

# imprint

India's Foreign Affairs Magazine. International affairs.  
India's imprint on the world in business and culture.

## India-Senegal relations:

*An accord signed for technology transfer and regular dialogue*

INDIA attaches great importance to relations with Senegal because of many reasons. Senegal is a key player in Africa and it has the strongest economy in West Africa. India is Senegal's second largest trading partner. Senegal is an active member of the United Nations and it supports India's permanent candidature in the United Nations. It is also one of the major proponents of TEAM-9, a group which has been established between 8 countries to assist in the economic development of the region.



India and Senegal share good trade relations. India has already set up various projects including a US\$ 4.5 million Entrepreneurial Training & Development Centre, installation of 245 Solar PV Powered Home Lighting Systems and two Medical Refrigeration Systems, a US\$ 2 million Agricultural Development Project and Computerisation of the Senegalese Prime Minister's Office. The Indian diasporas in Senegal have also been increasing rapidly over the past few years. The relations between India and Senegal are going to receive further impetus as the Indian External Affairs Minister Natwar Singh has gone on a visit to this beautiful West African nation. Natwar Singh met President of Senegal, Abdoulaye Wade and other important officials in the country.

The two sides have signed a protocol to establish a

regular dialogue between their foreign offices.

Both countries have also agreed to cooperate in technology for small-scale industries.

Besides this, a separate agreement has been signed by Managing Director of India's National Research Development Corporation (NRDC), D K Bhardwaj, and Mody Ndiaye, Director of Cabinet of Senegal's Ministry of Small and Medium Enterprises that foresees the establishment of an Indian technology demonstration centre in Dakar. For spreading information about useful technologies developed by NRDC, the agriculture, fisheries and small-scale industries created a channel for promoting export of Indian machinery and equipment to Senegal.

Senegalese authorities expressed their keen interest in following India's Green Revolution in agriculture and expressed their desire for assistance from India in this sector. Senegal

expects to use Indian expertise in Information Technology (IT) for its own ambitious program to bring IT training to high schools and the administration. Singh met with the Foreign Minister Gadio and traded views on a wide range of bilateral, regional and international issues.

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### CHECKLIST OF VISITORS

Palestinian National Authority President

**Mahmoud Abbas**

May 25 to 27

Former President of United States

**Bill Clinton**

May 25 to 27

President of Sri Lanka

**Chandrika Kumaratunga**

June 2 to 4

Prime Minister of Thailand

**Thaksin Shinwatra**

June 3

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## PERSPECTIVE

### Louder foreign policy on the radio, please

Our President APJ Kalam has been traveling abroad but with a purpose and design. The President is hardworking and methodical in his aim and aspirations from his state level travels and undoubtedly the state has benefited greatly from his vision and planning: Visiting the geothermal power plant in Iceland, Russia: The subsequent meeting of the Foreign Ministers of India, Russia and China at Vladivostok with an agenda and a new sense of purpose. A sense of urgency in realizing energy security awareness for the country. A lot of credit must go to the Scientist President. He is proactive with a sense of mission that comes naturally to a man of vision.

The External Services Division (ESD) of All India Radio (AIR) is in a rethink mode as no direct funding anymore from the government and no support from the Ministry of External Affairs. Since 1991 it seems direct government funding has been stopped for the external broadcasts on radio. Sri Lanka, Pakistan, Bangladesh and China are all broadcasting in many languages, especially to neighbors. Radio broadcasts in Burmese, Pushtu, Chinese, Nepali, Thai, Tibetan, Persian, and other Central Asian languages are important enough for India, even at a cost. Radio can protect the foreign policies of India and build friends.

Jinnah's house in Mumbai, it is important must never be handed over to Pakistan. If today it is believed and maybe so rightly, or even if untruly, that the person who divided a people on the basis of religion was indeed a secularist, then the best that can be done with Jinnah house is to convert it, as has been decided, into a SAARC center or secretariat. First of course for the record the Union of India must end all claims emphatically, even if it has to take back as refugee property the house of Salman Rushdie to nullify all precedents. Taking advantage of a kindness is the privilege of the privileged. In India it's a rule. The Jinnah house could undergo a name change. 'SAARC Secretariat' would lose the opportunity to rather name it 'Secular House'. To give or not to give: Jinnah House or History? in the News.

Pakistan to go arm shopping! in the News. It is ironic that we just received a book on the Killing of Daniel Pearl and in the news is this reward programme, also in the news was the President of Afghanistan insisting whatever 'Taliban' does exist, mainly does so in Pakistan from where the resistance in Afghanistan is being mentored and monitored. "Fight against terror" is really not saying it like it is. Nick Downie, a security expert said of the recent bomb blast at the funeral in Kandahar for the anti-Taliban cleric Maulvi Abdul Fayaz; "It does look like an attack planned from abroad". Says Lieut Cindy Moore, US Army spokeswoman "We are seeing individuals coming into the country from Pakistan and creating instability."

The CIA ex-boss Porter Goss said he knows where Bin Laden is but cannot do nothing about it as he just cannot for the moment enter a 'country' as the US is involved in 'respecting' their rights ("sanctuaries in sovereign states" to quote Goss) as they need cooperation in the "fight against terror." All the experts are frustrated and all the world knows, but for how long will the game be played?

There is good news in Sri Lanka and India actually considering a common currency, and Laos eager for Indian investment, India being invited to the G8, the Shangri La dialogue, the International Youth satellite proposed by President APJ Kalam, the US change of heart on India's entry into the UN (I think we need to play it tough, either we go in as equals to France and the UK and China or remain outside and let our power speak for itself. Sooner or later India's strengths will be acknowledged) and with this note on the good news, we promise to bring you again in July another issue focusing on foreign affairs and foreign relations too and on international relations. Imprint is going to deliver a unique magazine not done like it is till today. With a diversity of international connections I think such a magazine is needed that explores India's foreign policy on various fronts. Cheers!

Anil Chopra, Editor & Publisher

The brief for *imprint* is India's international economic relations, and India's foreign policy impacting economic development, as also the imprint of India globally, arising from the actions of our government. And of Indians in their achievements internationally.

Foreign Ministers meeting at Vladivostok

## India and China: to Russia with love



THREE of the most potentially powerful countries in the world united in the Vladivostok city of Russia. India and China saw their Foreign Ministers travel to the Eurasian country with much fervour and enthusiasm; Natwar Singh, Sergei Lavrov and Li Zhaoxing. The sole purpose of the tripartite meet was to discuss future developments and collaborations between the three nations. The key topics of discussion were

energy and strategy, topics that hold much international interest. A common factor was the realisation that a competitive approach between the countries might prove to do more harm than it would do good. Hence, cooperation on many fronts can be beneficial to all the parties concerned. Especially when taking into consideration, India and China's gigantic demand for energy, that Russia has the ability to

cater to. There are speculations that such meets might brew an anti-American feel, but ~~such~~ <sup>these</sup> views can be disregarded in favour of the advantages there are to gain.

Even though, the outcome of the trilateral talks did not result in any specific resolution, there have been broad outlines on which further action shall be carried out. Furthermore, The Chambers of Commerce, of all three countries shall be involved to boost the international trade. Indian Petroleum Minister, Mani Shankar Aiyar announced that In-

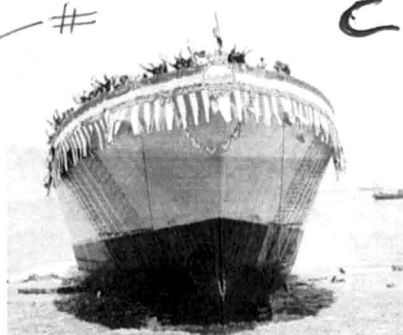
dia had the capability to invest up to \$25 billion in the Russian oil and gas sector. Currently, the trade placement between India and China is nothing spectacular. However, under the cooperation scheme of Russian fuel-carriers and weapons in exchange for Indian investments and technologies, the trade turnover is expected to increase from \$3 billion to \$28 billion, within the next decade. Conclusively, the meet had positive outcomes and hopes for a closer and more friendly future for two ex-communists countries and a democracy.

## Indian Navy gets stronger with the launch of Sahyadri

NAVY personnel at the Mazgaon Dock of Mumbai went euphoric when *Sahyadri* smoothly glided into the sea. The occasion was *Sahyadri*'s launch. *Sahyadri* is the latest battleship of the Indian Navy. *Sahyadri* was launched by Indian Navy in the end of May.

This 142.5 m long ship has a displacement of 4900 tonnes. This ship will be commissioned into

the Indian Navy in March 2008. The ship is expected to have a capacity to achieve a speed of 30 knots. This ship is going to be equipped with warfare capabilities like surface to surface air missiles. It is expected that *Sahyadri* will be at par with the best warships in the world with technology from India and Russia. *Sahyadri*



Sahyadri

is also the third and the last stealth frigate of the

"Project -17" series built by Mazgaon Dock.

This latest warship is an important addition to the Indian Navy as it is difficult to detect this ship on the enemy radar. Another significant feature of *Sahyadri* is its long range/ early warning system. This makes it crucial for the wartime activities.

## India-Senegal relations:

(Continued from pg 1)

Singh's visit coincided with a conference of Senegalese ambassadors and consul generals worldwide. Interestingly, Natwar Singh was invited to address the gathering of Senegalese diplomats and to participate in an inter-generational

dialogue representing four generations of Senegalese diplomacy. Recently, Senegal has conferred upon Natwar Singh the highest award of Senegal, Chevalier de l'Ordre National du Lion" (Knight of the Lion's National Order), that is usually reserved for distin-

guished heads of states and governments.

Natwar Singh also laid the foundation stone for a monument to Mahatma Gandhi in a prestigious spot. The Senegalese government has named it Place Mahatma Gandhi and plans to build an impressive park

around this monument. Well-known Indian sculptor Gautam Paul crafted the bust of Mahatma Gandhi under the sponsorship of the Indian Council of Cultural Relations. This signifies the developing cultural relations between the two countries.

## DIPLOMATIC INITIATIVES



► President APJ Abdul Kalam and President of Iceland give a joint statement after the delegation level talks held at Bessastaoir in Reykjavik in Iceland on May 30, 2005.



► Let us focus on technology sharing: APJ Kalam, the President of India, addresses a press conference in Berne. With him is Samuel Schmid, President of Switzerland. Kalam visited Switzerland from May 25<sup>th</sup> to 29.



► Looking East: Thaksin Shinawatra, the Prime Minister of Thailand meets Manmohan Singh, the Indian PM in New Delhi. Thai PM visited India on June 3, 2005.



► Meeting with the Russian PM: APJ Abdul Kalam, the President of India meets the Prime Minister of Russia Mikhail Fradkov in Moscow on 23 May 05.

► Raising a toast for our cordial relations: APJ Kalam shares a drink with Samuel Schmid, President of Switzerland. The president of India visited Switzerland in the end of May



► President of India APJ Kalam accompanied by the President of Switzerland Mr. Samuel Schmid. The two leaders visited Einstein House at Berne On May 28, 2005.



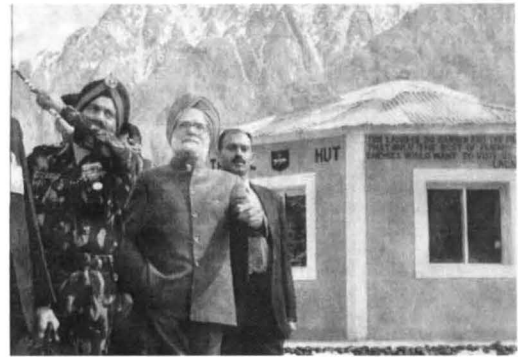
► India-Bhutan, an enviable example of close economic ties: From (l-r) Crown Prince of Bhutan HRH J K N Wangchuk, Prime Minister of India Manmohan Singh, The King of Bhutan Jigme Singye Wangchuk, and President of India APJ Kalam



## DIPLOMATIC INITIATIVES



Scientist President at a power plant: President of India, APJ Kalam at Nesjavellir Geothermal Power Plant near Reykjavik in Iceland. Kalam visited Iceland from May 29 to June 1



Sincere efforts to move mountains of obstacles: Prime Minister of India, Manmohan Singh on his first visit to Siachen, world's highest battlefield. Manmohan expressed Government of India's desire to turn Siachen into 'a mountain of peace' with Pakistan.

Hope Sethusamudram becomes a bridge, not a barrier: Prime Minister of India Manmohan Singh with President of Sri Lanka Chandrika Kumartunga. Sri Lankan President visited India in the first week of June.



Energy convergence: Natwar Singh(r) addresses a press conference with Foreign Minister of Russia, Sergei Lavrov (middle), on extreme left is Li Zhaoxing, their Chinese counterpart. The three Foreign Ministers met at Vladivostok.



Strengthening technology ties with Russia. President of India, APJ Abdul Kalam during a visit to Advanced Laser Institute in St. Petersburg in Russia on May 25, 2005

Discussing strategy for Energy: Foreign Minister of India Natwar Singh with Foreign Minister of Russia Sergei Lavrov and his Chinese counterpart Li Zhaoxing. The tripartite talks between the three Foreign Ministers was held at Vladivostok, Russia.



Time for some intellectual discussion: President APJ Kalam (r) with a Swiss academic in Zurich, Switzerland. Indian President visited Switzerland in the end of May

## Middle East peace process: India should act now

PALESTINIAN National Authority, President Mahmoud Abbas came to India in the third week of May. During his visit the Palestinian President met the President of India, A P J Abdul Kalam, Prime Minister (PM) Manmohan Singh, External Affairs Minister K Natwar Singh and United Progressive Alliance leader Sonia Gandhi. This is Abbas's first visit to India since he succeeded Yasser Arafat as the President of Palestinian National Authority.

Mahmoud Abbas expressed his gratitude towards India for its humanitarian assistance and political support to the Palestinian people and ex-

pressed the hope that India will play a bigger role in the Middle East peace process. India has recently pledged an aid of \$ 15 million to the Palestinian National Authority. This assistance will be utilized by Palestine for the construction of hospitals, schools and other developmental projects.

Mahmoud Abbas's visit to India is being given considerable importance in the political circles of both India and Palestine. The main reason of Palestine attaching so much importance, to its Head of State's India visit, is the current proximity of India and Israel. Palestine desires India to make use of its

warm relations with Israel to resolve the conflict in the Gaza strip.

The Palestinian President termed India a friendly state and after his talks with the Indian PM, disclosed that the talks were exceedingly constructive. Both leaders had discussions on trade and culture apart from politics. India has expressed its support for the establishment of an independent Palestinian state. The Indian PM has also as-



Mahmoud Abbas,  
Palestinian National  
Authority President

sured that India will use its stature to help the peace process in the Middle East.

This visit will be an important landmark of Indo-Palestinian relations in the changed political paradigm of the Middle East

(now that Arafat is no more). India has close relations with both Israel and Palestine, therefore the need of the hour is that India should emerge as a catalyst for the resolution of the conflict in the troubled Gaza strip region and create its imprint on the world peace map.

## Manmohan's take on nuclear responsibility

INDIA is a nuclear weapon state and being a nuclear weapon state, a great responsibility falls on India's shoulders to see that this nuclear technology does not reach misguided hands who might use it for creating terror in the world. We have a fresh example of Pakistan's nuclear programme that was dissipated and evidently reached where it was not supposed to. Taking lessons from this prior catastrophe the Indian authorities are being cautious that the same does not happen to them.

Recently, the Indian Prime Minister Manmohan Singh, on the occasion of the Defense Research and Development Organization's (DRDO) annual awards stated that India is ready to work for an effective global system to prevent the unlawful propagation

of weapons of mass destruction and technologies associated with them. Manmohan Singh also expressed "While India is prepared for the broadest possible engagement with the international non-proliferation regime; it will not allow externally imposed constraints on its purely-indigenous nuclear and missile programmes".

Singh further added "India, for long, has opposed discriminatory nuclear and missile control regimes". These statements of the Indian PM send a clear message to the so called watch dogs of the world that India will function with control but would not let an external power to dictate terms to them regarding their nuclear technology programme. Manmohan Singh further called for the non-prolif-

eration nations, especially the US, to shed their needless worries and lift controls on transfer of advanced nations nuclear and other technologies for civilian use to India.

He also reassured the international suppliers of high technology items that their supplies would remain fully secure with India. The Indian PM stated that India has recently passed a strict legislation to prevent external transfer or internal leakage of technologies associated with weapons of mass destruction and their delivery systems. "We see no reason for non-proliferation concerns to be a barrier to high technology trade and commerce with India. The higher the indigenous content of our weapon systems, the greater our confidence that the autonomy of national deci-

sion-making will not be affected in times of crisis. A self-reliant military complex is, therefore, essential to maintain our strategic autonomy". The country, however, should also explore fully what is available through external sources, through technology transfers or co-production, both for use domestically and for third-country exports

The essence of his message to the scientists at the gathering was that India should continue to refine its capabilities to stay abreast of the cutting-edge of knowledge and human endeavor as the country cannot afford to lag behind in development of critical technologies of strategic value which are vital to keep pace with the rapid evolution in military doctrines and strategies.

## Punjabi Beeline: Amritsar-Lahore Bus Route

AFTER Lahore-New Delhi, Srinagar to Muzaffarabad and a train service between Lahore and Attari, now is the time for the Amritsar-Lahore bus. An old saying goes that if you have not seen Lahore you have not seen the world. One can now visualize, in the near future, a common Indian traveling across the border, for a pleasure trip to Lahore.

Recently, Pakistan's Additional Secretary Commu-

nications, Mohammad Abbas, and India's Joint Secretary Transport, Alok Rawat, headed their delegations at the talks held on May 10 and 11. In this meeting there were discussions with the Pakistani officials on modalities of the Amritsar-Lahore bus service thereby linking the two Punjab.

This Amritsar-Lahore bus service will be functioning on a weekly basis. The service shall in-

crease as per the traffic demand. The one way fare for the bus would be 750 Indian Rupees and 900 Pakistani Rupees. However, a joint statement issued at the end of the first round of technical level talks held to discuss modalities for

operationalization of the Amritsar-Lahore bus service did not mention timings for starting the service. The two sides have yet to agree to certain

modalities such as the designated route, bus terminals, facilities for the bus crew, modalities of visa arrangements and a protocol or Memorandum of Understanding before an exact date is finalized and the service is started. Reports say that its modalities and frequency would be discussed in two months, during the next round of technical level talks to be held in New Delhi.

## Kishanganga Power Project: Problem to be resolved

DAYS of rosy talks and friendly cricket match are

One such issue between India and Pakistan is the Kishanganga Power Project. This is a proposed 330 mega watt power project over the Kishanganga River, a tributary of Jhelum.

The point of tussle between the two countries is for the construction of the power plant, since India wants to divert the water of the Kishanganga River by constructing an underground tunnel. However, Pakistani authorities affirm that the water of

Kishanganga (known as Neelum in Pakistan) cannot be diverted as the water of this river belongs to Pakistan.

Pakistani authorities accuse that India is deliberately dragging the issue and is not keen on reaching a solution. However the Indian authorities state that this is not the case, considering Pakistan repetitively asks for some information and India requires some time to collect the data and process it before providing it to the Pakistan authorities. Still, India understands Pakistan's concern and is ready to carry out practical modifications

in the design of the project if Pakistan is willing to be more specific about its objections regarding the project.

Recently a delegation, headed by D K Mehta, Commissioner of the permanent commission on Indus water, went to Pakistan for the talks. During the talks India reportedly offered a three month deadline till mid-July to Pakistan to solve the issue.

"We have offered a three month deadline ending July 15<sup>th</sup> which is subject to the review of the Indus commissioners of both the sides," stated Mehta during his visit.



Kishanganga Power Project

over, now the time has come to weigh the depth of the sweet talks in the recent past, to address some ground realities and continue efforts to solve some practical issues between the two countries.

## Indian newspapers Pakistani editions

PAKISTAN has so far not removed the ban on Indian news and entertainment channels. Only the Press Trust of India and The Hindu correspondents are allowed to function from Pakistan. With friendly winds blowing across the border, Indian newspapers

are trying to get permission for something which was beyond their reach earlier. Management of several Indian newspapers have recently sent applications to Pakistani President Musharraf for seeking permission to launch their dailies in Pakistan. Various

Indian News papers are interested in launching their editions from Lahore and Karachi and are seeking permission for the same as a part of the confidence building measure bandwagon that has been recently on a roll. This information was disclosed by

Pakistan's Information Minister Sheikh Rashid Ahmed on the occasion of World Press Freedom Day on May 3.

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## To give or not to give: Jinnah House or History?

THESE are the portals of history, the Jinnah house, ever since has been a much fought over property. Apart from the plush location (Malabar Hill) and the sprawling foliaged area that surrounds the house, it is a piece of history—which Pakistan has been coveting it for a long while now. However, there are new contenders to match the old and new reasons to join the old. Maureen Wadia (daughter-in-law of Jinnah's only daughter, Dina Wadia) exclaims that it is shocking for Jinnah's only child to not have a home in India. This industrialist family has raised the issue with Rajiv Gandhi, Atal Behari Vajpayee and now with Prime Minister Manmohan Singh.

The fact is that the Jinnah house is an evacuee prop-

erty. Countless Indians left their homes in Pakistan during partition and fled to India, it would be ludicrous for them to claim those properties today. In the same manner, Pakistan's claim on the Jinnah House cannot be met with serious approval.

According to Rai Riaz, the Press Minister for the Pakistan High Commission in New Delhi, there is a great emotional attachment that Pakistan holds for the house and would appreciate it if India gives it to them, possibly for the purposes of running an Embassy.



Jinnah House

Pakistan President Pervez Musharraf mentioned that it could be given to Pakistan as a gift or even on lease. Countering this, the India government's Additional Commissioner, Protection and Security, Surinder Kumar, states that the Chief Minister's residence Varsha, is exactly opposite the Jinnah House and there is obviously great security risk.

A double-edged sword, this initiative can be treated as a confidence building measure (CBM) or carelessness on the part of the Security forces of the country.

Currently, the property is under the Indian Council for Cultural Relations (ICCR). Furthermore, there are concrete plans to convert the house to a sub-regional cultural centre of South Asian Association for Regional Cooperation (SAARC). Such decisions are made with great caution and care, Jinnah—is no small memory, and his house shall be a contest to witness.

## No Entry Chinese Companies

EVEN though they came, they saw, they conquered...the hearts of the Indians; the Chinese still are facing problems with Indian security issues. Chinese companies are being scrutinised for their investment entry into the country. Sinosteel, one of the largest steel traders owned by the Chinese government, has proposed to invest Rs 4 crore via a set up of a wholly owned subsidiary in India. The project includes export, import, and cash-and-carry wholesale trade of metallurgical coke and iron ore, raw and processed materials, auxiliary materials, metallic and non-metallic mineral products, non-ferrous and ferrous metal

products and more. Sinosteel Corporation of China would be holding a 99 per cent stake in the Indian entity, while the remaining 1 per cent would be held by its Hong Kong-based subsidiary Sinosteel International Ltd.

Huawei Technologies' is China's largest telecom equipment manufacturer, and has two proposals that are still stuck in the clearance process for over two years now. Its prospective plans for India were to invest Rs 264 crore in its Indian subsidiary for expansion in execution activities and to participate in infrastructure projects, IT and turnkey telecom. The Indian Committee of Secretaries is still screen-

ing the application.

Sinosteel and Huawei Technologies' investment plans are stuck at the Foreign Investment Promotion Board (FIPB). Not only does the board have to approve the proposal, but they are apparently waiting for the clearance signal for the Ministry of External Affairs (MEA). According to official sources, the Sinosteel proposal was taken up several times in the past year but deferred at the command of the MEA. It is believed that the MEA is still carrying out ongoing research on the details. An important point to note is that all foreign direct investment/FDI proposals from China require a mandatory

clearance from the Ministry. The same has already received the go-ahead signal from the Ministry of Steel and the Ministry of Mines.

This is not all, there is more than meets the eye. China is still struggling for an easy entry into India, work visas are still hard to come by for Chinese nationals. India needs to brush up its policies and be more straight-faced. Changes made in the political system are still not trickling down the bureaucratic chain. If the Prime Ministers of both countries are cordial and maintain a healthy relationship, so should the rest of the country. As they say, follow the leader!



## Asian Security: The Shangri-La Dialogue

THE International Institute of Strategic Studies in London, sponsored the fourth Asia Security Conference in Singapore, commonly known as the Shangri-La Dialogue. This year the key focus will be on India and China. Defence Ministers from all countries in the Asian region will be present along with military officers, security experts, several other senior officials from other countries and especially the USA. The socio-economic of the Asian landscape, and this is no surprise; it has been for over the past decade. However, the recent five years have triggered a dramatic movement in economic growth that has had everyone wide-eyed. The lens has shifted, from Europe, to America and finally the overpopulated Asia. The next important step would be for Asia to unite its forces and foresee that security for this growing treasure trove remains top-notch and final. India as an emerging tiger

together with the beanstalk-dragon (read China) has a hearty role to play in the defence dynamics for the continent. "The emergence of China and India brings tremendous opportunities to all, ... The challenge is to integrate these two rising powers within the evolving regional architecture, while maintaining the balance and stability of the region."

Relations between India and the US also came in to the light as did that of China's. Both the Asian countries have purchases Boeing aircrafts from America, both countries have seen a brighter relationship with USA and hope for a closer and more friendly future. Last but not the least, India and China recognize USA's strength as a superpower (currently) and that it will continue to hold that position for some time to come. Working together would seem the cleverest way to go and possibly the most profitable. America on the other hand had a round of 20 questions ready

for the Chinese democracy. The US Defence Secretary, Donald Rumsfeld, asked of China the reason for its exaggerated defence purchases when there was no obvious immediate enemy. China has cordial relations with India, it has always been hand-in-glove with Pakistan, and Tibet is something that they decidedly took over without much fret. None of the other neighbouring countries have ever held serious threat to China. What then was the cause for this high-roll on defence security weapons. The repertoire was insightful, Director of the Asian Bureau of the Chinese Ministry, Cui Tiankai quipped "Do you truly believe that China is under no threat by other countries? ... Do you truly believe that the US is threatened by the emergence of China?"

India too will have to contribute to regional security. A topic of discussion was maritime security, India's quick response to the Tsunami disaster and

the performance of the Indian Navy has brought India to the limelight. But this is no great feat. India is lacking behind in their naval fleet as compared to China who has been extremely assertive in its presence in the South Seas, East China Seas and the Indian Ocean. If we were to compare, India would not figure very well.

Unfortunately, Defence Minister, Pranab Mukherjee, who was scheduled to be the third speaker at the conference, after the Singapore Prime Minister and Donald Rumsfeld, was unable to be present. He would have been able to represent India as an emerging giant and a benefactor of peace and stability. Instead it was supplanted with a discussion on Asian experiences of peacekeeping and humanitarian intervention, led by Pakistan's Minister of State for Defence and Commander-in-Chief of Indonesia's armed forces. A pity India was absent.

## Help from the USA: India's quest for a permanent seat at the UNSC

IN a continuous battle for a permanent seat at the United Nations Security Council (UNSC), India has gone one step further. It has asked for the US support, (even thought, Natwar's recent visit did not elicit any encouragement in this matter). However, since India is pushing openly now, America has decided to look into the matter, again. Condoleezza Rice's Senior Advisor on UN reform, Shirin Tahir-Kheli has been holding high-power meet-

ings with the Indian foreign ministry. Her meetings included officials such as Foreign Secretary, Shyam Saran and Hamid Ali Rao amongst others. Kheli's coming to India has to be taken as a positive sign.

It is impossible to know anything for certain, but there are speculations that Washington is considering backing India in its candidature for the UNSC. There will be conditions and terms on such support, and of course, nothing is to be

disclosed at present. Apparently some of the terms laid down are the right to pre-emptive strikes couched as 'anticipatory self-defence' as part of the UN charter and greater accountability of the UN such as a check on the organisation's possibly dubious practices. It is doubtful that India would agree whole-heartedly with the 'anticipatory self-defence' doctrine instead be more keen on searching malpractices at the UN.

Such meetings and dis-



cussions are gauge meters, telling the recent closeness between India and America. America is throwing the doors open to India, but not without certain expectations that India would have to fulfil.

## Time to revamp External Service Division of AIR

ALL India Radio (AIR) that when external broadcast started in 1939, it was considered a mouthpiece of British India. Post-independence, ESD became the genuine window of India, to the world. The country's first Prime Minister Jawaharlal Nehru said ESD was meant to be "the authentic voice of independent, secular, modern and resurgent India. Even today, the objective is the same. ESD must project the foreign policies and culture of the country, to the world. But, it's time for a review, ESD sources reveal. Public broadcaster Prasar Bharati is in a rethink mode, as far as the external services division (ESD) of All India Radio (AIR) is concerned.

In 1991, when AIR came under the 'autonomous corporation' Prasar Bharati, direct government funding of ESD was withdrawn. That was the beginning of an end, a source pointed out. Now with no direct funding from the government and

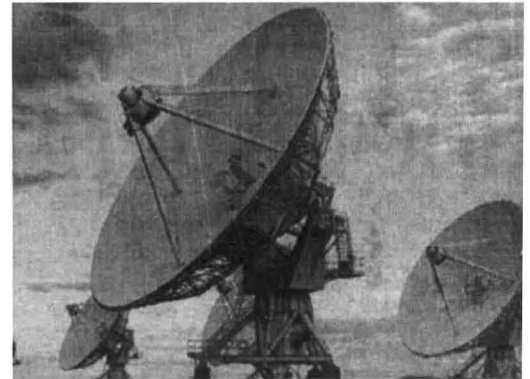
lack of support from the ministry of external affairs (MEA), the Prasar Bharati is reviewing the working and relevance of ESD.

All across the globe, external broadcast service is always funded by the government, while home services are financed by various other sources. Whether it's British Broadcasting Corporation (BBC), Voice of America (VOA) or Deutsche Welle of Germany, external service is always funded by the government. Same is the case with other countries like Sri Lanka, Pakistan and Bangladesh. China broadcasts in 43 foreign languages along with English; Radio Bangladesh broadcasts in 19 foreign languages and Pakistan in 17 foreign languages. India, which has had the external service division since 1939, broadcasts in 16 foreign languages— Nepali, Persian, Pushtu, Russian, Sinhala, Swahili, Thai, Tibetan, English, Arabic, Baluchi, Dari,

Burmese, Chinese, French and Indonesian. But some of these languages have lost their relevance, pointed out critics. So definitely there is a need to review.

The other suggestions being discussed at Prasar Bharati is inclusion of Japanese, German, Spanish and Korean languages in AIR's external division. It is also proposed that the service must reach markets like the US, Canada, Latin America and Korea. Currently, ESD covers some countries in Asia, Africa, UK, Western Europe, New Zealand and Australia.

Prasar Bharati officials identify that digital studio with database is the need of the hour. Also, ESD must take up online distribution of content. Apart from removing some of the obsolete languages and introducing the new ones, the Public broadcaster wishes a



review of the staff position also. There's a shortage of manpower in the division. There is also a need to upgrade technology, realize Prasar Bharati officials. At this moment the MEA should realize the importance of the ESD. And the Government of India (GOI) should provide enough funds to address the requirements of this division. Timely addressing the ESD's requirements is significant as it will definitely help India project its foreign policies and culture in an unambiguous manner to the outside world.

## Pakistan to go Arm shopping!

EVER since Condoleezza Rice's visit to South Asia (read Pakistan and India), there has been a flood of offers from the Islamic nation, for arms and more. The Bush administration has resumed arms sales to Pakistan after almost 16 years. Possibly the role that Pakistan played in helping America in its war against terror, and allowed military operations in the region helped the case. So far Pakistan has asked to purchase 75 new F-16C/D Falcon fighter aircrafts and 11 used F-16s along with

a sophisticated weapons package. This single-engine F-16 is built by Lockheed Martin Corp. that hopes to sell a chunky package to India as well. Air Force Lt General Jeffrey Kohler, Head of the Defence Security Cooperation Agency, has approximated this number. The Agency operated and moderates all arms sales that the US government has with other governments.



F-16

In an interview with Reuters, Kohler stated that Pakistan has requested prices for F-16 Block 50/52 aircraft (the most

modern F-16s flown by the US). This includes the APG-68(V)9 radar with a synthetic aperture mode, as well as a conformal fuel-tank capability. The aircraft will be capable of using an internal ALQ-211 electronic countermeasures jammer and an ECM pod, either the ALQ-131 or -134. Weapons carriage capabilities will include the AIM-120 Amraam and AIM-9

variants, including the AIM-9X. The aircraft also will be compatible with air-to-surface weapons such as the GBU-24, AGM-84 Harpoon and Joint Stand-Off Weapon.

Several countries such as

Poland, Greece, Chile, Oman and Israel have purchased this range. However, the United Arab Emirates flies an even more advanced variant, the Block 60 that boasts of improved radar, defences and fantas-

tic range. Such a high number of aircrafts was not expected; Richard Aboulafia of Teal Group (a Virginia-based aerospace consultancy) estimated a number as low as 24. With such an extended fleet of

F-16s one can only assume that this would form the crux of Pakistan's combat team. Not only is this venture a highly costly one, it is also a strategic move played by Pakistan against its enemies.

## Common currency between Sri Lanka and India

TALK of foreign policy initiatives! The wonder of all wonders, India and Sri Lanka are actually considering a common currency for the two nations. No marks for guessing how such a move can affect the economic balance of South Asia. Following close to the European-euro heels, this step can prove to be extremely beneficial to the countries concerned. To go back in time, it was the work of Nobel Laureate Robert Mundell, who suggested the idea of a common currency between nations and consequently a common monetary author-

ity. An important point of note can be whether or not there shall be a creation of an entirely new currency such as the euro, or will Sri Lanka adopt the Indian rupee? All pointers are aiming toward the latter, but in matters of bureaucracy one can never be too sure. However, for the time being, the proposal involves supplanting the Sri Lankan rupee with the Indian rupee at an agreed exchange rate. (Currently, the exchange value of a Sri Lankan rupee is about 0.44 Indian rupee).

Prime Minister Manmohan Singh, has in

the recent past, mentioned of a plausible common currency venture in the region. Government sources reveal that the offer has been made by Sri Lanka as a key factor to trigger the scope of the free trade agreement (FTA) signed by the two Indian Ocean countries. Like any joint venture, this scheme shall take a long period of preparatory work time (it took more than a decade for the euro to get started) and a final decision is still to be made. The Sri Lankan rupee has a managed float like India. Significantly, a united cur-

rency regime would require the Indian federal bank, the Reserve Bank of India (RBI) to emerge with methods that will harmonize any glitches in the monetary policy. Also linked to this is the need for a common monetary policy and a confrontation of the different economic progress made by the two countries and the end capital account convertibility.

Interestingly, the Indian Finance Ministry has denied this report. Conclusively, there is no smoke without fire, and time will tell if India and Sri Lanka are ever to share the currency.

## Manmohan Singh invited to G8

INDIAN Prime Minister Manmohan Singh has been invited at Gleneagles by G8, a group of eight most powerful nations in the world, to attend its summit. It is an important event as this is the first time that an Indian PM has been invited for an affair of G-8. In this Summit, India is a special invitee along with China.

Germany, Japan, Canada, United States, France and Italy are the G8 members and at a point of time this group was considered a group of the most powerful nations in the world. Now with economies of India's economy surging ahead with 8% growth rate

and China economy also moving ahead, the two countries also covet to be included in the G8 group.

Manmohan Singh is going to reach London on July 6. He will spend a day at the Gleneagles in Scotland with the world leaders. On July 8, he will receive an honorary degree from Britain's prestigious University of Oxford, his Alma Mater, at Oxford. Chris Patten, Chancellor of the Oxford University, will be present at the special ceremony



Manmohan Singh

where the Indian Prime Minister will be conferred the honorary doctorate in Civil Law for his role both as a leading economist and statesman. Singh received a philosophy doctorate from Oxford's

Nuffield College in 1962. The same day, the Prime Minister will inaugurate the 75th Anniversary of the India House, the imposing structure at Aldwych, in the heart of London, housing the Indian High Commission and meet representatives of Labour Friends of India,

Conservative Friends of India and the Liberal Democrats Friends of India.

The G-8 meeting will begin on July 6 with a ceremonial dinner attended also by the leaders' wives and Queen Elizabeth II. It will end Friday afternoon with a news conference and a joint statement of agreement.

At Gleneagles, G-8 leaders are going to come together and discuss issues such as alleviation of poverty in Africa and the problem of climate change. Invitation to this summit has an enormous significance in its own as it shows India's importance in the Global economic scene.



## India, Brazil, South Africa to pool resources for aircraft fabrication.

INDIA, Brazil and South Africa are three of the largest democracies in the world and three main constituent of a much bigger South-South cooperation. On realizing the importance of the dialogue and cooperation between the three countries, India-Brazil-South Africa dialogue forum (IBSA) was set up in the meeting of foreign ministers of the three countries at Brasilia in June 2003. In Brasilia declaration, it was proposed that Science and Technology will

be a key area of cooperation between the three states.

As we know, a lot is happening in the Indian Aviation sector these days. India has become a battlefield for global aviation majors Boeing and Airbus after Boeing bagged an order of 50 Aircrafts from air India. Now there is good news for the aviation sector that IBSA is taking an initiative of pooling resources. "The India-Brazil-South Africa dialogue forum (IBSA) forum is exploring the pos-

sibility of pooling its resources and technology to produce aircrafts for the civil aviation purpose," states Anil Social, Deputy Director General Asia and Middle East, Department of Foreign Affairs." While we cannot compete on larger aircraft, as Boeing and Airbus have the monopoly, India and Brazil manufacture light aircraft and South Africa also manufacture components for the Boeing.

This decision of producing aircrafts by pooling one

another's expertise is of immense importance as the Indian aviation sector is booming at the rate of 20% and Indian aviation sector needs aircrafts urgently. This latest initiative would help reduce the gap between the demand and supply of aircrafts. Apart from this, the three countries have also discussed the possibility of running direct flights between India, South Africa and Brazil, and establishing a sea transport corridor between the three countries.

## First B2B Joint study group between India and Pak

The relations between India and Pakistan can be termed as fine. This is the right time for the trade to flourish between the two countries. Realizing this, the apex trade bodies of the two countries Federation of Indian Chambers of Commerce and Industry (FICCI) and the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) have come together and have set up the first business-to-business (B2B) joint study group (JSG). The JSG, comprising is co-chaired by corporate bigwigs like Nestle Pakistan chairman Syed Yawar Ali and Gillette India chairman

Saroj Kumar Poddar.

From the Indian side Wockhardt chairman Habil Khorakiwala, Indo-Rama Synthetics chairman Om Prakash Lohia and FICCI secretary general Amit Mitra are the members. From the Pakistani side, the chairman of the Butt Group, Azhar Saeed Butt, and FPCCI secretary general Khalid Amin the director of the Hashwani Group, Amin Hashwani, are the members of the study group.

As per the JSG the focus will be on agriculture and agro-processing, services,



petrochemicals and chemicals, infrastructure, textiles and garments, engineering, gems and jewellery, lifestyle, large-scale industries like paper, cement, steel and sugar and investment and technology transfer. The group will work on areas like health, tourism, education, IT, banking, and entertainment. The group will also study by areas like biotech and pharma sectors.

Ports, aviation and telecom roads, railways, are the sectors manifested for dialogue and study under infrastructure by the chambers. The group will consider auto parts, machinery, surgical goods among a number of other engineering items produced by both sides. Before the next meeting of the inter-governmental JSG of the two governments the group will submit a preliminary report to both governments. By the end of this year a final report will be prepared and submitted to the two governments.

## Through China to destination Mansarovar?

IN India, every devout Hindu cherishes a dream to visit the sacred Mansarovar Lake and Mount Kailash. Due to the long journey and rough weather very few people are actually able to make it there. Indian External Affairs

Minister K Natwar Singh recently announced that India has asked China to open an alternative route to Kailash Mansarovar through Ladakh. This is an excellent move as this would benefit travellers by shortening the route of this

arduous journey.

Kailash Mansarovar Yatra was started in 1981 along the route across the Lipulekh Pass in Uttarakhand. This Yatra is conducted under a bilateral deal with China. Natwar Singh stated that this issue was discussed

between Manmohan Singh and the Chinese Premier Wen Jiabao, during the Chinese Premiers visit to India last month. Reportedly the Chinese side has conveyed its willingness to provide greater facilities to pilgrims from India.



## Blair to visit India for the Sixth India-European Union Summit

COME September and New Delhi will witness ~~happening of~~ Sixth India-European Union (EU) summit which is going to be held there. It is a significant event in terms of India's international affairs as the British Prime Minister Tony Blair is likely to visit New Delhi to attend this summit.

Let us have a look at the India-EU relations which dates back to the early 1960s. India was among the first countries to establish diplomatic relations with the (then) European Economic Community (EEC). EEC was an organization established in 1958 with its aim as the eventual economic union of its member nations. In 1993 India and EU signed a Joint Political Statement which opened the way for annual ministerial meetings and a broad political dialogue. Since then, dialogues have been held at different levels and at regular intervals.

The 1994 cooperation agreement signed between EU and India took bilateral relations beyond merely trade and economic cooperation. The first India-EU Summit in Lisbon in June 2000 marked a watershed in the evolution of this relationship. A decision was taken to hold annual summits. Since then there have been four Summit-level interactions, the last being the Fifth Summit at The Hague on 8 November 2004. India-EU relations have grown exponentially from what used to be a purely trade and economic driven relationship to one covering

all areas of interaction. The 5<sup>th</sup> Summit at The Hague was a landmark Summit for it endorsed the EU's proposal to upgrade its relationship with India to a 'Strategic Partnership'.

EU, which till then had strategic partnerships with only five other countries (USA, Canada, Russia, Japan and China), now started recognizing India as a "regional and global leader and started considering it in equal terms with other world powers". The frequency and intensity of India's contacts with the EU grew rapidly since 2000. In order to provide greater coherence and focus to all the various activities being undertaken as well as undertake new initiatives, the European Commission has prepared a comprehensive Communication outlining in detail its views on various areas in which a strategic partnership could be forged with India. This document examines sector by sector how current activities can be streamlined and new actions launched. When implemented, they will be the basis of a stronger and more intensive relationship over the entire gamut of exchanges from political to multilateral, economic to science & technology, academic, cultural and civil society.

The 5<sup>th</sup> India-EU Summit was held in The Hague on 8th November 2004, under the Dutch Presidency of the European Union. Indian PM Manmohan Singh led the Indian delegation, which comprised the External Affairs Minister Shri. Natwar Singh, Commerce

and Industry Minister, Shri. Kamal Nath and then National Security Advisor Late Shri JN Dixit. The EU side was headed by Dutch Prime Minister Jan-Peter Balkenende, in his capacity as President-in-Office of the European Council, and included Mr. Romano Prodi, then President of the European Commission, Mr. Javier Solana, the EU High Representative for Common Foreign and Security Policy, and Mr. Pascal Lamy, then European Commissioner for Trade.

This Summit was a landmark in India-EU relations, in view of the launching of the India-EU Strategic Partnership. A comprehensive Communication was presented by the European Commission in June 2004. India had submitted a preliminary but detailed response to the EC paper in August 2004, where it had welcomed the positive orientation of the EC paper and several of the proposals it contained, in addition to suggesting some new initiatives of our own. In order to carry forward and intensify relations in various areas on the basis of these documents, the EU and India prepared a Joint Action Plan. This Joint Action Plan will be endorsed at the 6<sup>th</sup> India-EU Summit in New Delhi this year, in the form of a Joint Political Declaration.

Indian External Affairs Minister K. Natwar Singh expressed while he was in London "We look forward to Blair's visit to Delhi in September for the 6<sup>th</sup> India-EU summit, which is especially important in our relations with the Euro-



Tony Blair,  
British Prime Minister

pean Union (EU) for it will launch the India-EU Joint Action Plan," Natwar Singh disclosed to a gathering at the Royal Institute for International Affairs at London that

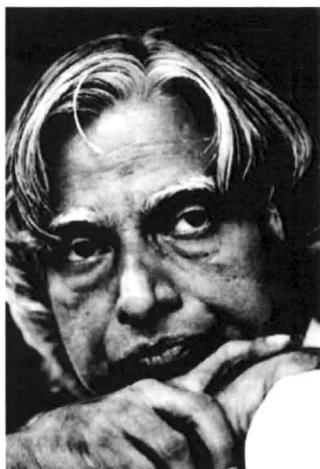
The India-EU action plan holds its significance as it will be the first such comprehensive action plan that India will have with any of its partners. The plan seeks to enhance opportunities for the India-EU partnership and seeks alliances in trade, investment and technology and fighting terrorism. The action plan is expected to give tangible profile to India's strategic partnership with the EU. This partnership was commenced at The Hague in November last year at the landmark 5<sup>th</sup> India-EU Summit.

Tony Blair's visit to India in September is an important event which is likely to be closely observed as this visit is expected to widen dialogue between India and Britain on high technology trade, civilian space and nuclear cooperation, basic and applications research and defence cooperation. Dialogue on expanding trade and economic cooperation is also going to take place during the British Premier's forthcoming visit.

## Kalam's proposes e-connectivity satellite scheme

SCIENTISTS think differently and they generally do not get involved in the petty politics. President of India has proved this time and again.

Now the latest gift of the Indian Scientist President to the world is a scheme which proposes for the launch of an International Youth satellite. This mega satellite programme is expected to provide connectivity to Universities and students across the globe. This innovative scheme was first disclosed publicly by President Kalam in the Moscow University. He



APJ Abdul Kalam

later explained this scheme to the Russian President Vladimir Putin,

during their meeting.

"It should take above two years before satellites can be located to provide the students of the world a programme for connectivity," states Prof. N Balakrishnan of the Indian Institute of Science. India and Russia are soon going to formalize an agreement regarding this satellite.

Last year during his visit to South Africa President Kalam had announced an aid of \$50 million from the Indian side for the launch of the Pan African Satellite programme. This African satellite

programme when fully operational would provide connectivity to 53 countries across. At the moment this programme is at its blue print stage and India and South Africa are discussing the proposal of this programme.

The launch of this innovative satellite scheme by Kalam speaks a lot about India and its vision. While a person of the stature of President Bush of America is mostly obsessed with taking control of other countries in the name of terrorism, here our missile man Kalam dreams of connecting the world.

## Cheers UB: India is in high spirits

VIJAY Mallya's United Breweries (UB) is in high spirits these days. With the acquisition of Shaw Wallace for Rs 1300 crores, UB has become the second largest spirits company in the world. This transaction has consolidated UB's leadership in the Indian liquor market. The company's annual sale at present is approximately 60 million cases which places it at the second place among international spirits companies.

This acquisition of Shaw Wallace brings under UB's fold total 27 Owned and 48 contracted distilleries. Similarly this mega spirits company will now be able to offer 140 brands. Impact International, the world's most reputed Journal on alcoholic beverages, has in its February issue, listed four UB brands that are Mc Dowell's No. 1 Whisky, Bagpiper Whisky, MacDowell's Brandy and Mc Dowell's Celebration

Rum Brands in Top 100 Global Brands in this field. This is for the first time that an Indian Spirits company has featured among top hundred brands in the international listing.

Regarding the future plan of the UB, Vijay Mallya, the chairman UB group states, "Now we are big enough in India and it does not make sense to acquire in India. So the next step obviously is to look for global acquisitions and expansion to give us an international platform and portfolio".

Now the biggest challenge in front of the company apart from managing the liabilities of Shaw Wallace is to see that only the best of the staff and best brands remain under its umbrella. For this the company will carry out some restructuring and is also going to undertake an exercise to ensure that only the top brands are retained



Vijay Mallya with Vidya Chabria

Global Ranking	
Company	Million Cases
1. Diageo	91.0
2. UB group (post SWC)	56.6
3. Pernod Ricard	52.0
4. Allied Domecq	45.8
5. Bacardi	36.7

Source: Pegasus, UB magazine

in the basket. And with planning there is no doubt that UB will remain No1.

## Manmohan to Meet Bush on July 18<sup>th</sup>

INDIAN Prime Minister Manmohan Singh is expected to visit United States of America (USA) in the month of July. This will be a three days visit. During this visit the two leaders are expected to discuss a number of matters, including civilian nuclear energy, cooperation in space and technology and UN reforms. Since last May, Manmohan Singh and President Bush have met twice, including a meeting on the sidelines of last year's UN General Assembly. This meeting has



its significance as this is going to be the first bilateral meeting between the two.

It is a matter of honour that Manmohan Singh has also received a formal

invitation from Congressman Dennis J. Hastert, Speaker of the House of Representatives, to address a joint session of the US Congress on July 19. So he might address a joint session of the parliament while in US.

In the recent past a number of interactions have taken place between the high level authorities of both the countries which include a trip by US secretary of state Condoleezza Rice to India. Another one

was the trip by US Assistant Secretary of State Christina Rocca.

The cold war era is now long forgotten and does not haunt Indo-US relations. The two countries now desire to cooperate in the area of defence. It is most likely for Bush and Manmohan to communicate on this issue. We sincerely hope that this meeting between an economist and the President of USA further widens the ties between the two countries.

## Tata eyes Iranian steel plant

TATA Steel is Asia's first and India's largest integrated private sector steel company. Tata Steel's products include hot and cold rolled coils and sheets, galvanised sheets, tubes, wire rods, construction re-bars, rings and bearings. Established in 1907, Tata Iron and Steel Company plan to expand its production capacity to 15 million tons by the year 2010. As a part of its expansion

plan, the company has been looking at acquiring steel plants overseas. Tata sources report that the company is going to take over the 3 million tonne Hormozgan steel plant in Iran. This plant is owned by National Iranian Steel Company.

The company had dispatched a team of execu-

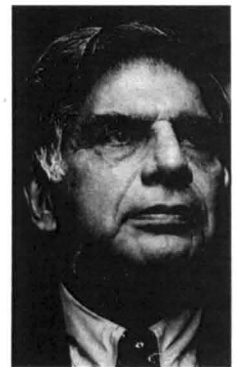
tives to visit the steel plant near the port city of Bandar Abbas. Tata Steel is first



negotiating for a management contract to take over the operations of the steel plant. Later the company would seek to acquire

the ownership of the Iranian plant, the source said. This acquisition is significant for Tata Steel because

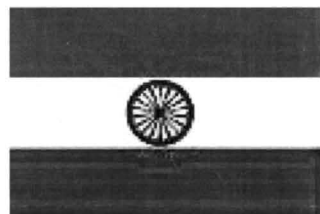
it is acquiring an existing plant which is much cheaper than setting up a new one. Besides this the Hormozgan plant has its own source of iron ore in north Iran, which is an added advantage.



Ratan Tata

## South Korea to buy heavy water from India

THE Heavy Water board (HWB) of the Indian Atomic Energy Department has received a tender from South Korea for purchase of heavy water. Heavy water is deuterium oxide, or D<sub>2</sub>O or <sup>2</sup>H<sub>2</sub>O. Heavy Water has great similarity in its physical and chemical properties to ordinary water. But its nuclear properties display a significant variation which makes it an extremely efficient



material for use as moderator in a nuclear reactor.

There is a great probability that South Korea might once again purchase six tonnes of heavy water from India. This informa-



tion was disclosed by the S C Hiremath, Chairman and Chief Executive of the Heavy Water Board." Negotiations have been initiated and chances are that we might once again clinch

the deal," he added. The two other countries which are bidding for the deal are Argentina and Romania. However, the prices quoted by the Indian authorities are competitive and India has been described by South Korea as the preferred bidder, therefore Indian authorities are hopeful about the deal. In the past also India has sold heavy water to South Korea and China.



## Thaksin Shinawatra to visit India

THE Prime Minister of Thailand Thaksin Shinawatra is expected to visit India in the first week of June. This visit of the Thai PM is expected to put the talks on a bilateral free-trade deal back on the track. As per the earlier schedule, India and Thailand were expected to sign a bilateral trade agreement in the month of March. However India the talks were hindered because India insisted on putting more than 1,000 items on its sensitive



Thaksin Shinawatra

list as compared with Thailand's 100. As per Thailand's deputy chief negotiator Chana

Kanaratanadilok," The Prime Minister will be in India from June 3-6 to discuss how to bring the talks back on track.

This list of sensitive articles is known as negative list. The items which local industry requests to incorporate in this list include auto components, agriculture, textile products and industrial

chemicals. Officials in New Delhi express that this negative list will be finalised after consultation with the domestic Industry.

It is for sure that the Thai PM is going to push for the trade pact but prior to the pact his negative list should be prepared with extreme sensitivity. The reason is that still there are a number of sectors in the domestic industry which need protection, as there is a fear of dumping in these sectors which in turn leads to many other problems such as of massive unemployment which a country like India can't afford.

## Laos awaits Indian Investment

A group of Indian journalist visited Laos in the month of May and what they learnt was that this island nation has many investment opportunities to offer India. Laos is a small country located in the border of Vietnam. At present the country attracts investments from Malaysia, Thailand, Vietnam

and Sweden. This investment is done basically in the forestry sector for logging and making furniture for exports.

According to Indian Ambassador to Laos Tsewang Topden, "Indian entrepreneurs can do well by investing in tree plantation projects as Laos projects as vast tracks of land are available in a number of provinces in the country.

Already the Aditya Birla group has started talks with the Laotian government for setting up an integrated plantation cum Pulp plant. The Birla group expects that it will be allocated 50,000 hectare of eucalyptus plantation. The likely cost of the project is \$350 million and this money will be invested over a period of seven years.

Laos is located in a region where there is going to be a huge demand of electricity in the long term, therefore there is a vast scope for India to invest in hydro-power projects. Indian entrepreneurs must tap this opportunity and must definitely invest in Laos.

## Sethusamudram project: Suez of the East or a future disaster

INDIA plans to dig off its southern coast for creating a navigating canal. This project proposes to link the Palk Bay and the Gulf of Mannar. When fully operational this canal will reduce the travelling time from the East coast to West coast by almost a day as the ships navigating between the east and the western coast will not have to circumnavigate Sri Lanka. Technically speaking Sethusamudram would reduce the distance between Cape Comorin and Chennai from 755 nautical miles to 402 nautical miles. According to some estimates around 3,000 ships are likely to use this canal annually. So this should be good news for India and Shipping companies operating in this region, then what is the problem?

Why Sethusamudram is slowly emerging as a bone of

discontent between India and Sri Lanka? Let us analyse the reasons.

To make a navigable way between the East and the West coast, Indian authorities propose to create a 20 Km long and 300 m wide channel, with a draught (depth) of 10.7 metres. This is necessary to control the two way traffic. It is believed that Sethusamudram would lead to diversion of most of the traffic to Indian ports. There is a great probability that this would transform Tuticorin into a transshipment hub like Singapore. Consequently Sri Lanka fears that once this project becomes functional, it would marginalise the Colombo port. This would definitely mean loss of revenue which a country like Sri Lanka cannot afford.

Besides this the project would require the dredging of the shallow area of

Adams Bridge which is a sand stone reef. Sri Lankan authorities and many ecologists across the globe believe that this project could have a catastrophic consequence on the coastal ecosystem and the marine life around the area. The environmentalists are absolutely correct, a delicate equilibrium exist in the underwater ecosystem in the Palk bay and the Gulf of Mannar Biosphere Reserve. Dredging would disturb this equilibrium which might result in complete extinction of some aquatic species, forget Sri Lanka, can we afford this, definitely not. Besides this, Sethusamudram also poses a risk of sedimentation. Indian authorities must study all the aspects before initiating this project so that this gigantic project does not turn into a future disaster of the Indian subcontinent.



Leave all your deep pockets to <sup>fulfil</sup> reach your desired destination in less time. Just relax, gone are the days when you needed to reach your destination in less time.

# Fly India Fly!

## The Great Indian Aviation Boom

LOVE travelling? Wish to visit your favourite destination? But were not able to do so because the amount of time to be spent in travelling was too much to start the journey? Just relax, gone are the days when you if you desired to reach your destination in less time, what you needed was deep pockets. The scene is changing. The period has been herald when even the middle class Indians are booking their plane tickets.

2005 has emerged as an important year for the Indian aviation industry. Lots is happening in the Indian aviation sector these days. This is the time when the entire aviation industry is on the verge of revamping itself. We are seeing unprecedented growth in the sector here. Spice jet and other low cost airlines have entered the scene, with their air fair in the unbelievable range of Rs. 699 to 2699, which nobody could have even dreamt of in earlier days. New aircrafts are being added to the recently launched airlines such as Kingfisher which is promoting itself as a premium low cost airline

and has a lot of money pumped in by the liquor baron Vijay Mallya and probably his entry might revamp the aviation industry like liquor industry of India.

In the end of May, a Memorandum of understanding (MoU) was signed between India and Germany. This MoU updated the existing air services agreement between the two countries. As per this MoU the designated airlines of each side would operate 42 flights per week by the end of this year, which is expected to go up to 50 by the summer of next year that is 2006. The current status is that Lufthansa operates 35 flights per week to India and has a code sharing accord with Air India.

According to the revised pact, though the airlines would not be authorized to pick up traffic from the other country ordained for a third country, this pact would give German carriers an additional point of call in Germany. Besides this, India has also signed new aviation bilateral agreements with the Netherlands and Belgium al-



lowing up to 42 flights a week between these countries.

Both Belgium and the Netherlands have agreed to allow multiple carriers from India, paving the way for flights such as Jet and Sahara, in addition to the two state-run carriers. There is going to be a massive increase in the air traffic now that Belgium and India have decided to allow designated carriers to mount a total of 21 passenger flights each week and "unlimited number of frequencies" of freighter carriers to any point of call in each other's territory.

Belgian airlines will be allowed to fly to Mumbai and Chennai, while Indian carriers will touch down at Brussels and other airports in the nation, sandwiched between France, and Netherlands and Germany. Indian carriers can also operate to "any one point of choice in Europe as intermediate and/or beyond point, with full fifth freedom rights". This means they can pick up passengers from Belgium and fly to a third country. The two nations have also

allowed their designated carriers to enter into code-share arrangements with the airlines of any nationality to operate to points of call beyond. The pact will consequently help Jet Airways, which plans to fly to Europe and the US.

Airbus projected in May that India will buy 570 planes over the next two decades to meet demand in its expanding airline market. The total air traffic in India is projected to rise by 5 million passengers each year over the next ten years. IndiGo, a low-fare airline which is yet to be launched, has ordered 100 aircrafts from Airbus in a deal valued at \$6 billion US at catalogue prices.

Centre of Asia Pacific Aviation (CAPA) recently organized the first ever Asia Pacific investor's summit in Mumbai, the common sentiment which emerged from the conclave was that with this aviation boom, domestic airline sector is fast emerging as a lucrative investment destination for foreign as well as domestic investors. It was till recently that the Indian

### Buying Spree in the near Future

Airline	No. of Aircrafts to be Purchased
Air India Express	18 Boeing
Air India	50 Aircrafts
Indian Airlines	43 Airbus A320's
Air Deccan	30 A 320's
King Fisher Airlines	25 Aircrafts
Jet Airways	40 Aircrafts
Spice Jet	20 Boeing

aviation sector was not considered a zone worthy of investing. Now however, the scene has changed. In the words of Kapil Kaul, Chief Executive Officer Centre of Asia Pacific Aviation "Two years ago, investors were not even considering looking at Indian aviation, in the last two years, not only Indian entrepreneurs have turned serious about aviation business, but investors are seriously exploring the market for right investments."

According to Kapil Kaul in the next 25 years the Indian Aviation Sector is going to receive an invest of \$ 50 billion which is great news for a field that

was termed as a sick sector and the only news one had heard about this sector was of dissatisfaction about salaries amongst the pilots of the state-run airlines.

"This boom will continue for some time," believes Rahul Bhatia, Managing Director, Inter Globe Enterprises, which has placed firm orders for 100 aircrafts worth \$6.5 billion at the show. Aviation industry sources say that the growth stems from the fact that the Indian aviation market will be growing at 25 per cent in the first nine months of the year and the trend is expected to continue for the rest of the year. ~~The~~

total air traffic in India is projected to rise by 5 million passengers each year over the next ten years.

With so many airlines flying in the Indian skies, interesting events are occurring; Pilots are switching jobs overnight as the lure of salaries by newly launched airlines is too good for them to resist. To curb this, airline companies are busy signing non-poaching agreements to secure their manpower.

Now, manpower training, and infrastructure development and passenger safety are three areas which needed to be taken care of because at present there are about 1,200

trained commercial pilots in the country flying 185 jets. As per aviation experts by 2010, airlines in the country are likely to have 500 aircraft. So one can imagine the enormous infrastructure and manpower need of the aviation sector in coming years.

Currently, it is for Director General of Civil Aviation to see that there is proper development of infrastructure and implementation and monitoring of stipulated standards regarding airline operations so that the passengers are not taken for a ride and the flight of Aviation sector boom can take off smoothly.

## L I T E R A R Y I M P R I N T

### Turning a new leaf: Indian publishing industry

THE rise of the Indian publishing industry got a true initiation when Longman Green and Macmillan made their formal entry in the country in the second decade of the nineteenth century. Later when India gained its Independence, our leaders realized that for India's progress, we will have to educate our masses. Lots of efforts were done by the successive governments as well as private charitable trust for educating rural as well urban population of the country. Those efforts are now slowly starting to pay off, as we are slowly emerging as knowledge based economy. Literacy rate is also rising, a good news for all of us.

After independence, the Indian population gradually started learning English and unsurprisingly the

demand for books in English also started to amplify. Spurred by the freedom of non interference by the political parties, publishing industry in India moved ahead. Now the situation has come when both Indian and foreign publishers are collaborating together and are not only catering to the Indian book lovers but also exporting books to other countries. Besides this, the industry, which is 16,000-odd publishers strong, is supplying books all over the world.

Nowadays foreign publishers are opening their branch offices in India and this is a welcome change from the past when books from foreign publishers were made available in the Indian market through their marketing agents and representatives. Then, was a general

impression amongst foreign publishers that India is a market where one can dump its stuff. However, there is a complete U-turn in the perception. Earlier these foreign publishers used to have a mere liaison office, now every foreign publisher wants to open a branch office in India. Moreover, the Government of India has relaxed rules governing the print media and decided to widen the foreign investment in the sector.

The good news is that Foreign publishing companies can now have 74% investment in the publishing business and 100% in trading companies which are engaged in the exports of books. So the whole scenario appears to be extremely favourable for the Indian publishers and the publishing industry in total. Indian author's work

and Indian books are creating their imprint all across the globe. International books are being published in India and are finding their ways to bookstores of Tokyo, New York and London.

In the first half of 90's, when there was a sudden upsurge in the Electronic media, at ~~there time there~~ that was an apprehension among some media experts that this would cause a death knell to the print media. This has ~~been~~ rightfully ~~been~~ proved wrong and the time has arrived when folks in the print media are laughing their way to banks. India's publishing industry is on the verge of turning a new leaf and Imprint hopes that in the forthcoming days some timeless literature like our Vedas is written and published in India.

## CORPORATE CAPSULES

## Steel prices might go down globally

THE worst fear of the steel industry might come true. If the latest reports are to be believed, the steel prices could soften by as much as \$ 100 a tonne by the third quarter of this year. The prices are expected to erode by around

15 per cent. However the Indian steelmakers are quite optimistic, they presume that maximum demand for steel will be created from China and this will result in an upbeat global steel market. Some experts believe that although the in-

ternational demand will come down, the local demand will continue to increase. Mittal Steel, US Steel and AK Steel recently expressed that the demand for the steel will come down due to the rise in iron ore prices.

## Oil import by Indian Oil Corporation

INDIAN Oil Corporation (IOC), the flagship oil sector company of India is planning to im-



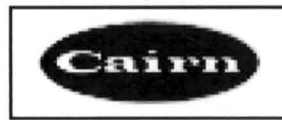
IndianOil

port 8.4 million tonnes of crude oil from Iraq on a contract basis. IOC had earlier planned to import oil from Saudi Arabia during 2004-2005. Confirming of this contract with Iraq is significant because in the recent past the supplies from Iraq had dropped off due to the conflict there. Besides Iraqi oil, IOC is going to import 1.94 million tonnes from Saudi Arabia.

## Cairn able to invest in India

CAIRN Energy has been actively involved in oil explorations in the state of Rajasthan and have made some discoveries which years of other Government funded oil exploration expeditions could not. This, British energy firm has planned to invest in

Mangla, Bhagyan and Aishwarya oil fields. These are commercially viable oil fields in Rajasthan and are expected to produce oil till the year 2040. Cairn has submitted a development plan, which is notified to be technically exceedingly viable. The company is



reportedly going to invest \$1.33 billion in these oil fields. Cairn is going to drill around 300 wells for production. These oilfields are expected to produce 125,000 barrels per day from mid 2007.

## De Beers invests in Indian mines

SPEAKING at the International conference organized by the Gems and Jewellery Export Promotion Council in Mumbai, Gareth Penny the Managing Director of De Beers, stated that India is the fastest growing global market after United



States and Japan. Media circles are full of reports that De Beers plans to invest in India for diamond exploration. Reportedly, the company is planning to invest millions of dollars for the search of these glistening rocks. De Beers

also plans to bring in mining technology of a different kind, than what is available in India at present. The prospective trajectory involves a partnership with the Indian government. The share of each side will depend on the investment involved in prospecting and mining.

## BHP Billiton invests in Orissa

AUSTRALIAN mining giant BHP Billiton is planning to acquire bauxite mines in Orissa and



intends to start an Aluminium plant in this state. The cost of the project is close to \$1 billion which amounts to Rs 4500 crores. BHP has a presence in India as a joint venture with the steel Authority of India. As per the media reports BHP Billiton might also join hands with some local partners in its current venture. The joint venture will develop coal mines in Australia and iron ore mines in India. India is rich in bauxite resources and welcomes the investment by BHP Billiton which will generate employment for the rural people of Orissa.

## Rio Tinto route into India

RIO Tinto, the London based iron ore exporter is going to develop a venture in India for the export of iron to Indian steel makers. This venture shall take place in Orissa. Posco the Korean steel giant has also recently decided to invest close to \$ 12 billion in the state of Orissa. Due to

rapid expansion of the Indian economy, the demand for steel is increasing in India and the world's second largest iron ore exporter wants to cash in on it. The company is developing iron ore mines in Orissa and this particular project is expected to generate five million tonnes



of iron ore per year to be used by the Indian market. As per media reports, this is a five to ten year plan of Rio Tinto, and the company plans to increase the iron ore production as the demand for it increases.

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