



सत्यमेव जयते

INDIA NEWS

INDIA NEWS ONLINE: www.indianembassy.org



JANUARY 1-15, 1998

India-US trade set to exceed \$10 billion

The US Commerce Secretary Mr. William Daley said that due to India's new economic policies and more open approach to trade and foreign investment, the bilateral trade between the two countries is all set to cross the \$10 billion level in 1997.

Addressing a plenary session at the 1997 India business summit, orga-

nized jointly by the World Economic Forum (WEF) and the Confederation of Indian Industry (CII), Mr. Daley said "between 1991 and 1996 bilateral trade rose 83 per cent. In the first eight months of this year it has risen another 18% — making it likely that bilateral trade will pass the 10 billion level for the first time ever this year. He said the scope for US-Indian commerce "is almost

limitless and we are far from reaching the potential". He said the large business and government delegation accompanying him reflects President Bill Clinton's commitment as well as a recognition of the ties that bind the two great countries.

Mr. Daley said the US was India's number one source of foreign investment and its number one trading partner. "Our ties will deepen further as India continues on its path of economic reform and I firmly believe the result will be beneficial to the people of both countries".

He said the strong performance of India's economy since liberalization has led the US to rate India as a "big emerging market" and it has devoted extra energy to commercial relationship. Calling for greater ties between the two countries he said that the "US companies can provide a wide range of technologies that can contribute to India's infrastructure development and industrial modernization".

"Power generation is a key new sector where US-India commercial cooperation can help India to meet needs that are expected to double in the next decade — and to help reduce the climate impact of green-

India to be among Asia's top markets in '98: Merrill Lynch

India will be one of the best-performing markets in Asia in 1998, according to investment banking giant Merrill Lynch. The bank predicts that India, Hong Kong and Taiwan will top Asia's league tables during a difficult year for the region.

Merrill Lynch analysts believe that the steep fall in interest rates in India will boost profits. The bank's predictions have just appeared in its "Asia-Pacific 1998 Outlook" research report. India was one of the top performing markets in Asia for most of 1997. It rose by over 47.4 per cent between January 1997 and August 1997. In the aftermath of the South-East Asian crisis it has fallen back and is now 10 per cent above the January 1997 prices.

The report divides Asian markets into two categories. It says one group like Thailand, Indonesia, Malaysia, South Korea and the Philippines have serious structural problems, which must be set right in the next few months. Merrill Lynch says that recovery in these countries will be painful and protracted.

Merrill Lynch believes that India, by comparison, has reasonably good fundamentals and fewer structural problems. Hong Kong and Taiwan also fall in the same category, according to the bank's analysts.

(Continued on page 5)

Five MoUs signed at the US investment summit

Mr. Howard Clark, chairman, US-India Business council and vice-chairman, Lehman Brothers Inc. said that the two day US investment summit in Calcutta resulted in signing of five important memoranda of understanding. They are:

- RPG Enterprises and Enron International for jointly studying gas requirements in the east.
- Unocal and Paharpur Cooling Towers to develop several projects in West Bengal, which includes fertilizer, power and gas with a total investment commitment of \$2 billion.
- Raytheon and the state government of West Bengal for the evaluation of the Calcutta-Haldia and Calcutta-Siliguri transportation/infrastructure corridors.
- AIG and ICICI-West Bengal for setting up the infrastructure needed to set up a financial center in Calcutta and
- Chatterjee Group, MK Jalan and the West Bengal Industrial Development Corporation for setting up an industrial polymer processing park.

According to Mr. Clark, the summit showed that the US was really interested in enhancing trade with India. "The summit had provided a podium for the states to exhibit their features before the powerful US delegation", said Mr. N. Sankar, co-chairman, Indo-US Joint Business Council. He said the 1998 annual meeting of the US-India Joint Business Council was scheduled to be in Washington. "Business delegates from India would go there for a follow-up of the five MoUs which were signed here", he said. The former US Ambassador to India, Mr. Frank Wisner, has been inducted as a director in the US-India JBC, added Mr. Clark.

European aviation giants to sign pact with India

The European Aerospace Industry, led by major corporate giants such as Aerospatiale, British Aerospace, Daimler Benz Airport Systems and Rolls Royce are close to signing an aviation agreement with India. The agreements are aimed at improving safety in Indian air space, encouraging faster growth of aviation sector, promoting image of Indian airlines and fostering closer business ties between European and Indian companies in this sector.

The pact is sponsored by the European Union and supported by European Joint Aviation Authorities (JAA). Under terms of the agreement, European companies will cooperate in setting up a regional Cooperative Operational safety and Continuing Air-Worthiness Program (COSCAP).

Air safety standards will also be improved by regular exchanges between the Directorate General of Civil Aviation (DGCA), European companies and the JAA. The agreement, according to the signatories, is also aimed at "stimulating the development of the aviation

sector by reducing the technical and political constraints on its growth potential".

A more concrete step under the agreement will be providing the airlines with tips on the best available practices of airline operation, aircraft maintenance, overhaul and repair.

The pact will also focus on pilot training, airport management, air traffic management and industrial relations. The other companies which are part of the European Aerospace Industry are the Italian Alenia, CFM international, and Thomson-CSF. Disclosing the details of the pact, Sorensen, head of the air transport policy, European Union, said the agreement would be signed soon.

Sorensen said the latest trend in Europe was to follow a mixed pattern of free competition and regulation, instead of total competition as favored by the World Bank in the aviation sector. He gave details of the policy directives being followed by the European Union for the growth of the aviation sector and said the trend was also becoming popular in the US.

AIG to invest further in India

The American International Group (AIG) will specifically dedicate 25 per cent of its recently closed \$1.5 billion issue to India and this will be on top of the \$300 million already invested in different infrastructure projects in India.

Mr. Frank G. Wisner, former American Ambassador to India and at present Vice-Chairman, External Relations of AIG said, even as the South East Asian economies took a severe knocking on the currency front, Indian economy was in a comparatively better position.

For instance, he said the banking sector in India was not exposed the way the South East Asian banks had been exposed and there was no decline in demand implying the continuation of the growth cycle. AIG's message to the US companies was India still remained a better bet. AIG has a liaison office in Mumbai.

According to Mr. Frank Wisner \$300 million have already been committed to telecom and other infrastructure business. AIG which already has a joint venture with the Tata Risk Management has offered environmental analysis for corporates safety surveys and insurance advisory business.

Mr. Wisner said even though insurance business is yet to be opened to the private sector, AIG felt that offer of expert services still made sense and money considering the fact that India was the least insured among major nations. As for life business, he said the premiums charged on life insurance seemed

Scope for U.S. investors in aviation sector

American investors should avail themselves of the opportunity come in as partners of India in the growth and development of civil aviation sector, the Minister of State for Civil Aviation, Ms. Jayanti Natarajan, told a visiting delegation led by U.S. Commerce Secretary, Mr. William Daley, when it met her in New Delhi on December 9, 1997.

She said the recently approved Airports Infrastructure Policy permitted private sector participation including foreign investment, for construction, upgrading and management of airports in the country. Considering the high growth of traffic and the potential for promotion of trade, commerce and tourism, airports were bound to become commercially viable and, therefore, American investors could come in as partners of India. Open sky policy for cargo operation had already been announced, she said.

The Minister said the Comprehensive Civil Aviation Policy drafted by the Civil Aviation Ministry would have to await the approval of the next Government. She said since there was an all-party consensus on the process of economic liberalization, it was expected that the policy, as drafted, would get Cabinet approval, irrespective of the party that came to power.

During the meeting, Ms. Natarajan, also emphasized the need for maintaining the tempo of modernization of Air Traffic Control systems at Delhi and Mumbai airports by the U.S. company, Raytheon. After initial delays, the project work had picked up, but it was imperative that schedules be maintained for systems to be made operational at Delhi by January, 1998 and at Mumbai by March, 1998, as per the revised schedule.

Mr. Daley said India could benefit from the experiences of the U.S. in civil aviation. On a query about the purchase of Medium Capacity Long Range (MCLR) aircraft by Air India, Ms. Natarajan informed Mr. Daley that the management of the airline was likely to finalize the matter in the next three or four months.

to be on the higher side and competition could bring it down. He said AIG clearly wanted the message to be conveyed that it wanted to do business in India and would not divert the premia to any third country for purposes of investment.

That is why, he said AIG wanted to build a long-term portfolio in India comprising highway papers, subscription to bond issues of corporations such as Ahmedabad, Bangalore, etc. He said AIG wanted to be a long-term player in India.

U.S. team keen on interaction with States

Doing business with India was the focus of the U.S. Commerce Secretary, Mr. William Daley's week long official visit to India. Reflecting this interest is the fact that he is accompanied by a 31-member high-power American business delegation including large multinationals as well as medium scale companies represented by non-resident Indians.

The presence of NRIs in the group is even larger than when Mr. Daley's predecessor, the late Ron Brown, visited this country. Reliance on Americans of Indian origin is becoming greater, since with expanding Indo-U.S. collaborations, it becomes easier in this way to bridge cultural differences in trade and industry dealings as well as to fathom the intricacies of bureaucratic red tape. In this regard, Mr. Daley told the Council on Foreign Relations prior to his departure, "For many U.S. corporations, their foray into the Indian market was inspired by Indian-American executives who have not only the contacts, but also a unique understanding of the unwritten rules of doing business in India."

Mr. Daley has made sure the business element in the visit remains paramount by keeping his stay in Delhi brief, only two days out of the seven-day itinerary. This will be followed by visits to Calcutta, Chennai and Mumbai where U.S. industry has taken up numerous projects. Evidently, the U.S. administration has realised interaction with State Governments is essential to protect American business interests as these administrations are becoming more proactive and eager to at-

tract foreign investments. Even in the capital, Mr. Daley will have a special meeting with the Andhra Pradesh Chief Minister, Mr. N. Chandrababu Naidu.

Mr. Daley will, of course, hold talks with key Ministers in the lame-duck Gujral Government even though it may not prove as fruitful as was expected before the Lok Sabha was dissolved. The Ministers include the Commerce Minister, Mr. B. B. Ramaiah, the Information and Broadcasting Minister, Mr. Jaipal Reddy, the Power Minister, Mr. Y. K. Alagh, Finance Minister, Mr. P. Chidambaram, the Railway Minister, Mr. Ram Vilas Paswan, and the Communications Minister, Mr. Beni Prasad Verma. A meeting has also been scheduled with the Cabinet Secretary, Mr. T. S. R. Subramaniam.

The meetings indicate the areas in which the U.S. has special interests, especially power, telecommunications and broadcasting. Several American power companies are in the fray for setting up projects in this country but have been largely frustrated by the slow pace of bureaucratic approvals.

Similarly, telecom companies are waiting for the opening up of this sector which has been stalled with every political crisis. The impending elections have put another roadblock in the way of quick decision making in this sector. Similarly, with the proliferation of satellite T.V. channels, American broadcasting companies are having an increasingly larger presence in this country.

Mr. Daley's meetings are clearly designed to push American interests in these areas. Other important issues to be taken up with Mr. Chidambaram and Mr. Ramaiah are the U.S. insistence on opening up the financial services sector and the disputes over Intellectual Property Rights as well as quantitative restrictions on imports currently pending in the World Trade Organisation. These are areas where discussions have been held earlier by officials of the present administration and can continue even in the uncertain political climate since a change of Government is not likely to signal a change in policies.

Apart from the Government-to-Government discussions, Mr. Daley's schedule includes meetings to address the entire gamut of trade and industry, including the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Associated Chambers of Commerce and Industry. He will also attend the India Economic Summit organized by the Confederation of Indian Industry (CII).

At these sessions, delegates in the business team are expected to hold sectoral meetings with their counterparts in Indian industry in the areas of information technology, power, financial services, environment and transport infrastructure.

(Please see the following page for a list of delegates who accompanied Daley for a trade summit to India)

India-US trade . . .

(Continued from page 1)

house emissions. The US firms are also working to provide telecommunications products and services that India needs to expand and modernize its network.”

Regarding the recent crisis in some financial, Asian financial and currency markets Mr. Daley said it has made many countries in the region think again about integrating with the world economy. “Many in the region are now wondering whether they might be safer if they were more insulated from the global economy. But going backwards is not the solution.”

Corrective measures should produce a stronger structure for long term growth. It calls for a greater determination to respond to these problems by pressing for more open trade begging with the commitment to open markets in nine key sectors from chemicals to environmental technology, covering \$1.5 trillion in goods and services.

In addition to trade, technological innovation is another critical factor driving the global economy and India is in a strong position to reap the benefits of this phenomenon.

“Rapidly developing nations with strong tech sectors such as India, are well positioned to take advantage of this revolution in electronic commerce,” he said.

“Smaller, isolated firms with little capital may gain the most from the anytime, anywhere nature of electronic networks. The Internet can place even the smallest, newest firms before customers all over the world and within arms reach of potential business partners. This fact should hold special appeal to India,

Leading delegates in the team were:

- R. Michael Gadbow, a prominent member of the India Caucus is representing GE.
- Jack Shaw, Hughes Network System chairman, American co-chairman of the Indo-U.S. Commercial Alliance.
- Mohan Shah, Appletree Group chairman,
- L.P. Gupta, Gupta Permold Corporation,
- Lalit Chordia, the Qualimatrix president,
- Ashi Malik, the Intech Global Resources,
- Nalina R. Pillai, the Southern States president,
- Raj Anand, The Alutec President,
- Asim Bose, the EGS chief,
- Mohinder Kumar, the AST Research chairman emeritus,
- Safi Qureshi, and the Space Systems vice-president, and
- delegates from ABB, Congentrix Energy, Pfizer, Unocal Corporation, Praxair and Whirlpool corporation.

with its strong entrepreneurial spirit,” said the Commerce Secretary.

In fact, it’s easy to imagine an Indian businessman, located in a remote town, selling his products or services over the Internet to distant customers. They may be located in Mumbai or Tokyo or New York markets he could not reach through traditional means. Indeed, this probably is happening already, said Mr. Daley.

He said trade on the Internet was doubling or tripling every single year. This year, in the US alone, the value of goods and services traded between companies will grow to \$8 billion up 1000 per cent from 1996.

By 2002, it is estimated that more than \$300 billion will be spent on these business-to-business transactions.

Addressing the Indian and US business leaders under the banner of US-India Commercial Alliance, Mr. Daley said that India’s economic reforms and lowered barriers to trade and investment were providing US and Indian companies more opportunities to do business together.

“We believe that commercial ties benefit not only business but provide jobs and help the economies of both countries,” he said.

India: New member's choice must be made in UN General Assembly

India asserted that it deserved to be a permanent member of the Security Council and said choice of new members should be made in the UN General Assembly (UNGA) without any precondition or predetermination after establishing criteria for the purpose.

“The idea of consensus at a regional level or group level cannot, therefore, be relevant,” India's Ambassador Kamallesh Sharma told the UN General Assembly.

India is of the opinion that any effort to evolve a consensus at regional level could meet with failure as even one member can block the will of an overwhelming number of countries. Pakistan has announced its intention to do exactly that if the Asian group is asked to select its representative. Citing India's track record of contribution to world peace and security and its own vibrant democracy, Sharma said New Delhi has been instrumental in placing on the UN agenda issues like decolonisation, apartheid and human rights on which the world body achieved maximum success.

Since the creation of the UN, India has been a leading contributor to UN peace keeping operations” and forcefully articulating the concerns of the developed world with “reason, balance and a constructive orientation,” he said.

Sharma's intervention came when the 185-member

Assembly was discussing the issue of equitable representation and increase in the membership of the Security Council. The UNGA is not to take any decision immediately. Over the past five decades, Sharma said India has been committed to forcefully articulating the concerns, priorities and perspectives of the developing world with reason, balance and a constructive orientation.

Speaking about expectations from the permanent members to keep global perspective in view, he said from earliest days of the United Nations, India has been instrumental in placing on its agenda issues on which the world body has had the most success, including decolonisation, apartheid and human rights.

Stressing the special responsibility of permanent members to maintain international peace and security, he said India has shown a constant commitment to this objective since independence. Since the creation of UN, India has been a leading contributor to UN peace keeping operations, including the most complex operations in Korea, the Congo and Somalia, he said.

Sharma stressed the need for establishing a criteria for inclusion of a state into permanent membership category. Sharma said orientating discussions towards consideration of criteria, a need also emphasized by other nations, would ensure a non-discriminatory approach and develop a uniform perspective.

Clinton Visit Will Boost US Investment

The US President, Mr. Bill Clinton's visit to India next year could turn the American investment in India into a possible torrent, according to the Indo-American Chamber of Commerce (IACC), the largest bi-national chamber in the country. “The American Presidential visit will demonstrate how important India is for the US and enormously strengthen bilateral political and economic ties”, Chamber President Mr. M.V. Rajeshwara Rao said.

Mr. Rao said Mr. Clinton's visit, expected early next year, would trigger a higher flow of FDI and several new investment streams will open up. While the US Commerce Secretary, Mr. William Daley's trip has shown the prospects for American investors in India, Mr. Clinton's visit could turn the FDI trickle into a possible torrent, he said.

The US still remains India's largest trading partner with the turnover increasing four-fold from \$2.8 billion in 1980-81 to \$9.4 billion in 1996-97. India has a favourable balance of trade with the US and the surplus has increased in favour of India from \$1.1 billion in 1991 to \$2.8 billion in 1996.

India signs Memoranda of Understanding for Space cooperation with USA

Department of Space and Department of Science and Technology of India signed, in Washington, a memorandum of Understanding (MOU) with the National Aeronautics and Space Administration (NASA) and National Oceanographic and Atmosphere Administration (NOAA) of USA for scientific cooperation in the areas of earth and atmospheric sciences on December 16.

Dr. K. Kasturirangan, Secretary, Department of Space and Prof. V.S. Ramamurthy, Secretary, Department of Science and Technology signed the MOU on behalf of India and Mr. Daniel Goldin, Administrator, NASA and Dr. James Baker, Administrator, NOAA, signed the

MOU on behalf of the USA in the presence of Ambassador of India to the US, Mr. Naresh Chandra. The MOU envisages exchange of data received from the Very High Resolution Radiometer (VHRR) of India's INSAT satellites and the data received from the US research and operation satellite systems including Geostationary Operational Environmental Satellites (GOES). Cooperation in the analysis of the satellite data, meteorological modeling and forecasting techniques including those related to monsoons and cyclones is also covered under the MOU.

Another MOU was signed by ISRO with NASA, which provides for the reception of data, by the US from

the Modular Opto-electronic Scanner on board the Indian Remote Sensing Satellite, IRS-P3. MOS is an 18-channel spectrometer developed by the German Aerospace Center (DLR). It was flown as one of the payloads on board IRS-P3 launched by PSLV-D3 on March 21, 1996 as part of the cooperation between ISRO and DLR (besides MOS, IRS-P3 carries a Wide Field Sensor and an X-ray astronomy payload). The MOU is jointly entered into by ISRO, NASA and the German Aerospace Center DLR. The tripartite MOU also envisages further cooperation among the scientists of the three countries in analyzing the data for measurement and better understanding of the ocean and atmosphere parameters from space.

Off the shelf PSLVs in two years

In two year's time, India will be able to make Polar Satellite Launch Vehicles (PSLVs) available "off the shelf" for international commercial users. The Government has recently approved eight PSLVs up to C9 for the next five years (C1 was launched last year), according to Dr. J. Srinivasan, Director of the Vikram Sarabhai Space Center (VSSC), Thiruvananthapuram, and Mr. S. Ramakrishnan, PSLV Project Director. The GSLV Mark 1, 2 and 3 boosters have also been sanctioned along with these, which leaves the VSSC, ISRO's rocket developing unit, with about a dozen rockets to make by 2002.

The PSLV has a capacity of 1,200 kg and primarily carries the indigenous remote sensing satellites (IRS). Only three of these payloads - the P4 or OCEANSAT, the P5 and P6 are due in the next two-three years. After catering to these needs, there will be, according to the VSSC Chief, some spare ones available for the global users.

The demand emerging internationally is to make rockets to put six to eight satellites simultaneously into

low-earth orbits (LEOs); VSSC has been making the necessary design improvements to meet these opportunities. A launch vehicle normally takes at least six months to assemble but other global players have to be approached at least two years in advance for procured launches.

The country's ambitious project, the GSLV (Geo-Synchronous Launching Vehicle) which will use the Russian cryogenic engine on its first flight next year, has reached the qualification stage, while the indigenous C-14 engine is also being developed. Once this is advanced to the C-20 stage, it should be capable of placing 4,000-kg payloads in GTO by the turn of the century, Dr. Srinivasan said.

Meanwhile, the PSLV-C2, which will actually put India on the launchers' map, will carry IRS-P4 around June 1998. ISRO has contracted to carry the 110-kg South Korean Kitsat-3 and a much smaller West German built satellite, the TUBSAT, for the Berlin University. Minor adjustments are being made in the rocket to accommodate these developmental rides, the VSSC Director said.

EMBASSY OF INDIA
Attn: A. D. Kukreja
2107 Massachusetts Avenue, NW
Washington, DC 20008

ADDRESS SERVICE REQUESTED

FIRST CLASS MAIL

First Class
U.S. Postage
PAID
Silver Spring, MD
Permit No. 3966

Tribute to Guru Nanak

Rich tributes were paid to Guru Nanak at a function to commemorate his birth anniversary in Charlotte, North Carolina on Sunday, December 7, 1997. Addressing the gathering, the Deputy Chief of Mission of the Indian Embassy, Mr. T. P. Sreenivasan said that the Sikh faith that emerged from Guru Nanak's vision had profoundly influenced the course of events in North Western India. The contribution of the Sikh community to the development of modern India was vastly disproportionate to the size of the community, he said. India's national defence, its industrial progress and its green revolution had owed a great deal to the dedication and skills of the Sikhs.

Mr. Sreenivasan recalled how Guru Nanak had created a new vision, new values and a new society, with its own ethos. Guru Nanak's vision of dynamism shook long established traditions and reconciled different faiths in the country. Through his compassion towards the less privileged in the society and women, Guru Nanak sought to bring about social justice and a common brotherhood of man.

The celebrations were preceded by 'Akhand path' and singing of prayers. Several representatives of the Indian community spoke on the occasion. A large gathering of Indians of various religions attended the function at the Hindu Center in Charlotte built recently on a ten acre plot.

Subscriptions for Receiving India News

I would like to receive the *India News*. A check for U.S. \$5.00 is enclosed for annual subscription charges.

Make your check payable to:

**Embassy of India
2107 Massachusetts Ave., NW
Washington, DC**

NAME _____

ADDRESS _____

CITY _____

STATE _____

ZIP _____

IN THIS ISSUE

India-US trade set to exceed \$10 billion	1
Five MOUs signed at the US investment summit	2
India signs MOU for space cooperation with USA	7
Tribute to Guru Nanak	8

**PUBLISHED BY
SHIV MUKHERJEE FOR THE
EMBASSY OF INDIA, WASHINGTON, DC**