

# Indian consortium signs first contract for exploring Iranian oil

Statesman News Service

NEW DELHI, Dec. 26. — A consortium of Indian companies signed a contract in Tehran on Wednesday to carry out exploration in the Farsi block in the Persian Gulf, marking the first step in India's involvement for exploration in the Iranian oil sector.

The contract, worth \$27 million, was bagged by the consortium of oil majors which signed an agreement with the National Iranian Oil Company.

The consortium comprises ONGC Videsh Ltd (OVL), Indian Oil Corporation (IOC) and Oil India Limited (OIL). In the Farsi oil field, the OVL and IOC hold 40 per cent each, while 20 per cent is with OIL. According to the terms of the deal, the cost of exploration will not need to be paid in case the consortium fails to strike oil or gas.

The two sides also agreed to extend the four-year contract by another year. The Indian consortium won the contract, beating off competition from

Reliance Industries and two European firms.

The Farsi oil field, which already has two oil-producing wells, is estimated to have a hydrocarbon reserve equivalent to 500 million barrels of crude. It covers an area of 3,500 sq km at depths ranging between 20 and 90 metres. Unofficial estimates indicate that the consortium could stand to strike energy sources worth more than \$500 million.

According to agencies, ONGC had worked in Iran earlier as part of the Iminoco consortium and discovered two offshore fields at Rukhs and Roustam. The Iminoco consortium consists of Hydrocarbons India (ONGC's overseas investment vehicle), AGIP, Phillips Petroleum and NIOC.

The deal, signed by the director, Exploration in the National Iranian Oil Company and joint secretary, ministry of petroleum, Mr J M Mauskar in the presence of the Indian Ambassador to Iran, Mr P S Haer, would help further consolidate ties between the two countries, a spokesman of the ministry of external affairs said.

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27/12

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THE STATESMAN

27 DEC 2002

# Fight for sky-pie may hit forex inflow from Gulf

TIMES NEWS NETWORK

New Delhi: The row over the sharing of air traffic between India and the United Arab Emirates could affect the flow of money repatriated by the huge NRI population working in the Gulf, as well as New Delhi's future efforts at nabbing fugitive mobsters.

New Delhi's refusal to share the spoils of the lucrative air routes has always been a sore point with the ruling Maktoum family there. Emirates Airlines, which has been seeking to fly to more Indian cities, is owned by Sheikh Mohammed and Sheikh Ahmed, two influential

members of Dubai's ruling family. The two brothers have justified their demand for more air corridors by saying that the routes between the two regions would not be worth much if the Gulf states did not allow Indians to work there. They have also pointed out that the repatriation of earnings by Indians from the Gulf states constitutes a huge chunk of India's forex inflows.

"If we are allowing so many Indians to work in our country, India should return the courtesy by opening up more routes to the Emirates," a Dubai-based official close to the ruling family told TNN.

But New Delhi would have none

of it in its bid to safeguard the huge profits made by its national carriers, Indian Airlines and Air-India, from the same lucrative Gulf routes.

To rub it in, Indian Airlines also introduced Dubai-Hyderabad flights no sooner had New Delhi allowed Emirates to fly to Hyderabad in return for the deportation of the accused in the Kolkata American Center attack, Afkab Ansari.

Dubai paid India back in the same coin by allowing Mumbai blasts accused Anes Ibrahim to return to Pakistan even while a senior CBI official was discussing with his UAE counterparts the evidence against the fugitive. So far,

Dubai has still not officially conveyed to India that it has allowed Anes to go. In retaliation, India cancelled the permission for special flights to Mumbai and Chennai.

But New Delhi's decision could do more damage to the NRIs than leave them stranded. Already, Indians are finding it difficult to get work permits as more and more restrictions are imposed. And the rulers have told the corporate sector that people from Bangladesh, Nepal and the Philippines as well as Arab countries are more welcome, even though they may be less qualified.

India cancels UAE special flights

# Anees anger erupts in skies

OUR SPECIAL  
CORRESPONDENT

New Delhi, Dec. 24: *The Empire Strikes Back*. The *Star Wars* movie title could well encapsulate India's move today when it cancelled an earlier permission given to Emirates' Air to fly an extra 16 special flights to clear the holiday season rush.

The reason, though not stated, is that India is peeved by the UAE's refusal to hand over Anees Ibrahim, brother of fugitive ganglord Dawood.

No one in the government would admit it was a tit-for-tat action, but sources said the truth was that India was taking a punitive measure to send a signal to Dubai.

Anees was arrested in Dubai early this month and India tried to have him deported with a senior CBI official flying to the emi-

rate with papers to support New Delhi's case against the Bombay blast accused. But Anees was allowed to fly off to Pakistan after pressure from Islamabad.

Since last year, the Indian government has gone overboard giving the Emirates many additional flights and extra ports of call, "far beyond what it had sought".

Emirates now flies to Delhi, Mumbai, Chennai, Hyderabad and Cochin. India has also encouraged its own state-run Indian Airlines to undertake more direct flights to Dubai and to promote it as a shopping destination, besides encouraging Indian businesses to set up shop in the Emirates.

Indians have for long been the principal customers at neighbouring Sharjah's duty-free airport, accounting for as much as 60 per cent of the sales there. The Emir of Sharjah's

family, which has a stake in the airport, has always been pleased with the extra money Indians brought to fill their coffers.

Dubai, which now earns the majority of its revenues from non-oil businesses and wants to strengthen this trend, had long been seeking this custom. Indian authorities had believed that by giving Dubai a direct economic incentive to cooperate, it would shed its earlier pro-Pakistan stance and be in a better mood to do business of a "different kind".

An agency story put out here quoted the Emirates as saying that "due to unforeseen circumstances, the additional flights for the Christmas/New Year season have been cancelled to Mumbai and Chennai".

India has been giving additional flights to airlines that had sought them for the winter season in a bid to help bring down the rush in certain key sectors.

THE TELEGRAPH

25 DEC 2002

# Dubai hands Anees back to Pakistan

15/12  
 HTA  
 J.S.K. - W. Anwar

HT Correspondents  
 Dubai/New Delhi, Dec 14

IN A rude shock to the CBI officials camping in Dubai to secure Anees Ibrahim's deportation to India, the United Arab Emirates authorities have deported Dawood's brother straight back to Pakistan.

The deportation of the 42-year-old underworld kingpin wanted in the Mumbai blasts case comes just three days after Dubai asked India to send a request for his extradition.

Anees was arrested over the murder of Indian businessman Irfan Gogia in Dubai in 1995.

A Pakistani diplomat in Dubai played a key role in obtaining the don's release. CBI sleuths believe the deportation was done in collusion with an important figure in the ruling monarchy of the UAE.

This is the third time that the same nexus has secured Anees's release after he was detained by the Dubai police.

Dawood's huge investments in the shipping sector, real estate and hotel businesses which, according to a conservative estimate, run into nearly \$4 billion — was also instrumental in his release.

"The financial clout wielded

by the D-Company, whose business interests are directly supervised by Anees in Dubai and other countries, weighed in his favour. This, coupled with Dawood's personal influence in the Sheikdom and covert Pak ISI assistance ensured his safe flight back to Pakistan," a senior CBI official said.

The local authorities were "reluctant" to interact with Indian officials this time, in sharp contrast to their attitude when they deported Aftab Ansari, Muthappa Rai and Raju Anathkath, a CBI official said. Incidentally, all three were Dawood's enemies.

## Jaish chief freed

A DAY after the anniversary of the strike on Parliament, Pakistan's provincial Punjab Government has freed the attack's mastermind — Maulana Masood Azhar. The Jaish-e-Mohammad chief was freed on an order by Lahore High Court, which rejected a request by Islamabad to extend Azhar's detention because no case had been filed against him.

See also Page 5



A file photograph of Masood Azhar being produced in a Lahore court. AP

THE HINDUSTAN TIMES

THE HINDUSTAN TIMES

15 DEC 2002

# Centre makes diplomatic passes at UAE

*Dubai*  
*2-11-02*

*12/12*

Indrani Bagchi  
NEW DELHI 11 DECEMBER

**P**RESIDENT A.P.J. Abdul Kalam will be visiting the UAE early next year. Meanwhile, the Indian government is pushing through a bilateral agreement on civil aviation, granting Dubai-based airlines like Emirates reciprocal landing rights in different Indian cities. And there is also a buzz that the emir of Dubai might come to India on a long-awaited visit.



ABDUL KALAM

The reason for this sudden rush of goodwill diplomatic gestures from India vis-a-vis the UAE is not far to seek: The arrest of Anees Ibrahim has taken an unfortunate turn, with the Dubai Police stating that he was picked up, not from an Interpol Red Corner notice,

but because of the murder of Irfan Goga he had allegedly committed in Dubai four years ago. This puts a completely different spin on Anees' arrest, because extradition proceedings can be started against him only after his conviction — it could take anything from six months to a year, or even more.

According to sources, the decision to ramp up diplomatic ties with the UAE was taken at top level meetings on Tuesday night, headed by the Prime Minister and deputy prime minister. Although officials stated that Indo-UAE ties were doing very well, the government evidently felt that there is room for a lot more diplomatic sweetening of the UAE. The repatriation of Anees Ibrahim has become a point of honour for the government.

*The Economic Times*

1 2 DEC 2002

# CBI official in Dubai to bring Anees to India

TIMES NEWS NETWORK AND AGENCIES

**New Delhi:** The Central Bureau of Investigation has sent senior detective Arun Kumar Gupta to Dubai to seek the deportation of mafia don Dawood Ibrahim's younger brother Anees Ibrahim, who was arrested there on December 3.



A. Ibrahim

Anees, an accused in the Mumbai blasts case, was arrested three days after he arrived in Dubai from Pakistan. The CBI was informed of his arrest on Sunday night. He is one among 20 criminals being sought by New Delhi from Islamabad.

Anees is the second fugitive to be arrested in Dubai, the first being Aftab Ansari, the main accused in the Kolkata American Center attack. Ansari was deported to India.

Mr Gupta, deputy director (co-ordination) and in-charge of Interpol-CBI relations, will hand over a dossier on Anees to the United Arab Emirates authorities. Although the UAE and India have an extradition treaty, the CBI will emphasise Anees' deportation, as in the cases of Ansari and another accused, Muthappa Rai.

However, the fact that Anees had Pakistani travel documents could pose a hurdle in his deportation. The Centre is in touch with the Maharashtra government as it must send Anees' fingerprints to Dubai.

Anees had earlier been detained by the Dubai authorities in 1996, a year after the CBI secured an international alert against him. He was, however, released for want of evidence.

Deputy prime minister L.K. Advani, who is campaigning in Gujarat, expressed hope that the CBI and the Indian embassy in Dubai would be able to bring

Anees to India to stand trial. Mr Advani said the government might make a statement in parliament soon.

It is speculated that the US Federal Bureau of Investigation (FBI) may have played a role in getting Anees arrested for his alleged role in the recent hotel blast in Mombasa, Kenya. The blast had left several foreigners, most of them Jews, dead. The Dawood gang, which carries out its operations from Dubai and Karachi, also has business interests in Kenya. It is believed that Anees' arrest was kept under wraps by the Dubai authorities to facilitate his questioning by the FBI.

Anees led a lavish life with sprawling villas surrounded by Kalashnikov-toting private guards, a bevy of starlets from Bollywood and Lahore, fast cars and gold. But he lacked the dynamism of his notorious elder brother and mentor Dawood, said sources in Dubai. "He is a low-profile yes-man who carries out Dawood's instructions on running various operations ranging from hawala, betting and fake currency to a legitimate jewellery business," the sources said, adding that he was fond of gold and 'mujras' by starlets. The 'mujras', often running into the wee hours, were a routine, the source revealed. Unconfirmed reports say Anees also has an Omani passport, which helps him take advantage of the easy travel facilities within the UAE.

**Comment:** As New Delhi's experience of trying to get Abu Salem from Portugal has shown, the arm of the law will have to be not just very long but also very adroit to bring Anees Ibrahim to book. The authorities should do their legal homework and make a watertight case before embarking on deportation or extradition proceedings, which could otherwise easily backfire and cause further embarrassment.

# Leave Saddam alone, Vajpayee tells US

TIMES NEWS NETWORK

**New Delhi:** In the strongest statement of support for Iraq so far, Prime Minister Atal Bihari Vajpayee on Tuesday expressed hope that there would be no war and questioned the US mission to ensure a regime change in that country. Although he did not name the US, Mr Vajpayee's pointed reference questioning the right of any country to impose its will on others left no room for ambiguity.

Using his traditional address on the occasion of Guru Nanak's birth anniversary, he said, "We hope no more war takes place in Iraq. All issues

should be sorted out through discussions under the auspices of the United Nations. No one should try to enforce its will on others." Everyone should understand that "people of all nations have a right to rule themselves and choose their own leader", he said, adding that "no country should try to impose its will on any other country".

If Iraq had "such weapons which endangered humanity, it should give them up on its own", he said.

The Prime Minister's statement is the strongest expression so far of India's political disagreement with the US approach and is in contrast to the muted approach of the external affairs ministry.

Although the government has on earlier occasions expressed its opposition to any unilateral use of force, it has not taken a stand on the developments within the UN Security Council, with officials insisting that India had no part to play since the matter concerned the Security Council alone.

Iraq had recently sought a more active role for India, suggesting that Indian inspectors travel to Iraq to ensure the neutrality of the inspections team.

The MEA, in its carefully worded statements, has been walking the tightrope and has expressed no opinion on the differences within the UNSC on the automaticity of force, choosing rather to suggest that a unanimity of approach exists.

## 'Iraqi firing does not violate resolution'

**Pristina (Yugoslavia):** UN secretary-general Kofi Annan said on Tuesday that recent Iraqi attacks on US and British planes in the so-called 'no-fly zone' did not constitute a violation of the recently passed tough UN Security Council resolution on Iraq.

"Let me say that I don't think the (Security) Council will say that this is in contravention of the resolution that was recently passed," Mr Annan told reporters in Kosovo's capital, Pristina, where he is on an official two-day visit. AP

See Edit: Dismantling Iraq, Page 14

THE TIMES OF INDIA

20 NOV 2002

## India and Oman to expand defence ties

India - H. Arin  
By Atul Aneja 8/10

key defence partners, including the United States, France, Britain and Russia. H9-12

MANAMA (BAHRAIN), OCT. 7. India is set to strengthen deepen defence ties with Oman, a key U.S. strategic partner in the Persian Gulf, as part of its effort to enhance its profile in the oil-rich region.

India's visiting Defence Minister, George Fernandes, and his counterpart from Oman, Sayyid Badr bin Saud bin Hareb Al Busaidi, have decided to put in place a mechanism to steer military cooperation between the two countries.

India has established similar arrangements with its

They revolve around positioning a framework that would ensure regular interaction between Defence Ministries and armed forces, apart from encouraging joint military hardware production.

According to a statement by the Indian Embassy in Oman, a decision to establish a "formal structure" that will steer the military relationship between India and Oman and provide momentum to it has been taken during Mr. Fernandes' three-day visit.

8 OCT 2002



# India denies shielding Maoists

Keshav Pradhan  
Kathmandu, September 18

INDIA TODAY strongly denied that it is providing shelter to Nepal's Maoist insurgents.

Speaking at an interaction programme with media, Charge d'Affaires (Indian Embassy) Ashok Kumar said: "There is no question of our giving shelter to the Maoists." "Instead, we have been extending all possible help to Nepal in its fight against the Maoists."

Questions related to the Communist rebels dominated the 45-minute programme. Lately, many senior Nepalese politicians, including the Speaker of the dissolved Parliament, have openly charged India with giving

shelter to the Maoists.

Refuting such allegations, Kumar said, "As a victim of terrorism, we understand the pain and destruction caused by this menace. We have strengthened security along the border and have handed over to Nepal Maoists caught in our territory." He pledged that Delhi would act on any information provided by Kathmandu on the whereabouts of the Maoists.

To fight the Maoists, Kumar said India has already provided to Nepal two helicopters, arms and ammunition and transport and communication equipment.

Besides, it has been imparting training to Nepalese security forces. Asked whether India would facilitate a dialogue be-

tween the Nepal Government and Maoists, Kumar said, "Some human rights organisations in Nepal are trying to facilitate such talks between their Government and the Maoists."

"India will be happy to see that the problem ends through dialogue," he added. "Our policy is to see Nepal as an independent, sovereign, modern, prosperous and peaceful country."

On the possibility of India mediating between Bhutan and Nepal on the issue of Bhutanese refugees, Kumar said, "This is a bilateral issue."

Bhek Bhadur Thapa (Nepal's ambassador to India and Bhutan) has recently said some positive developments had been made on the refugee issue."

19 SEP 2002

# Indo-Israeli defence talks begin

Statesman News Service

NEW DELHI, Sept. 17. — Talks between India and Israel on defence issues including acquisition of high-quality weapons and issues, and to an extent relating to joint development and counter-terrorism strategies, began in Tel-Aviv today.

The Indian defence secretary, Mr Subir Dutta, is leading the Indian delegation that comprises other defence ministry officials. India and Israel are setting up a joint working group that could deal in the future, with strategic

issues. It would have the defence secretary or his equivalent heading the delegations to foster military-to-military ties and a technology-related group. India has such ties with a few countries including Russia, Britain, the USA, France and Vietnam.

Though Indo-Israeli ties are never talked about very openly, the two countries have cemented their ties in recent years. The first Indian defence secretary visited Israel in the Nineties. The President of India, the then scientific advisor to the defence minister, Dr APJ Abdul Kalam, has also visited Israel several times. Senior

armed forces personnel are exchanged regularly between the two countries. Both countries are nuclear powers— while India has exploded several devices, Israel is widely believed to possess a large number of nuclear weapons.

**George for Italy tour:** The defence minister, Mr George Fernandes, will be meeting senior defence officials during his visit to Italy. Mr Fernandes will visit important establishments and could be looking at a version of a trainer aircraft. India and Italy do not have major defence ties till date. — SNS

THE STATESMAN

18 SEP 2003

# India opposed to military action against Iraq

By Amit Baruah

NEW DELHI, SEPT. 5. As the United States sets the stage for possible "military action" against Iraq, there are obvious implications for India and the American war against terrorism.

There is little doubt that when the External Affairs Minister, Yashwant Sinha, is in Washington and the Prime Minister, Atal Behari Vajpayee, arrives in New York, Iraq and the first anniversary of the September 11 terrorist attacks will be dominating public discourse in the United States.

Just as Iraq has implications for Washington's relationship with the European Union, it will have ramifications for India as well. Apart from the fact that any military action goes against India's stated position, American moves could shake up the entire Persian Gulf.

A massive number of Indian nationals live in the Gulf and New Delhi's main source of oil remains that region. Clearly, India has substantial interests in the Gulf region. It buys some oil directly from Iraq, but this is not a significant amount.

India remains opposed to any military action against Iraq and believes that "regime change" is an issue for the Iraqi people to decide upon. Whatever be the future nuance that New Delhi may adopt on the issue, it is publicly opposed to military intervention.

There is little doubt that any attack on Iraq, whether surgical or long drawn-out, will turn the attention away from the ongoing battle against the Al-Qaeda and Osama bin Laden, whose focus increasingly seems to be veering towards Pakistan. The American inability to get at Osama and Mullah Mohammad Omar is obvious; if the two are alive then they seemed to have planned their getaway well given the fact that the world's most powerful nation is on the loo-

kout for them.

According to sources, any action to topple the Saddam Hussein regime will lead to the spotlight moving away from Osama; both currently seem to be jostling for attention as America's "enemy number one". They, however, believe that India has drawn whatever dividends it can from the American "war against terrorism". The assessment seems to be that Washington cannot do "much more" for India as far as Pakistan and terrorism are concerned. Flowing from that is India's current position that terrorism from across the border is an issue it has to deal with itself — and what the U.S. tells Pakistan on the question of cross-border terrorism is something which Washington has to do itself.

In an interesting little twist, the sources believe that if the U.S. does go into Iraq the focus will shift away from the Pakistani President, Pervez Musharraf's current "stalwart ally" position in the American war against terrorism. Whether this happens or not, the sources took the view that just as the war against terrorism had both positive and negative connotations for India, U.S. military action against Iraq could have the same effect. In his remarks on Wednesday, the U.S. President, George Bush, made it clear that he would be talking Iraq with the British Prime Minister, Tony Blair, and the Canadian Prime Minister, Jean Chretien, and would speak on the telephone with the leaders of China, Russia and France before addressing the United Nations General Assembly next week. Obviously, India doesn't figure in the list of Mr. Bush's priorities as far as tackling Iraq and Saddam Hussein is concerned — neither does Japan for that matter. It is the other members of the "permanent five" that Mr. Bush is interested in engaging.

# 'Israel-India ties won't affect bond with Arabs'

11-13  
15/8

Times News Network  
New Delhi: India has used



Yashwant Sinha

the opportunity of a bilateral visit by the Syrian deputy prime minister and external affairs minister Farouk al

Sharato to spell out its concerns on cross-border terrorism.

Responding to Syria's concern about tensions in the region and its hope that there would be no conflict, external affairs minister Yashwant Sinha responded by saying it was Pakistan which was engaged in a proxy war.

Mr Sinha said it was the legitimate right of India to protect its territory and its people and it had exercised great restraint and courage.

India had only taken defensive steps "to protect its legitimate interests against the threat and against the clear and present danger" from terrorist groups operating on the Pakistani side.

Mr Sinha has sent out a clear message on India's commitment to the Arab cause. Mr Sinha told Mr Sharato that India felt the peace process could get off to a good start once the occupied territories were vacated.

While India was developing relations with Israel, this should not be construed as a lessening of its commitment to the Arab cause, he added.

Describing the visit of the Syrian deputy prime minister as "an important" one, an external affairs spokesman said India's relations with the Arab countries were long-standing and had weight, meaning and significance that could not be diluted. A military attack on Iraq would not provide solutions to the issues confronting the international community, the spokesperson said, reiterating the stand articulated a week ago. While the UN resolutions needed to be implemented, this should not be through the use of force. The two countries also discussed bilateral issues, including economic co-operation and information technology.

15 A 1972

THE TRIES OF INDIA

# India, Syria against military attack on Iraq

By Amit Baruah

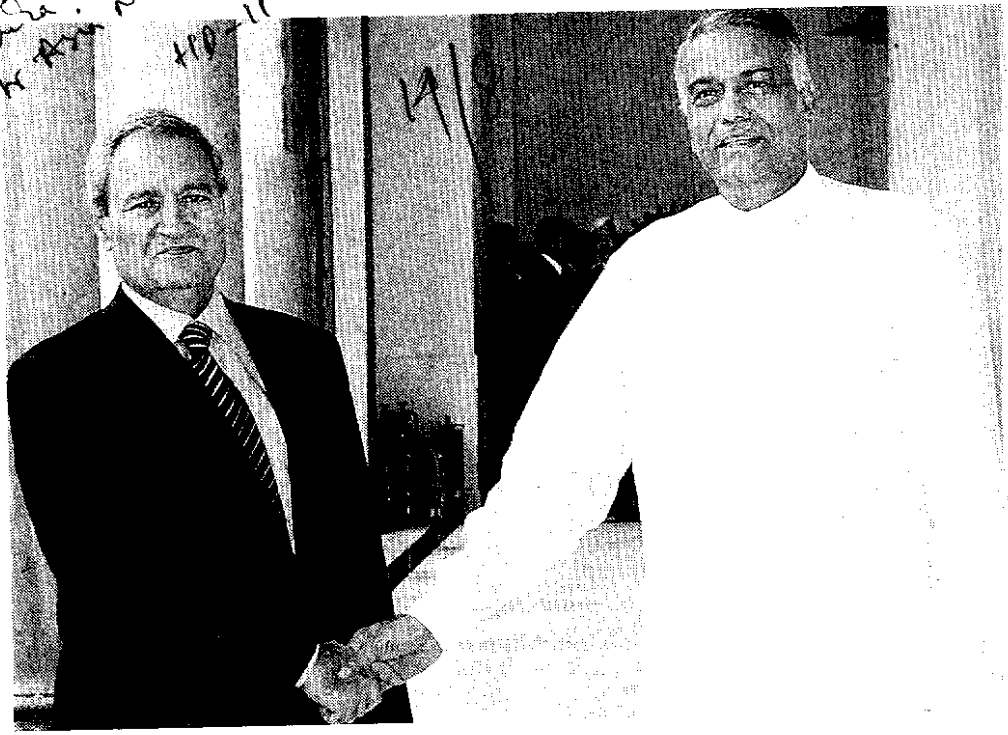
NEW DELHI, AUG. 13. Syria and India today came out against any military attack on Iraq while recognising that the United Nations resolutions on Iraq should be implemented.

Briefing presspersons this evening on a meeting the visiting Syrian Deputy Prime Minister and Foreign Minister, Farouk al-Shara, had with the External Affairs Minister, Yashwant Sinha, the External Affairs Ministry spokeswoman said both countries believed there could be no military solution to Iraqi issues.

She said the two countries agreed that a change of leadership in Iraq was an issue for the Iraqi people to decide. The issues involving Iraq should be settled through dialogue. Interestingly, she had spoken out against a possible military attack against Iraq, at her briefing on August 6 as well.

During the discussions with the Syrian dignitary, Mr. Sinha said India's support to the Palestinian cause was one of the "pillars of our foreign policy". India's commitment to this cause, she said, was intact and undiluted.

Stating that India was keen on seeing a successful conclusion to the West Asian peace process, the spokeswoman maintained that New Delhi regarded the Palestinian leader, Yasser Arafat, as the symbol and embodiment of the rights of the Palestinian people. India was of the view that war and violence could not lead to a solution of the problems in West Asia. New



The External Affairs Minister, Yashwant Sinha, with the Syrian Deputy Prime Minister and Foreign Minister, Farouq al-Shara, in New Delhi on Tuesday. — AFP

Delhi, she said, was of the opinion that once the "(Israeli) occupied territories" were vacated, the West Asian peace process could get off to a good start.

"While we are developing relations with Israel, this did not mean that India was less committed to the Arab cause," she added.

She said Mr. al-Shara held an hour-long one-to-one meeting with Mr. Sinha before going into delegation-level talks. Both

countries were keen to expand their relations, not just at the political level but between their respective private sectors as well. Mr. al-Shara said during the discussion on the West Asian situation that all Arab countries desired peace and conflict was not the solution to the problems in the region.

The spokeswoman said the aspirations of the Palestinian people must be taken into account by the international community. India, for its part, also

briefed the Syrian leader on the situation in South Asia.

Mr. Sinha said during the talks that Pakistan's proxy war against India was continuing. New Delhi, he told Mr. al-Shara, had shown a great deal of restraint in dealing with the Pakistan-created situation. India had every right to defend its territory and people as long as terror continued.

Mr. Sinha hoped that "proper sense" would prevail on the forces fomenting terrorism.

# US spanner in Indo-Israeli missile works

Desikan Thirunarayanan  
puram in Washington

July 23. — The USA has objections to India's plan to buy a sophisticated missile defence system from Israel. US Secretary of State General Colin Powell is likely to convey this to the government during his forthcoming visit to India, the Washington Post reported today.

State Department officials feel the sale of the Arrow Weapon System to India would increase friction between India and Pakistan and provide other nations with a justification to peddle missile technology, the Post said. "We are concerned about the

Turn to page 3

East Timor armed forces in Los Palos, East Timor

(Continued from page 1)

## Israeli missile:

introduction of more missiles into this area," a senior official said. "It could be destabilising."  
The proposed Israeli sale has supporters in the US administration, especially in the Pentagon, who cite US allegiance to Israel and President Bush's pledge to enlist US allies in missile defence development, the Post reported. "These proponents argue that defence cooperation with India could improve Indo-US ties. This would also be a reward for India for its retreat from confrontation with Pakistan."  
The US administration's analysis of the Israeli proposal to sell Arrow system is undergoing high-level consideration, a Pentagon official said. The administration expects to advise the Israelis on the

matter "fairly soon". The Arrow Weapon System allows Israel to defend against short-range and medium-range ballistic missiles. The program was developed in partnership with the USA. Hence, US approval is required for its sale to other countries. Israel said it would like to sell the system to India and Turkey. An Arrow system sale may violate the 1987 Missile Technology Control Regime that seeks to limit the spread of missile technology. "We have some issues we need to sort through, particularly how the sale relates to the MTCR," a Pentagon official said.  
Defence officials who favor Israel's sale proposal include supporters of Israel, which would stand to profit handsomely, and backers of the Eastington missile defence plan, the report said.

# India, Qatar discuss energy partnership

By Atul Aneja

MANAMA (BAHRAIN), JULY 16. Keen to consolidate their energy partnership, officials from India and Qatar today held a major brainstorming session for identifying possible areas of future cooperation in this field.

The Indian delegation to the talks at Doha was led by B.K. Chaturvedi, Secretary in the Ministry of Petroleum, and included Suresh Chandra Mathur, Chairman of the Petronet LNG Limited (PLL).

India is set to become the largest single recipient of natural gas from Qatar after a key two-phased project that would involve bringing liquefied natural gas shipments to terminals in Dahej in Gujarat and Kochi in Kerala is concluded. Petronet, a conglomerate of major Indian oil companies has already signed a deal with RasGas of Qatar that also has the U.S. energy giant, Ex-

xon Mobil, and key Japanese companies as partners.

Qatar holds the world's third largest natural gas reserves, after Russia and Iran. Nearly 20 per cent of the Persian Gulf reserves of 1.918 trillion cubic feet are located in Qatar's North Dome field alone.

India's bid to annually acquire five million tonnes at Dahej by the end of next year and 2.5 million tonnes at Kochi are major elements of its long-term energy security plans. Planners also envisage that once Qatari gas is received, it will be pumped into the 2000 km-long Hazira-Bijapur-Jagdishpur pipeline, India's major energy artery. Under an agreement that has already been signed, Qatar will supply gas to the two Indian terminals for the next 25 years.

During talks, India has also shown an interest in investing around \$27 million in the RasGas expansion plans. Following the

example of the French company, Gas de France, RasGas also seeks to acquire a 10 per cent equity stake in Petronet.

Analysts point out that by acquiring financial stakes, both countries will enhance their capacity to influence energy-related decisions in either country in the future.

Progress with Qatar on the energy front acquires additional importance as India's efforts to acquire natural gas from abroad have met with limited success. The differences between India and Pakistan over Kashmir have blocked a possible deal with Iran that envisages piping gas to India via Pakistan as the most viable option. Political considerations also appear to have stood in the way of the possible supply of gas from Bangladesh to India. Nevertheless, Myanmar, Russia and Kazakhstan are beginning to feature prominently on India's energy security map.

THE HINDU

9 7 101 2002

# India buys Israeli radar, wants more

Statesman News Service  
and PTI

NEW DELHI, June 28. — On the long term, India is looking for an anti-missile defence technology from the USA. But with the looming missile threat from Pakistan, there is talk of looking for Israeli sub-systems, too.

The defence secretary, Mr Yogendra Narain, said today India has acquired a Green Pine radar from Israel "following discussions between the two countries for the past few years" and looking to buy some more. Mr Narain said the Green Pines are state-of-the-art radars and they would be used for "advanced research".

He, however, denied that there were plans to buy the Ofek-5 spy satellites or the Arrow anti-missile system from Israel. There are reports, however, that India is looking at the Arrow-2, an ideal system for the country in view of the proximity

of Pakistani missiles.

The Green Pine radar, built jointly by the US Boeing and the Israeli aircraft industry, can be based on the ground to track incoming missiles as well as mounted on flying platforms to give it airborne warning and air control capability.

**Delhi has denied it has plans to acquire anti-missile systems and spy satellites from Tel Aviv**

India proposes to have the Phalcon on the Russian IL-76 aircraft to give the country the much needed AWACS capability.

Officials said the Green Pines, Phalcon AWACS systems, and an effective anti-missile system would give India a much needed defensive capability against Pakistani or Chinese ballistic or nu-

clear tipped missiles.

In recent talks with Israeli officials, Mr Narain had told them to speed up the delivery schedule of Aerostat Balloons, which would enable India to detect incoming missile and artillery attacks on targets upto 500 km away. They would provide provide in depth battlefield surveillance till India received the US ANTPQ-37 fire finding radars.

On the US front, Mr Narain said Washington has picked India to be among the few nations chosen as technology observers for the National Ballistic Defence project. Indians have already witnessed two trials and have been invited to two more in August and October.

Defence ministry officials said India has already discussed sharing anti-missile defence technology with the USA. One of the first countries to support the US plans for a NBD and the Star Wars system, India hopes to get help for itself.

THE STATESMAN

29 JUN 2002



# India, Iran to combat extremism

By C. Raja Mohan

NEW DELHI, JUNE 25. Iran wants to cooperate with India in rooting out extremism from the region and is ready to expand security cooperation with India, a senior Iranian official said here today.

Hassan Rouhani, secretary of the Supreme National Security Council of Iran, said the two nations "have to work together in isolating extremist elements in the region".

In an exclusive conversation with *The Hindu*, he said Iran "is ready to sign a document with India for bilateral security cooperation".

Dr. Rouhani is here at the invitation of the National Security Adviser, Brajesh Mishra. The two officials had met in Teheran during the visit of the Prime Minister, Atal Behari Vajpayee, to Iran last April and had agreed to intensify the contacts between the two national security establishments.

India and Iran already have arrangements for intelligence sharing and are considering greater interaction between the two Home Ministries. The contacts between the two defence establishments are also growing.

Pointing to the fruitful engagement between India and Iran in "countering the unacceptable Taliban regime", Dr. Rouhani called for continuing that cooperation in the coming years to bring peace and stability to Afghanistan and counter narcotics trafficking.

Assessing that "the Al-Qaeda has not yet been damaged" by American military operations in Afghanistan, he suggested that the group was perhaps "reorganising itself".

India, Iran and Afghanistan "need to cooperate" in dealing with the Al-Qaeda, he said.

In countering the threat of terrorism and extremism in the region, it was important to address the "root causes" as well as deepen cooperation between the "security and intelligence agencies" of key regional powers, he added.

Asked to elaborate on the "root causes", he said the "continuing presence of foreign troops in Afghanistan" and the unabated aggression against the Palestinian people were allowing the forces of extremism to gain ground in the region.

Speaking on the prospects for bilateral cooperation with India, he said India and Iran could expand their development of a North-South corridor on the Eurasian landmass to include Afghanistan.

New Delhi and Teheran are the founding members of the initiative to create a transport corridor between Iranian ports and the Russian heartland.

Dr. Rouhani suggested that India could gain access to Afghanistan and Central Asia through Iran by making Kabul a partner in this project.

On the joint pipeline project to transport Iranian natural gas to India through Pakistan, he said the two sides were awaiting the feasibility reports on different options.

He felt that a recently announced pipeline project involving Pakistan, Afghanistan and Turkmenistan might not be commercially viable, because it does not include India, which is the biggest consumer of natural gas in the region.

Dr. Rouhani called on Mr. Vajpayee, and the Defence Minister, George Fernandes today. He also held consultations with Mr. Mishra.

He had held talks with the External Affairs Minister, Jaswant Singh, yesterday.

THE HINDU

26 JUN 2002

# Iran plays Atal emissary

FROM PRANAY SHARMA

New Delhi, May 21: Iranian foreign minister Kamal Kharazmi today left for Islamabad on an unscheduled visit but with a clear message from Delhi: take steps to stop cross-border terrorism or face war.

Kharazmi's decision to go to Pakistan came after a series of meetings with the Indian leadership, including a 45-minute closed-door discussion with Prime Minister Atal Bihari Vajpayee on the security situation in South Asia. Iran, leader of the Shia world and a key Islamic country, is close to both Pakistan and India.

Sources said Vajpayee conveyed to Kharazmi Delhi's concern over Islamabad's "unwillingness and incapacity" to end cross-border terrorism while making it clear that the situation

could not continue and that India would have to take steps to defend its people.

Though the exact content of the message is not being talked about, it is clear from Vajpayee's remarks that India is set to take tough measures, including military action, against terrorists based in Pakistan unless Islamabad takes immediate and visible steps to end cross-border violence.

Kharazmi, who arrived here on Sunday, led his side at the two-day Joint Commission meeting with India which concluded this afternoon. Indian foreign minister Jaswant Singh and his Iranian counterpart are the two chairmen of the commission, a forum which gives the political leadership of the two countries the opportunity to review the entire gamut of bilateral relations.

When Kharazmi called on him this afternoon, Vajpayee told him of India's "legitimate concerns".

The Prime Minister referred to the series of attacks in the past one year, including the one in Jammu last Tuesday, to make the point that infiltration and terrorist violence were on the rise in Jammu and Kashmir. More than 30 people, including families of soldiers, were killed in the bloodiest strike in the region since last year's assault on the state Assembly.

Foreign ministry spokesperson Nirupama Rao said Iran has condemned the Jammu attack and like "all like-minded countries", shown understanding of India's concerns and its approach to deal with the situation.

Rao denied that Delhi had taken a belligerent stand and

was pushing Pakistan to another war. "We have done what every other right-thinking country would have done for the defence of the nation and its citizens," she said. "In the process, we are going to determine the steps we need to take."

Rao argued that nobody wanted war. "But we are looking at a situation generated by certain factors. We are trying to tell Pakistan that this situation cannot go on indefinitely," she said, summing up what Vajpayee would have told the Iranian leader before he left for Pakistan.

In the sphere of trade, a memorandum of understanding between Fieci and the Iranian Chamber of Commerce was signed during the day. The Joint Commission meeting also discussed ways of better cooperation on information technology, energy and transport.

# Iran wants 'peace pipeline'

By C. Raja Mohan

**NEW DELHI, MAY 21.** *The Foreign Minister of Iran, Kamal Kharrazi, was in New Delhi for consultations with the Indian Government. In a conversation today with The Hindu, he spoke on bilateral relations, prospects for regional energy cooperation and on Iranian concerns about mounting Indo-Pakistani tensions. Excerpts from the interview:*

**C. Raja Mohan:** It has been a year since the Prime Minister, Atal Behari Vajpayee, visited Iran. How do you assess the progress in bilateral relations since then?

**Kamal Kharrazi:** The movement forward in bilateral relations has been very positive. The level of trade between India and Iran has tripled in the last three years to more than \$2 billions. In terms of political cooperation, our relations are closer now and we are working together. In general, then, the visit of Mr. Vajpayee to Teheran last year was a milestone in bilateral relations.

**What is the state of play on the proposed natural gas pipeline from Iran to India via Pakistan?**

Feasibility studies are being done on different options on transporting energy to India from Iran. One option is to ship LNG (liquefied natural gas); others are sea and land-based pipelines. Both options are under study. The results of these studies should be with us in coming months. I hope the best option will be chosen as soon as possible.

The Indo-Iranian pipeline will be very strategic since it will have a positive impact on the

whole region. I hope the pipeline will help promote peace and security in the region by itself; that is why I have called it the peace pipeline.

**With the changed situation in Afghanistan don't you think a natural gas pipeline from Central Asia to India through Afghanistan and Pakistan is back in competition with the Iranian project?**

I don't think so. In terms of feasibility and market potential, it has to be calculated which of

## INTERVIEW

the two projects is more viable. But I don't think that the proposed pipeline through Afghanistan can compete with the one from Iran to India.

**The relations between Iran and the United States seem to have moved back to square one after the interesting cooperation between the two in Afghanistan!**

It is true that on Afghanistan we had some cooperation with the U.S. for the sake of peace and security... We have continued this within the framework of the process in Afghanistan... but we do not have any direct talks with Americans on other matters, including the relations between Iran and the U.S. Everyone was shocked in Iran and outside on how the Americans changed their tone and attitude toward Teheran after so much cooperation we had in Afghanistan.

**What are the prospects for talks between U.S. and Iran?**

We always said we are ready to engage in dialogue provided

it is based on mutual respect; it is not the case right now because Americans have used the tone of intimidation and insult against Iran. It is impossible to talk to each other in such an atmosphere...

I believe steps have to be taken by the U.S. administration to prove that they are sincere and want to have relations on an equal footing... So it all depends on Washington.

**Your assessment of the current tensions between India and Pakistan.**

We are very concerned about the recent developments, but I hope these will be defused as soon as possible. Of course, the present situation cannot continue over the long term. It is in the interest of both nations to de-escalate tension and engage in dialogue to find political ways on how to solve their problems.

**India wants an end to terrorism before talks can start.**

I believe the best means to defuse the situation is to establish a dialogue as soon as possible. It is through such a dialogue that both sides can decide on how to move forward and take steps that can defuse the tension. We should encourage both sides to talk to each other as soon as possible.

**India says it is ready to talk if cross-border terrorism comes to an end.**

This is a vicious circle; somehow this has to be broken. It needs courage and confidence and I am sure both countries and their leaders are prudent enough to show their wisdom to engage in dialogue instead of showing military muscle.

THE HINDU

22 MAY 2002

FRIDAY, APRIL 5, 2002

## INDIA'S STAKE IN PALESTINE CAUSE

THE MILITARIST OVERDRIVE that characterises Israel's response to the Palestinian-Arab terrorist attacks on its citizens is of alarming consequence to the international order itself. It is disappointing therefore that New Delhi has been found to be far less than spirited in renewing emphatically its support for the legitimate political aspirations of the Palestinians. Now, the unfolding montage of Israel's ongoing war against terror, more particularly the Palestinian-Arab "terrorist infrastructure", has already produced a sense of revulsion even in some Western quarters with traditional sympathies for the Jewish state. In a sense, what Israel arrogantly seems to have set out to demonstrate is its military doctrine of seeking to subdue an entire population instead of punishing the misguided Palestinian-Arab sections. In doing so, the Israeli Prime Minister, Ariel Sharon, is only worsening his country's record of an aggression against the Arabs. It is ironic indeed that Mr. Sharon's current military operations have brought more Palestinian territories under his occupation at precisely the time when Saudi Arabia, a traditional opponent of Israel, has floated a peace initiative. Under Riyadh's formula, Israel can expect to have "normal relations" with all Arab states and Palestinians by vacating the territories which it conquered in the 1967 war. One of the most appalling spectacles of Mr. Sharon's ongoing militarist frenzy is the manner in which the Israeli soldiers have laid siege to the Church of the Nativity in Bethlehem following the move by some suspected Palestinian-Arab terrorists to seek refuge in the shrine dedicated to the birth of Jesus Christ. While Israeli troops and military equipment dot almost the entire landscape of the Palestinian West Bank including such populous places as Nablus now, the most telling aspect of Mr. Sharon's brazenly adventurist policy is the humiliation of the Palestine Authority Chairman, Yasser Arafat.

Belated indeed has been the move by the Indian foreign policy establishment to express solidarity with Mr. Arafat who remains trapped by

the Israeli soldiers in a tiny pocket of his own office at Ramallah. However, if Mr. Arafat's special envoy has still sought New Delhi's diplomatic intercession aimed at promoting the Palestinian cause in this surreal context, the reason is certainly traceable to India's historical standing as a leader among the non-Western countries. New Delhi will do well to live up to its moral stature and offer vigorous support to the genuine Palestinian cause in spite of the growing warmth in official ties between India and Israel. A key meeting point between New Delhi and Mr. Sharon's Jerusalem establishment is their shared perception about the corrosive impact of externally-sponsored terrorism on sovereign states. Nonetheless, very strong reasons militate against the notion that India and Israel can be natural allies.

First, Mr. Arafat's present plight itself does not provide material for an anti-terror consensus between India and Israel. The Jerusalem establishment is making much of the retrieval of what is being described as the "invoice of terror" during their combing operations in those portions of Mr. Arafat's Ramallah office that have been seized by the Israeli forces. The "invoice", said to be addressed to the Chief Financial Officer of the Palestine Authority, contains a purported request for funds from the Al Aqsa Martyrs Brigades, identified as a terrorist outfit and an affiliate of Mr. Arafat's Fatah. Now, the relevant issue is not that the authenticity of the "invoice" is being disputed by the Palestinian officials. The point simply is that the document does not chronicle any clearance of funds by Mr. Arafat for terrorist activities as such. Second, a fundamental reason why India and Israel cannot operate on the same wavelength has to do with the untenability of allowing an implied comparison of Israel's problem with Palestine and India's in Kashmir. The third but weighty factor why New Delhi and the Jerusalem establishment cannot make common cause in the anti-terror campaign is that India is a pluralist secular democracy while Israel prides itself on being an exclusivist and ethnically homogenous Jewish state.

## Congress, SP reiterate support to Palestine

By Our Special Correspondent

NEW DELHI, APRIL 2. Hani Al Hasan, Special Envoy of the Palestine leader, Yasser Arafat, who has been trying to garner the support of the political establishment here, appears to have met with a fair amount of success with some of the main Opposition parties such as the Congress, the Samajwadi Party and the Indian Union Muslim League, offering their support to the cause of Palestine as well as to Mr. Arafat.

Mr. Hasan held a 45-minute meeting with the Congress president, Sonia Gandhi, today at her residence.

Party sources said Mr. Hasan, member of the PLO Central Council, briefed Ms. Gandhi on the latest developments in West Asia, particularly the ongoing Israeli "repression" in Ramallah, Bethlehem and Jerusalem.

The Congress Working Committee member and head of the foreign affairs department of the AICC, Natwar Singh, was also present at the meeting. Reiterating the historical support to the legitimate rights of the people of Palestine, Ms. Gandhi asked the envoy to convey her good wishes to Mr. Arafat.

During his meeting with the Samajwadi Party president, Mulayam Singh Yadav, and general secretary, Amar Singh, the PLO envoy apprised them of the latest situation in West Asia.

He urged the party to put pressure on the Centre and create international opinion against the current happenings.

Briefing presspersons, Mr. Yadav said a meeting of the People's Front would be called to discuss the Palestine situation.

The SP would appeal to the Government to work towards bringing both Israel and Palestine for talks.

Meanwhile, the IUML president, G.M. Banatwala, has, in a statement, called upon the United Nations to take a serious view of Israel's continued and blatant defiance of its call to lift the siege of Mr. Arafat's headquarters and quit the Palestinian cities.

"The U.N. cannot remain a passive spectator and must take firm action against Israel without any delay".

He said he had sent a telegram to the Prime Minister, A.B. Vajpayee, urging him to intervene in the matter and to mobilise all the countries and the U.N. for effective action.

The Janata party president, Subramanian Swamy, has, however, come out in support of Israel. Urging the Government not to abandon a "time-tested friend like Israel for Mr. Arafat's word", he described as "silly" the NDA Government's decision to express "shock" at the military action initiated by Israel.

In a statement, Dr. Swamy said Mr. Arafat owed an explanation to the world about his inability to put an end to suicide bombings.

3 APR 2000

THE HINDU

## India calls for an end to action against Arafat

Times News Network

NEW DELHI: Palestine has appealed to India to help defuse the crisis in West Asia in a direct appeal from Palestinian Authority Chairman Yasser Arafat to Prime Minister Vajpayee. The appeal, in a letter, is being delivered by Mr Arafat's special envoy Hani al Hassan.

While there was no official comment coming forth on the role, if any, that India would play, the government expressed its grave concern over the deteriorating situation and asked for an end to the action against Mr Arafat as also acts of terrorism.

Speaking in Shanghai, where he is currently on a bilateral visit to China, external affairs minister Jaswant Singh said, "President Arafat represents the authority of the Palestinian people and to subject President Arafat to this treatment is to denude the Palestinians of the sense of their nationhood. This must stop."

Israeli and U.S. concerns were, however, also reflected in the statement with Mr Singh adding, "What must also stop are acts of terrorism. Violence begetting violence is not an answer."

Mr Singh's statement did not name Israel and recalled UNSC resolution 1397 enjoining on both sides to maintain peace. He also recalled the Tenet Plan, the Mitchell Report, the UNSC resolutions 242 and 338 and the Land for Peace deal, saying these could bring the peace process on the rails. Mr Singh said this was of concern not just West Asia but had a much larger global context.

Mr Arafat's special envoy Hani al Hassan, who arrived in the capital over the weekend, met external affairs ministry officials, including special secretary R. M. Abhyankar, but was yet to deliver the letter to the PM. He is expected to meet the Principal Secretary to the Prime Minister Brajesh Mishra on Tuesday.

# War on terrorism brings India closer to the Arab world

By Atul Aneja

NEW DELHI, MARCH 11. With the war against terrorism pushing prominent Arab regimes to forge new partnerships overseas, India is sensing an opportunity to build close ties with them.

Highly placed Government sources here say that the threat of international terrorism has galvanised the Arab countries, both in the Gulf and in the periphery of the Mediterranean Sea, into action to tackle extremism. After the September 11 attacks on the World Trade Center, there is a clear realisation that the presence of 'sanctuaries of terrorism' in their heartland can destabilise Governments.

With the threat to their internal security visible, most of them are realising that terrorism can be fought only by building close partnerships with key regional players across the globe.

Not surprisingly, there is a growing perception in these States that India, no longer on the wrong side of the U.S. can become a South Asian hub in the anti-terror network.

With counter-terrorism

emerging as a cementing force, India has begun an exercise, already with some success, to rebuild its relations with the Arabs.

Reviving a dormant relationship with the Arab League, India last Wednesday signed an agreement to have regular interactions. Signed by the Special Secretary (East), R. M. Abhayankar and Muhammad Zekaria Islami, Assistant Secretary-General of the Arab League, the MoU envisages regular meetings at the political and official level.

Interaction between the Indian and Arab League Ministers and senior officials will now be regularly held in New York as well as in New Delhi and Cairo alternatively. This arrangement also visualises economic exchanges with bodies affiliated to the Arab League.

The timing of the MoU is significant as it precedes the Arab League summit in Beirut later this month where Saudi Arabia's Crown Prince, Abdullah, is expected to unveil a new peace plan that could help end the conflict between the Israelis and the Palestinians.

India has already welcomed the Saudi initiative as have key

countries belonging to the U.N. Security Council.

The signing of the MoU was preceded by discussions on ways to fight terrorism. This is already showing results as seen in the deportation of Aftab Ansari, the prime accused in the Kolkata attack, outside the American Center, from the UAE. Discussions on cooperation in sensitive areas have also been held with other Gulf countries.

While the Indo-Arab ties are likely to grow, New Delhi would have to look seriously at two areas that can dampen this initiative. First, India's tackling of communal strife inside its borders will be vital for keeping its political ties with the Arab States on an even keel. Any violation of the internal situation in India is likely to be amplified by radicalised sections in the Arab world.

Second, India would have to impress upon the Arab countries that its bilateral relationship with Israel, mainly revolving around military hardware exchanges, is on an entirely separate track and does not influence its independent political disposition on the developments in the region.

## Peace activists seek dismissal of Modi Govt.

By Our Staff Reporter

NEW DELHI, MARCH 11. Writers, artists and intellectuals today marched to the Rashtrapati Bhavan, demanding the dismissal of the Narendra Modi Government in Gujarat, holding it responsible for what they called "induced and selfish genocide" in the State.

Led by the Mahatma Gandhi International Hindi University Vice-Chancellor, Ashok Vajpeyi, musician, Ustad Asad Ali Khan, and literary critic, Natwar Singh, the rallyists presented a memorandum signed by over 140 activists to the President.

Calling for a high-level enqui-

ry into the role of the police in Gujarat, they said the Home Minister, L. K. Advani, should be held responsible for failing to curb the communal violence in Gujarat. "We are greatly alarmed at the state of affairs in Gujarat and the Chief Minister is responsible for the unchecked escalating of violence in the State. The Government must realise that it is the common man who, irrespective of his religion or faith, pays for the irresponsible behaviour," said Mr. Vajpeyi.

Stating that peace was the basic human right and no one should be deprived of it, the group wanted the State to en-

sure that the common man did not suffer.

"We condemn the indifference and inaction of the Government. People have been killed on both sides," said Urvasi Bhutalia of 'Kali for Women'.

Holding people in power responsible for the volatile situation, Ustad Asad Ali Khan said, "India is a land of peace and universal brotherhood and we have a rich heritage that we can refer to for long-lasting peace. Let no one community be made to feel that they don't belong here, because religion does not teach one to divide; it only preaches love and harmony."

THE HINDU

12 MAR 2002

INDO-IRAN PROJECT / PROSPECTS BRIGHTEN

## Islamabad, Teheran sign accord on study

By B. Muralidhar Reddy

ISLAMABAD, FEB. 22. The prospects of the multi-billion Indo-Iran gas pipeline project brightened today with Iran signing an agreement with Pakistan for a pre-feasibility study on laying the project via Pakistan. The agreement on the study to update the data and project costs was signed by Pakistan's Oil Minister, Usman Aminuddin, and the visiting Iranian counterpart, Bijan Namdar Zanganeh, here today.

The study, to be conducted by an Australian company, would be completed by the end of the year, Mr. Zanganeh told a joint press conference. An Italian company had been entrusted with conducting the feasibility study for India.

Asked about the studies conducted earlier, Mr. Zanganeh said the data needed updating following new demands from India and Pakistan. He reiterated that Islamabad had no objection to the pipeline being laid through Pakistan.

On Thursday, the Pakistan President, Pervez Musharraf, assured full support and cooperation in execution of the 1650-km long gas pipeline project. He directed the Ministry of

*India - W. Asia*  
Petroleum and Natural Resources to take all steps for facilitating the feasibility study and export of motor gasoline in coordination with the Iranian Petroleum Ministry.

The project has been hanging fire for several years in view of India's doubts over the feasibility of the pipeline through Pakistan, given the history of hostilities between the two countries. Gen. Musharraf and several other Government functionaries have repeatedly assured the Indian Government about the safety of the project but New Delhi continues to entertain doubts.

*RD-11*  
A few months ago, Iran had set up separate joint committees with India and Pakistan to study various options related to the project. Some options under consideration include the involvement of international consortium of firms and laying of the pipeline through sea route.

Pakistan is keen on the project, as it would bring enormous economic benefits besides providing it an assured supply of gas. Estimated to cost about \$4 billion, the project also came up for discussions when the Iranian Foreign Minister, Kamal Karazi, visited Islamabad in December.

THE HINDU

23 FEB 2002



FOCUS



# Saudi Arabia

# International

# T M N

YOUR GL

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**W**elcome to the World of Black Gold. Once you cross the hurdles in getting Visa and rigorous immigration checks at the airports, you are into an entirely new Arab world attracting you with its admirable qualities for pursuing ample business opportunities. Contrary to the moaning in most markets over the slow down and recession, Saudi Arabia presents a refreshing scene with flourishing economic activities.

It is true the gruesome September 11 attack on the US had brought international pressure on the Arab world to undertake a self-appraisal. But, the Kingdom is sparing no effort to reinforce confidence at the political and economic level. It has intensified diplomatic efforts to strengthen economic co operations with existing partners.

The booming Saudi economy is marching ahead with a new economic agenda. Two decades of leadership of King Fahd bin Abdul Aziz AL-Saud, who is the Custodian of the two Holy Mosques, has made it one of the safest countries placing it on the path of stability and progress. Crown Prince Abdullah bin Abdul Aziz AL-Saud, First Prime Minister and effective ruler, has unleashed series of reforms to attract local and foreign investment in various areas.

The Kingdom appears to be serious about strengthening its relations with India. There is concern over the strained Indo-Pak relationship. Mr Hussein A. AL-Athel, Secretary, General, Chamber of Commerce and Industry, Riyadh refers to the historical relationship between India and Saudi. However, he is critical of India's stand on Palestine and the recent welcome accorded to the delegation from Israel.

All the same, the Kingdom and businessmen recognise India's strengths like remaining as the largest and peace loving democracy

in the world, offering a large market with one Billion people, technical skills and the IT power.

On the diplomatic front, late Indira Gandhi was the last Prime Minister to visit SA in April 1982. After a long gap, the present Indian External Affairs Minister Mr Jaswant Singh visited the Kingdom in January 2001 giving a new impetus to Indo-Saudi relationship. As a rare gesture, Singh was gifted a horse by Crown Prince.

This was followed by the visit of CII delegation. Businessmen on both sides want quick follow up. To quote Mr Hussein, "Mr Singh made a good start. I hope it will not take another 10 years for India to make another visit".

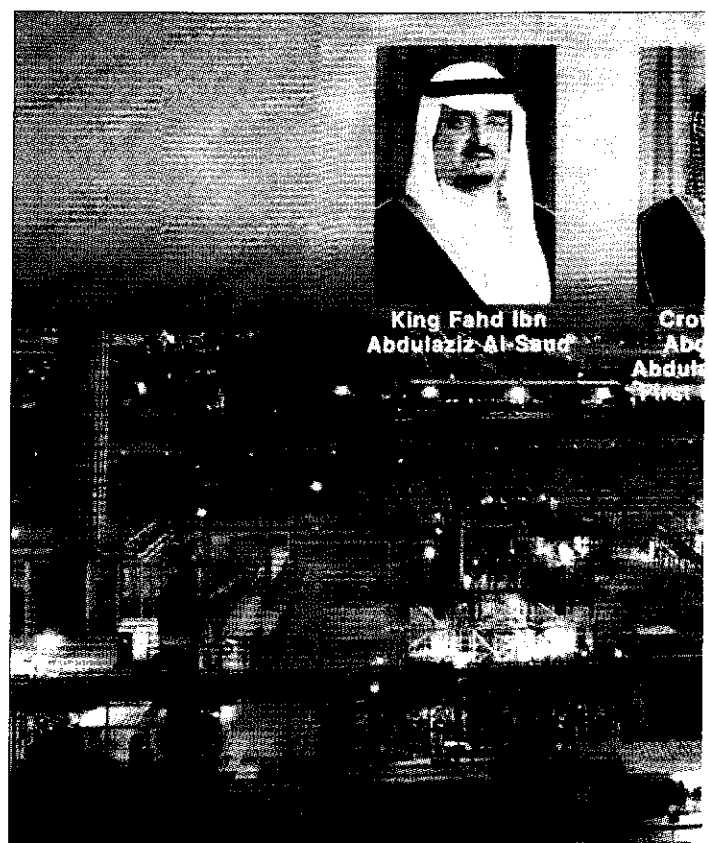
Mr Adel Alsubaimi, President, Global Suhaimi company said "we have the fuel and money. You have technology and manpower. Let us come together and promote ventures. I think economics must dominate over politics".

From the India side, the biggest problem is getting Visa to the Kingdom. Mr D Arunchalam, Managing Director, Tamilnadu Petroproducts, which is setting up a mega LAB venture in SA said "Visa problem should be sorted out on a war footing. The Kingdom should ensure tax holiday on foreign investments. Both the countries should soon reach double taxation avoidance agreements and an accord for protecting investments".

Today, Saudi Arabia is emerging as an attractive destination for business and investment. It is also set to join WTO. No doubt, there is talk of global recession and economic slow down. But, there is no outcry over its fallout on the Saudi economy. It is hard to come across plant or business shut down, labour unrest, protests, job cuts, jinxed projects, grounded new investments.

It is business as usual. Chambers of Commerce and leading business-

## KINGDOM UNVEILS AGENDA FOR



King Fahd bin Abdulaziz Al-Saud

men are excited about increasing opportunities for India and Kingdom in fields like petrochemicals, industrial goods, tourism, healthcare, professional services, infotech, agro-products etc.,

Mr Ibrahim A AL. Olayan, acting

Secretary General, Chamber of Commerce, Eastern Province (Dammam) said "Saudi Arabia is changing with times. It is witnessing a big economic transformation. It is time for Saudi companies to look at sourcing at cheap cost industrial

## "JVs, partnership hold key to future Indo-Saudi relationship" — Indian Envoy



**I**ndian Ambassador to Saudi Arabia, Mr Talmiz Ahmad, is playing an active role in promoting economic relationship between the two countries. In an interview to V Balasubramanian he has stressed the need to build the two-way relationship via joint ventures and partnerships. Excerpts:

**How do you assess the current Indo-Saudi bilateral relationship?**  
Saudis are exploring the possibility of doing business with India because of historical connection. The Kingdom is interested in diversifying its economic partners. This I am talking about even pre-September 11 attack. They value very much our democracy. They are aware of India's economic achievement. We are being seen as a separate expanding market for the Kingdom. For years, we have been buying their energy and paying in money. We are also a source of technology for them.

**What are future prospects? Will the strained Indo-Pak relations come in the way?**

I do not see Indo-Pak strained relationship as an issue coming in the way of strengthening our ties with SA though the Kingdom wants the outstanding issue to be resolved. I see the future of India in this region in IT, small scale industries, energy, industrial collaborations and services sector.

I do not see the future lying in trade, but based on partnership and joint ventures. Consider statistics. Our exports to SA are worth \$ 700 Million of which 35 per cent is rice and other food grains. Manufacturing items come to \$ 100 to 150 Million. At the most it can double. But, we cannot be competing

with other countries which are producing cheaper items. Our items are made in the SSI sector. Therefore, JV is an enduring relationship. We have strengths like manpower, capability and niche technology.

The proposed JV of Spic group for the LAB project at Yanbu (through TN Petroproducts) is an ideal case. It is the first FDI license to be cleared by the Kingdom. When Spic Chairman, Dr A C Muthiah, was here, 25 Saudi businessmen came to meet him. It showed their interest in partnership.

**How attractive is SA as a market for Indian business community?**

For long, our community has not seen SA an attractive destination. There were reasons. They had problems with the Kingdom, airport and police. So, they used the soft option of going to Dubai. Today, the situation has changed. Dubai is no longer gateway to SA. Whereas, SA has become an independent business centre. The Kingdom has also substantially lowered customs duties, while raising duties on 250 products to protect its established domestic production.

SA itself is a major market. Support is available from institutions like Sagia, Sidf besides excellent infrastructure and tax holiday. Plus, they can use the Red Sea to reach other markets like Yemen (which has

no industrial base), Jordan, Sudan, Egypt and Kuwait.

I do not see SA taking the route that we took like establishing low-tech production facilities. It is a labour poor economy. They are interested in developing the service sector in areas like computer software, software development, multi media and tourism. In fact, the Kingdom has a huge development programme for youths in the service sector. They are promoting KD as a tourist destination like what we are doing. So, it will be a two way arrangement between the two countries.

**Do you think the profile of Indian community has changed in the job market?**

Yes, it has changed. In 1982, when late Prime Minister, Indira Gandhi came, we were 2.5 lakh. It increased to 6.5 lakh between 1987-90 of which five per cent were white collar and of which half a per cent were professionals. Now, our community has doubled to 1.5 million of which 15 per cent is white collar and of which five per cent is professionals (two lakh) like doctors, engineers, accountants, managers, techies etc. Saudis have seen the loyalty and dedication of Indian professionals. Our size is more than that of Egypt and Pakistan. Our strengths are skill, discipline, law abiding and non-involvement in politics. Saudis

have seen the loyalty and deCof Indian professionals.

**What is the agenda on hand for you to promote India in the near future?**

We plan to organise a couple of round tables for tourism, IT and SSI sectors. In May, we want to host an Arab tourism mart covering Dammam, Riyadh and Jeddah. We will co ordinate with Indian tourism Ministry and receive our team. It will be a big opportunity to market India to Saudi businessmen. After spending some days in SA, they can to Dubai where the mart is normally held. The other round table I am planning in April-May is on IT. We have TCS, NIIT and Apteck operating in SA. I have asked these companies and their consultants/engineers to tell the participants on what products and services they are offering, how they can train people in the Gulf region. At the end of these sessions, we will come out with an action plan for two years.

In October, I want to promote our SSI sector by hosting an expo on Indian costumes. We will display 50 varieties. I have asked CII SSI division to organise a trade show. The other focus area will be energy. SA is an oil based economy and is going to be a major producer. It is subject to price fluctuations in turn. India is a major buyer in a competitive environment.

# International TIMES

GLOBAL LINK



## SAUDI'S NEW VISION, FOR GROWTH

reserves. It has the largest single owned crude oil reserve estimated at 263 billion barrels claiming about 26 per cent of the total world reserves. The Kingdom has cut dependence on oil by focusing on industrial development.

Mr Mohammed H AL-Mady, Vice-Chairman and MD, Sabic, a leading

investors with its excellent infrastructure. IT and telecom infrastructure is improving. The national currency, Riyal, is stable. Inflation is under control. There is a well managed banking system. It is allowing foreign investment with 100 per cent ownership.



**T**he oil-rich Saudi economy is undergoing a big economic transformation. It is luring private capital and foreign investors with a liberal policy, reports V. Balasubramanian

While the Kingdom has done well on the economic front in the last 25 years, it is facing certain challenges. The average real economic growth in recent years has tended to fall below the rate of growth of population (3.5 per cent). Saudi economy still depends predominantly on oil for a major part of its income accounting about 90 per cent of export earnings and 75 per cent of Government revenue.

The past experience shows that oil is subject to wide price fluctuations and its global supply and demand equilibrium is delicately balanced despite periodic spurt in prices. This called for redoubling efforts to reduce the level of dependence on a single product source for economic survival.

On top of it, the rising number of expatriates has forced the Kingdom to implement "Saudization" programme aimed at increasing ( five per cent every year) the jobs for Saudi nationals in private sector and foreign ventures.

But, a section of the industry has favoured a pragmatic approach without coming in the way of attracting talented force for their survival in the competitive world. All these years, they have built their business on the shoulders of skilled expats from countries like India and it is difficult to displace them overnight, they point out.

The Kingdom is on a privatisation drive and has already attracted investment worth US \$20 Billion. This is expected to double in a few years covering more areas like infrastructure, telecom, airlines, industrial cities and tourism.

machinery and equipment from India".

The Kingdom has taken up a new economic agenda to boost growth in all sectors and creating more jobs. In 2001, a real GDP growth of 2.2 per cent was achieved despite the decline

in oil sector GDP. Private sector grew by 5.9 per cent. With its 21.4 Million people and an average per capita income of over US \$ 7500, SA is by far the largest economy in the entire region.

Saudi's major strength is oil

petrochem major dealing with India for long said "the best business strategy is to be closer to the sea and closer to the market. That way we look at India as an asset with its huge market, labour force and technical skills" The Kingdom lures foreign

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**HEAD OFFICE:** P.O. Box. 2162, Dammam 31451, Kingdom of Saudi Arabia. Tel: (+966) 3-857-1953. Fax: (+966) 3-857-7246. Email: globalsuhaimi1@anet.net.sa

**INDIA:** 3022, Z Block, IIIrd street, 13<sup>th</sup> Main Road, Annanagar, Chennai-600040, India. Tel/Fax: 91-44-6190427 Email: gsendia@md4.vsnl.net.in

**S**audi Basic Industries Corporation (SABIC), one of the world's largest petrochemical companies, is bullish on Indian market for expanding its research and marketing. It already has a research and technology (R & T) centre at Vadodara in Gujarat. It is one of the two global technology centres, the other one being in the US. Soon, SABIC will dedicate its new R & T facility in Gujarat. "We look at India as a growing market for petrochemicals. It will continue to be a very strategic market for Sabic in the entire Asia Pacific because of its proximity, size and skilled man power. We are discussing with our customers to promote joint ventures for producing finished products", says Mr. Mohammed H AL. Mady, Vice-Chairman, MD, Sabic. Sabic is a symbol of industrial development in the Gulf region. SABIC has significant expertise in transferring the latest technologies to the

erals and hydrocarbons and use them in industries instead of exporting as raw material. Establish an array of basic products to build a platform for development of subsidiary and supportive industries so as to achieve integrated industry in the country. Minimize imports and encourage pri-

**Since its creation in 1976, SABIC has transferred modern technologies to kingdom. The vision that led to its creation was closely associated with the aspirations of Saudi Arabia**

ivate sector investment in industrial projects. Open new marketing channels for new products, diversify sources of national income, support revenues of hard currency and minimize reliance on oil as the only source of income. Since its creation in 1976, SABIC

SABIC also has several international patents against its name and has invented a new technology to produce acetic acid from ethane, first of its kind in the world. This new process was developed over seven years of R&D work. SABIC also recently developed a new technology for the production of linear alpha olefins jointly with German major Linde AG.

The company's production capacity has increased from 6.3 million tonnes in 1985 to over 36 million tonnes in 2001. The huge leap was due to the continuous improvement in production capacity, investment in the available resources and energy, addition of new plants and production units, and implementation of more expansion projects. SABIC's sales exceeded 21 million tonnes in 2000 compared against 4.9 million tonnes in 1985. The company has marketing network across the globe covering the US, UK, France, Germany, Italy, Holland, Spain,

## SABIC: The Power to Provide



**F**or Saudi Petrochemical giant, SABIC, India will continue to remain a very strategic market in the entire Asia Pacific. Soon it will commission its new R&T facility in Gujarat. It is also discussing with Indian customers for promoting JVs.

Kingdom and training Saudis to carry them forward into the future. It also invents new technologies thereby minimizing reliance on foreign technologies.

SABIC's business is grouped into five core sectors: Basic Chemicals, Intermediates, Polymers, Fertilizers and Metals. Each sector consists of several Strategic Business Units (SBU) dedicated to customer needs. Its manufacturing network in Saudi Arabia consists of 18 world-scale industrial complexes operated by 16 affiliates.

SABIC's strategic goals were derived from national development plans both of which went side by side. SABIC defined its goals as follows:

Transfer latest technologies to the Kingdom and train Saudi employees to carry out and develop them. Invest in the nation's reserve of min-

has transferred modern technologies to the Kingdom. As a result, SABIC entered JV projects with global companies for manufacturing and marketing. These included Shell, Exxon Mobil, Hoechst Celanese, Pan Energy, Nesty Oil, Echo Fuel, Mitsubishi and Taiwan Fertilizers. The transfer of technology was a major reason for setting up of the SABIC complex for Research and Technology (R&T) in 1994. R&T is today considered one of the most modern scientific research facilities. It is playing a significant role in developing SABIC applications and products. SABIC is looking forward to discover new technologies to minimize its reliance on foreign patents. For example, through French Petroleum Institute SABIC has developed a technology for Butene-1 and sharing the rights of production.

Turkey, Japan, Hong Kong, Philippines, Singapore and India. The network distributes SABIC products locally and internationally to over 100 countries.

"The vision that led to Sabic's creation was closely associated with the aspirations of Saudi Arabia as a developing nation. We continue to play an important role in achieving some of those aspirations, including the development of the country's human resources. We are also committed to Saudi social and cultural values and international business and environmental standards" says the Vice-Chairman. SABIC is owned by the Saudi Government (70%) and the private sector (30%). Private sector shareholders are from Saudi Arabia and other countries of the six-nation Gulf Cooperation Council (GCC).

## TN PE a bo

**C**hennai-based TIDCO, has taken attract foreign inv slated to achieve Yanbu, reports V

**H**aving established itself as a major domestic player in the manufacture of linear alkyl benzene (LAB), TPL has embarked on an aggressive investment plan to set up a 80,000 tonne LAB and one lakh tonne normal-paraffin (NP) plant in the Kingdom buoyed by the current requirements and market potential in the Gulf Region.

Says Dr A C Muthiah, Chairman, Spic and Vice-Chairman, TPL, "just two years back, Saudi Arabia started opening up the investment front. Now, 100 per cent owned foreign companies could get industrial license to establish ventures. It is a proud moment for us, since we were the first company under the liberalisation measure to receive the license for establishing LAB/NP in the Kingdom".

According to him, it is the raw material availability, access to a growing market, logistic advantages and attractive funding sources are the main factors which have motivated Spic group to venture into the Kingdom through TPL.

The project estimated to cost US \$ 250 Million is expected to have a debt & equity with major portion of the equity shared by Gulf petroproducts EC (GPC), owned equally by Saudi Offset Ltd Partnership (SOLP) and TPL. The balance equity will be shared by a consortium led by a major industrial conglomerate in the Kingdom.

SOLP is essentially a venture capital fund managing defence offset

## COROMANDEL FERTILISERS LTD: Building core competence

**C**oromandel Fertilisers Ltd (CFL) is a Rs 700 crore, professionally managed company in the core sector manufacturing phosphatic fertilisers. CFL was incorporated in 1964 by IMC and Chevron of USA and EID Parry. Today, it is a member of the Rs 4000 crore Murugappa group of Chennai. The company's performance has shown consistent growth with a good dividend track record.

**Coromandel Fertilisers was acquired by Murugappa Group in 1995. It enjoys a strong brand equity and it is a house hold name among the farming community in India. It is known for its commitment to environment and innovation. It is also an investor friendly company with a good financial track record.**

CFL produces high analysis fertilisers like urea ammonium phosphate 28:28:0 and NPK 14:35:14 and low analysis like ammonium phosphate sulphate 20:20:0, which are marketed in Andhra Pradesh, Orissa, West Bengal, Madhya Pradesh, Chhattisgarh, Karnataka and Maharashtra under the brand name 'GROMOR'. The brand enjoys a very strong equity and is a household name among the farming community in these states in India.

The production facility at Visakhapatnam in AP has capacity to produce 600,000 MT complex fer-

tilisers per annum. Most of the company's power requirements are met through captive generation.

CFL operates its own exclusive berth facility for handling imported raw materials (sulphur, rock phosphate, potash, liquid ammonia, urea etc) and finished products (DAP, MAP etc) totalling approximately one million MT p.a. In 1997, CFL commissioned a unique facility in India, a Molten Sulphur Terminal, which is eco-friendly, safe and energy-efficient. It is a show-case for the company's commitment to environment and innovation. Another milestone was the recently commissioned imported liquid ammonia unloading and transporting system via 5 km long pipeline to the plant.

'Safety before Expediency' is CFL's philosophy and considerable efforts have been made towards improving safety standards. Modernisation/retrofitting of our production plants have resulted emissions, sometimes bettering U.S. and European standards. CFL is accredited with ISO 9002 for Quality Management and ISO 14001 certification for Environment Management. CFL has won many national and international awards, most noteworthy among them are:

- \* The Fertiliser Association of India (FAI) 'Best operating phosphoric acid plant' 5 times in the last 7 years.
- \* The FAI's 'Best environment protection Among Phosphatic Fertiliser Units' in 1995-96.
- \* The British safety council's 'Five Star Rating' for Safety management systems in 1998.
- \* National Award for 'Excellence in energy Management' for two consecutive years (2000 and 2001), at the national competition held by Confederation of Indian Industry.
- \* One of the '10 Greenest Companies in India' in a joint survey conducted by Tata Energy Research Institute and Business Today magazine in 2001.

## KINGDOM OF GREAT POTENTIAL INDIAN IT COM

**I**ndia's success story on the infotech front is well acknowledged in the Kingdom, finds V Balasub

**S**pokemen of Industry and local sponsors of joint ventures fondly appreciate India's skill in the field and its emergence as the world's second largest IT power after the US. "We see a great potential in the market for Indian companies, especially high end solution providers" says Mr Vivek Kumar, Regional manager, TCS, Riyadh.

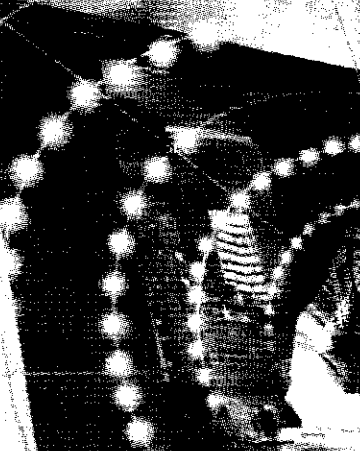
TCS is implementing a major project for General organisation for Saudi insurance (GOSI), an organisation engaged in taking care of social insurance schemes in the country. TCS won the contract against global competition. It is helping GOSI in switching over to a new IT system. Its local sponsor is AL Mozoon group. In view of the difficulties in getting Visa for more professionals, TCS for the first time adopted the model of having an onsite in Saudi and an offsite in Chennai.

Another Indian company, GTL (formerly global telesystems Ltd), engaged in executing turnkey telecom infrastructure projects, is executing a project for Saudi Telecom company. It also has AL Mozoon group as local sponsor. Birlasoft has teamed up with AL Zamil group to float Zamil Birla technical services. It provides its clients ERP and internet based solutions. As part of marketing India's success story on the front, Indian Embassy is planning to host a round table session in April-May and come out with a two year action plan.

Kumar says as happened in other countries, Indian companies are bound to move away from mere body shopping to taking up high end projects. This approach will help in tapping the IT opportunities in the Kingdom. "Saudi Government is doing a lot to improve IT infrastructure for expanding connectivity,

bandwidth etc., Saudi telecom company, King Abdul Aziz city for science and technology (KACST) and Saudi Arabia Monetary Authority (SAMA) are working together to improve infrastructure".

IT application is increasing in telecom infrastructure, services sector, financial services, banking and retailing. The Kingdom has also embarked on e-commerce initiatives to quicken decision making and reduce transaction cost. It wants to give a boost to computer education at the school level. A number of cor-



**Indian companies are bound to move away from mere body shopping to taking up high end projects.**

panies and organisations are encouraging Saudi nationals to be trained in IT and IT enabled services. So, there is a big market await Indian companies is IT training. Already, Apteck are NIIT are operating and SSI is expected to enter the market soon.

According to reports, though IT is used in the country for several years,

# TRO'S FLAGSHIP LAB PROJECT on to Saudi market

and Tamilnadu Petro Products Limited, promoted by agri-business major SPIC and State owned, is the lead to promote a LAB / NP project in the Kingdom attracted by liberal policy initiatives to investments. It is the first project to get licence from SAGIA after the new policy was framed. It is financially closer by June 2002. The US\$ 250 million venture is to be located in the industrial city of Balasubramanian

funds whose general partner is Devcorop International EC, which is a Bahrain-registered exempt joint stock company focusing on venture development and investments in SA and the GCC.

Nearly 50 per cent of the project cost will come as debt from Saudi Industrial development Corporation (SIDF), a primary funding agency in the Kingdom, with a nominal fee. The balance funds are to be raised from bank. Currently, the project is appraised by Sidf.

After surveying various locations, the industrial city of Yanbu on the West Coast of Kingdom was chosen as the most appropriate location. This was taking into account the availability of right quality & quantity of kerosene feedstock, which is the primary raw material, proximity to a refinery for supply of hydrogen and other inputs, availability of cheap source of fuel like natural gas and other utilities besides the infrastructure like port and jetty to facilitate import and export of products.

The royal commission of Yanbu, the main agency involved in the development and allocation of land in the area has already developed land by the side of Ibn Rushd aromatics complex, close to Saudi Aramco Mobile refinery. It is also close to Jeddah highway and bordering the petrochemical street, which satisfies all the requirements for the project.

Saudi Aramco has agreed in principle to meet entire requirements of

kerosene. For benzene too, Ibn Rushd, has agreed in principle to supply the required quantity from its aromatics complex. Alternatively, since the quantum of benzene required is small, it could be imported utilising the jetty facility.

Aramco has agreed to supply the required natural gas. The Royal Commission has further agreed to allocate the required quantity of sea water for cooling requirements as

**TPL is mainly looking at the promising local market for LAB consumption besides GCC. It can leverage on the advantage of the Yanbu site which has access to the Red sea and close to Africa and Mediterranean rim.**

well as portable/process water. Certain other utilities like nitrogen gas is proposed to be outsourced.

Technology is to be sourced from UOP US, one of the world leaders in LAB/NP technology. As on date, it has licensed more than 80 per cent of the world's LAB projects which showed the soundness of its technology. Incidentally, all the LAB projects in India are with UOP technology.

The project is to achieve financial closure by June 2002 and the implementation should take around 26 months. It is slated to go on stream by August 2004. The project will benefit from the provisions of the

recently modified investor friendly Saudi foreign investment law.

The plant is proposed to be managed through the expatriate services of TPL, whose operational experience will serve for the smooth operation of the plant. It will also employ local manpower wherever possible. Saudisation is planned to an extent of 15 per cent in the first year of operation with five per cent increment envisaged every year to a maximum of 60 per cent.

The Saudi nationals, depending on the category, will be trained in the TPL's Chennai plant. Some of the maintenance function and non-technical aspects of the operation is to be outsourced. This is expected to improve job potential in the Kingdom and help in the rapid industrialisation of the country.

TPL is mainly looking at the promising local market for LAB consumption besides GCC. It can leverage on the advantage of the Yanbu site which has access to the Red sea and close to Africa and Mediterranean rim. Regarding NP, almost 70 per cent of the production will be consumed locally and the balance placed in the merchant market. TPL also plans to set up a 80,000 tonne LAB plant in Vietnam, which is expected to provide a ready market for NP.

TPL's LAB plant in Chennai based on UOP technology started commer-

cial production in 1988. It has cost effectively and gradually enhanced the capacity from 60,000 tonne to one lakh tonne. TPL is the first to utilise the state of the art advanced process control (APC) technology for a LAB plant. The international quality of the product is amply proven by its acceptance by world leaders like Unilever, P & G and Henkel.

TPL is also consistently exporting to West Asia, South East and Europe, which has earned the company "export house" status thus bestowing on it several benefits meant for export products. The company has also diversified into the manufacture of epichlorohydrin with a 10,000 tonne capacity. TPL is India's first continuous process industry in India to receive the ISO 9002 certification. It has been awarded ISO 14,000 for its commitment to environment protection. It has also won a number of safety awards including the British safety council's "Sword of Honour, the American Councils' "Safety Award and the "5 Star British Safety Council Award".

TPL has an impeccable financial record with turnover almost doubling over the last one decade to Rs 714 crore in 2000-01 and steadily improving net profit to Rs 51.4 crore. TPL has also promoted forward integration ventures by teaming up with Henkel KgA of Germany for the manufacture of detergents out of LAB and with Vanico polymers (formerly CIBA polymers) for making epoxy resins out of ECH.

## OFFERS AL FOR MPANIES

well  
Bramanian

it was largely confined to the Government, universities or big companies. The Kingdom continues to lag behind not only the major industrialised countries but also its neighbours in West Asia in the use of internet and IT tools. While there are now about 31 ISPs, KACST is examining applications from nearly 75 companies which are keen to enter the ISP market. There are not even one million internet users now.

The Kingdom feels automation is well suited for Saudi economy because of its white collar work-



force. It will require atleast five million users for the e-commerce twist to take place. It might even think of giving it free to realise the five fold increase in users and kick start a boom. In any case, it is a wealthy nation and it is talking of nearly US \$ 150 Million money flowing into the IT sector over the next three years.

## Kingdom's Saudization drive

**Alongside LPG (liberalisation, privatisation and globalisation) drive, Saudi Arabia is in the grip of a new wave called Saudization or nationalisation of jobs, which has become a national cause and a strategic direction for the Kingdom. V Balasubramanian tracks the fall-out of the new programme.**

**W**hile the Kingdom wants the private sector enterprises to increase the off-take of Saudi nationals at the rate of five per cent a year, the industry is pleading with the Government to take a pragmatic approach in view of the competitive environment under which they are operating today.

The Kingdom is against engaging or employing non-Saudis in jobs or services in which they can be employed. It all began with the Sixth development plan of the Kingdom which emphasised on training and absorbing Saudi nationals into private sector establishments.

It has reasons for promoting Saudization. The Kingdom has a population of 21.4 million. There is high rate of growth in population, at 3.3 per cent per annum. It is worried about the increasing expatriates size (more than 25 per cent) in which India has the largest share of 1.5 Million. There is a high rate of foreign labour force in the national economy, estimated at 65 per cent of the total force. Further, there is increased bleeding of the national economy due to the continued upsurge in the transfer of the foreign labour force's savings, estimated in excess of 60 billion Saudi Riyals. The number of university and college graduates seeking jobs is on the rise. These factors combined with the limited absorbing capacity in establishments and institutions of the private sector have increased unemployment amongst Saudis and the

resultant economic and social effects.

Each year, over one lakh Saudis join the workforce, but the private sector currently generates only 25,000 jobs. The Government is trying to reduce its role as a job provider and focus on being an economic facilitator. There is a challenge facing the Government and private sector companies to create more jobs. Most economists are confident that the new foreign investment laws will lead to rapid private sector growth. There will be opening up of new labour intensive areas like tourism, banking and telecom.

In the banking sector, National Commercial Bank adopted Saudization as an important and a strategic goal with a Budget outlay of 50 Million Riyals. The bank aimed to absorb 180 new applicants per year. It successfully went through the programme, crowning its efforts by attaining Prince Naif award for "banking sector Saudization". In a study, the Economic and social commission for West Asia on FDI inflow, said the impact on employment on employment of Saudi nationals was positive in one company reaching over 90 per cent while in the other two companies it was very low as over 71 per cent of their total labour force were expatriates.

Industry sources feel it is possible to enforce the policy in the manufacturing sector. But, as in the rest of the world, the share of service sector is increasing in the Kingdom leading to the practice of contract labour. It will be difficult to strictly enforce the pol-

icy in such cases. Moreover, there is increasing demand for professional services for which talents might have to be outsourced.

Saudi Arabia is also in the process of joining WTO and it will call for de-regulating the labour market. As the industry is operating in a competitive environment, it should be given freedom to engage competent hands. Now, Saudi economy offers a distinct cost advantage as the labour force comes from different markets like India, Indonesia, Philippines, Nepal, Afghanistan, Egypt, Jordan, Sri Lanka etc. This makes it possible to keep the cost under control. But, it is wondered whether the cost advantage is possible once the full Saudisation programme comes into force.

In a way, Saudization has cast its shadow on the future of a large number of Indian labour force and professionals like engineers, accountants, doctors and consultants. As most of them are serving in the Kingdom for long, they are keeping their fingers crossed. These expats have to send their children outside Saudi for higher studies. With economic slow down and shrinking job market in India, prospects are not rosy for the return of these NRIs. At the same time, it is said, the demand for professionals is bound to increase in the Kingdom with increasing emphasis on IT, telecom, tourism, healthcare and hospitality sectors. Some of the software companies are also adopting a double site approach (onsite in Saudi and offsite in India) to provide high end services.

## GLOBAL SUHAIMI INDIA: Setting global standards in infrastructure development

India's thrust on road development as part of infrastructure boost is attracting global players. Dammam-based Global Suhaimi company (GSC) is one such major which has turned bullish on India, observes V Balasubramanian.

Having carved a niche for itself in the Kingdom of Saudi Arabia in offering a range of services and products to all sectors of industry and commerce, especially in the field of gas, oil petrochemicals, power, water desalination to name a few, it has made a head start with its operations in India.

Mr Adel Alsuhami, President, GSC takes pride in saying "We have built this company on the shoulders of Indians and we always recognise their contribution". General Manager, Mr Ahmed Al Khalifa refers to the unique business model adopted for entering the Indian market. "We formed Global Suhaimi India (GSI) as a joint venture between GSC and our seven senior executives from India who have been working continuously working with GSC for periods upto 25 years. GSC holds 65 per cent stake and the seven NRIs 35 per cent".

Chennai-headquartered GSI, established in 1999, is active in providing industrial maintenance and corrosion protection services and high quality pavement and runway marking to Government and private sectors in India. It is operated and managed by a team of fully trained and experienced group of managers and technical staff. A second branch will come up at Dhaboi in Gujarat. GSI has imported state of the art machinery to execute high quality

pavement marking, protective coating, fireproofing, waterproofing and fibre glass lining.

GSI is closely associated with the recently completed landmark 135 km east coast road project connecting Chennai and Pondicherry for pavement center-line marking and edge-line marking using retro reflective thermoplastic paints. Today, ECR has become a pleasure to drive runway like corridor with extensive provision of retro-reflective signboards to improve road safety and enhance user comfort. Compared to conventional enamel paints, thermoplastic paints have long life, high reflectivity, eco friendly, abrasive resistance and ultra violet resistance.

GSI is now the preferred source in the States of Tamil Nadu, Karnataka and Kerala and has undertaken several highway contracts for them using the state of art truck mounted road marking machine. In fact, at the Indian road congress expo held on January 7, 2002 in Kochi, GSI's road marking machines stole the attention of business visitors and senior officials.

In turn, GSI has promoted Green Safety Systems in which GSI holds 70 per cent and a group of NRIs the rest. GSI has set up a facility near Chennai to manufacture thermoplastic, solvent water and solid based paints and road marking signs and accessories.

In the Gulf, GSC is considered one of the leading maintenance and

corrosion protection companies. It is a primary active provider of services in protection for steel and concrete structures. Its quality system was certified to ISO 9002 by German certification body, TUV-CERT in 1997 and continually had it renewed.

It is targeting countries in Gulf region and outside the Middle East, such as the Caspian nations and East Asia in the form of joint venture partnerships or branches. It is also in the process of tying up with a group of international business associates to invest in Azerbaijan and Kazakhstan. The range of business activities include manufacturing, real estate, construction and agricultural sectors.

In addition, a branch will be opened soon in Abu-Dhabi extending the services to UAE. Suhaimi is also considering expanding its cathodic protection, chemical cleaning and insulation services in all these regions gradually.

GSC's mission is to achieve reasonable but consistent financial returns from its operations, complemented by targeted and prudent growth in sectors and activities familiar to the company. It recognises that to achieve these goals, customer satisfaction and repeat business is of prime importance and priority. "With our experience, excellent jobs fulfillment and resources, we always meet and exceed client expectations", says Mr Alsuhami.

As a leading industrialist and Sr. Vice-President, FICCI, how do you see Saudi Arabia emerging as a major bilateral trade partner and investment destination for India? I think it is quite bright. Trade between India and Saudi Arabia has been growing in the oil, energy, petrochemical and IT sectors. Almost 25 per cent of Indian crude oil requirement is sourced from SA. India is also the largest importer of SA's petroleum products valued at over 750 Million annually. While SA is the 14th largest market for India, India is the 10th largest trading partner for the country. Total trade between the two countries is around \$ three Billion of which oil trade itself is around \$ 1 Billion.

I visualise the co-operation in the energy sector consisting of purchases of crude and oil products, joint ventures in downstream areas and projects in third countries to continue. Our emphasis on export of cereals and textiles will get broadened to

## New er econom



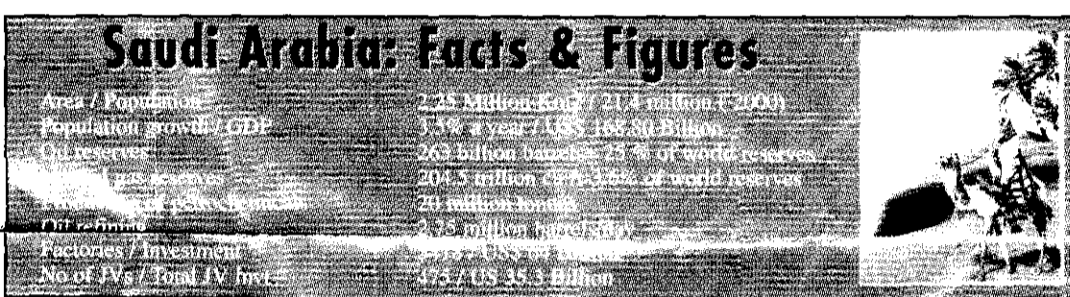
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include IT services and value added products. Such a qualitative change will strengthen the bilateral ties between India and the Kingdom in the coming years.

With SA announcing a highly liberalised foreign direct investment (FDI) law, which allows 100 per cent foreign equity, as an investment destination, there is immense potential and both the countries have much to gain in the long term.

How far Indian companies have tapped opportunities in the market?

Indian companies have established more than 25 joint ventures in the Kingdom in different sectors like management and consultancy services, financial and computer software, construction projects, cement, telecommunications, household appliances, electrical equipment,



## Saudi Budget: 2002 FOCUS ON PRIVATISATION

The Kingdom will continue with privatisation plans especially for electricity, telecom, national carrier, Saudi Arabian Airlines, sewage, water desalination and other sectors.

Saudi Arabia announced the 2002 budget of SR 202 billion (\$53.9 billion), with a SR 45 billion (\$12 billion) gap. The projected revenues were SR 157 billion (\$41.86 billion). The deficit will be covered through borrowing. "This mainly reflects weakness in the world economy and its adverse impact on the oil market," the Budget statement said.

According to King Fahd, the budget was intended to complement the development programme approved in last year's budget, which included education, health and social developmental projects.

Emphasis has been laid in the Budet on education and health sectors with general and higher education getting SR 54.3 billion and the health and social development sector SR 22.8 billion.

An amount of SR 28 billion has been set aside for new projects, of which SR 22 billion will go to education, health and social development, municipality services, water and sewage and transport and communication. New colleges for medicine and pharmaceutical studies will be opened, in addition to 15 new hospitals. A total of 86,000 employees will be given a permanent job status. The Kingdom will not resort to foreign borrowing to meet the deficit in its Finance and National Economy, Minister Dr. Ibrahim Al Assaf has ruled out any foreign borrowing saying local financial institutions and national reserves were capable of meeting the deficit. There was sufficient capacity to cover the budget deficit either through issuing bonds or through international borrowing, he added.

"Saudi financial establishments and national reserves are capable of meeting the shortfall. The position

of our banks is excellent," Dr. Assaf declared. The deficit is the largest since 1998 when average price for oil was just over \$ 12 a barrel and output was 8.3 million barrels per day.

He stressed that the Kingdom would continue with privatisation plans especially for electricity, telecommunications, national carrier Saudi Arabian Airlines, sewage, water desalination and other sectors.

Dr. Assaf said the government has been very careful to avoid burdening Saudi citizens through the new budget which includes SR 28 billion in allocations for new projects, in addition to SR 54.3 billion for education, higher education and manpower training.

Under the current development plan (2000-2005) the government was planning to employ more than 817,000 Saudis by replacing 488,600 foreigners and creating 328,000 new jobs mostly in the private sector

### BUDGET HIGHLIGHTS

- Total expenditure : SR 202 billion
- Total revenues : SR 157 billion
- Deficit SR 45 billion
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- 369 new schools and colleges
- 86,000 to get permanent jobs
- SR 22.8 billion for health and social care
- SR 28 billion for new projects
- SR 9.5 billion for municipalities and water authorities
- SR 6.5 billion for transportation and communication
- SR 10.1 billion for industry and agriculture
- Development funds to give soft loans worth SR 6.2 billion
- Real Estate Development Fund to get an additional revenue of SR 2 billion

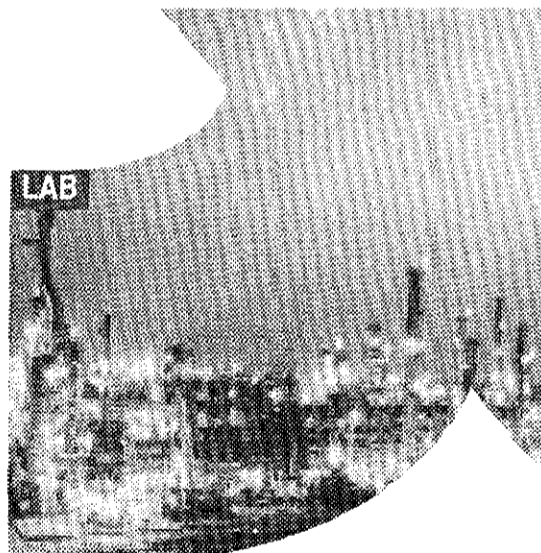
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## era in Indo-Saudi omic co-operation

**D**r A C Muthiah, leading Indian industrialist and Chairman of Chennai-based Spic group is bullish on Indo-Saudi partnership. His group has taken the lead to promote a mega petrochemical project in the Kingdom. He discusses the trends in Indo-Saudi bilateral relationship with V Balasubramanian.

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ly completed contracts for Saudi railways. It has also been pre-qualified for construction of hangers for new aircraft maintenance facilities located in Riyadh, Jeddah and Dammam. Infotech is another strong area for us but we are yet to tap various initiatives in this area as a direct bidder. **How do you see Saudi Arabia becoming a strategic location for Indian companies and investors for reaching other global markets?** SA would be a strategic location for petroleum and petrochemicals industry, especially for the global markets. With the Middle East and Africa growing substantially, there would be logistic advantages. One reason for Spic group to consider SA as a location for NP/LAB plant is the market accessibility and logistic considerations along with easy availability of raw materials. This is true for a number of petrochemical products. The new gas initiative of Saudi Government will throw open lot of investment oppor-

## KANOO GROUP: Forging strong links with India

**K**anoo Group, having long association with Indian market, plans more JVs, reports V Balasubramanian



**Y**usuf Bin Ahmed Kanoo group is synonymous with Indo-Saudi partnership. It was founded in Bahrain at the close of 19th Century by late Haji Yusuf as a family business. Initially, shipping was the primary business. Over the last 100 years, Kanoo group has emerged an established player in the areas of travel, insurance, freight forwarding, consumer products, heavy machinery and chemicals. It is the largest regional shipping agency in West Asia.

The group has a network of offices and associates from Egypt to India and employs over 5000 people. Chairman Abdulla Ali Kanoo is proud of his group's long association with India in diverse areas covering travel and tourism, shipping, freight forwarding, import of machinery and raw materials and infotech.

He says the group companies operate extensively throughout Saudi Arabia, Bahrain, UAE and Oman. It is an ideal local partner for Indian joint ventures. "We are in the advanced stage of discussion with several companies to consider JV manufacturing opportunities in the Kingdom".

The Kingdom has also liberalised its policies and opened up the market to foreign investments. The promotional agency, SIDF also provides loans at an attractive interest rate to project promoters, he pointed out.

Talking of Indian JVs promoted by Kanoo, Chairman said in travel and tourism, it is GSA for Air India throughout the Kingdom. It has a travel venture, Rosenbluth Lionel

India Ltd. Kanoo is marketing India as a target market for holiday destination since September 2001. For Holiday packages, it has tied up with Taj/Oberoi Hotels and Jet Airways.

It is the agent for Shipping corporation of India's tankers in SA bulk cargo in UAE. Kanoo provides freight forwarding service in the shipment of formaldehyde and other processed products exported from SA. It is also sourcing raw materials from various Indian suppliers for petrochemical production.

Kanoo has tie up with leading Indian companies for sourcing various products and services for SA market. They are: I G Petrochemicals, Mumbai (phthalic anhydride), Birlasoft (software), Aviation Turbine and technology services (consultancy and technical services), HMT (machine tools) and Bangalore Coil manufacturing co (rewinding of stators, rotors of large generator). The other Indian business associates are: Garware Polyesters, Mumbai (polyester film), Advani Oerlikon Ltd, Pune welding equipment and consumables), Tractors India (machinery), ACC, Nagpur (refractories), Audeo India (valves), ISGEC, Yamunanagar (heat exchangers and pressure vessels), L & T, (control and automation systems), Titanium Tantalum Products, Chennai (titanium anodes and fabrications) and Uniphos Agrochem (chlorine and other chemicals).

Kanoo has floated an IT venture (Gemini) for software development at technopark, Thiruvananthapuram in Kerala. It is utilising the services of Birla group for Saudi Aramco IT projects.

## COROMANDEL FERTILISERS LIMITED

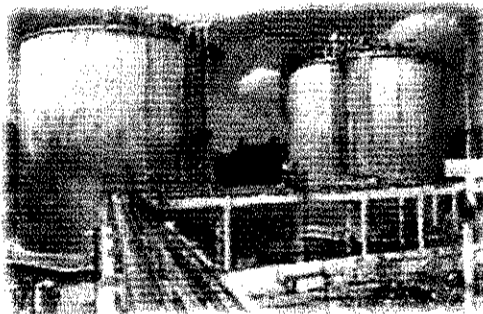
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# Dubai deports India's ]

HPI 10/2

## Diplomacy turned UAE against dons

Pramit Pal Chaudhuri  
New Delhi, February 9

TRADITIONALLY, EXTRADITION is a dirty word with the UAE, especially in respect of India. One reason was distrust. During the Rajiv Gandhi regime, Romesh Bhandari brokered a UAE-India deportation deal. However, India failed to keep its half of the agreement. Another was Dubai's commercial ambition. Its laissez-faire welcome of anyone with money meant red carpets for Dawood Ibrahim and his ilk.

Incidents like the Mumbai blasts did raise doubts among some of the UAE's ruling Sheikhs.

India believes the faultline ran between the Dubai Crown Prince, Sheikh Mohammed bin Rashid Al Maktoum, and the Emir of Abu Dhabi, Sheikh Zayed Bin Sultan Al Nahyan. Sheikh Zayed was uneasy about the terrorists in his midst. But because other Sheikhs saw Pakistan as a balance against Iran, Dubai had its way. The UAE reluctantly signed an extradition treaty with India in 1999 and took another year to ratify it. But there were no arrests, let alone deportations or extraditions.

September 11 changed all that. The UAE was one of three nations that recognised the Taliban. It was the first to sever ties. Washington warned Dubai it could no longer be a money-laundering centre and holiday home for the world's most wanted.

Zayed's view began gaining ground. New Delhi also did some "intense personal diplomacy", taking pains to cultivate the crown prince.

It took the American Centre attack in Kolkata to finally tip the balance in India's favour. FBI Director Robert Mueller, in India at the time, was pointedly told about the UAE problem. He dropped by the UAE on his return trip and warned Dubai to mend its ways.



Aftab Ansari, alias Farhan Malik, at the CBI headquarters in New Delhi soon after he was brought from Dubai on Saturday.

THE HINDUSTAN TIMES

10 FEB 2002

# Most Wanted

## Aftab nabbed while fleeing to Pak

HT Correspondent  
New Delhi, February 9

A CBI team landed here today with American Center strike and Khadim abduction kingpin Aftab Ansari, alias Farhan Malik, after his deportation by the UAE.

Ansari's associate Raju Sharma, alias Rajender Kumar Anandkot, was also brought back. His involvement in the Kolkata attack is not yet established, but he is a suspect in the kidnappings of a coal merchant in Bihar and Bhaskar Parekh.

A joint drive by the CBI and the FBI led to Ansari's undoing. He was nabbed at the Dubai airport with the help of the FBI just as he and Rajinder were about to leave for Islamabad.

A Kolkata Police team led by DC (DD-I) Soumen Mitra will leave for Delhi tomorrow to interrogate Ansari.

External Affairs Ministry Special Secretary Rajendra Abhyankar said the duo had been held by the Dubai police on January 23. Though India and the UAE signed an extradition treaty in 1999, deportation was used to avoid the lengthy extradition process. This was the second deportation by the UAE at India's request since 1984, when Dubai handed over four Sikh hijackers to Delhi.

Much behind-the-scenes diplomacy is understood to have gone into the span between January 23 and today. A CBI team had been sent to Dubai to negotiate Ansari's handover. He was found to be in possession of a Pakistani passport (No. J872142, issued



### CRIME CARD

- 1995: Abducts a Delhi businessman and extorts Rs 3 crore.
- Arrested and put in Tihar Jail. Meets Masood Azhar and Omar Sheikh of IC-814 hijack notoriety. Floats Harkat-ul-Jehadi-Islami (Huji).
- 1999: Released from Tihar jail. Jumps bail.
- 2000: Gets a passport from Patna. Changes name to Aftab Ansari. Flees to Pakistan and assumes the name of Safer Rana.
- Abducts two Gujarat businessmen, Bhaskar Parekh and Deepak Shah.
- 2001: Abducts Khadim boss. Frees him in exchange for Rs 3.75 crore.
- 2002: Masterminds American Center attack to avenge Asif Reza's death in a police encounter.

in Lahore in the name of Safiq Ahmed Rana). Atal Bihari Vajpayee then sent a letter to the Crown Prince of Dubai through senior Rajya Sabha MP Sikandar Bakht, heading a parliamentary delegation.

Ansari has admitted his

hand behind the Kolkata attack and the fact that he had claimed responsibility for it by calling newspaper offices the same day. "It's believed that the ISI was in it, based on the fact that Ansari was involved in the transportation of RDX in Gujarat last year. He met Omar Sheikh at Tihar Jail," the official said.

Omar Sheikh is the Harkat-ul-Jihadi-Islami (Huji) leader and was one of the militants released by India in lieu of the IC-814 hostages in Kandahar.

Asked if the US or Kolkata Police was the prime target in the American Center strike, CBI Joint Director Neeraj Kumar, who headed the CBI team, said the motive seems to be four-fold: signal to Ansari's men that he will avenge any attack on them, sending a message to the US by coinciding the attack with the FBI Director's visit to India, establish himself as the latest don, and challenge Dawood Ibrahim's stranglehold on the underworld.

CBI Director P C Sharma said Ansari left India in 2000 and was living in Rawalpindi. "We have traced his address. We will now try and establish his links with ISI agents in India and abroad."

Ansari was contacted by ISI in 2000 for covert operations in India and later introduced to Omar. After kidnapping shoe baron Parthapratim Roy Burman, he extracted a ransom of Rs 3.75 crore from Dubai through hawala. Of this, Omar sent \$100,000 to Mohammad Atta, leader of the hijackers who rammed planes into WTC.

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# Israel urges US to sell Arrow to India

Washington, February 6

ISRAEL WILL urge the US to allow the export of 200 Arrow anti-missile missiles to India and Turkey.

Israeli Defence Minister Benjamin ben Eliezer said he would ask US Defence Secretary Donald Rumsfeld to allow missile export to Turkey and eventual sale of the anti-missile system to India. He said he would tell Rumsfeld: "Let us sell 200 anti-missile systems to Turkey and India".

"Washington's permission to sell the missiles to the third countries, including India and Turkey, and the US funding for missiles' co-production in the US, will be among key issues for his discussion with Rumsfeld at the Pentagon tomorrow," ben Eliezer told the Defence News.

Citing India and Turkey as prospective customers for the missiles, he said: "I am certainly taking into consideration the US sensitivities with regard to on-going tensions between India

and Pakistan and Washington's larger interests in the region."

On whether Israel's planned export request violates US's earlier insistence that there would be no third country sale of the Arrow, Eliezer said: "Between friends, nothing is chutzpah."

Countering the opposition to missile sale in violation of the missile technology control agreement, as the Arrow can carry a 500 kg payload more than 300 km, Ben Eliezer said this could be got around by arranging for parts like engine or booster to be produced in the customer country and the final assembly done in India or Turkey or both. The anticipated price tag for US-based production of 200 Arrow missiles is \$600 million or about \$3 million a piece in the next five or six years.

Israel plans to spend about \$33.3 million for locally-produced Arrow missiles and associated system elements.

PTI

THE HINDUSTAN TIMES

# U.S. puts a spoke in Indo-Israeli arms deal

By Chidanand Rajghatta  
Times News Network

WASHINGTON: Defence minister George Fernandes' visit to the U.S. this week has had an inauspicious prelude. The Bush administration is leaning on Israel to defer sales of advanced weapons systems to India because of the tensions in the region.

Israel is said to have agreed to hold back the sale of two big-ticket items. The two items of U.S. concern are the Arrow-2 anti-tactical ballistic missile system and the Phalcon airborne warning and control system (AWACS).

The Arrow system has been developed jointly by the U.S. and Israel with major funding by Washington, and as such requires U.S. clearance for sale to third parties.

Besides invoking the tensions in the region to ask for a hold, Washington has also said that the sale of the Arrow system to India will violate the Missile Technology Control Regime (MTCR), an international agreement among developed countries aimed at preventing missile proliferation to unstable regions.

However, the Phalcon is an Israeli product. Israel had agreed to sell three Phalcon AWACS to India for an estimated \$1 billion following a U.S. wink and a nod.

The same Phalcons were previously meant to be sold to China but the Bush administration had spiked the deal.

The Israeli newspaper *Haaretz* reported last week that the Bush administration had asked Tel Aviv to maintain a "low profile" over the deal with India because of the tension in the sub-continent. Washington now appears to have decided to hold up the sale

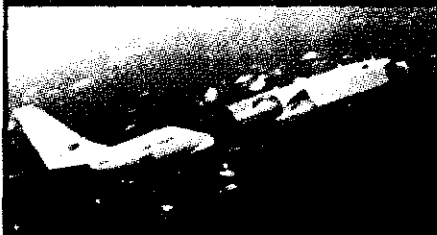
till the tension subsides.

A senior U.S. official said that there were questions about "why anybody would sell anything — either to the Indians or the Pakistanis — other than chewing gum" at this point in time when tensions in the region remained high.

Thanks to the apprehensions in Washington, the Indo-U.S. defence co-operation agreement signed by President George Bush and Prime Minister Atal Behari Vajpayee last year, which also envisaged U.S. arms sales to India, will not immediately bear fruit during Mr Fernandes' visit.

The Indian ministry of defence is said to have handed to U.S. defense secretary

## PHALCON ON A WING



Donald Rumsfeld during his recent visit to New Delhi a list of items it is interested in acquiring. The list includes engines and technology for the light combat aircraft and P3C Orion anti-submarine and maritime surveillance aircraft. At this time, this

would appear to be more of a wish list than a shopping list.

A dedicated buyer of arms from the Soviet Union with an occasional foray into the French and British markets, India has looked farther afield in recent times, and looked closely at the U.S.-Israeli offerings.

Israel has already sold India unmanned aerial vehicles and signed a deal worth \$270 million for sale of the Barak anti-ship missile defense system. The U.S. has also sold India gun-locating radars and other smaller equipment.

There have been murmurs of concern in the Islamic world, especially Pakistan, about the defence cooperation between the three countries, but for the moment at least the shutters are down.

THE TIMES OF INDIA

16 JAN 2002

FRIDAY, JANUARY 11, 2002

## THE NEW 'EQUATION' WITH ISRAEL

149-10

THE DRAMATIC RISK that the Vajpayee administration has now taken to make common cause with a bellicose Israel on the question of fighting externally-sponsored terrorism seems to be the result of some flawed strategic thinking in New Delhi. There is of course some evidence to suggest that an expansionist Israel figures alongside India and the United States in a list of democracies that Osama bin Laden, the czar of globalised terror, has vowed to take on. Yet, unlike in the cases of the United States and India, the ideological foundation of the essentially Jewish state of Israel is intrinsically different. Viewed in this perspective, New Delhi should be much more vigilant than it seems to have been about its own long-term foreign policy interests while wooing the hawkish Israeli leadership in the immediate context of the terrorist assault on India's parliamentary democracy. To say this is not to deny Israel's right to existence as a sovereign and secure state despite its controversial record in West Asia. Nor is the latest visit to New Delhi by the Israeli Foreign Minister, Shimon Peres, the first contact between the two countries after they decided to befriend each other some time ago in the ongoing post-Cold War era of crumbling diplomatic taboos. Yet, the blossoming new "equation" between New Delhi and the Jerusalem establishment cannot and must not be founded on any erroneous perceptions of similarities between the Kashmir issue and the Palestinian question.

In laying out the red carpet for Mr. Peres at this time, the Indian officialdom has taken the general line that there is much that New Delhi, which remains a victim of Pakistan-encouraged cross-border terrorism, can learn from Israel's experiences of dealing with the politics of terror in its own neighbourhood. Not surprisingly, Mr. Peres is reported to have offered to help India in "every possible way" as it seeks to defend itself

against external terrorism. The negative impact of this development on India's estranged relationship with Pakistan may, of course, be mitigated by the reality that Islamabad is also trying to win international support for its position on the terror issue. Equally relevant to this specific situation is the pointed statement by Mr. Peres that the prevention of war between India and Pakistan, both nuclear powers, at this critical juncture will be "a great victory" indeed for all concerned. However, the real crux of the new Indo-Israeli bonhomie is the question of the Jewish state's strategic access to India as an emerging global power.

11/1 2-4 AM

Within the larger Islamic bloc of nations, Iran is already reported to have voiced concern over Israel's new "activities" in India. While the Jerusalem establishment may be inclined to dismiss such concerns in the context of its own diplomacy of spreading its strategic wings far and wide, secular India can ill-afford to bring its ties with the somewhat monolithic Muslim bloc under any strain of a new kind. India's strategic and economic compulsions to engage the Islamic countries need not be misconstrued as a policy of appeasement. So, the Vajpayee administration must not succumb to the temptation of seeing Israel as the strategic gateway to a new frontier in India's foreign policy. In seeking to firm up ties with Israel in the present global environment of profound uncertainties, New Delhi should not undermine its own historical leverage with the Islamic bloc that can at times exert influence on Pakistan in some India-friendly ways. On a separate plane, India can certainly purchase military equipment or know-how from Israel on mutually beneficial terms. Yet, India ought to be wary of trapping itself in some untenable positions in the name of creative diplomacy.

THE HINDU

11 JAN 2002

40-12  
111

## India, Israel sign trade MoU

By Our Special Correspondent

**BANGALORE, JAN. 10.** Israel's Deputy Prime Minister and Foreign Minister, Shimon Peres, said here on Thursday that his visit to the Indian Space Research Organisation (ISRO) centre here showed him a "living example of India's progress" in the aerospace sector.

Speaking at the CII Partnership Summit session on "Strategies to Deal with Multiple Challenges", Mr. Peres said the satellite-based Geographical Information Systems (GIS) had wider applications today in agriculture — for crop and weather predictions — and for communication links for remote villages. "In the State of tomorrow, society at all levels will need the use of science and technology, and aerospace technology can be used for the greater use of humanity," he said.

The CII and the Israel Export Institute signed an MoU at the summit to promote business cooperation between India and Israel. Tarun Das, Director-General, CII, and Israel Shotland, Director-General, Israel Export Institute, signed the MoU.

The Andhra Pradesh Chief Minister, N. Chandrababu Naidu, who addressed the CII session said the new millennium's challenges included poverty, hunger, disease, illiteracy, environmental degradation, the knowledge-digital divide, social inequity, terrorism, and proliferation of arms.

Referring to some challenges to the environment, Mr. Naidu said the livelihood of more than one billion people was at risk because of soil degradation. There were also wide "knowledge gaps" between the developed and developing countries. Japan and the U.S. had 4909 and 3676 scientists and engineers in R&D for every million people, compared to 149 in India.

THE HINDU

11 JAN 2002

# Israel offers support in fight against terrorism

HD-1  
9/11

India - to Asia net

By Atul Aneja

**NEW DELHI, JAN. 8.** Israel today offered full support to India in its fight against terrorism but hoped that an Indo-Pak conflict would be avoided and a dialogue resumed.

At a press conference this evening, the visiting Israeli Foreign Minister, Shimon Peres, said his country would be on the Indian side "in the fight against terrorists in every possible way". But while combating terrorism, India could explore the possibility of a dialogue with Pakistan.

In an interview to a television channel, Mr. Peres said India and Pakistan must exercise the "highest degree of consideration" as they were nuclear powers. At the press conference, he hoped that a war between the countries would be avoided. "A great victory lies in preventing a war." He, however, added that India decides on "war and peace by itself".

Mr. Peres also hoped that Pakistan — now a partner in the global campaign against terrorism — would make sure that it did not harbour terrorists on its soil. India would naturally like to be convinced that there were no terrorists in Pakistani territory.

Analysts here see a similarity in the formulation espoused by Mr. Peres and the British Prime Minister, Tony Blair, who just concluded a visit to the subcontinent. Both advocated a termination of terrorist violence as the basis for the resumption of dialogue. Israel's views carry considerable weight as it has emerged as one of India's key defence suppliers in



**The Foreign Minister of Israel, Shimon Peres, with the Prime Minister, Atal Behari Vajpayee, in New Delhi on Tuesday. — Photo: Rajeev Bhatt**

the last few years. Mr. Peres declined to elaborate on a possible deal with India on the Phalcon early warning aircraft. "I will not go into the details. The purpose (of the visit) was to create political opportunities."

He indicated that the United States was unlikely to obstruct the deal as contrary to the widely-held view, the radar was not of U.S. origin. While the U.S. had funded the Phalcon's Greenpine radar, the system had been developed by Israel. Washington, therefore, did not have a locus standi to block the deal. Secondly, India's close ties with the U.S. would also discourage Washington from denying hi-tech equipment. Moreover, the Defence Minister, George Fernandes, was

scheduled to visit Washington, after the Home Minister, L.K. Advani, concluded his visit, Mr. Peres said.

India, Israel and the U.S. were the prominent victims of terrorism, Mr. Peres said. He described the December 13 attack as a strike against democratic institutions worldwide.

With India emerging as a leading player in the coalition against terrorism, it should be included in an expanded NATO, Mr. Peres said.

Mr. Peres today called on the Prime Minister, A.B. Vajpayee, the External Affairs Minister, Jaswant Singh, and the Defence Minister, George Fernandes. He also met the former Prime Ministers, P.V. Narasimha Rao and I.K. Gujral.

THE HINDU  
29 JAN 2002

# Indo-Israeli ties best-ever: Peres

Statesman News Service

NEW DELHI, Jan. 8. — The Israeli deputy Prime Minister and foreign minister, Mr Shimon Peres, today characterised India's relations with Israel as at their "highest and best" point ever, on the 10th anniversary of the establishment of diplomatic relations between the two countries.

Increasing defence ties and cooperation in combating terrorism are two key areas that formed the focus of Mr Peres' visit. India's military requirements from Israel, including the Phalcon, a part of the Airborne Warning and Control System, (the planes will be Russian) and the Arrow, an anti-missile system for theatre defence, similar to the Patriot, also figured during talks between the Indian defence minister, Mr George Fernandes and Mr Peres.

At a meeting with the media this evening, Mr Peres indicated he did not anticipate any trouble over the sales of military hardware, despite the USA's reported objection to the sale of

equipment to China, Russia, India and Pakistan, by saying "your government has good relations with the USA," and besides, "the radar is Israeli equipment." The Israeli leader's visit assumes added significance in view of the current standoff in India Pakistan relations. Both countries agreed that, as democracies facing the terrorist scourge, there could be no compromises or double standards. India has also sought Israel's expertise in counter terrorism measures, but Mr Peres declined to go into specifics.

## West Bengal Govt. Tender

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THE STATESMAN

9 JAN 2002

# Peres backs permanent seat for India at UN

HT Correspondent  
New Delhi, January 7

ISRAELI FOREIGN Minister Shimon Peres today championed India's cause for a permanent seat on the United Nations Security Council and went as far as to seek New Delhi's support to "advance the West Asia peace process".

Speaking to reporters after a 45-minute meeting with Home Minister L K Advani, Peres said he was in favour of India joining the North Atlantic Treaty Organisation (Nato) which was faced with the "danger" of terrorism. Advani later left for Mumbai to take a flight tomorrow for a six-day State tour to the US.

Advani said all they discussed was the international coalition against terrorism. "For India, the war against terrorism has entered a decisive phase after the December attack on Parliament. This must be understood by the world," he said.

In a pointed reference to the West's concern over escalating Indo-Pak tension, Advani said: "There has been no change in our neighbour's (Pakistan's) attitude. In this backdrop, there are those who advise us to maintain calm as changes are taking place in Pakistan. But so far there are no signs of it."

The Home Minister, while in the US will meet top officials of the Bush administration, including Secretary of State Colin Powell and Attorney General John Ashcroft. He will also interact with the India Caucus, the powerful Jewish community and American think tanks. The objective, of course, would be to mount a diplomatic offensive against Pakistan-sponsored terrorism.

Peres, who will meet Prime Minister A B Vajpayee and External Affairs Minister Jaswant Singh tomorrow, argued that India, China, Russia and Japan should join Nato. "We are moving from a world of enemies to a world of dangers which are global but without armies. Nato does not have an enemy today," he



Shimon Peres and Sonia Gandhi in New Delhi on Monday.

said, "so why not join Nato and make it an instrument with all its resources to confront today's dangers instead of yesterday's enemies."

He however would say nothing on the prospects of an Indo-Israeli defence cooperation. Both countries were "on the same side of the boundary. We don't fight against any religion but against terrorism," he said.

Emerging from the meeting with Advani, Peres said, "President Musharraf has already taken some action. Satisfaction will come when all forms of terrorism is uprooted."

Describing terrorism as the 'greatest' problem facing the human civilisation, he said "Whoever harbours terrorists should bring an end to it. The world is no longer divided between East and West, North

and South. The new division is between countries that harbour terrorists and countries which fight them." Peres said India is an important country in Asia and a very good friend of Israel.

Within a decade of establishment of ties between Israel and the largest democracy in the world, bilateral ties have been growing "in nature and scope," Peres said.

## 'Keep Pak at a distance'

CRITICISING PAKISTAN'S stand at the Saarc summit, the BJP today called upon the Government to adopt a policy of "progressive disengagement" towards Islamabad. It stressed the need for such "effective measures" to stop the entry of Pakistanis in India and curb ISI activities.

THE HINDUSTAN TIMES

8 JAN 2002



The Deputy Prime Minister and Foreign Minister of Israel, Shimon Peres, with the Union Home Minister, L.K. Advani, during a meeting at the North Block in New Delhi on Monday. — Photo: S.K. Arreja

## Uproot terrorism, Peres tells Pak.

By Our Special Correspondent

NEW DELHI, JAN. 7. While taking note of Pakistan's recent crackdown on terrorist groups operating from its soil, the visiting Israeli Foreign Minister, Shimon Peres, today said the international community would be satisfied only when all forms of terrorism were rooted out.

"In general terms, President Pervez Musharraf has already taken some action. Satisfaction will come when all forms of terrorism end," Mr. Peres told presspersons after meeting the Union Home Minister, L.K. Advani, at the North Block here. Referring to the menace of terrorism, Mr. Peres said the world was no longer divided between East and West, North and South. "The new division is between countries that harbour terrorists and countries which fight terrorists," he said adding that terrorism was the "greatest" problem faced by the human civilisation. "Whoever harbours terrorists should bring an end to it."

Supporting India's claim for a permanent seat in the U.N. Security Council, Mr. Peres said India should be included in the North Atlantic Treaty Organisation (NATO) for its important role in the global fight against terrorism. Mr. Peres who arrived earlier today on a three-day visit, is to participate in the business summit organised by the Confederation of Indian Industry in Bangalore. He will meet the Prime Minister, Atal Behari Vajpayee, the External Affairs Minister, Jaswant Singh, and the Defence Minister, George Fernandes, tomorrow.

Mr. Peres also had a 45-minute meeting with the Congress president, Sonia Gandhi.

THE HINDU

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# Peres wants India in Nato

Statesman News Service

NEW DELHI, Jan. 7. — Mr Shimon Peres today said India should be included in Nato for its role in the fight against terrorism, the organisation's only enemy now. The Israeli foreign minister also supported India's claim for a permanent seat in the UN Security Council.

Mr Peres, who met Mr LK Advani on the eve of the latter's six-day visit to the USA, said though Pakistan had taken certain steps against terrorist outfits operating from its soil, the world community would be satisfied only when all forms of terrorism are uprooted.

He described the attack on Parliament as an "attack on the heart of the world's largest

democracy".

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His statement supportive of the Indian stand is considered significant because his country is a key US ally. India is an important country in Asia, a very good friend of Israel and Tel Aviv is



Mr Shimon Peres

seeking Delhi's support "to advance the (West Asia) peace process".

Mr Peres said Nato's original mandate didn't have a meaning. The world is no longer divided between east and west, north and south. The new division is between countries that

harbour terrorists and countries which fight them. "Nato doesn't have an enemy today, so why not join Nato and make it an instrument with all its resources to confront today's dangers instead of yesterday's enemies."

THE STATESMAN

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# Arafat urges India to help restart peace process

JERUSALEM: Palestinian leader Yasser Arafat has expressed gratitude to India for its "courageous and principled" support to Palestinian cause and urged New Delhi to exercise its influence in the region to recommence peace negotiations, informed sources said.

While seeking India's active participation in influencing opinion in the United Nations and other multilateral fora to support the Palestinian cause, Mr Arafat, in a letter to Prime Minister Atal Behari Vajpayee, also described the current situation in West Asia and the measures taken by him in Palestinian territories to bring down the level of violence.

In his message to Mr Arafat delivered by M. Abhayankar, secretary, east, in the external affairs ministry who called on the Palestinian leader last evening, Mr Vajpayee emphasised the primacy of the Palestinian leader in the peace process saying that Mr Arafat remained the "embodiment of Palestinian struggle."

"International community has today come back to the realisation that no durable peace can be achieved in the region without a

viable state of Palestine along side Israel within secure and recognised border," Mr Vajpayee said in his written message to Mr Arafat.

"We hope that good sense will lead the way forward. As always, we stand ready to extend all possible assistance to you and to the friendly people of Palestine," the Prime Minister said.

Mr Arafat's message assumes significance in the backdrop of upcoming visit to India by Israeli foreign minister Shimon Peres which begins on Monday and the importance Israelis and Palestinians have attached to New Delhi following the wave of bloody clashes in West Asia.

During his 40-minute meeting with Mr Abhayankar who was accompanied by Bala Bhashkar, India's representative in Gaza, Mr Arafat expressed gratitude for Prime Minister Vajpayee's gesture of sending a senior government representative for discussion at a "critical juncture."

Mr Arafat also condemned the December 13 terrorist attack on Indian parliament. The Palestinian council has already issued a statement condemning the parliament attack, one of the few Arab states to condemn it. (PTI)



Yasser Arafat

THE TIMES OF INDIA

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