time the United States directly provided the major portion of the world's development assistance. This situation led to a large and ambitious U.S. involvement in the policies and activities of the developing countries and required extensive overseas missions to advise governments and monitor programs. Since then the international assistance environment has changed:

First, the lower income countries have made impressive progress, as highlighted by the Commission on International Development chaired by Lester Pearson, the former Prime Minister of Canada. They have been helped by us and by others, but their achievements have come largely through their own efforts. Many have scored agricultural breakthroughs which have dramatically turned the fear of famine into the hope of harvest. They have made vast gains in educating their children and improving their standards of health. The magnitude of their achievement is indicated by the fact that the lower income countries taken together exceeded the economic growth targets of the first United Nations development decade. These achievements have brought a new confidence and self-reliance to people in communities throughout the world.

With the experience that the lower income countries have gained in mobilizing their resources and setting their own development priorities, they now can stand at the center of the international development process—as they should, since

the security and development which is sought is theirs. They clearly want to do so. Any assistance effort that fails to recognize these realities cannot succeed.

Second other industrialized nations can now afford to provide major assistance to the lower income countries, and most are already doing so in steadily rising amounts.

While the United States remains the largest single contributor to international development, the other industrialized nations combined now more than match our efforts. Co-operation among the industrialized nations is essential to successful support for the aspirations of the lower income countries. New initiatives in such areas as trade liberalization and untangling of aid must be carried out together by all such countries.

Third, international development institutions—the World Bank group, the Inter-American Development Bank and other regional development organizations, the United Nations Development Program, and other international agencies—now possess a capability to blend the initiatives of the lower income countries and the responses of the industrialized nations. They have made effective use of the resources which we and others have provided. A truly international donor community is merging, with accepted rules and procedures for responding to the initiatives of the lower income countries. The international institutions are now in a position to accelerate further a truly international development effort.

Fourth, the progress made by lower income countries has brought them a new capability to sell abroad, to borrow from private sources, and to utilize private investment efficiently. As a result, a fully effective development effort should encompass much more than government assistance programs if it is to make its full potential contribution to the well-being of the people of the developing nations. We have come to value the constructive role that the private sector can play in channeling

productive investments that will stimulate growth. We now understand the critical importance of enlightened trade policies that take account of the special needs of the developing countries in providing access for their exports to the industrialized nations.

Text of President Nixon's Message (Part II)

To meet these changed international conditions, I propose a program for reform in three key areas: to support an expanded role for the international assistance institutions; to reshape our bilateral programs; and to harness all assistance related policies to improve the effectiveness of our total development effort.

My program for reform is a reaffirmation of the commitment of the United States to support the international development process, and I urge the Congress to join me in fulfilling that commitment. We want to help other countries raise their standards of living. We want to use our aid where it can make a difference. To achieve these goals we will respond positively to sound proposals which effectively support the programs of the lower income countries to develop their material and human resources and institutions to enable their citizens to share more fully in the benefits of worldwide technological and economic advance.

ROLE OF INTERNATIONAL INSTITUTIONS

International institutions can and should play a major creative role both in the funding of development assistance and in providing a policy framework through which aid is provided.

Such a multilateral approach will engage the entire international community in the development effort, assuring that each country does its share and that the efforts of each become part of a systematic and effective total effort. I have full confidence that these international institutions have the capability to carry out their expanding responsibilities.

I propose that the United States channel an increasing share of its development assistance through multilateral institutions as rapidly as practicable.

We have already taken the first steps in this direction. The Congress is currently considering my proposals for a 1.8 billion dollar multi-year U.S. contribution to the Inter-American Development Bank and a 100 million dollar contribution over three years to the Asian Development Bank.

These two requests together with authorizations for increases in our subscriptions to the World Bank and International Monetary Fund are critical to our new assistance approach.

Moreover, I am pleased to note the recent statement by the World Bank that there is widespread agreement among donor countries to replenish the funds of the International Development Association at an annual rate of 800 million dollars for the next three years, beginning in fiscal year 1972. I shall propose that the Congress, at its next session, authorize the 320 million dollars annual U.S. share which such a replenishment would require.

In order to promote the eventual development of a truly international system of assistance, I propose that our remaining bilateral development assistance be co-ordinated wherever feasible with the bilateral assistance of other donor countries, through consortia and consultative groups under the leadership of these international institutions. These institutions and groups like the CIAP in Latin America will provide leadership in the development process and work out programs and performance standards with the lower income countries themselves.

Moving in this direction holds the promise of building better relations between borrowing and lending countries by reducing the political frictions that arise from reliance on bilateral contacts in the most sensitive affairs of nation-states. It will enhance the effectiveness of the world development effort by providing for a pooling of resources, knowledge, and expertise for solving development problems which no single country can master.

Reshaping Bilateral Programs

If these worldwide initiatives are to be fully effective, we must also refashion and revitalize our own institutions to assure that they are making their maximum contribution with a truly international de-

velopment system. This will be neither an easy nor quickly accomplished task; it calls for thorough preparation, and an orderly transition. It is essential to undertake this task if our programs are to reflect the conditions of the 'seventies.'

The administration of bilateral assistance programs is complex and demanding. New institutions are needed so that we can directly focus on our particular objectives more effectively.

U.S. INTERNATIONAL DEVELOPMENT INSTITUTE

I shall propose establishment of a U.S. International Development Institute, which will bring U.S. science and technology to bear on the problems of development.

The Institute will fill a major gap in the international development network. It will match our vast talents in science and technology with institutions and problems abroad. Research has created the basis for the Green Revolution—the major breakthrough in agricultural production—but continued progress in the 1970's will require the lower income countries to deal with more, and more complex, problems. The Institute will concentrate on selected areas and focus U.S. technology on critical problems. This requires flexibility, imagination and a minimum of red tape. If we can provide this Institute with the operational flexibility enjoyed by our private foundations, we can make a major contribution to the lower income countries at modest expense.

An Institute so organized, could:

- * Concentrate U.S. scientific and technological talent on the problems of development.
- * Help to develop research competence in the lower income countries themselves.
- * Help develop institutional competence of governments to plan and manage their own development programs.
- * Support expanded research programs in population.
- * Help finance the programs of U.S. sponsored school hospitals and other institutions abroad.

(Contd. on Page 8)

Shipping & Aviation

ALTERATION OF THE STATUS QUO IN THE NORTH SEA

Three European neighbour-states have put fair play—"equity" was the legal term—above the status quo in agreeing to a new "territorial acquisition" of sorts in the North Sea.

The three countries that co-operated to solve a secondary yet persistent matter of disagreement were Denmark, the Federal Republic of Germany and the Netherlands.

Economic Significance

Under the plan, the West German area of exploitation is enlarged by some 12,000 square kilometers, while Denmark yields some 7,000 and the Netherlands about 5,000 square kilometers.

Some time ago, under the existing arrangement, a prospecting expedition by a German North Sea consortium of firms was unsuccessful. But under the new plan the same group or another could sink test borings over a much wider area—not far from where British and Norwegian, concessions have already made finds.

So the outlook is bright for German-sponsored drillings. The quest would be for as-yet-inestimable reservoirs of under the sea natural gas or oil.

10000 -TON TANKER CHRISTENED AT AMSTERDAM

The 21000 ton tanker "Marticia", intended for the British company Shell Tankers Ltd., has been christened at the yards of Verolme NDSM in Amsterdam. The vessel, which is 325.2 meters long and more than 47 meters wide, was launched in two sections, and welded together in the water. The yard has already delivered three ships of this type.

The "Marticia" is propelled by a 28 000 h.p. steam turbine. Some 27 000 tons of steel were used in her construction. The propeller, which has a diameter of 8.87 meters, weighs 43 tons, the 660 meter -long anchor chain weighs 235 tons and the paint with which the tanker is painted weighs 307 tons.

LARGE GERMAN ORDER FOR DUTCH SHIPYARDS

Five Hamburg shipping firms, united in the Hamburger Trampreder Kooperation, have ordered ten freighters of 6200 tons from Dutch shipyards. This order, which will be carried out in 1971 and 1972, is worth about £ 80 million.

The ships will be built at the Zaanlandse Scheepshouw Mij. of Zaandam (3), the Arnhemse Scheepsbouw Mij. of Arnhem (2), the Van der Giessen-De Noord shipyard at Krimpen a/d Yessel (3), and A. Vuyck & Zonen's shipyard at Kapelle a/d (2). The order was placed through the agency of the Hollandsche Scheepsbouw Associate in Amsterdam. The Dutch yards won the order on the grounds of delivery time and price. The work will be carried out in joint consultation.

The ships to be built are of the Porter type, developed by Sea Transport Engineering of Amsterdam. They are suitable for transport both of bulk cargo and of containers. They are open ships, without loading equipment. Their dimensions are: length 96 65 m, beam 15.96 m and depth 9.20 m. The laden draught is 7.10 m. The new ships will be fitted with 2000 h. p. engines, which can provide a speed of 13 knots.

Although the appearance of such advanced projects as the Anglo - French Concorde supersonic airliner and the revolutionary Hawker Siddeley Harrier 'jump-jet' obviously attracted the biggest share of attention, the emphasis at Farnborough was really on equipment that will help with faster and more frequent flights generally.

Nearly 30 British companies displayed the widest and most advanced range of airborne electronics in the world.

£ 15 MILLION SALES AT AIR SHOW

Aircraft and equipment sales worth over £15 million for Britain and other countries were made at the recent Air Show at Farnborough, in southern England. Over 50,000 buyers and guests from more than 100 countries attended the Show

British aerospace companies are producing for export markets at a rate of more than £1 million each working day, and this year's sales to other countries are likely to earn a record £200 million.

FOREIGN AID...

Contd. from Page 7

* Carry out a co-operative program of technical exchange and reimbursable technical services with those developing countries that do not require financial assistance. . .

* Co-operate in social development and training programs.

* Administer our technical assistance programs.

* Permit greater reliance on private organizations and researchers.

Given the long-term nature of the research operation and the need to attract top people on a career basis, the Institute should be established as a permanent Federal agency. To provide the necessary financial continuity, I propose that Congress provide it with a multi-year appropriation authorization.

U. S. INTERNATIONAL DEVELOPMENT CORPORATION

I shall propose establishment of a U.S. International Development Corporation to administer our bilateral lending program. It will enable us to deal with the developing nations on a mature and business-like basis.

This Development Corporation will examine projects and programs in terms of their effectiveness in contributing

to the international development process. It will rely strongly on the international institutions to provide the framework in which to consider individual loans and will participate in the growing number of international consortia and consultative groups which channel assistance to individual lower income countries. It should have financial stability through a multi-year appropriation authorization and authority to provide loans with differing maturities and differing interest rates, tailored to the requirements of individual borrowers. The Corporation would also have limited authority to provide grant financial technical assistance for projects closely related to its leading operations.

Both these new institutions involve a fundamental change from our existing programs. As I have emphasised, the detailed plans and the complete transition will take time. In the interim, I am directing the administrators of our present development programs to take steps to conform these programs, as much as possible, to the new concepts and approaches I have outlined. For example, our program planning for consortia will be based more on analysis and general guidance developed in country studies prepared by the World Bank and other international institutions.

TO HELP CEYLON'S AGRICULTURE WE OFFER

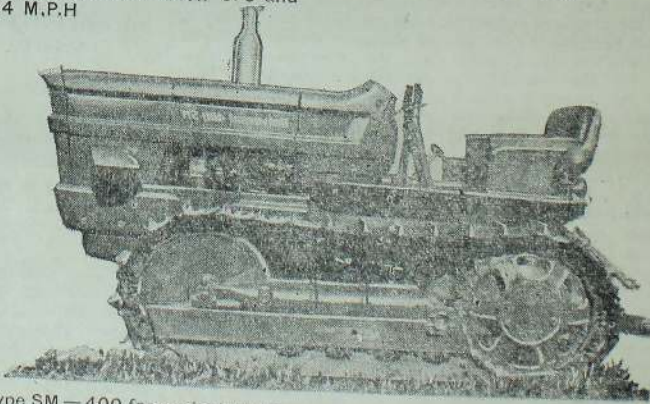


RUMANIAN TRACTORS

Type L—400 specially designed and developed for market gardening (vegetables, potatoes etc.) having the following specifications:—

Diesel Motor D—115 45H.P. at 2400 revolutions per minute
Front wheel base 1400—1900 mm.
Rear wheel base 1200—1900 mm.
6 Front speeds between 3.3 and 34 M.P.H

2 Reverse speeds between 4.8 and 2.9 M.P.H
New styling, giving operator-comfort, convenience and safety,



Type SM—400 for agricultural purposes on gradient up to 27°, equipped with a Direct Injection Diesel Motor of 40H.P. at 2400 per minute.
Wheel base 1305 mm. 6 front speeds between 2.6 and 16.7 M.P.H
2 reverse speed between 4.9 and 8.9 M.P.H

For further information contact:
Office of the Commercial Counsellor,
Embassy of the Socialist
Republic of Romania in Ceylon,
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Expansionary signs in British economy

London

Signs are growing that the British economy is beginning to move into a more expansionary phase—mainly due to the growth in after-tax incomes since the middle of last year.

Preliminary figures of consumer spending in the third quarter of this year published in the official magazine, "Economic Trends," suggest that expenditure in the first nine months of 1970 was more than 2 1/2 per cent above that in the same period of 1969. The comparisons are at constant prices and allow for seasonal fluctuations.

This estimate is based on a third quarter figure showing a half per cent rise in personal spending. This is a partially forecast estimate since not all the necessary data has been collected, but it confirms earlier indications of a third quarter spending rise provided by figures of retail sales and new car registrations.

The magazine also gave the complete national income figures for the second quarter of this year which indicate that despite sharply rising prices, total real income and expenditure were higher than in the previous quarter. All three measures of Gross Domestic Product, at constant prices seasonally adjusted, showed a rise, which amounted on average to more than one per cent.

This more than made good the fall between the fourth quarter of last year and the first quarter of 1970.

SCOPE FOR BOOSTING HANDLOOM EXPORTS TO JAPAN

New Delhi

India's Handloom silk exports to Japan, now valued at about Rs. 1.3 crores a year, can be considerably increased if India can supply more fast-colour printed silk without motifs of birds, animals or religious scenes.

Japan can also absorb more plain, striped and ribbed varieties of cotton goods.

This is contained in a report to the Handloom Export Promotion Council on the impact of the handloom section in the Indian stall at Expo 70.

With terecotton shirts selling around Rs. 12 in Japan, cotton handlooms without permanent finish, can be sold to the fashion conscious Japanese for use as casual wear. If new designs are adopted and the clothes are offered at competitive prices.

Apart from an accelerated growth of consumers' expenditure, there was also a recovery in the volume of fixed investment from the first quarter's drop, together with a resumption of stockbuilding following the recorded fall of stocks in the first quarter.

A notable feature of the first half of this year was the increase in personal saving which followed from the rise in real incomes.

Ribbed cotton textiles are available in Japan at 35-40 cents (Rs. 2.50 to Rs. 3) while the landed cost of similar Indian material is around 65-75 cents (Rs. 4.75 to Rs. 5).

Japan, shedding labour-intensive production, can absorb handloom towels. Now these are imported from Hong Kong and China.

Ready-made garments can be pushed into the Japanese market if there is sustained market assessment and consumer-oriented production.

DEVELOPING NATIONS SEEK TO BOOST MUTUAL TRADE

Geneva,

Developing countries are concentrating on the need to expand trade among themselves at meetings of two international bodies—The United Nations conference on trade and Development (UNCTAD) and the General Agreement on tariffs and trade (GATT).

An Intergovernmental meeting, convened by UNCTAD is focused on regional economic co-operation. It has been asked to recommend ways to facilitate implementation of the "concerted Declaration" of the UNCTAD conference at New Delhi in 1968.

This declaration reaffirmed the views of UNCTAD members that trade expansion, Economic Co-operation and integration among developing countries would make an essential contribution toward their economic development. It said creation of multinational markets would enhance efficiency of production and the competitive position of developing countries' exports.

In a statement of intent forming part of the Declaration, the developing countries expressed determination to negotiate or put into effect trade commitments among themselves. The developed market economy countries of the West, and communist countries, declared their support for the efforts of the developing countries.

Between the second half of 1969 and the first half of this year after-tax real incomes—that is, after allowing for price rises—rose by two per cent. But the volume of spending rose by less than 1 1/2 per cent. Moreover, the trend of saving was a rising one. The ratio of personal saving to after-tax income was 8.1 per cent in the first quarter of 1970. It was 8.7 per cent in the second quarter.

EXPANSION OF TRADE WITH YUGOSLAVIA

New Delhi

India's Minister for Foreign Trade, Mr. L. N. Mishra, sees "immense possibilities" of expanding trade with Yugoslavia in the coming years.

Mr. Mishra, who returned after attending the recent tripartite conference of India, the UAR and Yugoslavia held at Bled, told newsmen that trade between the two countries had more than trebled in the last 10 years. The total turn-over had risen from Rs. 12.3 crores in 1960 to Rs. 37 crores in 1969.

The Minister was confident that if the two countries adopted "a give-and-take policy," it would be possible to sort out all outstanding problems of trade expansion.

Mishra referred to the discussions at the tripartite economic conference and said



that the Bled declaration was an important landmark in the efforts of the developing countries to intensify economic co-operation among themselves. He expected a number of developing countries to join this effort at mutual co-operation.

Mr. Mishra said that the Bled declaration together with the recent Lusaka declaration on non-alignment and economic progress would help to spur further the efforts being made to foster economic growth in developing countries through mutual co-operation.

The next major step in this direction, he said, would be the Asian Trade Minister's Conference, scheduled to be held in Kabul towards the end of this year.

Expressing satisfaction at the decisions taken at the Bled conference, Mr. Mishra said that several industrial projects on a tripartite basis would soon become concrete realities, symbolising the successful effort of the three countries.

MORE HARMONIOUS TRENDS IN YUGOSLAV ECONOMY

On the basis of positive tendencies recorded in recent months, the overall Yugoslav trade balance is expected to be relatively favourable. Statistical data for September which speak of a more intensive inflow of orders for export and those sent-in by the domestic market lead to such an optimistic conclusion.

Another positive indicator is the nine-month growth of production of 8.3 percent in comparison with the same period of last year, as well as smaller stockpiles of goods. These indicators became even more significant in view of the fact that the economic activity in the first half of the year was characterized by a lack of harmony in some relations, especially between the growth of imports and the export of commodities and services.

FAVOURABLE TRENDS

Yugoslav business circles consider data saying that imports in September were reduced by 6 percent in relation to the preceding month as a favourable indicator of economic trends. This reduction is undoubtedly a sign that

production has at its disposal sufficient quantities of remanufactures which have accounted for a major part of imports in recent months and had a bearing on their relatively big expansion this year.

It can therefore be expected that estimates of Yugoslav planning experts according to which industrial production in this year will be about 9 percent larger than in 1969, will come true. By the beginning of October this year, the biggest expansion of production was recorded by the petroleum and chemical industries (14 percent each), power generation, the iron and steel and food processing industries (12 percent each), the non-ferrous metal industry (11 percent), the metal working industry (10 percent) and shipbuilding (9 percent).

IMPORT — EXPORT EXPANSION

The biggest expansion in Yugoslav imports was recorded in remanufactures (37 percent), which accounted for 63 percent of the value of all imports. The value of imports of machines and the

means of transportation increased about 30 percent as compared to the nine-month period of the preceding year, and that of chemicals about 20 percent.

The biggest expansion in exports was scored by industry which enlarged the sale of its products by 30 percent as compared to the previous year. In this, the first place belongs to the iron and steel, ship building, food processing and electric manufacturing industries.

A major part of her exports Yugoslavia sends to the European countries: in the January-September period this year, she enlarged her exports there by about 22 percent. Undoubtedly noteworthy is the fact that exports to the countries of Asia were considerably enlarged, too, (17 percent). About 56 percent more goods were sold to South America than in the same period of 1969, whereas the markets of these countries accounted for a relatively small part of the value of the country's overall exports.

U.N. DEVELOPMENT PROGRAM

Washington

President Nixon has recommended that the United States contribute 100 million dollars to the United Nations Development Program (UNDP) for 1971.

Last year, Congress approved in excess of 86 million dollars for the UNDP, amounting to more than one-third of the total 225 million dollars pledged by 126 nations. The U.S. has consistently been the largest single contributor to the UNDP.

More than 146 million dollars was pledged by 103 governments during the 1971 pledging conference, and an additional 93.9 million dollars is expected to be pledged from governments who were unable to announce specific amounts at that time.

"With these expected pledges, added to those already announced," a U.N. spokesman said, "total 1971 contributions are tentatively estimated at 240 million." Total contributions for 1970 were 226 million dollars.

Fifty-four governments announced higher pledges for 1971 than for 1970. Some of the largest contributors for 1971 are Sweden at 23 million dollars, the United Kingdom, 14 million dollars and the Netherlands, 11 million dollars.

THE ECONOMIC TIMES

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

THE SOCIALIST'S DILEMMA

The word "socialism" has been a catch-word in recent years and quite a large segment of the population has voted for it, but it is apparent that a greater portion of them have not understood the true significance of socialism and how the fruits of this great philosophy could be gathered. To them socialism merely means that the State should grab whatever possible from the "haves" and distribute it among the "have-nots". They do not seem to realize that the size of the national cake has to be increased through their efforts. It is in this context that Dr. N. M. Perera emphasised in his Budget Speech that:

"There is no royal road to economic development except through hard work, sacrifice and a measure of austerity."

This precept must be instilled into the minds of the people in general and the workers in particular. It will be quite a task to build up this "mass consciousness" which is a prerequisite to national development. The Finance Minister and his Ministerial colleagues alone cannot perform this task—it needs the massive effort of all Government members and the bureaucracy as well. The pattern of thinking of the people has to be changed and reoriented to suit this philosophy.

The problem becomes all the more complex as the system of bureaucratic management itself has to be changed so as to give way to socialist forms of management. Therefore, the highest priority and importance should be attached to the formation of workers' Councils which are to be the training ground for the future worker-managers of a socialist economy.

Talking of the "Socialist's dilemma," the Prime Minister of Singapore Lee Kuan Yew who is a socialist of no mean repute, remarked recently that socialism means: "From each his best, to each his needs." He added that despite the level of development achieved by his country in recent years it will be a long time more before Singapore could offer its citizens "to each his needs." In the meantime he expects "from each his best." And this is precisely what our Prime-Minister needs most. But unfortunately productive efforts are relegated to a secondary position while the satisfaction of "needs" comes first.

What the country needs most at this juncture is a highly disciplined work-force capable of "intensive" efforts over sustained periods." This might seem to be a socialist's ideal but it is an essential factor for the country's forward march. The Finance Minister and his colleagues fully realize this fact, but the crux of the problem is to make the workers realize it. An essential ingredient for the successful implementation of the Budgetary proposals is that the country's resources should be mobilised to the fullest extent and at the highest level of efficiency. This will depend largely on the efforts of the people and the workers' dedication to duty.

We hope the Minister of Finance will get the co-operation that he expects and that the workers would discipline themselves and not wait to be disciplined. Indiscipline and lethargy on the part of the workers would only delay the time when the Government would be in a position to give "to each his needs."

BRITISH DEVELOPMENT AID ON THE INCREASE

British development aid will soon be flowing at an increasing rate once more. Now in surplus on her balance of payments, Britain is able and ready to play her due part in the international development strategy for the seventies recently adopted by the United Nations.

Last month, in the General Assembly, Britain announced its endeavours to reach the aid target of one per cent of Gross National Product by 1975. Later came the hard figures: gross British public spending on economic aid, currently running at a rather more than £200 million a year, is to go up annually to reach £340 million by the financial year 1974/75. By the middle of this second development decade, the gross outflow of official financial resources from Britain should be 1 1/2 times as much again as it was at the end of the first.

Rising proportion

'Official' aid will form a principal part of the total of development assistance from Britain over the next five years and, on present expectations it will constitute a rising proportion of British G.N.P. although, since Britain makes no G.N.P. forecasts, she cannot commit herself on the exact percentage of aid flows that will come from governmental, as distinct from private, sources.

Flows of private investment capital from Britain to developing countries have always been considerable. They represent a form of development assistance which the

Pearson Commission on International Aid described as more effective than official flows where industrial projects are concerned, aid being closely linked to the management and technology services as ventures require.

Private investment also happens to be the channel through which export capital is most readily available from the industrialised free enterprise economies which contribute most to international aid flows, as Mr. Heath pointed out to the U.N. General Assembly. In promising to encourage British firms to invest in developing countries, the British Prime Minister touched on a point spelled out very fully by the Pearson Commission—the need for recipient countries to adopt policies that conduce to such investment. Most developing countries are well aware of this problem.

New emphasis

In a new emphasis the U.N. strategy document focussed almost as much attention to improving the quality of economic aid flows as on increasing their volume. Of recent years the Development Assistance Committee (D.A.C.) of the O.E.C.D., a body comprising all the major non-Com-

munist donor nations, has recommended stepping up the size of the grant element in official aid flows and softening the terms on which loans are made.

The D.A.C. has also condemned the practice of aid 'tying'—that is, the provision of concessionary finance by donors on condition that it is spent in the donor's country and even, in extreme cases, on particular products of that country.

For her part Britain has steadily softened the terms of her own aid loans over the past five years, offering longer maturity and grace periods as well as interest-free loans to the lowest income countries.

Last year 92 per cent of her aid commitments were in the form of grants or loans at effective rates of interest of three per cent or less. She has also pressed persistently for an end to aid tying, while maintaining her own percentage of tied aid at well below the O.E.C.D. average.

Prospects for garage equipment

Prospects for garage equipment in South East Asia and the Far East are bright, according to the general sales manager of a leading British manufacturer of servicing and

and testing equipment, Mr George Henshilwood, who, joined Kismet Ltd., of Bedford, in eastern England, three years ago, will visit Ceylon shortly during a tour of Asia.

Among the products he will promote are two new pieces of equipment shown at the recent London Motor Show—a shock absorber tester and a self-service coin-operated vehicle wash.

Mr. Henshilwood will be in Ceylon from 6 to 11 December. He will also visit Japan, Indonesia, Singapore, Thailand and the Philippines.

Ceylon to meet her immediate obligations.

The Organisations also made concrete proposals for joint ventures in fruit processing and production of fish meal. Under this Scheme, the Yugoslav Organisation will provide machinery and technical services to set up such projects in Ceylon and will also purchase the products at the end.

More trade & aid negotiations with Eastern bloc

Ceylon's Minister of Internal and External Trade, Mr. T. B. Illangaratne returned to the island last week after successfully negotiating more aid and trade with the Soviet Union, the German Democratic Republic and Yugoslavia.

According to the Ministry of Internal and External Trade, under the protocol signed in Moscow, the Soviet Union has agreed to purchase a larger volume of tea and also buy a number of non-traditional products than she did in the past.

Russia's tea purchases are expected to increase from 2,000 tons of tea in 1969 and 1970 to 4,000 tons in 1971 and 5,000 tons in 1972.

The Soviet Union will also buy a larger volume of traditional products like coconut oil and non-traditional exports, like spectacle frames, ready-made garments, sheets and towels and canned fruits.

Credit Line

The Soviet Union has also offered a credit line of Rs. 50 million repayable over 10

years carrying 3 per cent interest per annum. This credit is to be used in 1971 and 1972 for the purchase of machinery and equipment including helicopters and spare parts for existing factories and plants.

The German Democratic Republic, a Ministry spokesman revealed, has agreed to allow the existing line of credit, (meant for machinery and equipment) for the purchase of fertiliser, dyes and pigments.

The period of repayment in respect of the credit has also been extended from two to four years with a grace period of three years.

The G.D.R. proposes to send a delegation to Ceylon next year to negotiate long-term agreement on trade, scientific and technical co-operation.

Joint Venture Proposals

The Minister's discussions in Yugoslavia were also extremely fruitful. The Yugoslav Organisations working on the Mahaweli Project, Ingra-Konstruktor Organisation, agreed to grant a temporary credit of Rs. 6 million to