

(K) INTERNATIONAL TRADE

1. Balance of Trade

According to provisional Customs records, total exports (inclusive of re-exports) of Sri Lanka rose from Rs. 2,009 million in 1972 to Rs. 2,617 million in 1973, an increase of Rs. 608 million or 30.3 per cent. The value of imports also rose sharply, from Rs. 2,064 million in 1972 to Rs. 2,715 million this year, a rise of Rs. 651 million or 31.5 per cent. As a result, the trade balance in 1973 showed a deficit of Rs. 98 million, as compared to a deficit of Rs. 55 million in the previous year, and the continuous deficits recorded since 1965. The deficit as a percentage of total export earnings increased from 2.7 per cent in 1972 to 3.7 per cent in 1973¹. The following table summarizes the position for several past years.

TABLE II (K) 1
Foreign Trade 1960-1973

Year	Rupees Million			Index Number (1967 = 100)				Terms of Trade.
	Exports* (f.o.b.)	Imports (c i f)	Balance of Trade	Volume		Prices		
				All Exports	All Imports	All Exports	All Imports	
1960	1,832	1,960	- 128	87	133	122	83	148
1961	1,733	1,703	+ 30	90	107	112	82	136
1962	1,808	1,660	+ 148	97	108	109	77	142
1963	1,731	1,490	+ 241	93	93	109	85	129
1964	1,876	1,975	- 99	102	114	111	105	105
1965	1,949	1,474	+ 475	105	86	113	100	112
1966	1,700	2,028	- 328	96	118	107	98	109
1967	1,690	1,738	- 48	100	100	100	100	100
1968	2,035	2,173	- 138	103	101	117	126	93
1969	1,916	2,543	- 627	98	108	117	134	88
1970	2,033	2,313	- 280	102	102	118	140	84
1971	1,947	1,986	- 39	99	90	117	150	78
1972**	2,009	2,064	- 55	97	88	118	157	75
1973	2,617	2,715	- 98	98	79	137	209	65
Provisional								

Provisional

Sources: Customs, Sri Lanka;
Central Bank of Ceylon

* Including re-exports

** Revised data - Please see footnote 1.

The increased earnings from tea and rubber more than offset a sharp fall in earnings from coconut. As a result, the receipts from the three major export products increased by Rs. 305 million in 1973. Earnings from gems and "other exports" recorded increases of Rs. 129 million and Rs. 128 million, respectively, in 1973. As for imports, the value of consumer goods rose from Rs. 1,113 million in 1972 to Rs. 1,485 million in 1973, of which the total value of imports of rice, flour and sugar at Rs. 1,044 million showed an increase of Rs. 442 million relative to 1972. Imports of intermediate goods too rose sharply, by Rs. 296 million to Rs. 754 million. There were moderate increases in respect of other consumer and investment goods.

1. In the Annual Report for 1972 the value of total exports in 1972 was given as Rs. 1,942 million and that of imports, Rs. 2,045 million. Since then these figures have been revised to read as Rs. 2,009 million (inclusive re-exports of Rs. 14.9 million) and Rs. 2,064 million, respectively. This is because the earnings from bunkers which was recorded as only Rs. 2.1 million in 1972 has now been corrected to Rs. 69.8 million, and the re-export figure has been revised.

Of course, these increases in export and import values were not solely due to physical increases in quantities traded. On the one hand, there was a general improvement in world primary commodity prices in 1973, particularly in the latter half of the year; and with the notable exception of Sri Lanka's major export, tea, most export commodities benefitted price-wise. On the other hand, world-wide inflationary pressures had tended to raise prices of imported goods. Also, international currency realignments led to a mild depreciation of the Rupee in 1973 and this too tended to inflate trade values. These factors contributed to a sharp worsening of the terms of trade (1967=100) from 75 in 1972 to 65 in 1973.

As repeatedly mentioned in previous Annual Reports¹, the Customs data, particularly the import figures need to be interpreted with care. Apart from the value of imports actually cleared through the Customs in any period of time differing considerably from their value as reported by the Customs², the latter data have to be adjusted for actual imports by the Food Commissioner, the Petroleum Corporation and for imports of other items for which more reliable data are available. For instance, the total imports for December, 1973 were shown to have risen from the preceding eleven month average of Rs. 209 million to a record level of Rs. 417.7 million. A perusal of Customs records indicates that this abrupt change has risen mainly in respect of petroleum products. As against a total value of the petroleum imports at Rs. 29.0 million in the first eleven months of 1973, the value for December has increased sharply to Rs. 266 million. Apparently, there has been some non-recording of actual imports in eleven months, which has been added on to the December figure. According to the Petroleum Corporation, petroleum imports in 1973 have amounted to Rs. 274 million, and according to Customs, Rs. 295 million.

On account of the drawbacks enumerated above, the Customs data in table II (K) 1 have been adjusted in table II (K) 2. According to the Customs, imports of rice, flour and sugar for 1973 were Rs. 270 million, Rs. 453 million and Rs. 321 million, respectively, but the actual imports made by the Food Commissioner of these three commodities were Rs. 322 million, Rs. 458 million and Rs. 334 million, respectively. In other words, the Customs have under-recorded a sum of Rs. 69.4 million in respect of these three commodities alone. On the other hand, the Customs have overstated the petroleum import value by Rs. 21.4 million. Another adjustment that has been made is in the value of bunkers and fuel exports. The Customs figure of Rs. 133.7 million is the total export of domestic bunkers (Rs. 110.7 million), imported bunkers (Rs. 0.1 million) and other petroleum products (Rs. 22.9 million), while the figure given by the Corporation for bunkers and fuel exports has been Rs. 134.4 million. Furthermore, the value of gem exports according to Customs was Rs. 140.8 million, but the State Gem Corporation has reported a value of Rs. 152.8 million. Hence, this difference has been added on to the value of exports.

1. Vide Annual Report 1972 p. 197.

2. This applies to the value of exports as well.

TABLE II (K) 2
Adjustments of Trade Data

Rs. Million

	1972		1973	
	Imports	Exports	Imports	Exports
1. Difference between Food Commissioner's and Customs re-imports of rice, flour and sugar ..	+ 5.0		+69.4	
2. Difference between Petroleum Corporation and Customs data re-imports of crude oil and Petroleum products ..	+149.0		-21.4	
3. Deduction for the imports of motor vehicles ..	- 12.0*		- 4.3	
4. Difference between Petroleum Corporation and Customs data re-export of Bunkers and Petroleum products ..		+70.3		+ 0.7
5. Difference between Gem Corporation's and Customs data re-exports of gems ..		+ 3.4		+12.0
6. Total 1 - 5 above ..	+142.0	+73.7	+43.7	+12.7
7. Adjusted trade data as derived from Table II (K) 1 and 6 above ..		-68.3		-31.0

* Includes deductions for personal baggage and re-imports as well

Sources: Customs, Sri Lanka; Food Commissioner's Dept; Petroleum Corporation; State Gem Corporation; Import and Exchange Control Departments.

After these adjustments are made, the total value of exports would amount to Rs. 2,630 million and that of imports, to Rs. 2,759 million. The adjusted trade balance for 1973 would now reflect a higher deficit of Rs. 129 million. These adjusted trade figures, however, reveal the same trends observed earlier that not only have export and import values in 1973 shown a rising trend, but also that the value of imports has risen more than that of exports.

2. Exports

Details of earnings from the major export products for the past five years on the basis of unadjusted Customs data are given in the following table. For purposes of comparison, the same data are also presented in terms of SDRs.

In 1973, earnings from exports of tea and rubber rose to Rs. 1,261 million (an increase of Rs. 99 million or 7.06 per cent) and Rs. 592 million (an increase of Rs. 327 million or 125.7 per cent) respectively. The increase in the value of tea exports was due to a rise in the quantity exported. However, the share of export earnings from tea in total exports fell sharply from 58 per cent in 1972 to 48 per cent in 1973. The sharp increase in export earnings from rubber was largely due to a substantial increase in the f.o.b. price by 74 cents per pound and to an increase in the quantity exported from 286 million pounds in 1972 to

354 million pounds in 1973. As a percentage of total exports, earnings from rubber rose from 13 per cent in 1972 to 23 per cent in 1973. On the other hand, earnings from the three major coconut products and fresh nuts were by far the lowest Sri Lanka has witnessed. Hence, their share of total exports fell sharply to a mere 6 per cent. This was mainly due to a restriction of exports of copra and coconut oil following the sharp drop in domestic production.

A characteristic of the composition of exports in 1973 has been a decline in the share of the three major export products to 77 per cent of total export income and the emergence of gems as an important export item. While the export earnings from coconut oil, copra, desiccated coconut and fresh nuts fell to 5.5 per cent, the share of gems exports rose to 5.4 per cent. Meanwhile, the share of other exports rose to 10.5 per cent. An important item classified as 'other exports' was industrial exports. The total value of selected major industrial exports (food, beverages and tobacco; textiles and wearing apparel; chemical and petroleum products; leather, rubber, wood and paper products; and non-metallic mineral products) rose from Rs. 123 million in 1972 to Rs. 185 million in 1973, an increase of 50 per cent. Export earnings of other agricultural and non-industrial commodities increased more sharply from Rs. 142 million in 1972 to Rs. 321 million in 1973 or by 127 per cent.

In sum, although the overall picture is highly influenced by fall in coconut exports in 1973, certain tendencies towards greater diversification of Sri Lanka's export structure were evident.

The overall export performance during the last five years is also presented in terms of S. D. R's (Special Drawing Rights of the I. M. F.) in table II (K) 3. At a time of sharply fluctuating international currency values, measurement of export values in terms of S. D. R's which have been relatively more stable in value introduces a more stable yardstick of measurement. On this basis, it is evident that earnings from tea exports fell in terms of S. D. R's; the fall in

TABLE II (K) 3
Composition of Exports 1969-73

Commodity	Value in Rupees Million					Value in Million SDRS*				
	1969	1970	1971	1972	1973	1969	1970	1971	1972	1973
1. Tea ..	1,062	1,120	1,144	1,162	1,261	178.42	188.16	192.19	171.39	165.27
2. Rubber ..	431	440	307	265	592	72.41	73.92	51.58	39.08	77.59
3. Coconut Products ..	225	240	280	266	145	37.80	40.32	47.04	39.23	19.00
breakdown of which:										
3.1 Copra ..	26	23	24	52	4	4.37	3.86	4.03	7.69	0.52
3.2 Coconut oil ..	108	116	149	132	27	18.14	19.49	25.03	19.47	3.54
3.3 Desiccated Coconut ..	87	98	103	78	111	14.62	16.46	17.30	11.50	14.55
3.4 Fresh nuts ..	4	3	4	4	3	0.67	0.50	0.67	0.59	0.39
4. Precious and Semi-Precious Stones ..	1	4	3	12	141	0.17	0.67	0.50	1.77	18.48
5. Other domestic exports	156	191	196	218	346	26.21	32.09	32.93	32.15	45.35
Total domestic exports ..	1,875	1,995	1,930	1,993	2,596	315.00	335.16	324.24	293.95	340.24
Re-exports ..	41	38	17	16	21	6.89	6.38	2.86	2.21	2.88
Total ..	1,916	2,033	1,947	2,009	2,617	321.89	341.54	327.10	296.31	342.99

* Conversion rates used are as follows:

1969, 1970, 1971 - SDR 1 = Rs. 5.95; 1972 - SDR 1 = Rs. 6.78; 1973 - SDR 1 = Rs. 7.63.

* * Including value of bunkers

Source: Customs, Sri Lanka

earnings from coconut was sharper in S. D. R's than in terms of Sri Lanka rupees and the increase in earnings from rubber, gems and other exports in terms of S. D. R's was lower than in terms of rupees.

Tea

Production

Production of tea in 1973 was 466 million pounds. This was a decline of 5 million pounds or 1% over the previous year. Except for an increase of 9 million pounds in 1968, tea production has shown a declining trend since the peak year of 1965 when the production was 503 million pounds. Production in 1973 was the lowest recorded since 1961.

The classification of output by elevational category shows that the volume of high grown tea has fallen from 186 million pounds in 1971 to 179 million pounds in 1972, and again to 178 million pounds in 1973; and the volume of medium grown tea has fallen from 186 million pounds in 1971 to 165 million pounds and 155 million pounds in 1972 and 1973, respectively. Only the production of low grown tea has escaped this trend. Here, production rose from 126 million pounds in 1972 to 133 million pounds.

Table II (K) 4

Tea Production by Elevational Category

	1972		1973		change in 1973 over 1972
	Volume (Mn. lbs)	%	Volume (Mn. lbs)	%	
High grown	179.4	38.1	177.6	38.1	- 1.8
Medium grown	165.2	35.1	155.3	33.3	- 9.9
Low grown	126.0	26.8	132.9	28.6	+ 6.9
Total	470.6	100.0	465.8	100.0	- 4.8

Source: Tea Control Department

Adverse weather conditions, mainly due to a drought for the second successive year, were a major factor that contributed to the decline in tea production in 1973. Local market prices did not provide a sufficient incentive to increased production either. Although the average Colombo auction (net) price for high grown tea increased from Rs 1.99 per pound in 1972 to Rs 2.09 per pound in 1973, the overall average for all teas remained at the 1972 level of Rs 1.89 per pound. This was due to the fall in the price of medium grown tea from Rs 1.80 per pound to Rs 1.76 per pound and that of low grown tea from Rs 1.89 per pound to Rs 1.80 per pound. Meanwhile, the cost of production has tended to rise, thereby squeezing producer margins to a critical level. Also there may have been some uncertainty created by the land reforms and acquisition of land by the Government. Further, the downward trend in fertilizer use in the tea industry accelerated in 1973. It declined from 118.8 thousand tons in

1971 to 99.3 thousand tons in 1972, and further to 63.7 thousand tons in 1973. Planters also complained of inadequate credit for their operations. All these factors cumulatively tended to depress production of tea.

Exports

Table II (K) 5 contains data on production, export volume and the disposal of tea through the Colombo auctions, London auctions and 'private sales'. Despite the fall in production, tea exports increased from 419 million pounds in 1972 to 454 million pounds in 1973, an increase of 35 million pounds or 8.4 per cent. The difference was due to changes in stocks. Domestic consumption of tea is estimated to have risen modestly from 43.2 million pounds to 44.4 million pounds in 1973. The expansion in the volume exported was partly due to an increase in the quantity sold through the Colombo auctions (which more than compensated a fall of 8 million pounds in teas shipped to the London auctions) and partly to a running down of stocks. The amount of tea sold through the medium of private sales remained small at 4 million pounds.

TABLE II (K) 5

Production, Exports, Quantities sold at the Colombo Auctions and Quantities shipped to London Auctions

(Million lbs.)

Year	Production	Exports ¹	Quantity offered for sale at the Colombo Auctions	Quantity shipped direct to London Auctions	Private Sales
1968	496	460	369	111	5
1969	484	445*	387	88	5
1970	468	460*	373	91	4
1971	480	443*	393	73	5
1972	471	419*	391	54	4
1973	466	454*	410	46	4

Sources: Administration Reports of the Tea Controller
Customs, Sri Lanka;
Colombo Tea Brokers' Association.

1. Based on figures extracted from Customs entries

* Includes instant tea.

Exports by Destination

In spite of a further decline in imports from Sri Lanka from 74.3 million pounds in 1972 to 72.3 million pounds in 1973, the United Kingdom retained its position as the leading buyer of Sri Lanka tea. The percentage of Sri Lanka's exports of tea to the U. K. was 15.9 in 1973 as against 17.7 in 1972 and 23.3 in 1971. Exports to the rest of the European Economic Community rose marginally in 1973. The 'Nine' accounted for 22 per cent of Sri Lanka's exports in 1973, as against 21.3 per cent in the previous year.

With the creation of Bangladesh, Pakistan lost its main source of tea and hence turned to Sri Lanka to meet her domestic requirements. As a result, Pakistan which purchased only 6.4 per cent of Sri Lanka exports in 1971 became

the second largest importing country in 1972, with her share rising to 11.9 per cent. In 1973 Pakistan's imports came somewhat close to that of the U. K., with the percentage share rising to 14.7 per cent.

Iraq emerged as the next important buyer of tea, pushing the U. S. A. into the fourth place. While exports to the U. S. A. increased by 1.7 million pounds or by 3 per cent in 1973, exports to Iraq rose by 12.7 million pounds or 36 per cent. Other countries in the order of importance were Australia, Union of South Africa, United Arab Republic and Libya.

TABLE II (K) 6

Country Classification of Tea Exports and Percentage Shares

	Volume of Tea Exports (Mn. lbs)		Percentage of Total Exports	
	1972	1973	1972	1973
1. European Economic Community(a)	89.5	100.0	21.3	22.0
1.1 United Kingdom	74.3	72.3	17.7	15.9
1.2 Irish Republic	3.1	2.5	0.7	0.6
1.3 Denmark	1.0	1.0	0.2	0.2
1.4 Others	11.1	24.2	2.7	5.3
2. United States of America	37.3	39.0	8.9	8.6
3. Iraq	31.7	44.4	7.6	9.8
4. Australia	22.3	24.4	5.3	5.4
5. Pakistan	49.9	66.8	11.9	14.7
6. Union of South Africa	22.3	23.6	5.3	5.2
7. United Arab Republic	22.8	20.6	5.4	4.5
8. Libya	27.2	19.5	6.5	4.3
9. U. S. S. R.	...	2.2	...	0.5
10. Other Countries	116.3	113.1	27.7	25.0
Total	419.3	453.6	100.0	100.0

Source: Customs, Sri Lanka.

(a) The European Economic Community in 1972 consisted of the Netherlands, Belgium, Luxemburg, France, West Germany and Italy. From 1973, it included the United Kingdom, Denmark and the Irish Republic, as well.

Colombo Auctions

There was a substantial increase in the quantity of tea offered for sale through the Colombo auctions, reaching 410 million pounds in 1973 as against 391 million in 1972.

Colombo auctions have been growing in importance vis-a-vis the London auctions. The gross turnover of the tea that passed through the Colombo auctions in 1973 was Rs. 807.75 million, showing an increase of Rs. 29.75 million over the 1972 level. When the ad-valorem sales tax is deducted, net turnover would amount to Rs. 775 million. Fifty sales were held in 1973, of which the first and third quarters had 13 sales each and the second and fourth 12 sales each. On an average, each sale handled about 8½ million pounds of tea.

TABLE II (K) 7
Tea Production, Exports and Prices 1969-1973

Year	Production Mn. lbs	Exports		Average Colombo Auction Net Price (Rupees per pound)			
		Quantity Mn. lbs.	F.O.B. Price Rs. per lb	High grown	Medium grown	Low grown	All Teas
1969	484	445	2.39	1.80	1.40	1.38	1.53
1970	468	460	2.44	1.92	1.58	1.38	1.63
1971	480	443	2.56	1.94	1.72	1.76	1.81
1972	471	419	2.77	1.99	1.80	1.89	1.89
1973	466	454	2.77	2.09	1.76	1.80	1.89
1972 1st Quarter	94	104	2.75	2.07	1.83	1.90	1.93
2nd Quarter	145	91	2.85	1.95	1.85	1.99	1.93
3rd Quarter	104	119	2.71	2.00	1.78	1.88	1.89
4th Quarter	128	105	2.77	1.94	1.70	1.78	1.81
1973 1st Quarter	104	122	2.79	2.19	1.74	1.79	1.91
2nd Quarter	147	106	2.77	1.89	1.71	1.79	1.80
3rd Quarter	93	115	2.76	2.23	1.83	1.78	1.94
4th Quarter	121	111	2.79	2.08	1.81	1.86	1.93

Sources: Administration Reports of the Tea Controller;
 Customs, Sri Lanka; Colombo Tea Brokers' Association

As mentioned earlier, tea was one of the very few primary products which was virtually unaffected by the world-wide commodity boom in 1973. Thus, the average Colombo (net) auction prices for all teas remained unchanged at Rs. 1.89 per pound in 1973. The average price for high grown tea increased from Rs. 1.99 per pound in 1972 to Rs. 2.09 per pound in 1973 but this gain was offset by a fall in medium and low grown teas, the former by 4 cents per pound and the latter 9 cents per pound. Thus the increase in the gross turnover at the Colombo auctions in 1973 was mainly due to an increase in the quantity sold.

London Auctions

There has been a further fall in teas shipped direct to London auctions, accentuating the growing importance of Colombo as an international market for tea. In 1970, Sri Lanka shipped 91 million pounds of tea direct to the London auctions as against 373 million pounds sold in Colombo. While this amount fell by almost half to 46 million pounds in 1973, the quantity of tea sold locally increased to 410 million pounds. More than half of the tea channelled through the London auctions consisted of high grown tea.

TABLE II (K) 8
Quantities of Tea sold at the London Auctions by country
of origin and average prices

Countries	Quantities sold at the London Auctions (Mn. Kgs.)				Average Prices (New pence per Kg.)			
	1970	1971	1972	1973	1970	1971	1972	1973
1. North India ..	30.4	54.5	40.6	35.0	46.77	42.14	42.87	45.65
2. South India ..	2.5	2.0	1.4	1.1	40.42	39.90	37.88	37.79
3. Sri Lanka ..	36.5	32.2	22.0	19.6	46.98	45.33	45.47	45.42
4. All Africa ..	37.4	35.2	46.1	44.7	44.00	43.01	40.49	41.19
of which -								
Kenya ..	14.2	12.4	20.6	20.6	48.66	47.25	43.56	44.32
Uganda ..	3.2	3.8	5.2	2.3	46.64	43.64	40.97	41.92
Tanzania ..	5.0	5.0	5.8	6.5	48.49	45.39	41.71	42.55
5. Total ..	108.7	125.0	112.7	103.9	45.67	43.25	42.24	43.29

Source: The London Tea Brokers' Association.

The total volume of tea sold at the London auctions declined from 112.7 million pounds in 1972 to 103.9 million pounds in 1973 arising from a fall in despatches from India, Sri Lanka and Africa. The share of African teas, however, increased to 43.0 per cent in 1973. While North and South India accounted for 33.7 per cent and 1.1 per cent respectively, Sri Lanka's share at 18.9 per cent represented a slight fall relative to 1972.

As usual, the 1973 average price for Sri Lanka tea at 45.42 pence per kilo was higher than the average for all teas, but marginally lower than that fetched by North Indian tea and higher than that fetched by Kenya. Nevertheless, the 1973 price of Sri Lanka showed a fall from the previous year's average of 45.47 pence per kilo. This was in sharp contrast to price increases recorded by all teas from major producers other than those from South India. A disconcerting feature in 1973 was the fact that tea happened to be one of the few primary commodities that did not share in the general boom of commodity prices.

Packeted Tea

Table II (K) 9 gives volume, value and f.o.b. price of packaged tea from 1966 to date.

TABLE II (K) 9
Exports of Packeted Tea

Year	Volume (mn. lbs.)	Value (Rs. mn.)	F.O.B. price Rs. per lb.
1966	3.7	10.3	2.79
1967	4.7	12.0	2.53
1968	9.4	29.4	3.13
1969	15.2	37.3	2.46
1970	17.0	41.6	2.44
1971	22.7	60.6	2.67
1972	32.4	102.4	3.16
1973*	30.4	92.4	3.04

* Provisional.

Source: Customs, Sri Lanka.

Despite the granting of 2 to 3 per cent¹ of proceeds in convertible rupees, export earnings from packaged tea which rose sharply in 1972 to Rs. 102.4 million, declined to Rs. 92.4 million in 1973. This was due to fall in the quantity exported and the f.o.b. price realised.

Instant tea

Production of instant tea which fell by 36.2 per cent to 254,492 pounds in 1972 increased sharply by 86.5 per cent to 474,573 pounds in 1973. The quantity of exports increased from 235,804 pounds in 1972 to 444,990 pounds in 1973. The principal markets for instant tea were the United Kingdom (63.7 per cent), the Federal Republic of Germany (14.0 per cent), Australia (8.0 per cent) and Japan (6.9 per cent).

1. 2 per cent of foreign earnings from packaged tea could be credited to convertible rupee accounts. On 2nd November, 1973 this was raised to 3 per cent.

Tea Export Duty Rebate Scheme

As part of a "Package Deal" to revitalize the tea industry announced in October, the sliding scale of rebates of export duty on tea was raised with effect from the sale of 5th November, 1973. The maximum relief was raised from 15 cents to 20 cents per pound in the case of low and medium grown teas and from 10 cents to 15 cents per pound in the case of high grown, on teas fetching prices between Rs. 1.40 and Rs. 1.93 per pound¹.

Table II (K) 10 below gives details of the quantities of tea on which the export duty rebate has been paid as well as the value of rebates paid for each elevational category of tea. Of 410 million pounds of tea offered for sale at the Colombo auctions in 1973, 248 million pounds of tea or 60.5 per cent qualified for the export duty rebate. There was a sharp increase in teas qualifying for the rebate in 1973, mostly in the case of low grown. A sum of Rs. 21.6 million was paid out as rebates in comparison to Rs. 10 million paid in the previous year.

TABLE II (K) 10
Quantities qualified for and rebates paid under the Tea Export
Duty Rebate Scheme - 1973

	Quantities on which Rebate was paid (pounds)		The value of Rebate paid (Rupees)	
	1972	1973	1972	1973
High-grown ..	42,124,464	68,435,218	2,186,484	5,434,259
Medium-grown ..	64,101,230	92,459,311	4,692,223	8,514,925
Low-grown ..	41,448,069	87,682,667	3,064,142	7,637,101
Total ..	147,673,763	247,977,196	9,942,849	21,586,285

Source: Tea Control Department.

International Tea Consultations

Under the auspices of the FAO, the Inter-Governmental Group on Tea agreed at the sixth session held in Rome on 2-4 July 1973 that with the inclusion of Turkey and Papua (New Guinea), the annual global quotas would be 657,000 metric tons for 1973/74 and 681,000 metric tons for 1974/75. These estimates have been arrived at inclusive of a 7 per cent reduction for expected shortfalls.

Of 657,000 metric tons for 1973/74, India and Sri Lanka's export quotas were 217,800 metric tons and 214,200 metric tons respectively. (Since the global quota for 1974/75 was increased to 681,000 metric tons, both these quotas were also raised to 224,300 metric tons and 220,300 metric tons

1. The earlier revision which was effected on 11th November, 1972 increased the maximum rebate payable from 10 cents to 15 cents in the case of low and medium grown teas and from 5 cents to 10 cents in the case of high grown teas.

respectively.) Other important tea exporting countries for which quotas were agreed for 1973/74 were Kenya (56,000 metric tons), Indonesia (43,200 metric tons), Argentina (28,800 metric tons), Bangladesh (26,000 metric tons), Uganda (23,700 metric tons), Malawi (23,200 metric tons), Turkey (20,000 metric tons), Mozambique (18,800 metric tons), Republic of Zaire (14,100 metric tons) and Tanzania (10,200 metric tons). The Secretariat of the FAO has estimated exports of other countries which were not included in the global quota, of which the People's Republic of China's exports to be 20,000 metric tons in 1973/74.

At the sixth session there was a general consensus that an international arrangement for five years should commence after the completion of the present understanding for 1973/74 and 1974/75. There was also agreement on the need for a comprehensive multi-dimensional approach to achieve and maintain a remunerative level of prices for the world tea industry. Such a multi-dimensional approach would be expected to encompass actions or measures in the fields of marketing, promotion, export regulation, etc.

The 'Package Deal' for the Tea Industry

Faced with rising costs of production and static prices, the tea industry in general has come to be confronted with the problem of maintaining a reasonable margin of economic viability. The successive droughts of 1972 and 1973 not only affected the production adversely, but also aggravated the liquidity problems of tea estates. With a view to assisting the industry, the government introduced in the budget for 1974 a five-year development and rehabilitation programme estimated to cost Rs. 625 million over the period. The annual programme of Rs. 125 million would consist of a fertilizer subsidy (Rs. 45 million), a tea-chest panel subsidy (Rs. 35 million), an enhanced export duty rebate (Rs. 14 million), an enhanced replanting subsidy (Rs. 7 million), a rebate on company tax for estate housing (Rs. 1 million), a wage increase to workers (Rs. 17 million) and a balance sum of Rs. 6 million for further relief on account of cost fluctuations.

Also contemplated is a scheme of credit guarantee for development purposes with a revolving fund of Rs. 25 million and a Central Bank guarantee of upto 75% of defaults. The loans are to be given on a selective basis, mainly for replanting and factory modernization and in special cases, for working capital.

The Package Deal also includes the local incorporation of foreign companies estimated to own about 172,000 acres, and the enforcement of certain minimum norms relating to estate maintenance and development. Beneficiaries will be required to submit five year (1974-1978) development programmes, which once approved, would be made the responsibility of the beneficiaries to attain. Beneficiaries who wilfully neglect their obligations will have the assistance withdrawn and other legal action instituted under certain proposed amendments to the Tea Control Act No. 51 of 1957.

The various measures under the Package Deal were to be introduced gradually. Details of the more important measures are given in the following paragraphs.

(a) Tea Export Duty Rebate Scheme

As mentioned earlier, the sliding scale of export duty rebates was revised with effect from the sale of 5th November, 1973. The maximum relief has been raised from 15 cents to 20 cents per pound for low and midgrown teas and from 10 cents to 15 cents for highgrown teas. Simultaneously, the floor price at which the scheme comes into effect has been raised to discourage the manufacture of inferior teas. Formerly, rebates were payable on prices ranging between Rs. 1.35 and Rs. 1.95 per pound. Now, it is paid on prices ranging from Rs. 1.40 to Rs. 2.00 per pound.

(b) Tea Replanting Subsidy

This scheme came into effect from 3rd November, 1973. The subsidy paid by the government for replanting tea has been raised from Rs. 3,750 per acre to Rs. 4,750 per acre. The scheme was made applicable even to cases where replanting permits had already been issued, but in respect of any instalments that were due for payment after November, 1973.

(c) Fertilizer Subsidy Scheme

This scheme was introduced from 4th December, 1973. Before that date, the government supplied fertilizer at half the market price only to smaller tea lands which were below 100 acres in extent. Now, the subsidy is extended to all estates, regardless of extent.

(d) Tea Chest Panel Subsidy

This scheme too was introduced from 4th December, 1973. Prior to that date, the selling prices of a set of full-chest and half-chest panels were Rs. 9.88 and Rs. 8.00 respectively. The government would subsidize the Plywood Corporation to enable the latter to supply a set of panels at Rs. 3.00 each. This subsidy is exempt from income tax.

(e) Estate Housing Subsidy

The government contemplates the granting of a rebate on company tax upto a maximum of 10 per cent for repair and construction of labour lines.

(f) Wage Increase to the Plantation Sector

The government has decided that the wages of plantation workers should be increased by 10 per cent. This is estimated to cost Rs. 17 million and would be channelled into the plantation sector by various measures which are to be worked out by the Ministry of Plantation Industries.

Subsequent events have overtaken the benefits accruing to the tea industry. Following the international oil crisis, the cost of imports such as fertilizer and agro-chemicals and freight and internal transport, have imposed further burdens on the industry. The average cost of production of a pound of tea is estimated to rise by about 15 cents in 1974 over the previous year. A review of the whole scheme in the light of recent developments appears to be necessary.

Rubber Production

Production of rubber in 1973 increased by about 10 per cent over 1972 and is estimated at 340 million pounds. With the world-wide commodity boom, prices reached high levels in 1973 and the response in production would probably have been greater but for adverse weather conditions. The increase in production is attributable mainly to the newly replanted areas coming into tapping and the recovery of rubber lands which had been neglected and abandoned during the price slump in previous years.

Exports and Prices

Exports of rubber in 1973 were 354 million pounds. This showed an increase of 48 million pounds over the previous year. The value of rubber exports rose sharply from Rs. 265 million in 1972 to Rs. 592 million in 1973 owing primarily to the marked increase in world prices and only partly to the increase in the quantity exported. Export prices rose by about 80 per cent and the volume exported rose by 24 per cent above their levels in 1972. Details are given in the table below.

TABLE II (K) 11
Rubber Production, Exports and Prices

Year	Production Mn. lbs.			Exports Mn. lbs.			F. O. B. Price Rs. per pound			Colombo Market Price Rs. per pound	
	Sheet	Crepe	All	Sheet	Crepe	All	Sheet	Crepe	All	RSS No. 1	Latex Crepe No. 1X
1969	194.6	136.3	332.5	179.7	135.1	314.8	1.34	1.41	1.37	1.04	1.16
1970	211.0	138.3	350.9	221.7	132.5	354.2	1.23	1.26	1.24	0.91	1.12
1971	175.8	134.7	311.8	156.0	129.1	285.2	0.98	1.19	1.08	0.79	1.13
1972	184.0	122.5	309.4	164.6	119.3	285.7	0.90	0.97	0.93	0.81	0.89
1973	n. a.	n. a.	340.0*	224.4	128.2	354.4	1.51	1.95	1.67	1.18	1.81
1973											
1st Qr.	52.2	26.0	78.8	79.4	39.3	119.2	1.05	1.33	1.14	1.00	1.23
2nd Qr.	42.1	24.1	66.7	34.8	29.3	64.6	1.42	1.66	1.53	1.12	1.46
3rd Qr.	49.0	27.6	77.3	58.7	26.0	85.0	1.56	2.12	1.73	1.23	2.31
4th Qr.	n. a.	n. a.	n. a.	51.4	33.6	85.7	2.24	2.78	2.45	1.35	2.22

* Provisional Estimate

Sources: Rubber Control Department;
Customs, Sri Lanka;
Colombo Rubber Brokers' Association.

Price trends for rubber are primarily a reflection of international market conditions. World production and consumption of natural rubber between January and September, 1973 have risen above their levels in the corresponding period last year. The price of natural rubber soared mainly as a result of the high price and shortages of petroleum-based feedstock in the synthetic rubber industry. There were also much speculative buying on account of international currency fluctuations. For instance, the average annual price of RSS I in the London market rose from 14.9 pence per kilo in 1972 to 31.8 pence per kilo in 1973. Similarly, in Singapore the price of RSS I rose from 92.52 cents per kilo in 1972 to 166.18 per kilo in 1973.

TABLE II (K) 12**
World Supply, Consumption and Stocks of Natural
and Synthetic Rubber

	Metric Tons*			
	Natural Rubber		Synthetic Rubber	
	1972	1973	1972	1973
Production (Jan.-Sept.) ..	2,287,500	2,525,000	4,815,000	5,440,000
Consumption (Jan.-Sept.) ..	2,335,000	2,502,500	4,780,000	5,172,500
Total Stocks* (As at end of Sept)	14,322,500*	14,393,000*	12,842,500*/*	13,605,000

Source: Rubber Statistical Bulletin.

** Latest available figures

* Includes stocks in consuming and producing territories and estimated stocks afloat.

/ Includes reported stocks and estimated other stocks.

Local prices automatically followed world trends. The average monthly price of RSS I rose from Re. 1 per pound in January, 1973 to Rs. 1.45 per pound in December, 1973 and the price of latex crepe from Rs. 1.19 per pound in January to Rs. 2.71 per pound in December. The average annual Colombo market prices in 1973 of RSS I rose by 46 per cent and of Latex crepe IX by 103 per cent above their levels in 1972.

Exports by Destination

Table II (K) 13 below gives details of rubber exports by destination. The shares of most major importers have altered only marginally. The share of the enlarged EEC, however, declined from 20.8 per cent of the total in 1972 to 16.8 per cent in 1973. This reduction was offset by an increase in the shares of countries such as China, the U.S.S.R. and Poland.

TABLE II (K) 13
Country Classification of Rubber Exports

Country	Volume (Mn. lbs)		Percentage of Total	
	1972	1973	1972	1973
People's Republic of China ..	118.3	152.8	41.4	43.1
U. S. S. R.	11.4	22.6	4.0	6.4
U. S. A.	15.7	14.7	5.5	4.1
Poland	11.3	19.2	3.9	5.4
Rumania	14.8	16.6	5.2	4.7
Japan	3.7	6.1	1.3	1.7
United Kingdom	10.3	—*	3.6	—
E. E. C.	49.1	59.7	17.2	16.8
Other Countries	51.1	62.7	17.9	17.7
Total	285.7	354.4	100.0	100.0

* included in the E E.C.

Coconut

Production and Exports

In 1973, the coconut production received a severe setback mainly on account of the prolonged drought during the previous year. Generally, droughts are accompanied by a fall in fertilizer application and this aggravated the situation in 1973. Also, many large estates came to be neglected, sometimes owing to the uncertainty created by the land reforms. The coconut pest that affected certain areas too contributed to the fall in output. According to the Central Bank estimates, production fell from the high 1972 figure of 2963 million nuts to 1935 million nuts in 1973. The impact on production is also evident in the Coconut marketing Board's estimate of copra production having fallen spectacularly from 249,536 tons in 1972 to 93,152 tons in 1973. The volume of copra sold at the Colombo Auctions fell from 707,117 candies in 1972 to a mere 120,970 candies in 1973.

Following this drastic fall in production, the government enforced a ban on the export of copra on 15 February, 1973¹. This was effective notwithstanding any licence issued for the export of copra. As a result of the ban, export approvals of copra by the Coconut Marketing Board amounted to 339 tons in 1973, whereas the quantity so approved in 1971 and 1972 was 18,465 tons and 47,949 tons, respectively. According to Customs data, the export of copra was only 2,700 tons in 1973 compared to 43,581 tons in the previous year. The excess reflected in Customs data was due to delayed shipment of copra exports approved in 1972.

Coconut oil production fell by more than 50 per cent from 124,779 tons in 1972 to 54,940 tons in 1973. On 9th April, the government banned the export of coconut oil as well². As a result, export approvals of coconut oil declined sharply from 80,509 tons in 1972 to 9,728 tons in 1973, and actual exports of coconut oil declined to 17,700 tons in 1973 (inclusive of 1973 shipments effected following 1972 approvals) from 43,581 tons in the previous year.

There was a partial withdrawal of the ban on the export of coconut oil in December, 1973. An exception was made as from 1st December, 1973³, when a total quantity of coconut oil not exceeding 4,500 tons on one or more valid export licences issued by the Coconut Marketing Board was permitted to be exported.

The estimated production of desiccated coconut, according to the Coconut Marketing Board, was 37,384 tons in 1973 and this represented a fall in production of 23 per cent as compared with the previous year. Desiccated coconut exports which rose from 50,757 tons in 1963 to 69,944 tons in 1968 have begun to decline sharply since then, and last year it was only 48,276 tons. Export approvals of desiccated coconut also fell from 47,279 tons in 1972 to 38,407 tons in 1973 while actual exports of desiccated coconut in value terms increased from Rs. 78 million in 1972 to Rs. 111 million this year.

1. Emergency (Coconut Products) Regulation No. 1 of 1973

2. Emergency (Coconut Products) Regulation No. 3 of 1973

3. Emergency (Coconut Products) Regulation No. 1 of 1974

Poonac production is estimated to have fallen from 70,085 tons in 1972 to 27,470 tons in 1973.

Price Trends

The price of copra at the Colombo auctions reached an unprecedented level in 1973. The average price of Estate No. 1 copra rose from Rs. 197 per candy in 1972 to Rs. 323 in 1973. The average for December, 1973 of Rs. 396 per candy was an all-time high.

The average price of coconut oil at Rs. 2,032 per ton in 1973 showed an increase of Rs. 897 over that realized in the previous year. This was an increase of 79 per cent which reflected the general price increase in coconut oil in world markets.

The average domestic price of desiccated coconut too rose from 60.9 cents per pound in 1972 to 89.9 cents per pound in 1973. The export (f.o.b.) price at Rs. 1.34 per pound in 1973 showed an increase of 62 cents relative to 1972. This again reflected the general improvement in prices in world markets.

Poonac prices too had their share of the boom. The domestic price rose from Rs. 216 per ton in January, 1972 to Rs. 440 per ton in December, 1972 and thereafter to Rs. 865 per ton in December, 1973. Local coconut prices reached unprecedented levels during 1973. The average price for December 1973 in Chilaw, Puttalam, Negombo, Kurunegala, Gampaha and Kalutara rose to Rs. 349.40 per 1000 nuts.

The table below gives the volume and prices of the major coconut exports during the last 5 years

TABLE II (K) 14
Major Coconut Products, Export Volumes & Prices
1969 to 1973

Year	Volume					F.O.B. Price			
	Coconut Oil Th. cwts.	Copra Th. cwts.	Desiccated Coconut Th. cwts.	Fresh nuts Th. nuts	Total (in terms of nut equivalent) Mn. nuts 1, 2, 3, & 4	Coconut Oil Rs. per ton	Copra Rs. per Candy	Desiccated Coconut Rs. per lb.	Fresh nuts Cents per nut
	(1)	(2)	(3)	(4)					
1969	1,103	381	1,018	10,332	905	1,953.00	341.29	0.77	0.41
1970	1,142	305	967	6,321	880	2,037.60	371.90	0.91	0.46
1971	1,388	344	1,043	8,567	1,019	2,142.40	349.72	0.88	0.45
1972	1,709	872	973	10,478	1,258	1,548.69	296.39	0.72	0.41
1973	361	55	742	5,118	422	1,488.80	324.25	1.34	0.68

Source: Customs, Sri Lanka

Exports by Destination**Coconut Oil**

Bangladesh was the largest buyer of coconut oil in terms of both volume and value. Its purchases were 93,000 cwts. of coconut oil in 1973 compared with 61,500 cwts. in 1972. The second largest buyer was Canada which accounted for 66,100 cwts. in 1973, showing a reduction in imports of 222,300 cwt at compared to 1972. Coconut oil exports to China, the largest buyer in the past few years, declined from 557,600 cwt. in 1972 to 30,000 cwt. in 1973. Another large buyer of coconut oil in 1973 was Pakistan which purchased 36,300 cwts.

Copra

There was a very large contraction in copra exports in 1973, and was due mainly to the ban on the export of copra following a shortfall in domestic production. In 1973, Pakistan was the only important buyer with an intake of 3,000 tons of copra. Total copra exports fell from 43,600 tons in 1972 to 3,000 tons in 1973.

Desiccated Coconut

Earnings from desiccated coconut exports registered a large expansion in 1973 as compared to 1972. In volume terms, however, desiccated coconut exports fell from 972,871 cwts. in 1972 to 742,224 cwts. in 1973. The United Kingdom bought 237,300 cwts. in 1973 as compared to 323,600 cwts. in 1972. Exports to other countries increased from 40,000 cwts. in 1972 to 496,200 cwts. in 1973.

Other Agricultural and Non-Industrial Products**Local Market**

The average prices of minor export commodities in the Colombo market, as shown in table II (K) 15, increased substantially in 1973 as compared to the previous year. These price increases followed boom conditions in the world markets for a large number of primary agricultural commodities. Cocoa Estate No. 1 rose from Rs 214.69 per cwt. in 1972 to Rs. 466.71 per cwt. in 1973. This was in contrast to the period from 1969 to 1971 when cocoa prices continued to decline to very low levels. The same applied to cinnamon quills which fell sharply from Rs. 5.51 per pound in 1969 to Rs. 3.24 per pound in 1972 but in 1973 the average price went up to Rs. 4.58 per pound, an increase of 41.4 per cent relative to 1972.

The average price of brown papain has progressively risen from Rs. 8.58 per pound in 1969 to Rs. 31.37 per pound in 1973, the change in price over 1972 being 59.6 per cent. White papain also reflected the same trend except for 1970 when the price rose from Rs. 22.22 per pound in 1972 to Rs. 38.73 per pound in 1973.

Prices of cardamoms and citronella oil increased by 85.2 per cent and 80.8 per cent respectively. The lowest price increase was recorded by coir fibre bristle and there, the increase was 25 per cent. The local market price of coconut shell charcoal increased from Rs. 238.76 per ton in 1972 to Rs. 450.54 in 1973.

Table II (K) 15 summarizes the price trends for selected minor exports during the period 1969 to 1973.

TABLE II (K) 15

Average Colombo Market Prices of Selected Minor Export Commodities

(Rs. per Unit).

	Unit of Quantity	Annual Average					Quarterly Average of 1973				Percentage Change			
		1969	1970	1971	1972	1973	1st	2nd	3rd	4th	1970 Over 1969	1971 Over 1970	1972 Over 1971	1973 over 1972
Cocoa ¹	.. Cwt.	367.24	239.19	228.30	214.69	466.71	343.00	407.84	566.96	549.05	- 34.9	- 4.6	- 5.9	+106.0
Cinnamon Quills ²	.. lb.	5.51	4.58	3.87	3.24	4.58	3.96	4.18	4.73	5.44	- 16.9	-15.5	-16.3	+ 41.4
Cinnamon Chips ³	.. Candy.	433.11	267.52	286.50	283.87	450.61	350.00	414.52	495.92	542.00	- 38.2	+ 7.1	- 0.9	+ 58.7
Cardamoms ⁴	.. lb.	28.51	29.03	15.07	15.94	29.52	31.34	30.00	29.96	26.79	+ 1.8	- 48.1	+ 5.8	+ 85.2
Citronella Oil ⁵	.. lb.	6.31	6.03	6.96	8.35	15.10	12.71	12.23	16.25	19.21	- 4.4	+15.4	+20.0	+ 80.8
Papain White	.. lb.	15.56	14.53	15.47	22.22	38.73	35.00	35.75	41.27	42.90	- 6.6	+ 6.5	+43.6	+ 74.3
Papain Brown	.. lb.	8.58	9.40	13.05	19.66	31.37	28.75	29.88	33.27	33.57	+ 9.6	+38.8	+50.6	+ 59.6
Coir Mattress ⁶	.. Cwt.	18.34	16.88	19.85	17.86	22.77	18.55	20.52	24.12	27.88	- 8.0	+17.6	-10.5	+ 27.5
Coir Fibre Bristle ⁷	.. Cwt.	44.33	38.03	40.63	42.32	53.00	41.64	40.08	62.79	67.50	- 14.2	+ 6.8	+ 4.1	+ 25.2
Coconut Shell Charcoal ⁸	.. Ton.	135.85	320.21	443.07	238.76	450.54	319.79	402.79	436.46	643.13	+135.7	+38.4	-46.1	+ 88.7

Sources: Weekly Sundry Produce Market Reports;
The Ceylon Chamber of Commerce, Weekly Price List.

1. Estate No. 1.
2. Fine/0000.
3. Loose at buyer's stores, sifted free from sand and dust.
4. Green Estate No. 1.
5. Ex Sellers No. 1.
6. Quality No 1.
7. 3 Tie.
8. In buyer's bags.

Exports

Despite a sharp drop in the coconut production, all coconut by-products increased in volume as well as in export value. The prices in the local and international markets for coconut by-products have been very favourable. All types of bristle fibre have shown price increases in the local market over the year. Exports of bristle and mattress fibres increased from 531,000 cwts, and 1,289,000 cwts. in 1972 to 578,000 cwts. and 1,441,000 cwts. in 1973, respectively. This was in contrast to the previous year when there was a fall in the volume of bristle and mattress fibre exports. In all, export earnings from coconut by-products in 1973 were Rs. 80.4 million and were Rs. 16.9 million higher than in the previous year.

In the spices group, exports of cinnamon quills, cinnamon chips, pepper and cloves registered sharp increases in 1973. In 1973, a record volume of 87,300 cwts of cinnamon quills was exported at a f. o. b. price of Rs. 356.24 per cwt., the increase in price over the year being Rs. 6.61 per cwt. Hence, export earnings increased from Rs. 27 million in 1972 to Rs. 31 million in 1973. Cinnamon chips too recorded a sharp increase in exports at a slightly higher price. On the other hand, despite a sharp increase in the f. o. b. price, exports of cardamoms declined. Exports of cloves and their f. o. b. prices registered sharp increases in 1973, resulting in an increase in the export value from Rs. 0.8 million in 1972 to Rs. 10.1 million in 1973.

In the mineral products group, there was a small increase in the volume of natural graphite exported in 1973, while the f. o. b. price at Rs. 94.93 per cwt. was the highest realised for many years. Exports of ilmenite fell in 1973, but owing to a small increase in the f. o. b. price, earnings from ilmenite rose marginally.

Detailed particulars of export volumes, values and prices of selected minor exports are given in table II (K) 16.

Gems

The highest rate of increase shown in the value of export earnings of any important commodity in 1973 was in the gem industry. According to Customs data, export earnings from precious and semi-precious stones at Rs. 140.8 million in 1973 showed a significant increase of Rs. 128.8 million in relation to 1972. According to the State Gem Corporation, the value of exports of gems for 1973 was Rs. 152.8 million, of which the share of sales through the private sector accounted for 83 per cent.

[illegible]

TABLE II (K) 16

Non-Industrial Commodities

Value (Rs. Million)							F. O. B. Price per unit									
1967	1968	1969	1970	1971	1972	1973	1965	1966	1967	1968	1969	1970	1971	1972	1973	
22.0	25.6	24.6	22.3	27.2	28.6	35.7	52.74	43.49	40.94	43.35	48.63	47.13	51.01	53.78	61.73	
19.4	25.5	25.4	24.8	27.2	28.4	36.2	20.69	18.21	18.24	20.23	21.67	21.16	20.83	21.99	25.12	
4.9	5.2	3.4	6.7	10.7	6.5	8.5	9.76	12.20	18.02	16.34	8.90	11.53	17.06	12.07	15.01	
29.8	32.9	33.8	28.4	25.1	26.9	31.1	582.57	620.11	564.71	531.79	513.33	405.79	353.16	349.63	356.24	
1.2	2.3	4.1	1.7	2.2	3.4	6.7	130.32	161.79	153.27	141.30	191.11	134.02	146.23	160.28	164.22	
3.3	4.1	7.3	11.3	5.8	5.7	8.4	1453.38	1978.56	1341.65	1639.22	2297.00	2838.61	1581.78	1356.17	2270.72	
0.4	2.4	3.1	4.7	0.7	0.9	12.9	197.93	199.76	215.21	146.53	173.12	279.42	749.21	391.82	319.31	
0.1	0.1	2.8	4.1	0.1	0.8	10.1	164.65	138.29	104.24	130.22	617.35	756.41	354.28	395.97	834.74	
4.1	7.3	7.0	7.2	6.2	5.1	6.1	157.15	139.26	178.36	211.16	273.43	240.82	205.57	165.92	269.91	
2.8	5.1	2.9	2.2	6.9	6.9	6.7	—	—	3.00	3.81	4.04	4.21	4.47	4.57	4.41	
6.7	7.8	8.3	8.9	9.0	8.8	11.6	31.05	31.30	32.83	36.91	36.78	46.39	59.10	74.72	94.93	
1.5	2.6	4.1	4.2	4.7	7.1	7.3	1.48	1.36	0.86	1.78	2.45	2.68	2.69	3.96	4.07	
3.4	2.0	0.5	4.3	3.4	12.3	140.8	57.26	63.56	—	—	—	—	—	—	216.71	
2.3	1.2	1.0	1.0	0.3	0.2	0.1	—	—	—	—	—	—	—	—	—	
101.9	124.1	128.3	131.8	129.5	141.6	322.1										

Source: Customs, Sri Lanka

Until recently export earnings from gems through official channels were at a low level. The provision of a premium payment under the FEEC Scheme of May, 1968 was not effective in increasing export earnings to any appreciable level. The expansion in export earnings in 1973 could therefore be attributed largely to the further incentives offered in July 1972, whereby exporters of gems were allowed to credit 25 per cent of their net f. o. b. export earnings to convertible rupee accounts. They were also granted an attractive tax amnesty from August 1973 to 31st October 1973.

TABLE II (K) 17

Export of Gems

Rupees Million

	Customs		State Gem Corporation 1973		
	1972	1973	Gem Corporation	Private Sector	Total
January ..	0.2	3.9	2.2	3.1	5.4
February ..	0.1	2.7	1.1	3.8	4.9
March ..	0.1	6.2	1.2	7.7	8.9
April ..	0.1	16.7	1.9	15.1	17.1
May ..	0.6	14.5	6.4	10.2	16.7
June ..	1.6	18.1	1.9	15.4	17.3
July ..	0.3	14.3	3.5	13.8	17.3
August ..	1.6	16.6	0.6	16.5	17.1
September ..	2.0	13.6	2.1	15.6	17.7
October ..	1.3	17.8	2.2	14.0	16.2
November ..	1.8	12.9	2.5	8.3	10.8
December ..	2.8	3.5	0.2	3.2	3.5
Annual	12.3	140.8	26.1	126.7	152.8

Sources: Customs, Sri Lanka;
State Gem Corporation

The value of total purchases of gems by the Corporation was Rs. 107.7 million in 1973. The number of licences issued for gemming in 1973 was 2,547 as against 1,657 in 1972. However, licences issued for the gem trade and lapidary fell from 2,457 to 2,335 and from 1,055 to 475 respectively. The Corporation earned Rs. 1.8 million from the auctioning of land in 1973, an increase of Rs. 1.1 million as compared to the previous year.

Selected Industrial Exports

Earnings from selected industrial exports as shown in table II (K) 18 have risen from Rs. 51 million in 1972 to Rs. 90.5 million in 1973, an increase of 77 per cent above the level in 1972. This was in contrast to a marginal increase of 3.5 per cent in 1972. These exports have been increasing both in volume and value over the last few years and if petroleum exports are included they account for a significant share of total exports. Particulars are given in the following table.

TABLE II (K) 18

Selected Industrial Exports

	1972		1973		1973/72	
	Quantity	Value (Th. Rs.)	Quantity	Value (Th. Rs.)	Percentage change in value	
1. Food, Beverages and Tobacco						
(a) Bakery Products cwt. ..	5,189	686.4	6,953	885.7	+	29.0
(b) Fruits tinned or bottled ..	7,213	876.2	17,690	2,500.1	+	185.3
(c) Animal Fodder ..	429,552	4,061.5	234,727	3,214.5	-	20.8
(d) Frozen Fish ..	—	8,908.3	122	17,684.0	+	98.5
2. Textiles, Wearing Apparel						
(a) Cotton Batik Cloth ..	—	269.8	—	3,994.2	+	1,380.4
(b) Shirts and other garments No. ..	110,763	7,272.8	148,102	15,187.3	+	108.8
3. Chemical Products						
(a) Glycerine cwt. ..	30,216	2,265.0	30,197	2,741.8	+	21.0
(b) Fatty Acids ..	—	3,880.9	63,148	6,917.0	+	78.2
(c) Soap ..	2,785	325.7	4,183	468.8	+	43.9
4. Petroleum Products*						
(a) Naptha gls. ..	44,136,354	9,762.9	37,028,125	17,842.7	+	82.8
(b) Motor Spirits ..	13,185	42.7	5,710	33.0	-	22.7
(c) Kerosene ..	23,000	27.6	26,000	41.4	+	50.0
(d) Diesel oil ..	6,141,514	1,320.9	148,025	237.8	-	82.0
(e) Lubricating oil cwt. ..	104,000	59.6	—	—	—	—
(f) Residual Fuel Oil ..	34,825,319	5,189.6	12,878,229	4,686.6	-	9.7
5. Leather, Rubber, Wood and Paper Products						
(a) Leather tanned cwt. ..	12,298	4,001.5	52,681	7,157.8	+	78.9
(b) Footwear of leather doz. ..	8,550	527.7	14,910	901.0	+	70.7
(c) Footwear of rubber ..	24,276	708.9	47,217	2,151.4	+	203.5
(d) Rubber tyres No. ..	52,038	289.4	409,000	2,090.1	+	622.2
(e) Other articles of rubber cwt. ..	1,926	337.0	24,344	581.4	+	72.5
(f) Lumber sawn tons ..	1,294	59.2	24,571	868.6	+	1,367.2
6. Non metallic mineral products						
(a) Ceramic materials cwt. ..	328	150.0	1,195	346.8	+	129.8
Grand Total ..		51,024.5		90,532.0	+	77.4

Source: Customs, Sri Lanka.

* Exports of Petroleum products according to data supplied by the Petroleum Corporation are as follows:-

		(Th. Rs.)	
		1972	1973
Marine bunkers	..	58,856.4	93,741.8
Aviation	..	10,973.5	17,067.8
Kerosene	..	52.3	0.9
Gosoline	..	6.3	—
Naptha	..	12,391.8	19,459.4
Fuel oil	..	6,422.1	4,141.6
Total	..	88,702.5	134,411.4

Earnings from petroleum products form the bulk of earnings from the selected industrial products. Earnings from exports of petroleum products rose by 52 per cent from Rs. 88.7 million in 1972 to Rs. 134.4 million in 1973. Of these, the larger items such as marine bunkers, aviation fuel and naptha have shown increases ranging between 56 per cent and 59 per cent in 1973.

Of the other industrial exports, relatively high earnings in 1973 were recorded by shirts and other garments, tanned leather, fatty acids, cotton batik cloth, glycerine, fruits(tinned or bottled), footwear of rubber and rubber tyres. Exports of the following items showed increases in earnings in excess of 100 per cent: shirts and other garments (by 108.8 per cent), cotton batik cloth (by 1380.4 per cent), fruits tinned or bottled (by 185.3 per cent), footwear of rubber (by 203.5 per cent) and rubber tyres (by 622.2 per cent).

The total values of selected Industrial Exports, adjusted for the Petroleum Corporation data, are Rs. 123.3 million in 1972 and Rs. 185.0 million in 1973.

3 Imports

According to Customs data, the value of imports in 1953 at Rs. 2,715 million was the highest recorded for the past five years. It was Rs. 651 million more than in 1972, an increase of 32 per cent.

The increase in 1953 was entirely due to rises in import prices. As mentioned earlier, inflationary pressures, scarcities and speculative buying abroad tended to raise prices to exceptionally high levels in 1973, while the depreciation of the Rupee arising from international currency realignments aggravated the situation. In fact, the increase in prices as measured by the Import Price Index (1967=100) in 1973 was 32 per cent. On the other hand, the quantity of imports as measured by the Import Volume Index (1987=100) fell by 10 per cent in 1973.

The rise in import prices was so large in 1973 that it more than offset the improvement in export prices and, as a result, the country's terms of trade 1967=100) declined by around 13 per cent to 65 per cent.

Adjustments of Customs data for imports by the Food Commissioner and the Petroleum Corporation reveal an increase in the value of imports by Rs. 547 million to Rs. 2,765 million in 1973. The adjusted data are presented in table II (K) 19 below.

TABLE II (K) 19
Customs Data Adjusted

Customs Data - Adjusted				Rupees Million	
		1972 Value	Percentage Share of Total	1973 Value	Percentage Share of Total
1.	Consumer goods ..	1,118	50.4	1,555	56.2
	of which				
	A. Food and Drink ..	966	43.6	1,379	49.9
	(i) Rice ..	142	6.4	322	11.6
	(ii) Flour ..	216	9.7	458	16.6
	(iii) Sugar ..	250	11.3	334	12.1
	B. Textiles ..	48	2.2	55	2.0
	C. Other consumer goods ..	104	4.7	120	4.3
2.	Intermediate goods ..	607	22.4	733	26.5
3.	Investment goods ..	438	19.7	452	16.3
4.	Unclassified Imports ..	55	2.5	25	0.9
5.	Total Imports ..	2,218	100.0	2,765	100.0

Sources: Customs, Sri Lanka; Petroleum Corporation; Food Commissioner.

The percentage share of consumer goods in relation to total imports has risen from 50 per cent in 1972 to 56 per cent in 1973, according to adjusted data. This has resulted in reductions in the share of intermediate and investment goods, their combined share declining from 47 per cent in 1972 to 43 per cent in 1973. This was a disconcerting feature in the import structure of 1973. In a situation of declining import capacity, it would have been desirable if the share of investment and intermediate goods imports was kept up; but this would have been difficult because for some time the imports of consumer goods have been pruned down to critically minimum levels.

According to Customs data, import volumes of rice and flour increased by 14 per cent and 32 per cent respectively, while the import volume of sugar declined by 13 per cent. Table II (K) 20 below presents statistics on the import of rice, flour and sugar according to records maintained both by the Customs (which are based on entries passed) and the Food Commissioner. The following comments on rice, flour and sugar are based on the more reliable data of the Food Commissioner.

Rice

The substantial increase in the value of imports of rice and the consequent increase in the foreign exchange outlay in 1973 were mainly a result of a sharp increase in the c. & f. price of rice by Rs. 408.93 per ton. The import volume of rice also increased by 76,000 tons or 22 per cent. A shortfall in supplies in important producing areas in Asia led to this upsurge in price in 1973.

Flour

The value of imports of flour increased by Rs. 242 million or by 112 per cent, reflecting an increase in the average c. & f. price by Rs. 587 per ton in 1973. The quantity imported was also higher by 41,000 tons. This is reflected in table II (K) 21 where the share of flour imports out of the total imports has increased from 9 per cent in 1972 to 17 per cent in 1973.

Sugar

The increase of Rs. 84 million in the value of Sri Lanka's imports of sugar in 1973 as compared to the year 1972 was due wholly to an increase in the average c. & f. price by Rs. 534 per ton or by 50 per cent to a very high Rs. 1,752 per ton. The volume of imports, however, contracted by 24,000 tons or by 11 per cent. The rise in the average c. & f. price of sugar was the result of higher prices that prevailed in the international markets.

TABLE II (K) 20
Customs Data and Actual Imports of Rice, Flour and Sugar

			Food Commissioner's Data					Customs Data (Food Commissioner's imports and imports of others as recorded by Customs)				
			1971	1972	1973	Change 1973/72		1971	1972	1973	Change 1973/72	
						Absolute	%				Absolute	%
Rice												
Quantity : Th. tons	..	..	334	262	338	+ 76	+ 21.9	290	294	335	+ 41	+ 13.9
Value : Rs. Mn.	..	..	188	142	322	+ 180	+ 126.8	195	161	270	+ 109	+ 67.7
C. & F. Price : Rs. per ton	..	..	563.11	544.25	953.18	+ 408.93	+ 75.1	673.78	547.27	807.47	+ 260.20	+ 47.5
Flour												
Quantity : Th. tons	..	..	330	324	365	+ 41	+ 12.8	318	301	396	+ 95	+ 31.6
Value : Rs. Mn.	..	..	208	216	458	+ 242	+ 112.0	206	193	453	+ 260	+ 134.7
C. & F. Price : Rs. per ton	..	..	630.79	667.26	1,254.20	+ 586.94	+ 88.0	649.93	639.92	1,144.14	+ 504.22	+ 78.8
Sugar												
Quantity : Th. Tons	..	..	283	214	190	- 24	- 10.8	287	223	193	- 30	- 13.4
Value : Rs. Mn.	..	..	239	250	334	+ 84	+ 33.8	243	248	321	+ 73	+ 29.4
C. & F. Price : Rs. per ton	..	..	844.65	1168.16	1,752.16	+ 584.00	+ 50.0	845.87	1111.55	1,663.44	+ 551.89	+ 49.6
Total value of rice, flour and sugar: Rs. Mn.			635	608	1,114	+ 506	+ 83.2	644	602	1,044	+ 44.2	+ 73.4

Sources: Food Commissioner's Department,
Customs, Sri Lanka.

Imports by Major Category - Customs Data

Table II (K) 21 presents a breakdown of imports by major categories and commodities or groups of commodities as reflected in the Customs returns.

The value of imports rose from Rs. 2064 million in 1972 to Rs. 2715 million in 1973. The rate of increase in value at current prices has been the highest in the intermediate goods category at 65 per cent, while the absolute increase has been the highest in the consumer goods category where the value has risen from Rs. 1,113 million in 1972 to Rs. 1,485 million in 1973. Investment goods have also risen slightly in value. Percentage increases in the value of consumer, intermediate and investment goods above their levels in 1972 have been 33 per cent, 65 per cent and 3 per cent respectively.

Consumer Goods

Consumer goods imports which had been declining in value from 1970 despite price increases in 1971 and 1972 (the import price index using 1967 as a base year indicating a rise from 139 in 1970 to 149 in 1971 and further to 171 in 1972) registered a sharp increase in 1973. This has been due largely to the increase in value of imports of rice, flour and sugar. World market prices of these food items soared to peak levels in 1973, and as a result the average c. i. f. prices have risen by approximately 48 per cent, 79 per cent and 50 per cent, respectively, in 1973 (according to Customs records). This is also reflected in the appendix table, where the price index of the 'food and drink' sub-groups has shown the sharpest increase in the consumer goods category. The quantities of rice and flour imported in 1973 have also risen by 14 per cent and 32 per cent, respectively, above their levels in 1972. The value of imports of milk and milk products has also risen to Rs. 70 million from a yearly average of around Rs. 53 million in the last four years.

Among food imports which have been reduced, imports of fish (dried and other) declined considerably from Rs. 62 million in 1972 to Rs. 32 million in 1973. Similarly, the value of imports of 'other food' has declined from Rs. 143 million in 1972 to Rs. 50 million in 1973. Here, imports of grams and pulses have been reduced by around 67 per cent and chillies by around 88 per cent in 1973.

Imports of other consumer goods have risen by around 15 per cent. The value of imports of rubber tyres and tubes has doubled to Rs. 10 million in 1973 mainly as a result of the decline in domestic production of tyres from around 157,000 tyres in 1972 to 149,000 tyres in 1973. (Furthermore, there have been some exports of tyres in 1973). The value of imports of motor cars has declined from Rs. 11 million in 1972 to Rs. 8 million in 1973 and medicinal and pharmaceutical products, from Rs. 41 million in 1972 to Rs 36 million in 1973.

Intermediate Goods

The value of imports of intermediate goods increased in 1973 and this has been largely due to the increase in the value of crude oil imports which rose from Rs. 188 million in 1972 to Rs. 266 million in 1973, as recorded by the Petroleum Corporation.

The prices of imports of fertilizer and chemical elements and compounds have risen sharply in 1973. In the case of imports of fertilizer, the quantity imported has risen from 4 million cwts. in 1972 to nearly 5 million cwts. in 1973. The average unit price of imported fertilizer has risen by 41 per cent above its level in 1972, as a result of shortages and high prices of petroleum based feedstocks in 1973. Imports of yarn and thread have declined by 65 per cent in 1973 but textile imports have risen by about 15 per cent.

The prices of intermediate goods have registered a steep increase of 51 per cent in 1973 - this being the highest recorded by a single category of imports.

Investment Goods

There has been a marginal increase in the value of imports of investment goods, from Rs. 438 million in 1972 to Rs. 452 million in 1973. The imports of building materials that fall into this category have declined slightly in 1973. In the building materials sub-group, the value of imports of cement has remained at the level of approximately Rs. 2 million in 1972 and 1973. Domestic production of cement increased from 377,000 tons in 1972 to 415,000 tons in 1973, and the quantity of imports has been therefore reduced from 347,000 cwts. in 1972 to 214,000 cwt. in 1973. The average price of imported cement rose by approximately 14 per cent to Rs. 7.69 per cwt. in 1973. The value of imports of machinery and equipment rose by around 24 per cent to Rs. 224 million. The price increase recorded in the index of import prices in the case of investment goods is 17 per cent while total import prices have risen by 32 per cent and the categories consumer and intermediate goods have risen by 27 per cent and 51 per cent, respectively. According to the trade indices, decreases in volume and increases in price were registered by all major categories of imports.

Oil

The sharp escalation in oil prices imposed by the Organization of Petroleum Exporting Countries is likely to have adverse repercussions on the world economy, particularly on the developing countries. The rise in the price of oil is expected to lead to sharp increases in prices, economic stagnation and balance of payments difficulties in most oil importing countries.

The f.o.b. price of a barrel of crude oil imported by Sri Lanka has risen from U.S. \$. 1.04 in 1970 to U.S. \$. 1.90 in 1972, to U.S. \$. 2.46 in June, 1973 and further, to U.S. \$. 4.40 in December 1973¹.

1. The posted prices of oil have been practically doubled on 1st January, 1974. For instance, Iran has increased the posted price of crude oil to \$ 11.65 per barrel and Libya has doubled the posted price of crude oil to \$ 15.79 on 1. 1. 1974.

TABLE II (K) 21
Imports by Major Categories and Commodities or Groups of Commodities: 1969-73

	Value in Rupees Million					Percentage of total Imports				
	1969	1970	1971	1972	1973	1969	1970	1971	1972	1973
I. Consumer Goods —	1,218	1,294	1,136	1,113	1,485	47.9	55.8	57.2	53.9	54.7
of which:										
A. Food and Drink	976	1,069	918	961	1,309	38.0	46.1	46.2	46.6	48.2
(i) Rice	257	318	195	161	270	10.1	13.7	9.8	7.8	9.9
(ii) Flour	255	260	206	193	453	10.0	11.2	10.4	9.4	16.7
(iii) (a) Sugar, refined	115	170	243	248	321	4.5	7.3	12.2	12.0	11.8
(b) Sugar, other (i.e. sakkarai, jaggery and sugar candy) .. .. .	...	1	1	1	...	...	...	0.1	...	...
(iv) Milk and Milk products	52	55	47	57	70	2.0	2.4	2.4	2.8	2.6
(v) Meat, fish and eggs	87	68	72	83	52	3.4	2.9	3.6	4.0	1.9
of which: (a) Fish dried (excluding maldivian fish but including dried prawns)	69	53	52	62	39	2.7	2.3	2.6	3.0	1.4
(b) Fish, other	17	15	19	20	13	0.7	0.6	1.0	1.0	0.5
(vi) Food, other	145	139	96	143	50	5.7	6.0	4.8	6.9	1.8
of which: (a) Grams and pulses	78	63	45	98	31	3.1	2.7	2.3	4.7	1.1
(b) Onions	17	29	1	...	—	0.7	1.2	0.1	...	—
(c) Chillies	26	26	30	24	3	1.0	1.1	1.5	1.2	0.1
(vii) Drink and manufactured tobacco	4	3	2	1	1	0.2	0.1	0.1	...	...
B. Textiles (including clothing)	122	124	103	48	55	4.8	5.3	5.2	2.3	2.0
C. Other Consumer Goods—	120	101	115	104	120	4.7	4.3	5.8	5.0	4.4
of which (i) Motor cars	13	10	7	11	8	0.5	0.4	0.4	0.5	0.3
(ii) Watches and clocks .. .. .	...	...	...	...	...	...	...	...	...	...
(iii) Radio receivers	1	1	1	2	3	...	...	0.1	0.1	0.1
(iv) Rubber tyres and tubes	22	11	11	5	10	0.9	0.5	0.6	0.2	0.4
(v) Medicinal and pharmaceutical products	32	29	34	41	36	1.3	1.5	1.7	2.0	1.3
2. Intermediate Goods	592	451	388	458	754	23.3	19.5	19.5	22.2	27.8
of which: (i) Fertilizer	66	81	59	63	111	2.6	3.5	3.0	3.1	4.1
(ii) Petroleum products	156	59	26	38	295	6.1	2.5	1.3	1.8	10.9
(iii) Coal	4	4	4	1	3	0.2	0.2	0.2	...	0.1
(iv) Chemical elements and compounds	66	56	66	73	107	2.6	2.4	3.3	3.5	3.9
(v) Dyeing, tanning and colouring materials	14	10	11	14	12	0.6	0.4	0.6	0.7	0.4
(vi) Tea and other chests	13	9	20	9	5	0.5	0.4	1.0	0.4	0.2
(vii) Paper and paperboard	55	45	48	42	40	2.2	1.9	2.4	2.0	1.5
(viii) Yarn and thread	80	41	40	61	21	3.1	1.8	2.0	3.0	0.8
(ix) Unmanufactured tobacco	6	3	4	1	3	0.2	0.1	0.2	...	0.1
3. Investment Goods—	700	546	419	438	452	27.5	23.5	21.1	21.2	16.6
of which—(i) Building materials —	99	119	118	121	107	3.9	5.1	5.9	5.9	3.9
of which: (a) Cement	14	7	3	2	2	0.6	0.3	0.2	0.1	0.1
(ii) Transport equipment	213	126	76	107	95	8.4	5.4	3.8	5.2	3.5
(iii) Machinery and equipment	368	276	200	181	224	14.5	11.9	10.1	8.8	8.3
4. Total (items 1, 2 and 3)	2,510	2,292	1,943	2,009	2,690	98.7	99.0	97.8	97.3	99.1
5. Unclassified Imports	33	22	43	55*	25	1.3	1.0	2.2	2.7	0.9
6. Total Imports	2,543	2,313	1,986	2,064*	2,715	100.0	100.0	100.0	100.0	100.0

* Amended figures

Source: Customs, Sri Lanka

The value of imports of crude and refined oil and the value of exports of petroleum products inclusive of kerosene and aviation fuel between 1972 and 1973 have been as follows:-

TABLE II (K) 22
Value of Exports and Imports of Petroleum Products

		(Rs. Million)	
		1972	1973
1. Exports	..	18.8	23.6
2. Bunkers and Aviation Fuel	..	69.9	110.8
3. Total (1 + 2)	..	88.7	134.4
4. Oil Imports*	..	186.5	273.7
5. Net (4 - 3) imports	..	97.8	139.3

Source: Ceylon Petroleum Corporation.

* Includes small quantities of refined oil - Rs. 8.7 million in each year, 1972 and 1973.

4. Pattern of Trade

The pattern of Sri Lanka's trade with trading blocs and other groups is given in table II (K) 23. There has been a considerable increase in Sri Lanka's exports to the Commonwealth group in 1973, while imports from this group fell marginally. Both exports to and imports from non-Commonwealth countries increased by significant amounts. The same holds true for Sri Lanka's trade with the E.E.C. Exports to EFTA showed a substantial increase while imports from this region fell marginally. A noteworthy expansion has also taken place in 1973 for Sri Lanka's trade with the ECAFE countries.

Sri Lanka's trade balance improved in 1973 relative to 1972 with the Commonwealth group, EFTA and Eastern Europe while the opposite held true for trade with the non-Commonwealth group.

There have been significant changes in Sri Lanka's trade with its major trading partners in 1973 as compared to 1972. Exports to the U.K. increased considerably while imports therefrom recorded a marked fall, thereby leading to a higher trade surplus. Exports to the U.S.S.R. declined marginally but imports from this source increased. The turnover of trade with China, Pakistan and the U.S.A. showed a significant improvement in 1973 while imports to and exports from India registered a decline. There have been noteworthy improvements in Sri Lanka's balance of trade with the U.K (by Rs. 65.1 million) and Pakistan (by Rs. 33.9 million) while there was a deterioration in the balance of trade with the U.S.A. (by Rs. 47.9 million), China (by Rs. 34.9 million) and the U.S.S.R. (by Rs. 25.3 million).

TABLE II (K) 23

**Sri Lanka's International Trade in Merchandise by Trading
Blocs and Other Groups and Selected Major Trading partners**

	Rupees Million					
	Total Exports f.o.b.(a)		Total Imports c.i.f.(b)		Balance of Trade	
	1972	1973	1972	1973	1972	1973
Commonwealth Countries ..	548.7	671.1	594.5	578.1	- 45.8	+ 93.0
Non-Commonwealth Countries ..	1,386.2	1,831.1	1,464.1	2,115.4	- 77.9	- 284.3
European Economic Community ..	181.1	591.5	249.2	622.0	- 68.1	- 30.5
European Free Trade Association ..	285.9	336.1	265.7	238.3	+ 20.2	+ 97.8
Eastern Europe ..	145.1	194.9	81.9	101.9	+ 63.2	+ 93.0
ECAFE Region						
(a) Developing ..	239.7	392.9	471.3	543.1	- 231.6	- 150.2
(b) Developed ..	161.0	234.7	315.9	364.7	- 154.9	- 130.0
U K. ..	272.7	300.2	222.1	184.5	+ 50.6	+ 115.7
U. S. S. R. ..	64.2	63.0	22.9	47.0	+ 41.3	+ 16.0
China ..	160.1	240.6	95.9	211.3	+ 64.2	+ 29.3
Pakistan ..	155.0	213.9	83.9	108.9	+ 71.1	+ 105.0
India ..	11.0	10.6	110.1	80.6	- 99.1	- 70.0
U. S. A. ..	140.5	180.1	158.2	245.7	- 17.7	- 65.6

Source Customs, Sri Lanka.

(a) Excludes ships' stores and bunkers.

(b) Excludes passenger baggage.

Trade with the People's of Republic of China

Table II (K) 24 gives data on Sri Lanka's trade with the People's Republic of China for the period 1969-1973, while table I1 (K) 25 provides details of the values of commodities traded during 1972 and 1973.

An expansion in the turnover of Sri Lanka's trade with the People's Republic of China took place in 1973. The total trade turnover with China increased by Rs. 196 million or by 76.6 per cent compared with 1972. The value of exports increased by Rs. 81 million or 50 per cent, while the value of imports from China rose by Rs. 115 million or 120 per cent as compared to the previous year. A trade surplus of Rs. 64 million in 1972 was reduced to Rs. 30 million in 1973.

Rubber continued to be the principal export product to China in 1973 and export values more than doubled, increasing by Rs. 123.6 million. Exports of coconut oil showed a steep fall of Rs. 47.2 million. Imports of rice and textiles increased by Rs. 116 million and Rs. 13.7 million, respectively, while imports of dried chillies decreased by Rs. 14.2 million.

TABLE II (K) 24

Trade with the People's Republic of China 1969-1973

Year	Exports		Imports		Balance of Trade Rs. mn.	Trade Turnover	
	Value Rs. mn.	Percentage of total exports	Value Rs. mn.	Percentage of total imports		Value Rs. mn.	Percentage of total trade turnover
1969	240	12.5	282	11.1	- 42	522	11.7
1970	252	12.4	289	12.5	- 37	541	12.4
1971	181	9.4	161	8.1	+ 20	342	8.7
1972	160	8.0	96	4.6	+ 64	256	6.3
1973	241	9.2	211	7.8	+ 30	452	8.5

Source: Customs, Sri Lanka

TABLE II (K) 25

Trade (Commodity-wise) with the People's Republic of China 1972-1973

Rupees Million						
				1972	1973	Absolute Change
Exports						
Rubber	..	..	..	109.1	232.7	+123.6
Coconut Oil	..	..	..	49.7	2.5	- 47.2
Other	..	..	..	1.3	5.4	+ 4.1
Total	..	..	..	160.1	240.6	+ 80.5
Imports						
Rice	..	..	..	40.0	156.0	+116.0
Textiles	..	..	..	15.9	29.6	+ 13.7
Dried Chillies	..	..	..	17.1	2.9	- 14.2
Textile Yarn and Thread	..	..	..	0.9	0.5	- 0.4
Pulses and Spices	..	..	..	3.2	2.7	- 0.5
Tea Chests	..	..	..	1.2	1.6	+ 0.4
Others	..	..	..	17.6	18.0	+ 0.4
Total	..	..	..	95.9	211.3	+115.4
Balance of Trade				+64.2	+29.3	-

Source: Customs, Sri Lanka

Trade with the U. S. S. R. and Eastern Europe

Table II (K) 26 provides data on imports from and exports to the U.S.S.R. and Eastern Europe for the last five years, while table II (K) 27 gives details of Sri Lanka's trade with these countries in 1972 and 1973.

In 1973, the previous declining trend of the total trade turnover with the U. S. S. R. and Eastern Europe was reversed and there was an increase of Rs. 70 million or 30.8 per cent as compared to 1972. This was due to an increase both in the value of imports and of exports to the region. Whilst the value of exports to the region expanded by Rs. 50 million or 34 per cent, the value of imports from the region increased by Rs. 20 million or 24 per cent as compared to 1972.

TABLE II (K) 26

Trade with the U. S. S. R. and Eastern Europe* 1969-1973

Year	Exports		Imports		Balance of Trade Rs. mn.	Trade Turnover	
	Value Rs. mn.	% of Total exports	Value Rs. mn.	% of Total imports		Value Rs. mn.	% of Total trade turnover
1969	165	8.6	251	9.9	- 86	416	12.0
1970	174	8.6	185	8.0	- 11	359	8.2
1971	180	9.3	151	7.6	+29	331	8.4
1972	145	7.2	82	4.0	+63	227	5.6
1973	195	7.5	102	3.8	+93	297	5.6

Source: Customs, Sri Lanka

* Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Rumania and Yugoslavia.

The U.S.S.R. continued to be Sri Lanka's principal trading partner in this region, in 1973 accounting for Rs. 62.9 million of the total value of exports to the region. However, the value of exports to the U.S.S.R. contracted by Rs. 1.2 million when compared with that of the preceding year. Poland, (Rs. 43 million), Hungary (Rs. 21 million), Rumania (Rs. 20 million), Czechoslovakia (Rs. 14 million) and Yugoslavia (Rs. 13 million) were the other important buyers of Sri Lanka goods in the region.

The increase in value of exports to the region is mainly due to an expansion of rubber and tea exports by Rs. 94.6 million and Rs. 9.7 million respectively. Exports of coconut products fell sharply by Rs 62 million.

Imports into Sri Lanka from the region increased considerably from Rs. 82 million in 1972 to Rs. 102 million in 1973. Imports from the U.S.S.R. increased by Rs. 24.1 million to Rs. 47 million in 1973 over 1972. Expansion in imports is mainly due to increases in the import of sugar (by Rs 6.6 million), iron and steel (by Rs. 11 million) and textiles (by Rs. 2 million).

Imports under State Monopoly

The number of items exclusively imported by the government continued to increase. While rice, flour and sugar were solely imported by the Food Commissioner, imports by the Co-operative Wholesale Establishment (CWE) enjoyed a monopoly of certain food and other items such as coriander, cummin seed, dried fish, maldivian fish, yeast and baking powder, pulses, garlic, sago

TABLE II (K) 27
The Value of Trade (Commodity-wise) with the U.S.S.R. & Eastern Europe

Rs. Million

	Bulgaria		Czechoslovakia		G.D.R.		Hungary		Poland		Rumania		Yugoslavia		U. S. S. R.		Total	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
(i) Total Exports ..	2.16	8.03	12.65	14.23	22.38	13.09	0.79	20.66	15.28	43.10	14.39	19.49	13.32	13.31	64.17	62.95	145.14	194.86
of which																		
Tea ..	...	—	0.25	...	0.24	...	...	0.39	2.26	—	...	...	1.41	0.82	...	8.66	4.16	9.87
Rubber ..	2.13	8.03	4.10	7.34	11.96	9.05	0.30	18.74	10.14	35.49	12.94	19.24	3.08	4.95	11.16	47.53	55.81	150.37
Coconut products ..	—	—	7.30	1.15	11.11	3.14	0.66	1.51	1.37	6.23	—	0.02	4.13	0.19	49.10	—	74.27	12.24
(ii) Total Imports ..	0.99	0.49	11.44	6.22	11.77	3.53	9.58	3.99	8.02	29.76	10.07	8.75	7.09	2.10	22.87	47.00	81.83	101.84
of which																		
Sugar ..	—	—	9.13	—	—	—	—	—	—	21.47	—	—	5.72	—	—	—	14.85	21.47
Machinery & Parts thereof ..	—	—	0.32	0.42	0.64	0.46	0.04	—	0.01	0.09	1.04	0.07	0.34	0.56	2.41	4.33	4.80	5.93
Textiles ..	0.39	—	0.86	3.47	—	—	1.16	—	3.41	6.69	0.88	—	—	—	1.55	—	8.25	10.16
Tea Chests ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4.57	3.31	4.57	3.31
Iron & Steel and articles thereof ..	—	—	0.11	...	0.35	0.11	—	—	...	0.02	0.07	0.01	2.58	0.07	3.53	17.49	6.64	17.70
Petroleum Products ..	—	—	...	—	...	...	—	—	—	—	—	—	—	0.12	—	...	...	0.12
Cement ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Balance of Trade	+1.17	+7.54	+1.21	+8.01	+10.61	+9.56	-8.79	+16.67	+7.26	+13.34	+4.32	+10.74	+6.23	+11.21	+41.30	+15.95	+63.31	+93.02

Source: Customs, Sri Lanka.

barley, fennel seed, mathe seed, dates, raisins and currants. Certain sports goods and scientific equipment such as clinical thermometers and scientific glassware were also imported by the C.W.E. Also, a wide variety of goods were imported by the Sri Lanka State Trading (General) Corporation and these included tea chests and tea chest panels, photographic equipment, electrical items (such as bulbs, irons, batteries and torches), explosives, cartridges, tyres and tubes for motor vehicles, office equipment and weighing machines. Sri Lanka State Trading (Textiles) Corporation imported sewing thread, elastic fabrics and webbing, cotton wicks and woollen clothing, and the Sri Lanka Trading (Tractor) Corporation, agricultural tractors, implements and parts.

A large number of building materials were imported by the Building Materials Corporation, paper and paper boards by the Eastern Paper Mills Corporation, fishing nets and lines by the Fisheries Corporation, rice huller spares by the Paddy Marketing Board, foodstuffs for animals and maize by the Oils and Fats Corporation, full cream milk powder and malted milk by the Milk Board and most fertilizers by the Ceylon Fertilizer Corporation. The Ceylon Petroleum Corporation had a monopoly of petroleum products including crude oil, aviation fuels and lubricants, automotive and industrial lubricants, brake fluids, paraffin, match waxes and petrolatums. The Pharmaceutical Corporation was the sole importer of western drugs, Paranthan Chemicals Corporation, of caustic soda and Sri Lanka Tobacco Industries Corporation, of beedi leaves.

5. Transportation

Cargo handled at the Ports

The total volume of cargo handled by the ports of Colombo, Galle and Trincomalee which was 2,619,990 shipping tons in 1972 declined by 2.9 per cent to 2,543,283 shipping tons in 1973. The volume of cargo handled by the Ports of Colombo and Trincomalee declined by 3 per cent and 5 per cent, respectively, while the volume of cargo handled by the Port of Galle showed an increase. Particulars of the tonnage handled by the Port of Colombo in each quarter of 1973, compared to the respective quarters for the previous year are given in table II (K) 28,

TABLE II (K) 28

Import and Export Cargoes handled by the Port of Colombo

(Shipping Tons)

Quarter	Cargo handled		Change	
	1972	1973	Absolute	Percentage
First ..	691,065	636,478	- 54,587	- 7.9
Second ..	602,135	560,802	- 41,333	- 6.9
Third ..	533,915	569,161	+ 35,246	+ 6.6
Fourth ..	599,318	585,796	- 13,522	- 2.3
Year ..	2,426,433	2,352,237	- 74,196	- 3.1

Source: Port (Cargo) Corporation

Freight Rates

Sri Lanka's balance of payments position was further aggravated this year by freight rate increases which varied from $7\frac{1}{2}$ to $12\frac{1}{2}$ per cent by most of the Conference Lines. A notable feature in 1973 was the imposition of additional charges by way of adjustments for international currency fluctuations and bunker price increases. The increases in 1973 are summarized below :

- (i) Ceylon/Australia Conference:
 - 21.02.73¹ A tariff currency devaluation surcharge from 5.5 per cent to 17.22 per cent.
 - 1.04.73² A general freight increase of 10 per cent.
 - 24.11.73³ A bunker surcharge of 5 per cent.
- (ii) Sri Lanka/West Coast South America Services:
 - 1.04.73² A general freight increase of 10 per cent.
- (iii) Ceylon/U.K. & Eire Conference:
 - 29.01.73 A Liverpool Port Congestion surcharge of 15 per cent.
 - 21.02.73¹ A devaluation surcharge from 5 per cent to 16.66 per cent.
 - 26.02.73 A Port Congestion surcharge on Avamouth of 15 per cent.
 - 20.03.73 A Liverpool Port Congestion surcharge from 15 per cent to 20 per cent.
 - 1.10.73² A general freight increase of $12\frac{1}{2}$ per cent.
 - 29.10.73 A Port Congestion surcharge on Avamouth from 15 per cent to 20 per cent,
 - 28.11.73³ A bunker surcharge of 3.54 per cent.
- (iv) Ceylon Continental Conference:
 - 1.02.73¹ A devaluation surcharge from 5.5 per cent to 17.22 per cent.
 - 1.10.73² A general freight increase of $12\frac{1}{2}$ per cent.
 - 28.11.73³ A bunker surcharge of 3.54 per cent.
- (v) U.K./Eastbound Conference:
 - 1.10.73² A general freight increase of $7\frac{1}{2}$ per cent.
- (vi) Continental/East bound Conference
 - 1.10.73² A general freight increase of $7\frac{1}{2}$ per cent.
- (vii) Canadian City Line Ltd. Leif Hoegh & Co. Ltd.
 - 12.02.73² A general freight increase of $12\frac{1}{2}$ aer cent.

1. An increase claimed on account of the devaluation of the U.S. \$ on 13. 2. 73
 2. An increase claimed on account of the increase in cost.
 3. An increase claimed on account of the fuel price increases.

(viii) Ceylon/New Zealand Conference:

- 1.03.73¹ A tariff currency devaluation surcharge of 5.3 per cent.
 12.73² A currency adjustment factor from 5.3 per cent to 13 per cent.
 12.73³ A bunker surcharge of 5 per cent.

(ix) Ceylon-Arabian & Persian Gulf/Red Sea Conference:

- 22.02.73¹ A devaluation surcharge from 5 per cent to 15 per cent.
 28.11.73³ A bunker surcharge of 3.54 per cent.

(x) Ceylon/Straits/China/Japan Agreement:

- 1.03.73¹ A currency devaluation surcharge from 8.57 per cent to 18.57 per cent.
 14.12.73³ A bunker surcharge of 5 per cent.

(xi) Ceylon/U.S.A. Conference:

- 24.05.73¹ A currency devaluation surcharge of 10 per cent.
 15.12.73² An emergency bunker fuel surcharge of 5 per cent.

(xii) Ceylon South Africa Service - Bank Line.

- 1.12.73³ A bunker surcharge of £1.00 per ton

(xiii) Sri Lanka/South America (River Plate) Service:

- 1.12.73³ A bunker surcharge of £0.80 per ton.

(xiv) Ceylon/Pakistan Service:

- 15.09.73 A Karachi port congestion surcharge of 10 per cent.
 1.11.73 do from 10 per cent to 20 per cent.
 16.11.73 do from 20 per cent to 25 per cent.
 7.12.73 do from 25 per cent to 50 per cent
 for tea only.

There were two reductions in freight rates in 1973₂ and they are given below:-

(i) Ceylon/New Zealand Conference:

- 1.02.73 A currency adjustment factor from 5 per cent to nil.

(ii) Ceylon/U.S.A. Conference:

- 25.07.73 A currency devaluation surcharge from 10 per cent to 5.5 per cent.

1 An increase claimed on account of the devaluation of the U.S.\$ on 13.2.73

2 An increase claimed on account of the increase in cost.

3 An increase claimed on account of the fuel price increases.

6. Bilateral Clearing Accounts

Taking all the countries with which Sri Lanka has bilateral clearing accounts, there has been a balance of Rs. 54.9 million in Sri Lanka's favour as at 31st December, 1973.

In 1973, the total value of receipts (mostly from exports) to the countries with which Sri Lanka has bilateral clearing accounts was in the region of Rs. 528.6 million and payments (mostly for imports) from these countries, Rs. 587.2 million. In other words, the value of payments by Sri Lanka in 1973 has been higher than that of receipts, the deficit being Rs. 58.6 million. As seen in table II (K) 29, the percentages of traditional exports in relation to total exports, to the U. A. R. have been almost 100 per cent; to Czechoslovakia 96 per cent; to Hungary and GDR 93 per cent; to Poland 87.9 per cent; to Rumania 84.7 per cent; to the U. S. S. R. 77 per cent; to Bulgaria 74 per cent and to China 59.7 per cent. The only country to which Sri Lanka exported a very low percentage of traditional products (i. e. 6.5 per cent) was Syria, but the value of total exports to Syria in 1973 has been only Rs. 0.5 million. Taking all these countries into account, the value of Sri Lanka's traditional exports in relation to total exports had been 69.9 per cent in 1973.

TABLE II (K) 29

Sri Lanka's Bilateral Agreements: Traditional Exports as a Percentage of Total Exports in 1973

Value in Rupees			
	Traditional Exports (a)	Total Exports	Traditional Exports as a percentage of Total Exports
1. Bulgaria ..	1,477,817	1,998,244	74.0
2. China ..	180,340,873	302,030,834	59.7
3. Czechoslovakia ..	20,196,404	21,047,274	96.0
4. G.D.R. ..	15,632,509	16,764,965	93.2
5. Hungary ..	14,259,524	15,201,678	93.8
6. Poland ..	36,441,210	41,475,544	87.9
7. Rumania ..	9,217,072	10,881,345	84.7
8. Syria ..	33,719	515,239	6.5
9. Korea ..	—	—	—
10. U.A.R. ..	42,316,806	42,317,153	100.0
11. U.S.S.R. ..	58,827,325	76,334,143	77.1
12. Yugoslavia ..	—	—	—
Total ..	369,535,404	528,566,419	69.9

Source: Central Bank of Ceylon.

(a) Tea, Rubber and Coconut products.

The net aggregate quarterly positions of bilateral clearing accounts maintained in terms of the payments agreements concluded by Sri Lanka appear in table II (K) 30 below.

TABLE II (K) 30
Bilateral Clearing Accounts*
Net Aggregate Quarterly Position 1972-1973

			Rs. million
Net position as at end of			
		Credit	Debit
1972 March	..	-	139.5
June	..	-	129.6
September	..	-	121.5
December	..	-	120.3
1973 March	..	-	47.5
June	..	-	64.0
September	..	-	75.6
December	..	-	54.9

Source: Central Bank of Ceylon.

* China, D.P.R. Korea, Syria, U.A.R., U.S.S.R., Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Rumania & Yugoslavia.

Credit - Due from Ceylon.

Debit - Due to Ceylon.

7. Trade Agreements

The fifth five year Trade and Payments Agreement between Sri Lanka and the People's Republic of China which was signed on 18th December 1972 came into effect from 1st January 1973. According to the Protocols signed, China agreed to buy 57,000 metric tons of rubber and Sri Lanka agreed to buy 200,000 metric tons of rice to the approximate value of Rs. 157,600,000. It was also agreed to encourage China to buy precious and semiprecious stones from Sri Lanka and Sri Lanka to buy cotton piece goods from China to the value of Rs. 60,000,000 approximately.

Another agreement between Sri Lanka and the United Arab Republic was signed on 6th February, 1973. Under this agreement Sri Lanka and the United Arab Republic agreed to purchase goods on a scheduled list from each other to the value of £4,925,000 in 1973.

A special Trading Agreement between the Director of Commerce of the government of Sri Lanka and J. H. Rayner and Company Limited, London was signed on 1st March, 1973. It was agreed that the Director of Commerce and Rayner Company would jointly make every effort to ensure that exports from and imports into Sri Lanka to an annual value equivalent to £2 million per annum in each direction were effected, and that this amount might be increased by mutual agreement. No transactions under this Agreement took place during 1973.

8. The Enlarged EEC and Sri Lanka

One of the consequences of Britain's entry into the EEC is the loss of Commonwealth Preferences by Sri Lanka in the British market. Britain's adoption of the common external tariff of the EEC could also have adverse effects on Sri Lanka's exports.

The developing Commonwealth countries in Africa, the Caribbean and the Pacific Ocean referred to as the Commonwealth Associates are being offered options ranging from associate status to special trading arrangements and these countries will enjoy a measure of preferred access for their exports to the enlarged Community over the Asian countries of the Commonwealth. Furthermore, Sri Lanka will be competing with the Associated States of the EEC for the British market.

The Commission of the EEC has proposed to its Council of Ministers the grant of immediate relief on certain items in the first stage of alignment of tariffs by Britain due on 1st January, 1974. These concessions are also being extended under the revised Generalized Scheme of Preferences of the enlarged EEC which will come into effect from 1st January 1974 on items such as packeted tea, desiccated coconut, coconut oil, unmanufactured tobacco, canned pineapples, shrimps and footwear. With these concessions, major exports of Sri Lanka such as tea in bulk (on which duties are suspended), rubber, desiccated coconut and copra (which are duty free) except coconut oil, will now enter Britain and the EEC, free of duty.

Other areas in which exports from Sri Lanka could be effected are some minor exports which Sri Lanka is trying to promote.

9. Commodity Aid

TABLE II (K) 31
Commodity Aid Programme - Arrivals 1973

Commonwealth And Programme Arrivals 1975										Rupees Million	
Country/Organization	(1) Intermediate and Investment Goods						Total	(2) Consumer Goods		Total	Total (1) and (2)
	IV	V	VI	VII	VIII	IX		VIII	IX		
Australia	—	—	—	—	—	—	—	12.6	—	12.6	12.6
Canada	—	—	—	10.8	0.8	1.2	12.8	4.9	2.8	7.7	20.5
Denmark	—	0.7	—	12.6	—	—	13.3	—	—	—	13.3
France	—	6.7	—	17.7	—	4.9	29.3	4.4	—	4.4	33.7
Germany, Dem. Rep.	—	—	—	—	—	—	0.3	—	—	—	0.3
Germany, Fed. Rep.	—	—	9.8	—	1.3	—	11.1	3.3	12.0	15.3	26.4
India	—	0.9	—	10.1	—	3.4	14.4	—	—	—	14.4
Italy	2.1	—	—	—	—	—	2.1	—	—	—	2.1
Japan	—	—	0.4	57.2	—	—	57.6	—	—	—	57.6
Sweden	—	—	—	—	4.3	10.7	15.0	—	—	—	15.0
United Kingdom	—	3.6	4.6	3.9	—	9.0	21.1	—	—	—	21.1
U.S.A.	—	—	—	—	—	—	—	45.9	—	45.9	45.9
U.S.S.R.	—	—	—	—	—	—	2.2	—	—	—	2.2
E.E.C.	—	—	—	—	—	—	—	8.9	—	8.9	8.9
Int. Agencies	—	—	—	—	—	—	—	4.7	—	4.7	4.7
World Food Programme	—	—	—	—	—	—	—	2.8	—	2.8	2.8
Total	2.1	11.9	14.8	112.3	6.4	29.2	179.2	87.5	14.8	102.3	281.5

Source: Ministry of Planning and Economic Affairs.

The total commodity aid arrivals provided by thirteen countries¹, and organizations under six of the nine aid programmes², during 1973 amounted to Rs 281.5 million and was Rs. 66.7 million less than that of 1972. Details of aid received from the donor countries and organizations classified into consumer, intermediate and investment goods are given in Table II (K) 32.

TABLE II (K) 32
Aid Arrivals in 1973: Commodity-wise

Commodity			Value Rs. Mn.	Percentage Share
Intermediate & Investment Goods				
Fertilizer	..	..	45.5	16.2
Motor spares	..	..	15.2	5.4
Tractors, Implements and spares	..	..	9.8	3.5
Industrial raw materials	..	..	6.9	2.5
Commercial vehicles	..	..	8.9	3.2
Machinery and spares	..	..	27.6	9.8
News Print	..	..	7.0	2.5
Electrical Equipment	..	..	5.7	2.1
Steel sheets	..	..	7.6	2.7
Aluminium sheets	..	..	5.5	2.0
Steel products	..	..	3.2	1.1
Engineering stores	..	..	0.7	0.2
Fishing nets	..	..	1.7	0.6
Marine Engines	..	..	0.9	0.3
Locomotive Engines	..	..	0.2	...
Ticket machines	..	..	0.2	...
Wood pulp	..	..	0.7	0.2
Bus Body Building materials	..	..	0.1	...
Telecommunication Equipment	..	..	2.5	0.9
Pipes and Fittings	..	..	0.3	0.1
Radio Equipment	..	..	3.6	1.3
Typewriters	..	..	0.2	...
Asbestos	..	..	3.3	1.2
Weighing Machines	..	..	1.0	0.4
Kraft paper	..	..	11.6	4.1
Bus Chasis	..	..	3.4	1.2
Printing paper	..	..	3.4	1.2
Tyres and Tubes	..	..	2.5	0.9
Total	..	..	179.2	63.6
Consumer Goods				
Wheat Flour	..	..	99.9	35.3
Vegetable Oil	..	..	1.4	0.6
Dried Fish	..	..	0.6	0.2
Sugar	..	..	0.2	...
Milk Products	..	..	0.2	...
Total	..	..	102.3	36.3
Grand Total	..	..	281.5	100.0

Source: Ministry of Planning and Economic Affairs

1. For the list of countries and organizations, see table II (K) 31.
2. Programmes one to three have been fully utilized.

The major share of aid arrivals in 1973 consisted of intermediate and investment goods (Rs. 179.2 million) and the balance (Rs. 102.3 million) consisted of consumer goods. The highest proportion of aid arrivals in 1973 was under the seventh programme (Rs. 112.3 million).

The main aid imports within the intermediate and investment goods categories comprised fertilizer (Rs. 45.5 million), machinery and spares (Rs. 27.6 million) and motor spares (Rs. 15.2 million). Under the consumer goods category, aid imports of wheat flour amounted to Rs. 99.9 million,