

## FREE TRADE AGREEMENT / SCOPE FOR EXPANSION

## India looks to Asean

By Sushma Ramachandran

**NEW DELHI, DEC. 30.** India is moving slowly on entering into a free trade agreement with the Association of South East Asian Nations (ASEAN) despite the enormous benefits that may accrue as a result of such an arrangement. Official estimates are that the trade potential from an FTA with this critical economic bloc can run into hundreds of billions of dollars in the long run, but it is felt that the domestic industry should be given a chance to prepare for this scenario.

The Union Commerce Ministry, which has carried out studies on the prospects for an Asean-India free trade agreement, has found that there could be numerous benefits for such an arrangement. These include the huge market size, which creates opportunities for reaping economies of scale both from the supply and demand perspective.

At the same time, the Ministry recognises that one of the major hurdles in the way of

moving faster towards an Asean-India FTA is the impact on the domestic industry. As it is, the framework for the free trade agreement entered into with Thailand has caused ripples here with domestic auto component manufacturers concerned over cheap imports entering the market from that country. Some large automobile manufacturers have units in that country which can be used to source components in case import tariffs are reduced. Similar fears have been expressed regarding other Asean countries. It is for this reason that the creation of FTA has been envisaged as a gradual process, taking over a decade to be finalised.

The framework agreement itself, entered into with the Asean in October this year, envisages that negotiations will start initially for the creation of a regional trade and investment areas (RTIA), which would then enlarge to encompass a free trade area.

This would begin with goods and expand to cover trade in

services and investments.

A study by the Ministry shows that there is strong trade complementarity, which could lead to huge trade expansion. It points to the skewed export structure of Asean and India in bilateral trade which points to the huge scope existing for expanding trade through diversification. The removal of trade and investment barriers through the proposed RTIA is expected to bring about greater competition within the domestic market and thus give an incentive to indigenous industry to move towards becoming internationally competitive.

Besides, the formation of an RTIA could well lead, it is felt, to more foreign direct investment from Asean countries. In turn, it could provide opportunities to large India companies, which are now trying to achieve market access in Southeast Asia through investment rather than exports.

In regard to bilateral economic cooperation, several areas have been identified where technical collaboration pro-

spects appear to be bright between Asean countries and India.

These include tourism, infrastructure, pharmaceuticals, education and human resource development as well as media and entertainment.

The framework agreement provides for exchange of tariff concessions to commence from November 1, 2004. There would be a common list of 105 items on which exchange of tariff concessions will take place. Tariffs will be eliminated on these items in three years between India and six of the Asean countries — Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand. In the case of Cambodia, Laos, Myanmar and Vietnam, India will remove tariffs on these items within three years while they will do so for India in six years.

China has also entered into an agreement with Asean, which also envisages an FTA within a ten year timeframe. In the case of India, however, the target date for the FTA is 2016 while with China it is 2015.

# Thai PM proposes new bridge to Andaman Sea

By Priya Ranjan Dash  
TIMES NEWS NETWORK

**Chiang Mai (Thailand):** Thailand Prime Minister Thaksin Shinawatra has proposed a landbridge project to link the Andaman Sea and the Gulf of Thailand for gas and oil transportation.

This is the second landbridge project between India and Thailand after the one linking Dawei in Myanmar with Kanchanaburi in Thailand, which is a part of the three-way project, including the development of a deep sea port in Dawei.

A joint press statement on the visit of PM Vajpayee to Thailand, that took him to Bangkok and then concluded on Sunday here in Mr Thaksin's home city, listed several projects that were discussed to improve connectivity between the two countries.

The Andaman Sea-Gulf of Thailand project will be of great interest to India for transport of oil and gas because of New Delhi's ambitious programme to develop oil and gas production in the Andaman Sea for which the government is seeking private and foreign investment.

There have been some controversy over

inviting foreign players to that area to develop oil and gas fields because of the security sensitivities of that area. The landbridge project is unlikely to escape being seen in that light as well.

Even then, as Mr Vajpayee mentioned in his address to Indian and Thai business leaders at a luncheon meeting in Bangkok last week, the Andaman Islands are nearer to Thai shores compared to their distance from the Indian mainland.

The joint statement said that the two PMs agreed on the need to expedite the development of the landbridge linking Dawei and Kanchanaburi. The Thai private sector is interested in the construction of the road between Dawei and Kanchanaburi. India and Thailand are willing to offer financial support to these projects.

Thailand also supported India's proposal for establishing twinning arrangements between Phuket in Thailand and Port Blair. The two PMs assigned ministers of their respective ministries to work closely on the combined destinations to promote tourism between the two countries. The Thai side also invited Indian hotel chains to operate hotels in Thailand.

## Building bridges

- Landbridge will be used for gas and oil transportation from Andaman Island to Thailand
- The PMs of Thailand, India vow to promote tourism between the two countries

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# India-thailand FTA to have restrictive clauses

India  
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**Business Standard**

NEW DELHI, Oct. 13. — The India-Thailand Free Trade Agreement would have clauses to restrict import of products whenever there is a surge and the domestic industry is affected. "If any product, which is covered under the Early Harvest Scheme, is imported into the territory in such a manner or in such quantities as to cause or threaten to cause, serious injury to the domestic party may, after prior consultations, to be concluded within 90 days or on any mutually agreed timeframe, from the date of notifying the other party, suspend provisionally without discrimination the preferential treatment so accorded," the Framework Agreement signed last week said.

Such measures are part of most FTAs to protect the interests of the domestic industry. Under the Early Harvest Scheme, 84 tariff lines India and Thailand would be required to halve duties from the applied rate on January 1, 2004. The reduction would have to take place over a one year period beginning March 1 2004.

Commerce ministry officials pointed out that the framework agreement has inserted provisions for interim rules of origin for all products covered under the Early Harvest Scheme to protect third party exports to be routed through India or Thailand for re-export to the two markets. A subgroup of experts is to be constituted to finalise the rules of origin. The agreement will not prevent each of the two countries from taking action and adopting measures for the protection of its national security or the protection of articles of artistic, historic and archaeological value, or such other measures which it deems necessary for the protection of public morals, or for the protection of human, animal or plant life, health and conservation of exhaustible natural resources.

Meanwhile, the country's auto-component manufacturers have raised their concern over the Free Trade Agreement signed with Thailand. Several of their counterparts in Thailand, they have alleged, have access to duty-free import of steel by virtue of being located in special economic zones.

# Singapore PM backs India's 'long-term vision'

By P.S. Suryanarayana

SINGAPORE, OCT. 13. India's "long-term vision" of an "Asian economic community" has been endorsed by the Singapore Prime Minister, Goh Chok Tong.

In his keynote address at the East Asia Economic Summit, being organised here by the World Economic Forum, Mr. Goh said: "As India opens up, it will increasingly look East. India's long-term vision is an Asian economic community, comprising the ASEAN [Association of South East Asian Nations] Plus Three countries [China, Japan and South Korea] and India. We should welcome this and embrace India. There is no reason to handicap our-

selves by leaving out a new and highly promising growth centre [India]."

Looking at India as a possible "third node of growth" that could be "integrated into the East Asian economy", the other two nodes being China and Japan, he said: "India, too, is shaking off old mindsets. It is taking pragmatic steps towards market liberalisation and [economic] openness. ...India's political system is different from China's. Democracy is a messier system than a one-party system. As such, India cannot always move as decisively as China. But the Indians know that in the post-Cold War world, there is no choice but to push ahead with economic liberalisation.

"... Where it can, India is already moving fast. ... Now, India is also forging new political relationships with the U.S. and China, and deepening its engagement with South East Asia. ...The World Bank currently classifies India as a low-income economy. By 2025, India will become at least a lower-middle income economy. And parts of India such as Bangalore and Mumbai will be upper-middle income."

King Abdullah II of Jordan said it was time to "create a new mindset and a real peace" across the world to end the "destructive" Arab-Israeli conflict which "has been a central cause of instability and a recruiting ground for extremism and global terror".

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## BOOST TO INDIA-THAILAND TIES

BUT FOR THE 1997 economic meltdown, Thailand might have emerged as the leading Asian Tiger among the Southeast Asian countries. Its economy was growing at a robust eight per cent of GDP. The country has now recovered from the problem, though the regional currencies are once again under pressure. For India, Thailand has always been a special friend. So it was not surprising that Prime Minister Vajpayee decided to undertake a four-day visit to Thailand on his way back from the summit with ASEAN leaders. Mr. Vajpayee became the first foreign leader to address the Thai parliament — an honour extended to him in a clear signal of how much Thailand valued India. A clutch of agreements was also signed in Bangkok, but more than these, it was the spirit of the emerging equation that stood out. Prime Minister Thaksin Shinawatra headed the Shinawatra group, Thailand's communications giant, before becoming head of Government. Although some of his predecessors recognised the need for forging closer economic ties with India, conditions at home were not congenial.

The two countries have agreed to go in for a Free Trade Area by 2010 and this could well be the beginning of India's free trade with the entire ASEAN group. The current level of bilateral trade, at \$ 1.2 billion, is way below the potential; this level was almost reached in 1997-98. The aim should be to take two-way trade to the level of \$5 billion by 2007. The two countries have also agreed to combat terrorism together. Though Thailand itself may not be a victim of terrorism, it has unfortunately earned the reputation of being a sanctuary for many militant groups. The Khmer Rouge of Cambodia; the tribal groups

that operate in Myanmar; insurgents from Bangladesh and the North-Eastern States of India; the Liberation Tigers of Tamil Eelam; underworld dons operating in Karachi and Mumbai — they have all been known to operate or take shelter in Bangkok or one of the splendid islands of Thailand. This is something Thai leaders need to deal with. Sanctuary given to these elements has tarnished the image of the country and speaks poorly of the military and police forces. The Thai Government and its agencies must realise that the presence of these unsavoury and dangerous elements harms the country's long-term interests.

Long before the two countries thought of coming together, some Indian companies set up shop in Thailand and have been doing very well there. The two economies have many things in common and there is a need to identify areas where they can complement each other and where they should prepare for some healthy competition. There can be greater synergy in tourism promotion and the open skies policy that Mr. Vajpayee has offered ASEAN airlines should help build this. India's two national carriers have not been able to utilise their aviation rights with Bangkok. Another area in which Thailand and its Prime Minister have evinced interest is using India's expertise and infrastructure in launching a communication satellite. New Delhi has, in fact, offered this service to all its Southeast Asian neighbours. ASEAN should consider the feasibility of putting up a joint satellite in orbit with the help of India. India and Thailand are members in a number of regional and international fora and must start working together to build a consensus with other developing economies.

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# ASEAN response to India's initiatives positive: PM

India - S E Area

By Amit Baruah

**NEW DELHI, OCT. 12.** "The development of closer political and economic linkages between India and ASEAN is in consonance with our efforts for a multipolar world order and for expanding our economic opportunities," the Prime Minister, Atal Bihari Vajpayee, who returned to the capital after a week-long visit to Indonesia and Thailand, said today.

In a prepared statement, Mr. Vajpayee said the response of ASEAN to India's initiatives had been unequivocally positive. "Both the India-ASEAN summit and my bilateral visit to Thailand illustrated the depth and versatility which our relations with ASEAN and its countries have acquired."

He said the free trade area (FTA) framework agreement signed with the Association of South East Asian Nations demonstrated India's ability and political will to deliver on its commitment to expand economic linkages within the region. "We made it clear that we can proceed at a pace at which ASEAN is comfortable."

"I put forward the idea that ASEAN needs to be more closely integrated with India, China, Japan and Korea. An Asian Economic Community, including the 14 countries of ASEAN+3+1, would more efficiently ex-

plot our synergies," the statement said.

Referring to his meeting with the Chinese Premier, Wen Jiabao, in Bali, the Prime Minister said the two countries had agreed to expedite the establishment of the Joint Study Group on economic cooperation.

## Counter-terrorism

In his discussions with the Indonesian President, Megawati Sukranoputri, it was agreed that the two countries would expand cooperation in the field of counter-terrorism.

"We expressed interest in undertaking railway projects in Indonesia. India was invited to invest in existing palm oil plantations of Indonesia or those now coming up," Mr. Vajpayee said about his meeting with Ms. Megawati.

On the Thailand leg of his visit, the Prime Minister remarked that he was "particularly touched" by his Thai counterpart, Thaksin Shinawatra's "attentive and warm hospitality", going well beyond normal protocol requirements.

"We also greatly appreciated Prime Minister Thaksin's commitment to developing our bilateral relations in all areas, and his support for India's dialogue with ASEAN."

Both countries, Mr. Vajpayee said, had agreed to intensify security cooperation and joint efforts against terrorism. "India

and Thailand also agreed to work together against drug trafficking, and in joint naval patrolling against narcotics and piracy."

The FTA framework agreement signed with Thailand was the first to be signed with any ASEAN country, he pointed out. "Prime Minister Thaksin and I agreed that we would expedite the implementation of the agreement, for the elimination of tariff and non-tariff barriers to the free movement of goods, capital and services within agreed time frames," the Prime Minister's statement added.

## Mumbai blasts condemned

A separate joint statement issued by the two countries on condemned the recent acts of terror in Mumbai and stated there could be no justification for such incidents.

"Both leaders expressed satisfaction on the development of the Asia Cooperation Dialogue. The Thai Prime Minister appreciated India's active role in the ACD and its offer to contribute \$1 billion to the Asian Bond Fund," it said.

"The two sides expressed satisfaction about their close cooperation at the recent WTO (World Trade Organisation) Ministerial Review Meeting on the Doha Agenda at Cancun and affirmed their intention to continue working closely on international trade issues," the joint statement added.

# IT & nuclear power attract Thaksin

Pranay Sharma  
11/10

Thaksin feels, will boost his prospects of winning next year's election.

However, the Thai Prime Minister is aware that being seen as a follower of the US camp is not enough, either to win elections in the country or to be regarded as the key leader of Southeast Asia. He needs to strengthen his image as a regional leader and this can only come from his engagement with other major powers in the region, such as India.

The warmth shown to Prime Minister Atal Bihari Vajpayee over the past two days in Bangkok, continued this afternoon in Thaksin's home constituency, Chiang Mai. Vajpayee arrived here this afternoon from the Thai capital to begin the last leg of his seven-day visit.

Thaksin was present to receive Vajpayee and later in the evening hosted an impressive dinner for him.

Thaksin seems to have done pretty well. He has recently brought about key changes in the army that many in Thailand felt were impossible, and has established his supremacy over the generals.

Now, Thaksin plans to make himself acceptable outside his country.

The Thai Prime Minister has already had serious engagements with Russia, China and other world players.

In little over a week, Bangkok will play host to the Asia Pacific Economic Cooperation Summit, which will also be attended by President George W. Bush and his counterparts from Moscow and Beijing.

Thaksin plans to showcase the summit in a big way. That this is the first time that Bangkok is hosting such a major event is an indication of the growing clout that the Thai Prime Minister enjoys within and outside the country. The new image,

PRANAY SHARMA

Chiang Mai, Oct. 11: Thaksin Shinawatra's attempt to emerge as the undisputed leader of Thailand, as well as Southeast Asia, appears to be one of the main reasons behind the Thai Prime Minister going out of his way to court India.

India offers a huge market for Thai goods and investors. Its leadership in the field of information technology and biotechnology is something that few dispute and Thailand can benefit immensely from both. India is also a nuclear power and has a strong and disciplined army and a blue-water navy.

These factors combine to make India a key player in the region with whom Thailand wants to have deep and strong relations.

In a country where the army has always played a crucial role and more often than not had the last word over civilian leaders,



Vajpayee gets a traditional welcome at Chiang Mai on Saturday as Thai Prime Minister Shinawatra (right) looks on. (PTI)

# Vajpayee calls for increased Indo-Thai trade & investment

The Nation/ANN

BANGKOK, Oct. 10. — With the new Indo-Thai free-trade agreement now in place, the Indian Prime Minister, Mr Atal Behari Vajpayee, today urged businessmen in both countries to use the era of enhanced cooperation between the countries to boost trade and investment.

India has invested just \$1 billion in the kingdom while Thais have invested \$700 million in India, Mr Vajpayee said at a luncheon hosted by the Thai-Indian business community. He described bilateral trade and investment levels as an "underachievement".

He urged Thai and Indian business leaders to become more involved and engage in trade fairs, exhibitions and other events to take advantage of the new pact.

The two countries may also form a strategic alliance to develop markets as a way to increase trade, he said.

Mr Vajpayee said Thailand had competency in running infrastructure and tourism businesses that meet India's standards.

"Thailand can be India's commercial bridge to South-East Asia, while Thai businesses will benefit from India's huge domestic market and a low-cost, highly skilled manufacturing base," he said.

The FTA — signed on Thursday — is expected to boost trade between the countries from the current \$1.2 billion to \$2 billion by the end of next year. It will also eliminate major barriers to trade and investment.

Under the Early Harvest Programme, 84 products will be subject to tariff reduction by next March, Vajpayee said, adding that more products will be added to the list in the future.

"In our discussions with the leadership of Thailand, it was evident to us that there is commitment by the two governments for our multi-faceted cooperation. We need stronger government-industry partnerships to give this process a quantum jump," he said.

Mr Vinai Sachdev, chairman of the India-Thailand Chamber of Commerce in Bangkok, said that the private sector's opinion be taken into account when it comes to implementing the free-trade agreement.

Meanwhile, the Federation of Indian Chambers of Commerce and Industry has signed a memorandum of understanding with the International Trade Development Institute at the Board of Trade.

**PTI adds:** Mr Atal Behari Vajpayee today outlined a five-point strategy to boost trade and commerce between the two countries, declaring that Thailand could be India's commercial bridge to South-east Asia.

In a major effort to double Indo-Thai trade to \$2 billion, Mr Vajpayee offered rights to Thai Airways to operate daily flights from four Indian metros. Declaring that Thailand can be India's "commercial bridge" to South-east Asia, he told a business meeting here that Thai Airways could also consider operating to-and-fro flights from 18 other cities.



# Sapta didn't work, but Indo-Thai FTA looks good: Vajpayee

**Q. Why do you say trade with South-East Asia could rise to \$15 billion in two years and what would the leading trade items be?**

**A.** India's trade with Asean increased from \$3.5 billion in 1991 to \$12.5 billion in 2002, and looks like it may even exceed \$15 billion in the next two years.

In fact, our business analysts say that if India and Asean address a few problem areas, the trade could even be double that — \$30 billion — in the next few years, with agriculture, pharmaceuticals, information technology and a variety of manufactured products contributing to this growing trade.

**Q. Why is the India-Thailand Free Trade Agreement (FTA) such a milestone and why is it different from any South Asia trade arrangement?**

**A.** The major difference is that the India-Thailand FTA looks like it will work, while the South Asia FTA and the South Asia Preferential Trading Arrangement have not seen real progress solely because of the unreasonable obstructions of one South Asian country.

The India-Thailand FTA would be the first such agreement outside South Asia.

**Q. How did India become interested in forming an FTA with Thailand?**

**A.** A joint working group conducted a feasibility study last year and concluded that immense potential existed for enhancing cooperation in trade, services and investment and that the proposed FTA was mutually beneficial and desirable.

Several sectors have been identified, including information and communications technology, space technology, biotechnology, finance and

banking, tourism, infrastructure, healthcare, construction, education, fisheries and aquaculture. I am sure the FTA will provide a new stimulus to our trade and economic cooperation.

**Q. Much has been said about Indian bureaucracy and inward-looking Indian business people. Are non-tariff barriers going to be an issue to get the levels of trade and investment value and volume up, as India also has special surcharges that are not expected to be covered by the FTA?**

**A.** I think today's technology revolution and globalisation do not permit any country, or any

ensured that foreign business can also access these markets with the right marketing strategy.

At the same time, a number of Indian companies are going multinational, manufacturing in foreign countries and operating in global markets. Indian investment in the Asean region has in fact been growing rapidly in recent years.

**Q. How do you view the world's trade outlook in the wake of the collapse of the WTO talks in Cancun recently?**

**A.** India, China, Brazil and Thailand are



The rapid intensification in recent years of India's trade and investment relations with South-East Asia is an integral part of our foreign policy. The combination of our geographical proximity, economic complementarities and human resources create a huge potential, which needs to be optimally exploited, says Prime Minister Atal Behari Vajpayee in an interview with The Nation's Thanong Khanthong. Excerpts

among the members of the Group 21 that were pro-active at the trade meeting in Cancun.

The collapse of the Cancun meeting was a major disappointment, but it is not the end of the road in the search for a rule-based multilateral trading system.

The issues on the Cancun agenda will have to be addressed in the future, and this will have to

be done in an equitable and development-oriented manner.

We hope that realism will prevail, and that developing countries will succeed in convincing the developed world that the reforms they are seeking would actually benefit both the North and the South.

**Q. What is your view of the progress of the liberalisation of the Indian economy?**

**A.** The liberalisation of the Indian economy has resulted in remarkable gains, particularly in the last five years.

There is broad consensus across the political spectrum about the imperative of economic reform, which has unlocked the enormous growth potential of the economy.

The benefits of liberalisation are increasingly reaching the masses. Consumers have a greater choice of products and services, and competition keeps the prices in check. Economic growth has been achieved with low levels of inflation and rising external reserves.

**Q. With an election next year, what will be the key points on your economic agenda?**

**A.** Of course, during this transition period, my government has paid particular attention to tackling the socio-economic consequences of high economic growth.

The needs of equitable development and poverty alleviation sometimes moderate the pace of our reform programme. But attention to these needs helps to create the overall democratic consensus for the reform process, which makes it strong, enduring and irreversible. We will continue to move forward with our liberalisation measures in a development-oriented and people-friendly manner. — ANN

# Thailand pledges help against terror

Indo-Asian News Service & PTI

BANGKOK, Oct. 9. — Thailand today assured India that it would not allow its territory to be misused by terrorists outfits operating in the country as Prime Minister Atal Behari Vajpayee and his Thai counterpart Mr Thaksin Shinawatra underlined the urgent need to tackle the menace of terrorism.

Mr Shinawatra told Mr Vajpayee at a bilateral meeting here that no terrorist outfit battling New Delhi would ever find space to function in Thailand.

During their 20-minute "restricted" meeting, the two leaders felt the need for sharing intelligence information and cooperation in the defence sector, especially training and joint patrolling, while discussing a wide array of issues, including enhancing of trade ties.

## Tourism ties

BANGKOK, Oct. 9. — Mr Shinawatra invited Indians to set up hotels in Thailand giving a boost to cooperation in the tourism sector. The two countries also agreed to combine Port Blair in India and Phuket in Thailand as sister destinations. "We get three million tourists a year while Thailand gets 11 plus million tourists a year. If we could join the two destinations, the tourists could visit both places," Mr Sinha said, adding "it will be a win-win situation for both countries". — IANS/PTI

Mr Shinawatra told Mr Vajpayee that the territory of Thailand will not be allowed to be misused by terrorist organisations operating in India or by other terrorists, the external affairs minister, Mr Yashwant Sinha, told reporters.

Mr Sinha described the meet-

ing between the two prime ministers as a "restricted meeting, a meeting under four eyes". He said the issues discussed during the talks covered the widest possible range and bilateral cooperation was discussed in all areas.

Discussing defence cooperation, Mr Sinha said India had offered Thailand its defence equipment manufactured in the country. "On the bilateral front, Thailand and India are entering into a new partnership and it is the beginning of a new era in our relationship," Mr Sinha said.

The foreign minister said Mr Vajpayee had, during his talks with Mr Shinawatra, suggested early finalisation of three agreements which are currently under discussion. These are in the areas of mutual legal assistance treaty, extradition treaty and transfer of convicted offenders treaty.

# India and Thailand ink 5 pacts

*PM gets rare honour of addressing Thai Assembly*

**BANGKOK**  
Diary

HT Correspondent  
Bangkok, October 9

PRIME MINISTER A.B. Vajpayee on Thursday became the first foreign dignitary to get the unique honour of addressing the National Assembly of Thailand, even as India and Thailand signed five agreements covering a wide range of issues, including a framework agreement on a free-trade area.

The first development is significant for it reflects a growing realisation of the tremendous potential that the Indian market consisting of one billion people could have for Thai goods following the framework agreement on free trade between the two countries. At the same time, for India, Thailand offers more than just a bilateral relationship; it is being seen as a springboard for trade and cooperation with its extended neighbourhood in East and South-East Asia.

Besides, the PM's address to Parliament is also significant for it coincides with the 30th anniversary of democracy in Thailand.

Besides Speaker Uthai Pimchaichon, Thai PM Thaksin Shinawatra was there to hear Vajpayee. From India, External Affairs Minister Yashwant Sinha and Commerce Minister Arun Jaitley were among those in the Hall at the time of the address.

Vajpayee said, "Our complimentary strengths provide us with a solid foundation for developing cooperative ties. Our skills in the software industry are well-matched by your emerging strengths in the hardware segment of the



Prime Minister A.B. Vajpayee toasts with his Thai counterpart Thaksin Shinawatra after the signing of five agreements between the two countries in Bangkok on Thursday.

information technology". While offering cooperation with Thailand in the field of space technology, the PM said there was great scope for Thailand in infrastructure development and tourism promotion in India.

Reiterating the need for cooperation, the PM said India had suggested a twin-city relationship between Phuket in Thailand and Port Blair, which face each other across the Andaman Sea. This can promote the idea of cross-regional tourism linkages.

The PM, during his speech, drew numerous parallels between the two countries, including the democratic set up that existed in both. He dwelt on some common problems faced by India and countries in South-East Asia, including terror-

ism. Besides common cultural traditions and waters, he also spoke about the Thai expression of "Rama Rajya" having a profound meaning for all Indians.

Later, the PM also attended a banquet hosted by his Thai counterpart.

The five agreements signed by the two countries followed a one-to-one meeting between the two PMs.

- The free-trade area (FTA) pact was signed by Arun Jaitley with his counterpart, besides an MoU on agriculture.

- Yashwant Sinha signed two agreements on tourism cooperation and on visa exemption for diplomatic and official passport-holders.

- Later, Indian Ambassador L.K. Ponappa signed a programme of cooperation on

biotechnology.

Sinha said there had been 'comprehensive engagement' at the level of the two PMs and between the two delegations. He said the Thai PM offered to reciprocate the Indian PM's offer of an open-sky policy.

Sinha said the foreign ministers of India, Thailand and Myanmar would meet in India in December to discuss funding for the ambitious road project through Myanmar. He also stated that both sides looked forward to early finalisation of three other treaties:

- Mutual legal assistance treaty
- Extradition treaty
- Transfer of convicted offenders treaty

Vajpayee returns to New Delhi on October 12.

## A sermon in etiquette

Kanwar Sandhu

A FEW minutes before Prime Minister A.B. Vajpayee was to address the special session of the Thai National Assembly, its Speaker Uthai Pimchaichon was heard giving a sermon to MPs on "good behaviour" when the guest was amid them. "Since the visiting PM had a knee surgery, he walks slowly, so keep clapping while he is walking to his seat," he told them. "You must give a resounding clap after he finishes and keep to your seats when he prepares to leave so that there is no rush at the entrance," he added. True to the "lesson", this is exactly how the proceedings went.

### 19-gun welcome for Vajpayee

Vajpayee and his entourage were given a ceremonial 19-gun salute on their arrival in Bangkok on Wednesday night. Since the 21-gun salute is accorded only to heads of state, the Indian PM was provided the next highest honour.

### PM to visit Chiang Mai

Thai PM Thaksin Shinawatra will personally welcome Vajpayee to Chiang Mai, his home town, when the latter goes there on Saturday. The city on the Burmese border is the older than Bangkok.

THE HINDUSTAN TIMES 10 OCT 2003

# Minority beauty norms

G.S. RADHAKRISHNA

Hyderabad, Oct. 8: Muslim women clerics have suggested a set of personal care guidelines to pre-empt hardliners, upholding the idea of comely appearance but forbidding the use of contact lenses, face bleach and hair styling.

According to a fatwa from a university-supported centre here, Muslim women can remove unwanted hair in the face but shaping the eyebrow is an offence under the Shariat. The guidelines also frown upon appearing in public in tight jeans, T-shirts and nightwear.

The fatwa was issued by the Darul Ifta, an organisation for women, set up by the Jamia Islamia university here and the Jamiat ul Mominath, which offers courses to women aspiring to become clerics.

The Darul Ifta, which has a panel of three women clerics (muftiyas), is considered the first muftiya-run Muslim organisation in the country. Muftiya Nazeem heads the unit while Muftiya Fazia Rizwan Zareen and Muftiya Sayyeda Fatima complete the group.

Muftiya Nazeem said the fatwa was in response to a query from a woman. "Whether to follow it or not is left to the wise counsel of the people," she added.

Not all are ready to forgo the choice. Saeeda Begum, an office-goer, said: "Our children also want to live like others and why should not they enjoy the benefits of modern a lifestyle?" She added that the use of contact lenses for medical reasons and clipping hair to look presentable should not be opposed.

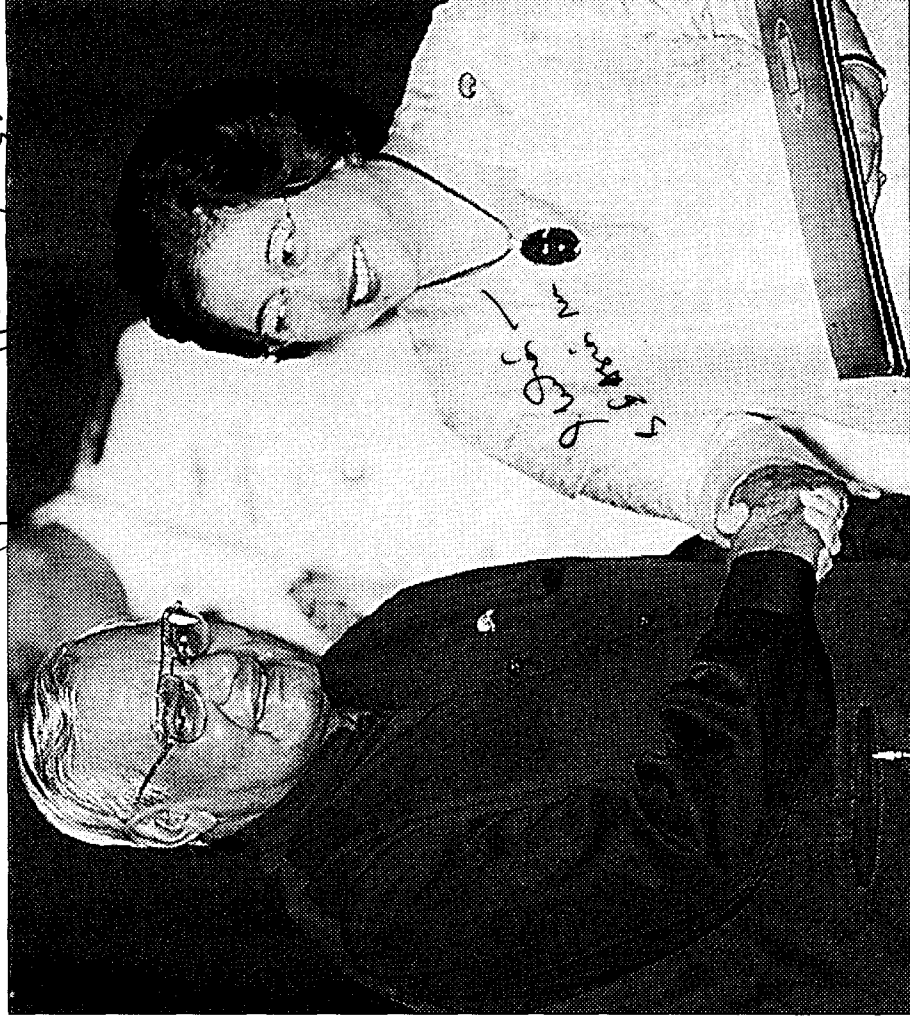
Farheen Sultana, who runs a beauty salon, said the fatwa would not have a big impact on her young clientele.

The Darul Ifta had decided to take the initiative in view of impediments before several women in discussing such issues with men. "We found it necessary to have an organisation as some militant and unconnected organisations were issuing fatwas about how Indian Muslims should behave themselves," Muftiya Nazeema said.

A Hyderabad-based organisation had issued a fatwa asking Muslim women to wear burqa even when they were in movie halls.

# Atal seals Asean free trade deal

## Megawati balks at memorial



A.B. Vajpayee with Megawati Sukarnoputri after signing the Treaty on Amity and Cooperation in Bali on Wednesday. (Reuters)

### OUR SPECIAL CORRESPONDENT

Bali, Oct. 8: Atal Bihari Vajpayee today sealed an agreement with the Association of South-east Asian Nations, setting the framework for negotiating free trade blocs that could eventually result in an Asian common market.

The Prime Minister said most countries were switching to preferential trading arrangements and few Asian nations figured on such blocs. A trade bloc comprising India, China, South Korea and the 10 Asean nations would represent a giant free trade zone. But Vajpayee made it clear that though his proposal would benefit all Asean countries, its implementation should be left to individual members, depending on their "comfort level".

He also put forward a "Vision 2020" document that Indian and Asean officials will work on to strengthen ties. The document will be presented at next year's Indo-Asean summit in Laos.

The Prime Minister addressed the summit this afternoon after signing three accords, including the trade and investment fra-

network agreement with Asean that should convert the region into a free trade area by 2011.

He also signed the Treaty on Amity and Cooperation and agreed to cooperate to combat terrorism. All three agreements reflect India's desire to cooperate economically and politically with Asean nations.

Vajpayee said the framework for the free trade agreement should allay fears of those who blamed India for the failure of world trade talks in Cancun, adding that Delhi was reluctant to open its market to foreign investment.

He said there should be a road connecting India with Asean nations and proposed that a car rally be started, beginning in Guwahati and making its way through Myanmar and Thailand to Vietnam. The Prime Minister said the rally would spark economic and cultural interaction.

As part of this process of integration, India has agreed to let all Asean nations to fly daily from their respective capitals to Delhi, Mumbai, Calcutta and Chennai without waiting for a bilateral agreement to do so. Vajpayee's "open skies" arrange-

PRANAY SHARMA

Bali, Oct. 8: "Osama don't surf," reads a prominent banner on a plot where a year ago stood Paddy's bar, a favourite watering hole on the Legian, Bali's most happening five-km stretch of road that runs through the Kuta province right up to its famous beach.

It is a painful reminder of one of the worst terrorist strikes in Southeast Asia that has sucked out the revellers from one of its most popular tourist destinations.

Today, Paddy's has shifted a few 100 metres ahead, relocating itself on the other side of the street. Some loyalists still come in, but others have found more interesting hangouts in the area.

Close by stood the Sari nightclub that, along with Paddy's, bore the brunt of the three blasts that took place last October, killing around 200 people. The plot is still empty.

A debate is raging on whether it should be turned into a memorial or make way for a new club. Floral tributes pile up outside the sites as preparations are under way to commemorate the first anniversary of the October 12 attack.

But a political controversy is brewing between Indonesia and Australia — the island-continent lost the most tourists in the blasts — over President Megawati Sukarnoputri's reluctance to attend the memorial. Since Australian Prime Minister John Howard is planning to be present at the occasion, there is increasing pressure on the Indonesian President to be there as well.

Though Jakarta has made its intention clear to seriously cooperate with other countries in fighting terrorism, different sections have raised questions about Megawati's resolve to deal with the menace.

The sceptics' views were strengthened last month after a local court acquitted cleric Abu Bakar Bashir of being a terrorist and gave him only a four-year prison sentence for treason. Many feel a compromise was reached between the government and Islamic fundamentalists to let off Bashir lightly though he is accused of leading the Jemaah Islamiah (JI), which has alleged links with Osama bin Laden's al Qaida and was blamed to be behind the Bali bombings.

# PM puts city on Asean flight path

BALI, Oct 8. — The Prime Minister today announced an open skies arrangement with the 10-member Asean without any reciprocity. Designated airlines will be allowed to run daily flights to major cities, including Kolkata, New Delhi, Mumbai and Chennai. Countries in the region can operate as many flights as they want to, disregarding the quota system.

"There is need for increased connectivity between India and Asean members. The open skies arrangement is a unilateral move by India," Mr Vajpayee told the second India-Asean summit here.

India will also streamline its road and rail links with Asean countries, foreign secretary Mr Kanwal Sibal said.

The Prime Minister offered flights to 18 tourist destinations in India from Asean countries. He also proposed an Asean-India car rally from Guwahati through Myanmar, Thailand, Cambodia up to the Vietnamese capital of Hanoi to promote greater connectivity.

Asserting that the Joint Declaration on Terrorism and the Framework Agreements made today went beyond the envisaged cooperation with Asean, Mr Vajpayee said he was willing to provide "fast track" tariff concessions unilaterally. He said these agreements negated the impression created by western countries at Cancun that developing countries were unwilling to open their economies. — IANS

# 'The Asian century'

The following is the text of the speech delivered by Prime Minister Atal Behari Vajpayee at the Asean Business and Investment Summit in Bali on Tuesday.

It is a great pleasure to be here among eminent business representatives from Asean (Association of South East Asian Nations), East Asia and India. I congratulate the organisers of this first Asean Business and Investment Summit. Events like these provide valuable opportunities for interaction among business and industry of our countries and for exchange of perspectives between governments and industry.

Friends, while the 20th century economy was driven by capital accumulation, manufacturing technologies and labour power, the 21st century is defined by knowledge and human capital. There is an emerging perception that this will be the century of Asia's pre-eminence. The brain power of Asian scientists and engineers, the dynamism of our businessmen and industrialists, our intellectual and human resource capital – all these support this perception.

The growing economic weight of Asia is strengthened by favourable demographic trends, and is no longer constrained by Cold War divisions.

India, Asean and the countries of East Asia are a part of this trend. Asean is already in an advanced stage of economic integration. With each of China, Japan and (South) Korea also, Asean has a well-developed and diverse economic relationship. India has lagged behind, for a variety of political and economic reasons, which are now history. However, this situation is changing rapidly, and it is the exciting potential of the future India-Asean partnership that I propose to put before you today.

Over the last 12 years, the Indian economy has maintained an average annual growth of over six per cent, which is better than that of most other countries.

Our interest rates are falling, inflation has been kept down, and foreign exchange reserves are growing rapidly. India remained unaffected by the Asian financial crisis a few years ago. We have targeted an eight per cent growth over the next five years. As our economic base is large, there is considerable untapped potential for India's continued – and even accelerated – economic growth.

Friends, perceptions shape decisions. Often they are flawed. Sometimes, they are incomplete. The rich cultural diversity and spiritual traditions of India are well known, but they constitute only one aspect of India. There is another India, the India of the 21st century, which is still not so well known, with its many strengths:

One, an inherently strong economy driven primarily by indigenous skills and domestic enterprise.

Two, a growing and accessible domestic market, with import and investment barriers falling away. To take just one random example of the growth of the market, in the last few months, it has been absorbing about two million mobile phones a month. Import duties are moving towards Asean levels, and sectoral caps on foreign investments are rising.

Three, a rich pool of human resources – English speaking, with R&D (research and development) skills, technological training and managerial capabilities.

Four, some special capabilities in state-of-the-art technologies. India is one of only three countries – the others are the U.S. and Japan – to have indigenously designed and manufactured supercomputers. It is one of only six countries, which can build and launch its own satellites.

Five, global leadership in technologies of

the Knowledge Economy. India's pre-eminent position in IT and IT-enabled services had led global companies to set up captives in India or to outsource their operations to quality Indian service providers.

Six, a sound and transparent financial system, with well-managed banking and insurance sectors, and vibrant capital markets. Our paperless, computer-driven National Stock Exchange is the third largest in the world, in terms of number of annual transactions.

India is today a country on the move. We are expe-

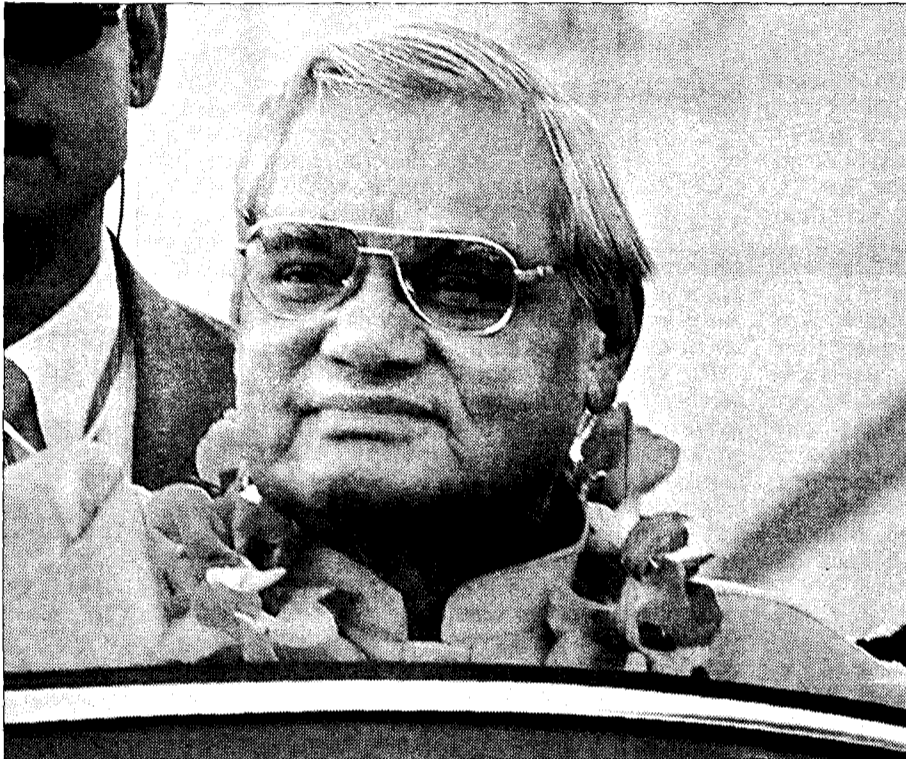
my comment remains valid.

We have recognised this fact in the India-Asean Framework Agreement for Comprehensive Economic Cooperation, which we have been negotiating over the past year. We are working on eliminating trade and investment barriers to facilitate business.

At the same time, India is conscious of the concerns of the new Asean members.

We are offering unilateral tariff concessions on items of export interest to the CLMV (Cambodia, Laos, Myanmar and

## document



Prime Minister Atal Behari Vajpayee in Denpasar, Indonesia. — AFP

riencing many revolutions simultaneously. There is, of course, the IT revolution. This in turn has unleashed a socio-cultural revolution, which has empowered hundreds of millions of our citizens, strengthening our democracy and stimulating our creativity.

We are experiencing a demographic revolution, where the numbers of young people are increasing. Already, 54 per cent of our population is below 25 years of age. This has created a revolution of expectations, where a powerful new force of young people, full of optimism and ambition, fired by boundless energy, is actively seeking opportunities for wealth, success and prosperity.

The combined effect of these has been a psychological revolution, in which a defensive, introverted approach has given way to an outward-looking, self-confident attitude, willing to accept challenges and take risks, rejecting fear and shunning fatalism.

It is this India that seeks to partner Asean in this era of globalisation. India's trade and economic interaction with the Asean countries has been steadily growing, but not fast enough. A year ago at the First India-Asean Business Summit, I had said that the India-Asean trade of less than \$10 billion does not do justice to our combined population of one and a half billion people, producing a trillion and a half dollars worth of goods and services annually. Our trade has since grown by about 25 per cent, but

**'The combined effect... has been a psychological revolution, in which a defensive, introverted approach has given way to an outward-looking, self-confident attitude, willing to accept challenges and take risks, rejecting fear and shunning fatalism'**

Vietnam) countries. We are also seeking to incorporate an Early Harvest scheme to provide the incentive for long-term engagement. If we proceed along this course, we can target a trade turnover of \$30 billion by 2007 and a Free Trade Area within 10 years.

A study, commissioned by our apex

commence and industry organisations, has highlighted five main areas with maximum promise for growth: India IT-enabled services create multiple opportunities for collaboration in embedded software or joint development of industry specific solutions. Asean countries can outsource their operations to quality Indian service providers at competitive prices. Today, South-east Asian countries import most of their IT products from the West. The irony is that most of these products are actually created by Indian subcontractors. The result is a double disadvantage; you pay much more, and India gets much less.

The Indian financial services industry is growing rapidly, driven by deregulation of insurance and investment in the banking sector by private companies and foreign banks. Asean investors will find attractive opportunities in personal financial services, insurance and corporate banking. India is poised to emerge as an additional global hub for financial transactions.

The Indian pharmaceutical industry has achieved global recognition. The strength

of this industry is low cost, high quality generics. Branded and patented medicines are beginning to emerge as an important segment of the industry. Asean can source its imports of low cost generics from India, or shift manufacturing base to India.

Indian entertainment business has benefited from deregulation and export opportunities. Joint ventures for TV content production and animation software exports present attractive opportunities for India and Asean.

India has placed special emphasis on infrastructural development to stimulate rapid economic growth. This includes deregulation of all segments of our telecom industry and upgradation of highways, bridges, ports, airports and convention centres. Many Asean companies are already present in these and other sectors. There are many other opportunities here for Asian business.

For free trade and open economic interaction, we must review, improve and harmonise our travel-related regulations and restrictions, including visa regimes. We have to upgrade our air, sea and rail links in capacity and quality, to meet new demands. To improve the profitability of business activities and tourist ventures, we should develop cross-regional links of tourist centres to enhance the synergy of Asian destinations.

I will say a brief word about India's investment regime. It is liberal and transparent, as befits a democracy like ours. We may occasionally have some problems, because of the difficulties in reconciling competing interests and concerns. This is normal in an open, democratic set-up. We are constantly trying to refine our regulations and procedures. All the same, if you analyse the experience of our foreign investors, returns on investments in India are generally higher. Regulation of profits is also much easier than in many other countries.

Investors have to understand that India's continental size and diversity are unique. Marketing or investment strategies that may have worked well elsewhere may need to be tailored differently for India. Those who understand this do well. Companies that have taken the trouble of finding the right keys to unlock the doors of the Indian consumer's mind have done well for themselves. People tell me that successful investors often paint a deliberately pessimistic picture to discourage competitors from entering the lucrative market!

In spite of the stalemate at the Cancun Ministerial Conference, a rule-based and fair multi-lateral trading system should remain our goal. But while we search for this ideal, regional trading arrangements offer immediate advantages, particularly for geographically contiguous regions. They can provide our domestic industry and agriculture with a valuable learning period, before being exposed to the far greater competition of global free trade.

Friends, non-Asians view Asia as the principal market of the future. But it will also emerge as a manufacturing hub and a global provider of services. In the next 50 years, as the population of the developed world ages, a younger and better-educated will drive the future growth of the global economy.

Asian countries should work towards strengthening their mutual synergies, so that they are strategically placed to derive maximum benefit from the emerging opportunities. The India-Asean partnership should energise this process to move us closer to our shared goal of making this truly the Asian century.

Thank you.

— Indo-Asian News Service.

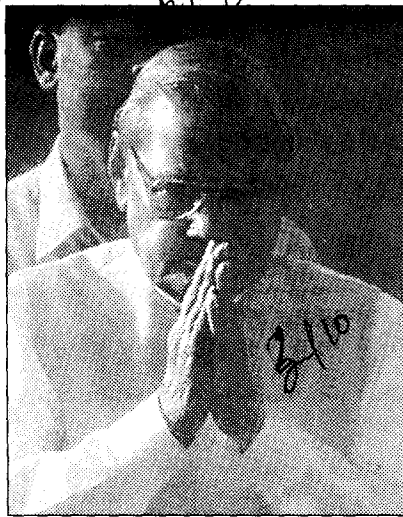
## PM Also May Ink Thailand Deal In Bid To Expand Regional Cooperation

# Indo-Asean trade pact likely soon

Our Political Bureau  
NEW DELHI 2 OCTOBER

**I**N a recognition of the need to expand economic cooperation in the region, a major framework agreement aimed at establishing a free trade pact between India and Asean nations is expected to be signed when Prime Minister Atal Behari Vajpayee travels to Bali next week. Mr Vajpayee is also expected to sign a bilateral agreement with Thailand, the other country which he will be visiting during his South Asian tour which begins from October 6. Much significance though, is being attached to the framework agreement with Asean, grounds for which had been laid by the Prime Minister last year when he proposed it at the first India-Asean summit in Phnom Penh.

While addressing Harvard faculty members recently in the US, external affairs minister Yashwant Sinha confirmed that the agreement had been finalised with Asean and was to be inked in the Bali Summit. The framework agreement is expected to enable India compete with China, which has registered dramatic growth economically with Asean



**HOMAGE TO A HERO:** Prime Minister Atal Behari Vajpayee pays tribute to Mahatma Gandhi at Rajghat on Thursday. — Reuters

nations over the last few years. The unusual pace with which Asean too has responded to

New Delhi's offer is also being viewed as their own keenness to counter-balance China's growing economic dominance in the region. India's exports to Asean countries were under \$5 billion last year.

The agreement identifies and proposes to deal with specific issues in key areas including goods, services and investment so that the FTA can be in place as early as possible. Negotiations, though are expected on matters like concessions and flexibility.

During the Bali visit, Mr Vajpayee will also be holding parleys with heads of states of Asean nations where he is expected to share common views on terrorism. Bali was much in the news after terrorists struck the picturesque island resort last year in October killing over 200 people.

In Thailand, where Mr Vajpayee will be holding talks with Thai Prime Minister Thaksin Shinawatra on enhancing bilateral economic ties, one of the issues that is expected to be taken up is the proposed highway linking the two countries through Myanmar. The project has been designed to provide the North East with direct access to the South East Asian region.

# Suu Kyi not high on Asean-bound PM's agenda

NEW DELHI, Oct. 3. — The pro-democracy movement in Myanmar and the release of its incarcerated leader, Mrs Aung San Suu Kyi, do not figure high on the Prime Minister's agenda at the India-Asean summit next week. Mr Atal Behari Vajpayee will visit the Indonesian resort of Bali for the second summit between India and the regional group, scheduled on 8 October.

While the Centre claims to have raised the Suu Kyi issue "strongly" during talks with the Myanmar government, the government's public stand appears to be the more pragmatic

cause of the importance it attached to taking the relationship forward as part of its 'Look East' policy, and also to help stabilise the situation in the N-E.

India "welcomed and supported movement of Myanmar towards democracy, internal reconciliation and political dialogue" and the resolution of political problems there without any outside intervention, he said. "Solutions should be found within that country and not through outside sanctions or pressures."

According to agency reports from Bali, where the Asean summit will be held next week, senior officials preparing for a summit of South-east Asian leaders appeared keen today to put the is-

sue of freedom for Mrs Suu Kyi on the back burner while they focused on boosting trade.

An Asean spokesman, Indonesian diplomat Makarim Wibisono, sidestepped the issue of whether the group, seen for years as little more than a talking shop, would again break with a fundamental Asean principle of non-interference in each other's affairs by demanding the Nobel laureate's release.

"Officials from Myanmar have delivered a report on what has happened in Myanmar," he said. "They said Aung San Suu Kyi is no longer detained although she is now under house arrest. She is no longer incarcerated and this is part of the dem-

ocratisation process outlined in the roadmap," he said.

## PM leaves on Sunday

The Prime Minister departs for Bali, Indonesia, for the second India-Asean summit on Sunday, advancing his visit to enable him to meet more of the Indonesian leadership bilaterally. But there have been suggestions that security concerns, especially after the attack on Mr Chandrababu Naidu, have been factored into the change in schedule. He was supposed to leave on Monday.

Mr Vajpayee will also be in Thailand for a four-day visit, the first by a Prime Minister since 1993.



# India, Asean to ink free trade framework

India's foreign minister P.V. Narasimha Rao

OUR SPECIAL CORRESPONDENT

**New Delhi, Oct. 2:** India is set to sign a framework agreement with the Association of South East Asian Nations (Asean) at their Bali summit next week that is likely to usher in a free-trading arrangement in the region in less than a decade.

The move, coming soon after India was seen as having played the key role in the collapse of the Cancun trade talks by insisting on a higher tariff for imports by developing countries, bears out

the maturing of the "Look East" policy undertaken by Delhi more than a decade ago.

The recognition accorded to India as a major player in the region is clear from the fact that Delhi, along with China, has been invited to sign the additional protocol to accede to Asean's Treaty of Amity and Cooperation. It will pave the way for greater interaction between India and the southeast Asian nations on security.

A joint statement on counter-terrorism and cooperation between Delhi and Asean mem-

bers to face the scourge of terrorism will also be signed at the summit, to be attended by Prime Minister Atal Bihari Vajpayee and a high level delegation on October 7 and 8.

The indication of a free-trade agreement between India and Asean emerged last year. Over the past several months, the two sides have worked hard to put in place the framework agreement that will be initiated next week. The firming up of the framework within a year has surprised many and won admiration for Delhi outside the

country.

"We are getting much more deeply engaged in southeast Asia," the Financial Times quoted foreign minister Yashwant Sinha as saying. "If we have regional trading agreements with Asean, they will become beneficiaries of lower tariffs with India."

Key players in the region are interpreting the move as Delhi's seriousness in taking urgent steps towards deepening economic ties with southeast Asia. Others feel the phenomenal growth of trade between China

and Asean was key to India getting the framework ready in record time.

Some sections have suggested that Asean is trying to upgrade ties with India as part of its gameplan to counterbalance China's growing economic clout in the region. Indian exports to Asean were \$4.8 billion last year, just 8 per cent of its total exports.

Asean comprises Brunei, Laos, Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Vietnam, Singapore and Thailand. India's interaction with the group gained substance

in the early 1990s when then Prime Minister P.V. Narasimha Rao launched his "Look East" policy with a view to deepening economic ties with the fast-growing region.

The subsequent years not only witnessed a strengthening of ties between Delhi and Asean on the economic front, but also in the political and security related areas. The icing on the cake was the acceptance of Delhi as a full dialogue partner of the Asean Region Forum (ARF) — a high profile body boasting of almost all the leading world players.

Despite the initial criticism, India's nuclear tests in May 1998 made an impact in the region and many in Asean — since most of its members have boundary disputes with China — saw Delhi as a viable counter-balance to Beijing.

The progress made by Indian firms in the field of information technology and Delhi's seriousness to open its market further for foreign investment has encouraged key players in southeast Asia to now see India as a country with which it can do business.

# Stage set for ASEAN-India accord

**SINGAPORE, SEPT. 30.** The stage has been set for a "Framework Agreement" between India and the Association of South East Asian Nations (ASEAN) following a trouble-shooting discussion between the two sides in the Indonesian capital, Jakarta, at the level of officials. With these talks concluding on a positive note, the Prime Minister, Atal Bihari Vajpayee, is now expected to sign the "Framework Agreement" with the South East Asian leaders at the ASEAN-India summit in Bali (Indonesia) early next month.

The prospective 'Framework' will serve as a prelude to an ASEAN-India free trade agreement (FTA).

Wide-ranging economic cooperation, including trade and investment, will also be facilitated with the 'Framework', as finalised, outlining time-specific negotiations for various aspects of comprehensive cooperation such as trade in goods and services

as also investments. The current exercise is a sequel to India's offer last year to fashion close economic links with the ASEAN, inclusive of an FTA as a centrepiece.

Confirming the latest positive development on the ASEAN-India front, diplomatic and official sources do not foresee any further complications. Nor do they wish to go into the specifics of the hitch that have so far held up the finalisation of the "Framework". Behind the scenes, however, the Philippines and Vietnam, among the 10 ASEAN countries, have expressed reservations on certain aspects of the proposed accord.

These reservations, by and large, relate to the internal dynamics of the unevenly developed ASEAN bloc. At no stage, however, did India and the ASEAN reach a stand-off or a slowdown, although both the Philippines and Vietnam are eager to secure a balance of commitments and advantages. The second ASEAN-India summit in Bali

next month, India would also agree to abide by the association's Treaty of Amity and Cooperation, official sources said.

The External Affairs Minister, Yashwant Sinha, is likely to ink the relevant documents that would draw India into a closer partnership with the ASEAN in a political sense, too. In the nature of a world view, the ASEAN Treaty of Amity and Cooperation forms a key political basis of the association's functioning in its extended neighbourhood.

India and the ASEAN have also finalised an anti-terror Joint Declaration that would be adopted during Mr. Vajpayee's summit with the leaders of the association's 10 member-states in Bali.

The proposed Declaration would spell out the political commitments of both India and the association, somewhat on the lines of the ASEAN-U.S. anti-terror declaration that was signed in Brunei last year at the level of the Foreign Ministers.

# Indo-Myanmar trade

5-8 How Bihar bashes validity 20/9

It is possible Bihar Customs (Preventive) Headquarters at Patna are unaware of Indo-Myanmarese trade being legalised in April 1995 or why else would they seize four-truckloads of betelnuts and dry ginger on the move to Delhi from Manipur's border town of Moreh. The consignment was listed in the exchange under barter trade. Even assuming they are ignorant, the Indo-Myanmarese Exim Association in Moreh claims the drivers were carrying the necessary documents to ensure the goods passed through the official trade channel and refutes the Customs' allegation that it was an illegal consignment. Had it been contraband, the vehicles could not have escaped the ever-watchful Customs. The incident cannot be dismissed as an aberration on the National Highways. The reason appears to be extortion for which the Patna vigilantes are said to have acquired quite a reputation, a matter which calls for prompt investigation. Only last week Indo-Myanmarese officials met at Moreh to boost trade as the flow was not as smooth as expected.

If the Centre is serious about improving border trade it must liberalise rules and remove obstacles. China has made deep inroads into Myanmarese consumer markets and since there is no restriction on the imports of Third country products, cheap Chinese ware has flooded the entire eastern region. Until recently, Myanmar imported large quantities of Indian cycles but exporters now face stiff competition from China. Fast movement of goods is also essential. It will be of considerable help to exporters and importers if National Highway 39, which starts from Dimapur, the main railhead (in Nagaland), and cuts through Imphal to Moreh, is kept free of militant infiltration.

THE STATESMAN

30 SEP 2003

# PM sets India-Asean trade target at \$30 b

Statesman News Service

NFW DELHI, Sept. 4. — Inaugurating the Second India-Asean Business Summit here today, the Prime Minister, Mr Atal Behari Vajpayee, underlined the complementarities between India and the Asean countries, and urged them to target an annual trade turnover of \$30 billion by 2007. India-Asean trade now exceeds \$10 billion annually.

A key part of the Indian government's 'look east' initiative, the Business Summit was launched last year as a catalyst for the annual India-Asean summit of heads of state and government, scheduled to be held next month in Bali, Indonesia. The ministry of external affairs, the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (Ficci) are jointly co-sponsoring the meeting that aims at increasing synergies between India and the Asean.

The very fact that these meetings are being held at these venues (the third day of the business summit will be in Mumbai on Saturday) is an indication, a senior official said, of the strong vote of confidence in the ability of these cities to overcome the recent devastating acts of terrorism. It is also an indication of the surge of confidence that permeates the business establishments of these countries, and their ability to overcome the odds to make this century the Asian century, Ficci president, Mr A C Muthiah said.

Mr Vajpayee, in his address, called upon the Asean and other nations to unite to protect the interests of their farmers and removing the asymmetries and imbalances in multilateral trade agreements at the WTO Ministerial meeting to be held in Cancun, Mexico, next week. "We have to insist that the multilateral trading regime takes into account the genuine concerns of the 'not-so-rich' countries for the welfare and livelihood of billions of their citizens," the Prime Minister said. Developing countries were painfully aware that the development dimension of the Doha round was not receiving sufficient attention.

Concerns of the developing nations were "on a slower track," Mr Vajpayee said, adding despite attempts to highlight the asymmetries and imbalances in the multilateral trade agreements, these were getting side-tracked into non-trade related issues.

"We are finding that the Doha agenda negotiations are a two-track process, with our concerns always on the slower track," the Prime Minister said. It was up to the Asean, India and other developing countries to "arrest this trend." Agriculture, he pointed out, was one issue that affected not just the economics, but also the society and politics of "all our countries," as millions were dependent on agriculture.

THE STATESMAN

## PM breathes life into plan for transnational track

# Race with China on Hanoi train

### OUR CORRESPONDENT

**New Delhi, Sept. 4:** India's economic race with China will be run on railway tracks snaking across several borders.

After initiating work on a trilateral highway project linking Thailand and Myanmar with India, the Centre is mulling plans to develop a rail link between New Delhi and Hanoi.

"Work has started on a trilateral highway project linking Thailand, Myanmar and India. Under the Mekong-Ganga cooperation, we are also looking at a New Delhi to Hanoi rail link," Prime Minister Atal Bihari Vajpayee told the second India-Asean business summit jointly organised by the Ficci and the CII here today.

The move is part of an effort to ratchet up trade with Asean threefold to \$30 billion by 2007.

"Bilateral trade with Asean now exceeds \$10 billion, but it has barely scratched the surface of its potential. We must target a turnover of \$15 billion over the next two years and \$30 billion by 2007," Vajpayee said.

India has been forced into a race with China to seal a free-trade agreement in the next 10 years with the 10-nation trade bloc that has a combined gross domestic product of over \$750 billion.

The Chinese have already started work on a rail link between Singapore and Kuoming in southern China with spur lines extending to most of the Asean region, which will boost trade between them.

India's plan to build a rail link to Hanoi, the capital of Vietnam, has been designed for two reasons.

First, it will boost trade between India and Asean substantially. Second, Cambodia, Laos, Vietnam and Myanmar — the four newest members of Asean and all of which will be on the rail route — have been the most vocal in pushing India's case for closer ties with Asean.

At present,

there is no rail connection among Vietnam, Laos and Cambodia. A single line connects Malaysia with Thailand and Singapore, and southern China with Vietnam. In the eastern direction, the railroads in Myanmar stop several hundred kilometres away from its borders with Bangladesh and India.

When Vajpayee visited Phnom Penh last November for the India-Asean summit, Cambodian Prime Minister Hun Sen had suggested that India could help Cambodia build a railway network within the country that would eventually form part of a direct rail link between Singapore and Kuoming in southern China.

A senior railway board official said: "It is a 10-year-old project. It has been pending with the government which has accepted in principle the railway network proposal drafted by the transport department of United Nations Economic and Social Council for Asia Pacific (Escap)."

"A survey has also been carried out by the transport department of Escap and is pending with the home ministry. Serious objections were raised by the home ministry about the project since it could lead to an increase in the smuggling of drugs and arms from that region to militants in India," the official said.

Several meetings were held recently with the officials of Escap, the home ministry and railway. A memorandum of understanding is likely to be signed between all the parties concerned by the year-end.

The official said funding will not be a problem as the draft study by the transport department of Escap had said that the project will attract multilateral funding since it will emerge as one of the major trade routes in Asia Pacific.

"We should focus much more on tourism, entertainment, media and culture. The collaborative potential largely remains untapped," Vajpayee said.

### QUOTE

**The state is still an  
oasis of peace**

BUDDHADEB  
BHATTACHARJEE

# PM seeks Asean support at Cancun

India's Edge

HF 12

379

HT Correspondent  
New Delhi, September 4

PRIME MINISTER Atal Bihari Vajpayee called upon Asean and other developing countries to join hands with India at the World Trade Organisation ministerial summit at Cancun, Mexico to protect the livelihood of their people, especially those dependent on agriculture.

Vajpayee sought the support of Asean members to forge an alliance to address some of the common concerns on the issues raised at Singapore — investment, competition policy, trade facilitation and transparency in government procurement.

The prime minister also emphasised the fact that the concerns of Indian and Asean members were common on non-agricultural

resting the trend to set aside the concerns of developing countries as non-trade issues.

The prime minister pointed out that insufficient attention was being given by World Trade Organisation to the development dimension of the Doha agenda.

Vajpayee was acerbic when he said that asymmetries and imbalances in multilateral trade agreements are being flagged as non-trade issues.

The prime minister asked for ensuring technology transfer from developed countries to least developed and backward countries through a separate technology agreement.

Vajpayee said there was every possibility of enhancing Indo-Asean trade to US \$15 billion in the next two years while it could be fur-

ther taken up to \$30 billion by 2007.

Currently, trade between India Asean is worth over \$10 billion. The prime minister offered Indian expertise to Asean members in space technology for development applications like natural resources mapping, flood forecasting and hydrology as well as manufacture and launch of remote sensing as well as communication technologies.

He invited investment and participation by Asean nations in the major modernisation and upgradation projects in roads, ports and airports being taken up in India.

In this context, he stated that India has committed \$12.5 billion in the current financial year for infrastructure development.

## EU and America play 'divide and rule' trick to split alliance

K.A. Badarinarath  
New Delhi, September 4

THE EU-UNITED STATES combine has begun efforts to split the alliance of 20 developing countries forged by India and Brazil on agriculture issues which made a counter offer to the duo's joint proposal.

The divide and rule strategy was in full display at the worldwide media briefing by EU Trade Com-

missioner Pascal Lamy on Thursday. He termed the alliance as artificial and said it had no common approach on agriculture.

Lamy also attempted to divide the Cairns group which is part of the developing countries alliance demanding phasing out and eventual elimination of trade-distorting domestic and export subsidies worth \$311 billion doled out by the United States-EU combine.



Pascal Lamy  
The great divide

market access issues as well. Inaugurating the two-day India-Asean business summit, organised by the Feder-

ation of Indian Chambers of Commerce & Industry (FICCI) and the Confederation of Indian Industry (CII) in part-

nership with the external affairs ministry, Vajpayee called upon the WTO members to work together for ar-

# Thailand, India to sign FTA on Oct. 9

By Our Special Correspondent

CHENNAI, AUG. 9. Thailand and India will sign a Free Trade Agreement (FTA) on October 9 in Bangkok, marking a new stage in bilateral relations, the Deputy Prime Minister of Thailand, Korn Dabbaransi, said here today.

The first phase of the FTA will cover about 50 products on which tariffs will be brought down to zero per cent over four years. While it was for the private sector in the two countries to communicate to their governments at the earliest their preference of products to be included in the agreement, Thailand was likely to focus on automobiles, automobile components and electronics products in which it is a world leader, Mr. Korn said. He hoped that the FTA would lead to an increase in the bilateral trade from \$1.2 billion to \$2.1 billion in one year.

In his address to a meeting organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) and later in his interaction with the press, the Deputy Prime Minister, who is accompanied by a delegation of more than 140 private businesses from Thailand and who had met the Prime Minister, A. B. Vajpayee, and the Deputy Prime Minister, L. K. Advani, in New Delhi on August 6, said India was also responsive to the initiative of the present Thai government to float an 'Asian bond' to enable Asian countries to help themselves. India had committed to contribute \$1 million to the corpus of the bond, he said.

He emphasised that the FTA would enable Indian entrepreneurs to reach out to the large AFTA (ASEAN Free Trade Area) market and the Chinese market. The FTA and the Asian Bond scheme were a result of Thailand learning a lesson from the bitter experience of the past six years when its economy had 'gone under water' following the East Asian currency crisis. The present Thai government had come to the conclusion that the best way for Asian countries to face the world market was to "get into a partnership mode" among themselves in contrast to the past when they had been 'led far too long' by developed coun-

tries. Now Thailand had fully recovered from the crisis, recorded a GDP growth of 5.5 per cent and repaid its IMF loan dues in full well ahead of schedule.

Mr. Korn asked Indian businessmen to take advantage of the FTA signing ceremony in Bangkok, which would be attended by the Indian Prime Minister, Mr. Vajpayee, to get into contact with hundreds of Asian businessmen who would be attending the APEC (Asia-Pacific Economic Cooperation) summit to be held there on October 19 and 20.

The Deputy Prime Minister, who leads the task force appointed by the Thai Cabinet exclusively to promote cooperation with India, said the two countries had also agreed recently to expand aviation services to boost business and tourism cooperation. Thai Airways had been 'mandated' to hold talks with Air India for expansion of direct services in two stages, from October 2003 and the summer of 2004.

He said that besides automobile and electronics, the two countries should exploit their complementarities in information technology (software and hardware), leather sector, and application of biotechnology in agriculture. Thailand would also offer its experience in cleaning up the effluent in prawn farms and in improving the yield and quality of sugarcane.

He said the BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, Thailand economic cooperation), aimed at building land and sea links between Asian countries, had been 'dormant' for seven years until the present Thai Government revived it. As a result, progress was being made in building links between Myanmar, Thailand, Laos and Vietnam. It was the responsibility of India and Myanmar to accelerate work on their land links. Also, India could play a role in building the Dawei port in the Andaman Sea, (Phuket in Thailand was less than 50 nautical km from the Andaman Islands, he emphasised). Thailand's emphasis on cooperation with India was evident from the fact that India was the only country, which the Thai Prime Minister, Thaksin Shinawatra, had visited twice last year, he said.

# Myanmarese Foreign Minister meets Vajpayee

By Our Diplomatic  
Correspondent

*Handwritten: 4/7*

**NEW DELHI, JULY 10.** The Myanmarese Foreign Minister, U Win Aung, who has come in his capacity as "special envoy" of the State Peace and Development Council (SPDC) Chairman, Than Shwe, called on the Prime Minister, Atal Behari Vajpayee, today.

Official sources said Mr. Win Aung was carrying a message from Senior General, Than Shwe, on the prevailing situation in Myanmar. He also had a meeting with the External Affairs Minister, Yashwant Sinha, today.

The sources said Mr. Win Aung's visit was taking place in the context of the detention of the National League for Democracy (NLD) general secretary, Aung San Suu Kyi. India is among those nations that have



**The Prime Minister, Atal Behari Vajpayee, with the Foreign Minister of Myanmar, U Win Aung, in New Delhi on Thursday.**

— Photo: S. Arneja

called for the release of Ms. Suu Kyi. The United Nations special envoy on Myanmar, Razali Ismail, has publicly called on India and other neighbouring countries of Myanmar to put pressure on the military junta to release Ms. Suu Kyi.



# Delhi lays new track to Vietnam

■ Planned rail route to connect Delhi to 5 South East Asian countries

**PRANAB DHAL SAMANTA**  
NEW DELHI, JUNE 30

INDIA'S 'Look East' policy received a major boost last week when Myanmar Foreign Minister Win Aung made a strong pitch for a rail link from New Delhi to Hanoi connecting countries of the Mekong-Ganga Cooperation group.

Bringing this up during MGC's ministerial meeting at Phnom Penh on June 20, Aung highlighted the positive impact such a project will have on trade in the Mekong region.

External Affairs Minister Yashwant Sinha responded favourably to the proposal and promptly asked for a feasibility study to be carried out at the earliest to take matters ahead. Efforts have apparently begun in New

Delhi to co-ordinate with MGC countries for identifying a company to carry out the study and chart out the possible rail route.

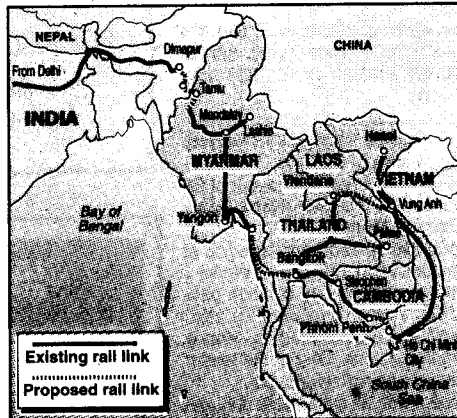
Starting from New Delhi, the

project, South Block officials say, will be to improve transport links between India and MGC countries. But in the long run the project aims at tapping the tremendous trade potential in the area. In fact, improving transport links was one of the key areas identified in the Programme of Action for MGC at Hanoi in May 2001 and was later stressed in the Greater Mekong Subregional Cooperation Summit in Cambodia.

Given that this was only the third meeting of foreign ministers of countries from this group, official sources say, the proposal for such an ambitious project only underlines the strides being made in co-operation between New Delhi and the South East Asian countries.

It must be noted that during

CONTINUED ON PAGE 2



IE Map/B.K. Sharma

route will pass through Myanmar, Laos, Thailand, Cambodia and culminate at Hanoi in Vietnam. The immediate purpose of the

operation between New Delhi and the South East Asian countries.

## From the front page

# Delhi lays new track to Vietnam

the formative stages of the MGC, Myanmar had assured New Delhi of acting as a strategic gateway for India into South East Asia. The proposal mooted by Win Aung at the June 20 meeting of MGC foreign ministers emphasises the improved co-ordination between New Delhi and Yangon on strategic and economic issues.

The construction of the railway link, according to South Block officials, holds the potential of transforming the economy of the North-Eastern states which have been reeling under isolation. The Government is, in fact, hopeful that the enhanced

opportunities for trade by way of this link will provide new avenues for employment and help stem militancy in this part of the country while giving the much-needed boost to its neglected local economy.

Experts point out that the link would open up trade corridors for New Delhi with areas beyond the Mekong region as it will link up with the grand Trans-Asian Railway Network being constructed in the ASEAN and Indo-China region. The project which was taken up seven years ago has been progressing rapidly connecting Indonesia, Malaysia and Singa-

pore with MGC countries as well as the southern China province of Yunnan.

Given the lack of progress in improving trade and transport links on the western flank, analysts say, this project at least allows India to fan out eastwards and provide impetus to overland trade with South East Asia which is virtually non-existent at present.

The prospect of trade also lends new opportunities for people-to-people contact across India's eastern boundaries, which is often said to lie at the heart of furthering the economic development of the North-East.

# India voices concern over Suu Kyi's arrest

9/5/02  
S. S. Myint  
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By Amit Baruah

**NEW DELHI, JUNE 5.** India said today that it was closely watching and "with concern" the "recent developments" in Myanmar without directly referring to the detention of the National League for Democracy (NLD) leader, Aung San Suu Kyi, on May 30.

In response to a question, the Foreign Office spokesman said India had consistently supported efforts for the restoration of democracy in Myanmar and welcomed the lifting of restrictions on Ms. Suu Kyi in May 2002.

India, he said, recognised the NLD leader's commitment to democracy. While believing that solutions to internal problems should come from within and that external pressure could be counter-productive, India, at the same time, commended the effective intermediary role played by the U.N. Secretary-General's special envoy, Razali Ismail.

This role intended to promote dialogue between the Myanmar Government and the NLD, India felt, should be encouraged. "India supports the efforts of the Government of Myanmar and the National

League for Democracy for consolidating the process of national reconciliation through dialogue and peaceful activities."

The carefully-worded response did not call upon the State Peace and Development Council to release Ms. Suu Kyi, who pro-democracy Burmese sources here believe received a serious head injury in the May 30 "attack" on her by "agents of the Burmese regime".

Clearly, India is walking a tightrope as far as Ms. Suu Kyi and the military junta are concerned. While standing for democracy, India does not want to sound like other Western Governments in its response to Ms. Suu Kyi's detention.

In a statement, Soe Myint, chief of the Mizzima News agency, said: "At present, her whereabouts are not known, though some reports say that she is being detained in a military hospital in Rangoon. The military Government is not disclosing her whereabouts. Other senior leaders of the NLD have been placed under house arrest".

"The Burmese military regime is launching a nationwide crackdown against the members of the NLD and pro-de-

mocracy activists. It has arrested several hundreds throughout the country. The Burmese authorities cut telephone lines in many cities...the colleges and universities have been closed down indefinitely. Burma is under undeclared martial law," Mr. Soe Myint claimed.

There is little doubt that the Ms. Suu Kyi's detention is a grave setback to the process of contact that had been initiated between the military authorities and the NLD. Instead of moving forward, her arrest could have grave implications for the country. Of late, in one of her reported remarks, Ms. Suu Kyi had called upon the military junta to honour the results of the 1990 elections that had swept the NLD to power. It also places a heavy responsibility on the United Nations and the rest of the international community to secure the release of Ms. Suu Kyi.

Of late, there has been a growing sense of frustration that the "contacts" between the NLD and the military authorities did not lead to any progress towards substantive dialogue towards the establishment of democracy in Myanmar.

# India to accede to treaty on amity in S-E Asia

By Amit Baruah

NEW DELHI, MAY 21. India has decided to accede to the Treaty on Amity and Co-operation in South-East Asia as part of furthering peace and stability with the Association of South-East Asian Nations (ASEAN).

New Delhi's formal accession to the treaty is scheduled to take place during the ASEAN-India summit meeting in the early October in Bali, Indonesia. The Prime Minister, Atal Behari Vajpayee, is scheduled to travel to Bali.

The February 1976 treaty envisages peaceful settlement of international disputes, non-interference in the internal affairs of nations, furtherance of peace, stability and harmony, renunciation of the threat or use of force and mutual respect for the independence and sovereignty of party States. Interestingly, China is expected to do the same before the mid-June meeting of the ASEAN Regional Forum in Cambodia. The Russians, too, are said to be in favour of joining the Treaty.

The Chinese move forward on the Treaty is especially significant that they have disputes in the South China Sea, especially over the Spratly islands. Official sources told this correspondent that by deciding to join the Treaty, India was sending a signal of commitment to strengthen collective security arrangements in the Asia-Pacific region.

In a related development, the Fifth ASEAN-India Senior Officials Meeting (SOM) was held yesterday,

with the meeting being co-chaired by the Foreign Secretary, Kanwal Sibal, and his Malaysian counterpart, Ahmad Fuzi Abdul Razak.

The two sides have also agreed to issue a joint declaration against terrorism at the Bali summit meeting. This is expected to include sharing of information, legal cooperation and institutional links. An official statement on the meeting said it undertook a comprehensive review of the "entire gamut" of India-ASEAN relations, with the officials exchanging views on regional and global issues of mutual interest.

"The two sides agreed that India's expanding engagement with the ASEAN — as a full dialogue partner since 1996, and a summit-level partner since 2002, was of mutual benefit and contributed to peace and stability in the region," it said.

"In particular, the two sides emphasised the vast economic potential of the relationship and took note...of the ongoing work towards a Framework Agreement on Economic Cooperation for conclusion at the forthcoming India-ASEAN summit..." "The meeting expressed satisfaction that the ASEAN Regional Forum (ARF) had made a positive contribution to regional peace and security...the two sides agreed that the Sixth ASEAN-India SOM would be held in Lao PDR (People's Democratic Republic), the incoming country coordinator for the India-ASEAN dialogue partnership, on March 25-26, 2004," the statement added.

22 MAY 2003

THE HINDU

# Malaysia looks to skies to ease tension

PRANAB DHAL SAMANTA  
NEW DELHI, MAY 9

**A**FTER the harassment of Indian IT professionals by Kuala Lumpur police cast a shadow over civil aviation agreements between the two countries a couple of months ago, Malaysia is now back with new proposals seeking, in particular, permission to operate flights to Kolkata.

It must be remembered that New Delhi had put on hold the

extension of landing facility to Malaysian Airlines at Kolkata after relations soured over the ill-treatment of Indian IT professionals there.

This was part of a larger exercise to take a relook at Indo-Malaysian civil aviation agreements. But with the issue disappearing from the headlines, Kuala Lumpur has now proposed bilateral talks between Malaysian Airlines and Air India to expand the former's business.

In fact, infuriated by the treatment meted out to Indian IT

professionals despite their having proper documents, the Government had begun to closely examine every aspect of Indo-Malaysian relations.

Civil Aviation ties were in particular focus as Malaysian Airlines has gained maximum over the past few years. The company had obtained permission to operate flights on all days of the week to Mumbai while Air India got a certain share of the seats in these aircraft. In all, the airlines has 21 flights a week to Hyderabad, Delhi and Mumbai.

In return, Malaysia allowed operations to Kuala Lumpur, Penang and Lankawi. Barring Kuala Lumpur, neither Air India nor Indian Airlines have flights to the other destinations.

On the other hand, Malaysian Airlines has more than doubled its business to the region in the recent past.

The latest proposal seeks to further this. It is learnt this offer would increase available seat capacity by about 4,000. With the Government planning to enhance Civil Aviation infrastruc-

ture in the coming years, the airline hopes to corner more routes in India and has suggested the same in the proposal.

However, the Ministry of Civil Aviation is yet to take a decision on whether talks will be held between the two airlines. Given the circumstances under which aviation ties came under a cloud, sources said, a policy-level consideration would be needed at a higher level. It is understood that while Malaysian leaders have apologised for the harassment of IT professionals, no official has

been punished till date. However, some police officials have apparently been shifted from Kuala Lumpur.

Meanwhile, bilateral ties seem to be limping back to normal with the Malaysian Minister of Works Samy Velu slated to visit next week. Other senior Malaysian officials and delegations are also expected to visit India. It may be recalled that India had expressed its inability to host the Malaysian Health Minister two months ago saying the dates were not convenient.

# Plea on Quattrocchi rejected

SNS and PTI



Quattrocchi

NEW DELHI, April 30. — Malaysia's Court of Appeal today drove the last nail into India's hopes of trying Italian businessman Ottavio Quattrocchi in the Bofors bribery case, rejecting New Delhi's plea to overrule a lower court's order and extradite Quattrocchi to India.

The three-judge bench of the Court of Appeal, that also quashed its earlier order on India's appeal

asking Quattrocchi to surrender his passport, said the law did not permit them to review the merits of the decision of the High Court and recommended amendment of the law.

The ruling has opened the doors for Quattrocchi, currently in his home country, to return to Malaysia without fear of any legal action. The Italian businessman, wanted by India for questioning over his role in the gun deal in 1986, is now a resident of Malaysia and has business interests in the country.

Citing the Malaysian Extradition Act, the Court of Appeal in a 30-page order said: "There is no right of appeal against an order of the High Court confirming the order of

the Sessions Court discharging a fugitive criminal ... The legislature has made it very clear that is what it wanted the law to be. It is not for the court to rewrite the law made by the legislature. It is not its function."

In view of this, the 16 December order that required Quattrocchi to submit his passport in the court also does not stand, Mr Justice Abdul Hamid Mohammad said in his order. "We think it is very unfortunate that this and higher courts are deprived of the opportunity to determine the important issues that have arisen in this case. It is unfortunate that the determination

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THE STATESMAN

# India's integration with Asean on Tong agenda

Saurabh Shukla  
New Delhi, April 7

OVERCOMING THE SARS phobia, Prime Minister of Singapore Goh Chok Tong begins his two-day visit to India on Tuesday to hold discussions with the Indian leadership on a range of bilateral economic and strategic issues.

Tong's visit is considered important in both the countries. The proposed Comprehensive Economic Cooperation Agreement on which negotiations will begin will be more than a free trade agreement and is likely to signal India's formal economic and strategic integration with the Asean economies.

Besides, there is a move afoot under the agreement to recognise Indian professional degrees in Singapore, which will allow more Indian professionals to gain employment in that country. The agree-

ment will also create a fund for Singapore's investment into India. Singapore is keen to enhance its investment in India especially in infrastructure development. A Singapore based consortium is also keen on a proposal for the construction of two international airports at Mumbai and Delhi.

The aim of Tong's visit is to give new dynamism to its relationship with India by setting up a strong economic foundation, therefore CECA is being regarded as a stepping-stone. Tong will also attempt to woo Indian companies to set up bases in Singapore to expand their business operations.

On a strategic level, Singapore considers India as an important partner in the region and has balanced its approach vis a vis China. India also recognises Singapore's role in India's enhanced

presence at Asean.

Tong is credited for pushing for an Indo-Asean summit that was held last year. Singapore and India also have a growing convergence on strategic stability and security of the region and are scheduled to step up their defence co-operation.

The two sides will also endeavour to overcome hiccups — like on an extradition treaty, while India will like to sign it, Singapore still has some reservations. India also wants that Singaporean authorities allow it to interrogate some Jamayiah Islamiya activists who were trained in PoK and have links with terrorist groups active in J&K.

The two sides will also exchange views on the Iraq situation, where interests converge on providing urgent humanitarian and reconstruction efforts in that country.

8 APR 2003

THE HINDU

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8 APR 2003

THE HINDU

# Goh for dynamic links with India

By P. S. Suryanarayana

SINGAPORE, APRIL 5. Evincing a "genuine interest" in reaching out to India, a potentially "important friend", in the long-term future, Singapore has signalled its readiness to diversify its traditional links with New Delhi.

Outlining this political vision, the Singapore Prime Minister, Goh Chok Tong, told *The Hindu* in an exclusive interview here that he would, during his prospective visit to India, enter into a "candid exchange of views" with the Prime Minister, Atal Behari Vajpayee, on the evolving situation in Iraq. Mr. Goh would, at the same time, seek to "enhance" bilateral ties by jointly launching negotiations for a "comprehensive economic cooperation agreement (CECA)". The Singapore leader will arrive in New Delhi on Monday to begin his fourth visit to India as the city-state's Prime Minister.

disproportionate to the small size of the country itself.

In an hour-long interview, marked by a remarkable degree of geniality and good humour, Mr. Goh minced no words, however, in trying to temper his vision of new possibilities in bilateral ties with a sense of realism as well. He envisaged the possibility of creating a "new Silicon valley" in the general region of India and Singapore, and he considered China, too, as a potential player in any such venture.

Responding to sensitive questions, he said Singapore was already working with both India and China in "even-handed" fashion within the context of the Association of South East Asian Nations (ASEAN), despite the city-state's "closer" economic ties with Beijing "at this stage". According to him, Singapore could "add value" to the Sino-Indian economic equation by acting as a "bridge" between the two Asian giants. With New

Delhi and Islamabad, too, at another level, Singapore was already practising an "even-handed" policy, despite the city-state's "close" economic ties with India, he noted.

On the current Iraq crisis, Mr. Goh spelt out Singapore's overall U.S.-friendly line as follows: "Yes, we support the U.S. action (war). Because, we regarded this as an issue of dismantling the weapons of mass destruction which Iraq, we believe, has. So, having voted for Resolution 1441 (as a non-permanent member of the U.N. Security Council last year), ...if we look back, had the world in fact voted strongly for a second resolution (prior to the ongoing war), putting pressure on Saddam Hussein to disarm, he might have done so". In his view, "North Korea would proceed with its nuclear armaments" and "destabilise South East Asia for terrorism" if the U.S. were to have "blinked" at this stage.

Excerpts of interview: Page 9



Characterising the proposed CECA as a "free trade agreement (FTA)-plus", Mr. Goh outlined how India had come to occupy an important niche in the foreign policy of Singapore, which has often been described by scholars such as Michael Leifer and others as "an exceptional state" with economic success and political influence



# India pulls out of Azlan Shah tournament

By Our Special Correspondent

**NEW DELHI, MARCH 17.** The Centre on Monday advised the Indian Hockey Federation (IHF) against participation in the Sultan Azlan Shah tournament to be held in Ipoh, Malaysia, from March 22.

"The team is not going," the official spokesman of the External Affairs Ministry said. The team was scheduled to leave for Kuala Lumpur in the early hours of Tuesday.

The decision has come in the aftermath of the "recent developments concerning harassment of Indian IT

professionals in Malaysia," an IHF release said. The spokesman echoed similar sentiments.

For a team getting ready to leave within the next few hours, this was a shock and disappointment since nothing much could have been read into the delay in receiving the clearance.

More often than not, clearances are received at the last minute from the Ministry, whether such delicate issues are involved or not.

Sources in the Ministry of External Affairs said that the decision was part of the

approach the Indian Government had adopted since the ill-treatment meted out to about 270 Indian IT professionals by the Malaysian police.

According to reports, the Indians were rounded up, some of them were beaten up and their passports defaced.

The last-minute pull-out from the tournament was a way of expressing the country's displeasure against such treatment, sources said.

This kind of posture, sources explained, was likely to continue till the Malaysian authorities get back to the

Indian Government with an official report on the incident, notwithstanding the expression of regrets by the acting Prime Minister of Malaysia.

Such a report had not come till Monday evening, but when asked whether the presentation of such a report could lead to a change in the decision regarding the hockey pull-out, even at this late stage, the Government spokesman said.

"At the moment, the team is not going," India was scheduled to play New Zealand in the opener on March 22.

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THE HINDU

# Malaysia to submit report on detention

STATESMAN NEWS SERVICE & PTI

NEW DELHI/KUALA LUMPUR, March 15. — Malaysia has said it will hand over to India the report the latter has sought on the detention of 195 Indians, mostly information technology professionals, last Sunday.

The Acting Malaysian Prime Minister, Datuk Seri Abdullah Badawi, said today that the report, expected to be ready on Monday, would be handed over to New Delhi after he had taken a look at it.

There was no comment from the Indian authorities, who are awaiting a "credible explanation" of why 195 of its citizens, with valid computer-compatible smart card work permits embossed into their passports, should be handcuffed, transported to police station and not even be allowed consular access.

Though all but three of those detained have been released, the incident has hit bilateral relations hard, forcing the Malaysian government to appear to take stern action. A great many of about 2,000 IT professionals in that country were invited to set up the multi-media superhighway, Malaysia's Silicon Valley, as "guests" of the Malaysian government.

After the rounding up and detention of 195 of them from one condo-

minium last Sunday, 32 IT professionals have left that country, unable to accept the "needless humiliation", officials said.

The Malaysian authorities have recently clamped down heavily on illegal immigration and this kind of negative fallout is affecting the flow of tourists from this country, especially during the March shopping bonanza, which attracts thousands of Indians.

The HRD minister, Dr MM Joshi, had earlier said that the government was committed to protecting the "interests, safety and honour" of Indian professionals working abroad. On the Kuala Lumpur incident, he said he had "taken a very strong view of it".

Many parts of the world, he said, are being hit by recession and students and professionals often bear the brunt of it.

## Salary denial alleged

A group of 39 labourers of Indian origin, working at a factory run by Fuddex Rubber Products at Malacca, have alleged that they are being paid half their salary since April last year. The factory had employed them on a monthly salary of ringgit 600 (\$157). The workers are now planning to move court against the employer.

15 MAR 2003

THE STATESMAN

# Indians abroad

Nasty Malaysians, jumpy Americans

Conventional wisdom about immigration is that the poor and unskilled are not welcome, skilled professionals are treated okay and the rich can expect a red carpet. India contributes substantially to all three categories and different kind of Indian immigrants receive different treatment. This, the government can and should live with, except when Indian illegal immigrants fall victims to criminal gangs who pretend to ease their way. But recent incidents indicate that even skilled professionals may lose their sheen, and that should worry the government. The hamhanded Malaysian treatment of Indian IT professionals working in Kuala Lumpur has grabbed the headlines but perhaps even more serious is growing American resentment against roughly the same class of professionals. US politicians and unions are focussing on two issues. First, legislative curbs on outsourcing work abroad and, second, restrictions on the so-called L-1 visas (valid for 7 years and allowing job hopping). So far, curbs on outsourcing has focussed on US government work. Since US private sector outsourcing constitutes 99 per cent of the business handled by Indian companies, the threat is not large in the short run. But if the US economy goes into recession legislative restrictions on outsourcing may increase. The same for L-1 visas used by Indian companies with American subsidiaries to hire Indian employees.

India needs to lobby Washington carefully on these issues. It will find a valuable ally in US business. But if economic news in America gets rough, India should prepare to take some hits and perhaps see a dip in earnings from outsourcing and remittances. Arguments that outsourcing and L-1 visas help US companies cut costs and therefore benefit the US economy, are valid but not fully persuasive for American senators and congressmen in near hysterical mode. What pressure, political or otherwise, forced the Malaysian government to rough up *bona fide* Indian professionals is unclear. Whatever the motives, Malaysia is not a prime destination for Indian IT professionals and can be ignored altogether if basic rules of legal immigration are not followed. The country may have some difficulty in recruiting enough professionals for its ambitious information super highway project in the event of an Indian boycott. Also, tourism, a prime growth engine in Malaysia, will suffer if shopping-mad Indians get scared of Malaysia. Retaliatory measures are useful in

THE STATESMAN

14 MAR 2003

## Malaysia to probe ill-treatment of Indians

*SKW*  
*GV 12*  
Kuala Lumpur: With India taking up strongly the detention and ill-treatment of about 270 of its nationals, mostly IT professionals, by the police here on suspicion of being illegal immigrants, Malaysia on Thursday ordered a probe into the incident.

"We want to clear the air over the issue by carrying out a complete investigation even though our initial investigation did not indicate any wrongdoing," city police chief Dell Akhbar Khan, who ordered the probe, said.

He said he had directed the disciplinary division of the police to probe into the alleged mistreatment of the Indian nationals who were rounded up on the Palm Court condominium in Brickfields last Sunday.

Investigating officers would record statements from the alleged victims and the police officers who carried out the operation. Mr Dell was quoted as saying by the official Bernama news agency.

He said no time-frame had been given to

the officers probing the allegation but added that city police is giving top priority to the case.

If investigators found any wrongdoing by policemen who took part in the raid, stern action would be taken against them, the police chief said.

The probe was ordered as the victims' representatives submitted complaint to the National Human Rights Commission detailing how they were handcuffed, made to squat in the car park of the police station for nearly 10 hours and their passports tampered with.

After handling over the complaint signed by 150 of the victims, software engineer Srinivasan Shanthi Muthu told reporters that 40 of those raided have already left Malaysia and 100 were in the process of leaving the country.

The opposition Democratic Action Party chairman, Lim Kit Siang, who accompanied the victims' representatives, said the incident had embarrassed the country.

14 MAR 2003

THE TIMES OF INDIA

## Down-beat Malaysia

The ill-treatment of 270 Indian IT professionals by the Malaysian authorities was an avoidable outrage that has serious consequences for bilateral political and economic relations. The rupture in India-Malaysia ties created by this offensive and undiplomatic action is unlikely to heal easily, especially given Kuala Lumpur's disinclination to make early and appropriate amends. Admittedly, New Delhi's relations with its South Asian neighbours have not always been smooth. Yet, such dignities have never been inflicted on Indian citizens in those countries. Secondly, Indian IT professionals, who are sought after in the US, Europe, the UK and other parts of the world, were in Kuala Lumpur on valid visas and working for Indian or Malaysian companies. The professionals were not only arrested and beaten up, but they also had their passports and visas defaced. If this 'routine procedure' is indeed part of what the visiting Malaysian minister claims is an ongoing campaign against illegal immigrants, then Kuala Lumpur's methods are hardly compatible with a modern, civilised state governed by rules and regulations. The Indian high commissioner's protest, the foreign ministry's dressing down to the Malaysian envoy in New Delhi, and NASSCOM's intervention do not seem to have had the desired effect on Kuala Lumpur.

Unfortunately for Malaysia, this intransigence can only result in damaging results for its economy, exports and industry, especially the IT sector. New Delhi's decision to take a second look at the civil aviation treaty with Malaysia would be a major blow to tourism, which is that country's biggest foreign exchange earner. The first to be affected would be Malaysian Airlines, which has 18 flights operating to India every week, besides an advantageous arrangement with Air-India. Malaysia's tourism-driven economy would be badly hit without the big-spending Indian tourists who have turned away from Nepal and are headed eastwards to Malaysia, Singapore and Thailand. Apart from losing the Indian dollar, the country's ambitions to emerge as an IT power would take a hard knock with IT professionals moving out of the Super Corridor. There would be a question mark over Malaysia's business prospects in India, estimated at \$300 million. Soured bilateral relations may lead to withdrawal of concessions on export sought by Kuala Lumpur and granted by New Delhi. These measures, at a stage when Malaysia has overcome the East Asian economic crisis but is not really on the upswing, do not augur well for the country's economy, its domestic politics or its international relations.

13 MAR 2003

THE TIMES OF INDIA

96-6 Truly Asia? 12/3 ✓

## Malaysia needs to take early corrective action over the manhandling of Indian IT professionals

IT is ironic that around the time Malaysian experts were arguing a case for an Asian Economic Community built around the core of ASEAN during an international conference in New Delhi, and just a few days after the NAM summit at Kuala Lumpur, Malaysian police should have arrested nearly 270 Indians in that city with the apparent intention of showering indignities on them and causing serious embarrassment to India. The Malaysian government may consider the behaviour meted out to its own deputy prime minister some years ago as its internal affair but it is obliged to deal with foreigners possessing valid documents within accepted norms and laws. Going by reports, the disgraceful conduct of the law enforcement agencies was not just unlawful but constituted a serious blot on Malaysia's democratic credentials.

The Malaysian authorities appear to have compounded their gross misconduct by tampering and disfiguring valid passports and visas of a large number of Indians. Such tampering by individuals is obviously

illegal and punishable under the law, but the state machinery doing this is unprecedented. The motivation for such action, therefore, appears even more difficult to understand or explain. It is yet to be seen how the higher Malaysian authorities deal with such tampering by their law enforcement agencies.

Why such an incident should occur at all is a mystery. Even Pakistan has not attempted such barbarism! Most of the Indians arrested and harassed were professionals in the information technology sector, which brings many benefits to Malaysia. At one level, there have been serious discussions on how to build on the existing level of co-operation in IT between India and Malaysia. At another, there's a sorry episode that totally negates the dignity of the professional and an environment conducive to bilateral co-operation that is so vital for such endeavours. New Delhi has done well to register its protest. But the onus is really on Kuala Lumpur to quickly redress the situation. Unfortunately, so far it has done little in this regard.

Explanation Sought For Ill Treatment Of 270 Indian Nationals, Mostly IT Pros

# India criticises Malaysian police

Our Political Bureau  
NEW DELHI 10 MARCH

THE relations between New Delhi and Kuala Lumpur has turned decidedly frosty. Taking strong exception to the "high-handedness" of Malaysian police on Sunday when it roughed up about 270 Indians, mostly IT professionals in Kuala Lumpur.

India, on Monday, lodged a protest and sought an explanation from the Malaysian government. Indeed, things could get worse if the explanation proffered doesn't satisfy New Delhi.

Apart from the foreign office, the Indian IT industry, led by Nasscom, reacted sharply to Sunday's incidents describing them as unwarranted "mental harassment" of Indian IT professionals. As the drama unfolded with the Malaysian high

commissioner Choo Siew Kioh being summoned by the foreign office for a formal protest, information technology professionals here were drawing parallels between this crackdown and the earlier incident in neighbouring Indonesia when Polaris chief Arun Jain was detained in Jakarta for several days.

"This is an unfortunate act, which maligns the dignity of the individuals and the industry, and we are in touch with key authorities to ensure the safety of Indian information technology professionals," Kiran Karnik, president of Nasscom said.

What perhaps is adding to New Delhi's sense of indignation is a growing feeling about Kuala Lumpur's hostility towards India. During the recent NAM summit in Kuala Lumpur, New Delhi learnt to have got the distinct feeling that Malaysia was seeking to use its status as the host country

to promote Pakistani interests at the meeting. India, in fact, had to do some plain-speaking at the summit to secure Malaysia's "neutrality".

In this backdrop, the crackdown on Indian IT professionals is rankling here. In a statement, the foreign office spokesman said: "Such unacceptable action by Malaysian authorities cannot but adversely affect our bilateral relations and also badly dent Malaysia's image as a destination for information technology professionals and as a country which is keen to encourage foreign participation in this and other sectors."

Reports from Kuala Lumpur said at least a dozen of those arrested still remained in custody, while passports of at least 70 others had been tampered with. It was still not clear why the sudden night raids were carried out. While awaiting a

formal explanation for the "unwarranted" action from Malaysia, New Delhi on Monday made it clear that it viewed the incident seriously. It is particularly upset over the fact that most of these professionals were in Kuala Lumpur at the invitation of Malaysian companies.

The night raids, apparently were carried out to flush out illegal immigrants in the Brickfields locality where a large Indian population live.

The shocked information technology professionals were bundled up and taken to a nearby police station where they were made to squat in the open compound and motor vehicle shed, according to some of the victims.

Around 14 of them were photographed with assigned numbers and their fingerprints were taken, said Veena Sikri, India's representative at Kuala Lumpur.

# India, Singapore to begin free-trade talks

INDIAN ECONOMIC BUREAU  
NEW DELHI, FEBRUARY 26

INDIA and Singapore will take an important step closer towards a bilateral free trade agreement (FTA) when Singapore Prime Minister Goh Chok Tong visits New Delhi in mid-April 2003. The two governments have taken a decision "in principle" to negotiate what will be called a Comprehensive Economic Cooperation Agreement (CECA).

A joint study group (JSG) from both countries concluded its meeting in Singapore this week, agreeing to place concrete proposals before the two governments so that the actual

process of negotiating a specific agreement can begin after Goh's April visit. The group will meet next month in New Delhi before placing its final recommendations before the two governments.

The Indian side, led by deputy governor of the Reserve Bank of India Rakesh Mohan, informed its Singaporean counterpart that the government of India has taken an "in principle" decision to work towards a CECA. It may be recalled that Singapore had proposed an FTA but India would like the agreement to cover issues going beyond trade and including investment, movement of people, tourism and the knowledge econ-

omy, hence a CECA.

Recession-hit Singapore, facing the lowest rates of growth in its recent history and unprecedented levels of unemployment, has launched an FTA spree. It has signed FTAs with Japan, Australia, New Zealand and the four-nation European Free Trade Area (EFTA), comprising Norway, Iceland, Switzerland and Liechtenstein. It is also negotiating an FTA with the United States and Thailand. Singapore has also agreed to work towards an FTA with China.

It may be noted that the actual process of negotiating a CECA may take several months. The recently initiated Singapore-Australia FTA was

negotiated over a two-year period. Interestingly, the Singapore-Australia FTA includes provisions relating to easing service sector regulations ranging from banking to higher education. A major issue in an FTA with a city-state and entrepot like Singapore will be the problem of re-exports. The US government is reportedly facing stiff resistance at home to an FTA with Singapore from domestic business concerned with Singapore's allegedly "weak" monitoring of third country re-exports, especially from China and ASEAN countries.

India will insist on local content clauses, as it has with Nepal and Sri

Lanka, to ensure that cheaper Chinese goods are not re-exported to India through Singapore. The India-Singapore FTA will include a negative list of items that remains to be drawn up. Singapore is expected to include some agricultural products in its negative list while India may include some manufactured goods.

From the Singapore side, the JSG was headed by Lim Chin Beng, a former envoy to Japan. Mohan and ambassador Lim had been mandated to explore the benefits of an Indo-Singapore comprehensive economic agreement and fields of mutual interest such as life science, info-tech and computer technology.

95  
- S. S. Srinivasan

17



# India, Thailand for free trade pact

STAT-8  
15/2  
Statesman News Service

NEW DELHI, Feb. 14 — India and Thailand decided to rapidly move towards a landmark free trade agreement (FTA), the first for India outside South Asia, designed to take bilateral commercial and economic ties forward.

The delegations, headed by the foreign ministers of both countries, decided to advance the time limit for finalising the draft agreement of the FTA from September to July, so that both Prime Ministers could sign the agreement by the end of the year.

At a meeting today after a gap of seven years, the India-Thailand Joint Commission decided to give trade and bilateral economic links a major push, raising the levels of trade from the current one billion dollars annual turnover, to two billion, at the earliest.

15 FEB 2003

THE STATESMAN

# Call for India-Singapore security partnership

9 Aug 11-04  
5

By P. S. Suryanarayana

**SINGAPORE, FEB. 4.** India today suggested to Singapore that the two countries should build a comprehensive security-related partnership to take concerted action against international terrorism.

Singapore is understood to have evinced interest in New Delhi's initiative, and the contours of possible cooperation, which should not be misconstrued as any form of strategic or security alliance, will be discussed. The proposals conveyed by Mr. Advani included setting

up a joint working group against terrorism as also the possibility of signing a mutual legal assistance treaty and a bilateral extradition treaty.

This was the broad thrust of the talks that the Deputy Prime Minister, L.K. Advani, held here today with the Singapore Prime Minister, Goh Chok Tong, the Senior Minister and elder statesman, Lee Kuan Yew, the Deputy Prime Minister, Lee Hsien Loong, and the Home Affairs Minister, Wong Kan Seng.

The objective, as stated by Mr. Advani, was to explore the possibility of finalising one or

more of these three initiatives in time for Mr. Goh's planned visit to India, perhaps in April. Already on the cards for possible consideration during Mr. Goh's prospective visit is a policy package of comprehensive economic relationship, including the substance of a free trade area, between India and Singapore.

The study group on this subject, which has met four times so far, is expected to finalise its recommendations within the next few months. In this context, any "institutionalised" cooperation in respect of secu-

rity matters with Singapore will place the relationship between the two countries on a qualitatively new plane. Outlining Mr. Advani's new exercise in security diplomacy in regard to Singapore, the Officer on Special Duty in the Deputy Prime Minister's Office, Ajay Prasad, said India had already presented a draft agreement on a mutual legal assistance pact. On extradition, the Singapore leaders pointed to the current practice of invoking the Commonwealth procedures but agreed to consider the desirability and feasibility of a full-fledged treaty.

# Thailand ready for extradition treaty

By P. S. Suryanarayana

**BANGKOK, JAN. 31.** India and Thailand today struck a broad political consensus on the possibility of addressing their security concerns in a cooperative fashion and also agreed to place their potential partnership on a forward trajectory. No specific agreement was signed, but it was decided to convene a Joint Working Group on Security as early as possible.

The scope for movement towards a fast track in bilateral interaction was explored during the talks the Deputy Prime Minister and Home Minister, L.K. Advani, held with the Thai Prime Minister, Thaksin Shinawatra.

It was decided to expand security cooperation in four areas — extradition, mutual legal assistance on criminal matters, joint work on security issues with or without an international strategic content and the drive against narcotics. Counter-terrorism, too, was identified as an integral aspect of cooperation in these four spheres.

However, there was no serious discussion on micro-level concerns such as those relating to the attempts of Indian underworld dons and others to use Thailand as a terrorist transit point.

The Thai leaders signalled



The Deputy Prime Minister, L.K. Advani, with the Thai Prime Minister, Thaksin Shinawatra, in Bangkok on Friday. — PTI

their sense of foreign policy priorities by holding talks with Mr. Advani amid Bangkok's current efforts to manage a threatening crisis in its relations with neighbouring Cambodia.

Mr. Advani later told *The Hindu* that Mr. Thaksin said he had no objection to giving a legal shape to the possibilities of

security-related bilateral cooperation. The other Thai leaders Mr. Advani met were the Deputy Prime Minister, Wissanu Krea-Ngam, the Justice Minister, Purachai Piumsombun, and the Interior Minister, Wan Muhammad Noor Matha.

Briefing journalists on the substance of the Thai-India dia-

logue, the Union Home Secretary, N. Gopalaswami, and the Deputy Prime Minister's Officer on Special Duty, Ajay Prasad, and India's Ambassador to Thailand, Leela K. Ponappa, outlined a picture of progress at a pace that the two countries were comfortable with in addressing their security concerns.

On the moves towards a bilateral extradition treaty, Thailand reaffirmed its will to sign the proposed deal but clarified that this could be done only after the Thaksin administration pilots an updated extradition law in Parliament. The Thai leaders assured Mr. Advani of their intention to hold further talks with India on the drafts that had been exchanged so far on the details of a proposed mutual legal assistance pact to deal with criminals.

On the operationalisation of the Joint Working Group on Security, which had been agreed upon some time ago, the two sides decided to set the process in motion. Thailand identified the Secretary General of its National Security Agency as the interlocutor. The Thai leaders emphasised their perception that international terrorism should not be identified with any particular religion or political faith in the context of the Bali tragedy in the South-East Asian region.

7 FEB 2003

40-10 28/1

## A SOUND PROPOSAL

9-58812

MYANMAR'S PROPOSAL THAT a summit level meeting be held of the leaders of select South and South East Asian countries, so as to add impetus to the functioning of what has been a somewhat dormant system for inter-state cooperation, is sound and merits serious consideration. Bangladesh, India, Myanmar, Sri Lanka and Thailand had established this system for inter-state economic cooperation, known as BIMSTEC, in the late 1990s and frequent meetings have been held at the ministerial level. Yet, for all the potential that exists on paper, this arrangement for regional cooperation has not acquired vitality. Myanmar's Foreign Minister, Win Aung, who is currently visiting India, has now suggested that a meeting of the political leadership of the countries grouped within BIMSTEC could give the required impetus. Since India is already engaged in several initiatives to develop economic ties with South East Asia, and since it is also seeking to develop bilateral cooperation with some of its South Asian neighbours, the proposal to invigorate BIMSTEC fits in with the overall approach. While the attraction of such a "look East" policy has often been enhanced because of the disappointing stagnation which has afflicted the South Asian Association for Regional Cooperation (SAARC), it must be clearly understood that BIMSTEC is not a substitute for SAARC but rather an arrangement that has its own intrinsic value. Neither the potential for developing transport and trade connections with the countries of the East, nor the prospects for tapping into the energy resources of Bangladesh and Myanmar can be overlooked.

Indian companies are partners in a consortium exploring a potentially very rich hydrocarbon deposit off the coast of Myanmar and it is understood that an Indian technical team would soon visit Myanmar to assess the prospects of an on-shore field. Bangladesh, mainly on account of the dynamics of its own domestic politics, has been less forthcoming about pro-

viding India with access to its energy resources but this approach could change if the enhancement of energy supplies is sought to be undertaken on a regional basis. The misgivings that have been expressed within Bangladesh in regard to trade with India could be allayed once such commerce is seen to be taking place within a regional setting or, else, the concerns about losing out to Myanmar in the competition for the Indian market could soften Dhaka's approach. On a parallel track, Myanmar has opened new routes to ease travel and trade between the rest of India and its more remote Northeast while Bangladesh has dragged its feet. The same considerations that could come into play in respect of the energy sector could have an effect on Bangladesh's policy in regard to road and rail links with the Northeastern States if it is seen to fit into an over-arching regional context. While the advantages of a trans-Myanmar and trans-Thailand route to the other countries of South East Asia are too obvious to require specific mention, note must be taken of the opportunities and the challenges that would arise if progress is made on plans to open a new route from South West China to the Bay of Bengal through the Irrawaddy corridor.

While there is some residual distaste for doing business with an undemocratic Myanmar, the more realistic approach might be to believe that the liberalisation of that country's polity would be speeded up once it becomes more open to the flow of commerce and ideas from the other, more democratic, partners in BIMSTEC. This notion need not be regarded as too fanciful since, historically speaking, the land corridor from India to the tip of South East Asia has been an important route for the transport of people, commerce and thought. India has to avail of every opportunity to enhance its links with South East Asia, and the proposal for a BIMSTEC summit must be seen from this perspective.

THE HINDU

23 JAN 2003

# 'The West is too far from us, India is more understanding'

## TALKING WITH U WIN AUNG

**Foreign Minister of Myanmar U WIN AUNG is a key member of the pro-India faction led by the increasingly powerful Vice Senior-General Maung Aye within the Myanmarese junta. Yangon is slowly emerging out of its international isolation — it is now a member of the ASEAN and has already allowed UN special envoy Ismail Razali nine times into the country for talks with the jailed Opposition leader Aung San Suu Kyi. China remains an old and trusted friend, says Win Aung, having returned from China only a fortnight ago, but points out that India is an "understanding neighbour". Excerpts of an interview with JYOTI MALHOTRA**

■ **What brings you to India?**  
Friendship. We are friends with all our neighbours and India, of course, India is a big neighbour and very important to our foreign policy. I bring with me the friendship, understanding and will to cooperate from our people.

■ **Why is India important to Myanmar?**

We are surrounded by Thailand, China, Bangladesh, Laos and India, of which India and China are the largest countries. We regard India not only as an important neighbour, but also as a country with which we are linked culturally and historically. We say that we are descendants of the Sakyas of Lord Buddha. So India is our motherland.

■ **How do you regard your other big neighbour, China?**  
China is also very impor-

is there a contest between India and China today?

No, we are happy to say that after the end of the Cold War and our membership in the Association of South East Asian Nations (ASEAN), we would not like to be an obstacle to India's "look east" policy that also includes China.

■ **Is India doing enough with Myanmar or can it do more?**

India is doing quite a bit, but there are many areas where India could do more. For example, India, Myanmar and Thailand have signed an agreement to build a road, that could happen. It could also help build the deep sea port at Dawei in southern Myanmar, so that Indian ships and Thailand ships can refuel here instead of waiting to cross the Malacca Straits

■ **You spoke about Indian ships going to Myanmar on a goodwill visit? Have any Chinese ships come to Myanmar yet?**

No, I don't think so, I have not seen any Chinese ships coming to our ports.

■ **As an eastern neighbour, do you feel that India is far too obsessed with its western neighbour Pakistan?**

No, I don't think so. The Indian leadership is doing all it can for the security and safety of the nation. Every government wants the prosperity and safety of its people.

■ **The Indian government is very happy with your assistance in arresting terrorists**

the frontier to carry out raids, no we won't allow that. That's our principled stance. We are strictly non-aligned, that means that we would like to observe our principles of non-interference.

■ **Speaking of non-interference, how are things within Myanmar?**

We faced a crisis soon after independence in 1948. The British wanted to give us back our country split into several parts, (so) they planted the seeds of mistrust

in our people... we had to solve these problems. Chapter 10 of our constitution allowed secession after 10 years, but what would have happened to this land? We knew that once the process of disintegration began it would not stop. The survival of our nation as Myanmar and as a union would be difficult. That's why we are trying to solve our problems once and for all. Not to have a military coup again to save the nation from falling down. We realised that we had to expand

our base and develop the whole country, including all the remote areas to create a sense of union spirit.

■ **Is this union spirit incompatible with the spirit of democracy? I am not talking of western democracy, but Indian democracy...**

Maybe it's the same. Democracy is a way of, and how to, live. 'Democratic' is an adjective. Union spirit means not being blind to the spirit of the union. Only if people realise that we have to live together, then it's possible...

■ **In India, Opposition is strong, combative and critical of the government. Do you think something like this could happen in Myanmar?**

(Laughs) Yes, that is Par-

**"We have many armed groups operating within our country, fighting the government. We have suffered as a result of that. So we won't let any groups launch a rebellion from Myanmar into another country"**



Prem Nath Pandey

liamentary democracy. It can happen, of course, in our country. Our roots and aims are in multi-party democracy. But I think that all political parties have a common aim, for the benefit of the people of the country. Not personal or party interest alone, but national interest should be in the forefront. In India you call it "combative democracy", but anyway, your parties don't have armies fighting in Parliament! Criticism is a good thing, better than fighting!

■ **How is Mr Razali doing?**

Yes, he has been busy in our country, he has been here nine times. Yes, he's doing his job fine. (Laughs)

■ **As a Foreign minister you have travelled all over the world. Do you think that the West interferes too much in your country?**

(Laughs) The West doesn't understand us. They understand only one thing. They thought that changing personalities alone would be the solution. They didn't want us to share our views with them. They would like to push their own values on us, their own thinking. They don't want to listen to our arguments. They don't want to listen to our history and to our background. Of course, there are people who understand, but those who don't, I think they are like people pretending to sleep. The West is too far from us. I think our neighbours, like India, have a better understanding of us.

# Sinha wangles terror war vow

OUR SPECIAL  
CORRESPONDENT

**New Delhi, Jan. 21:** Myanmar — for years the preferred land for Northeast insurgents to set up training camps — has assured India that it will not allow any terrorist and anti-Indian activities from its soil.

The assurance came from visiting Myanmar foreign minister U. Win Aung at a delegation-level talk last evening with external affairs minister Yashwant Sinha at Hyderabad House. The talks were followed by a dinner hosted by Sinha for his guest from Yangon.

The two sides formalised a structure by signing a protocol on foreign office consultation to discuss with each other at regular intervals important regional developments, particularly political and security-related issues. India and Myanmar also agreed to explore prospects of enhanced cooperation in hydroelectric projects, road construction and multi-modal transport.

The protocol was signed by Sinha and Win Aung after wide-ranging one-to-one talks and delegation-level discussions on the entire gamut of their bilateral relations.

The Myanmar foreign minister's visit is another indication of the growing ties between the two sides over the past few years. Win Aung met Prime Minister Atal Bihari Vajpayee today.

Myanmar has always been important for India. But the presence of the junta in Yangon has often been a stumbling block for Delhi to develop closer ties, especially since the generals had stifled the voice of democracy in the country and put Nobel Laureate Aun Sang Suu Kyi under house arrest.

However, certain developments over the past few years, such as Myanmar's inclusion in the Asean, have created a situation where Delhi is not as embarrassed to work with Yangon. The junta's decision to start informal discussions with Suu Kyi has also eased the tension somewhat.

Myanmar's importance to India stems from a number of factors, one of the most important being its common boundary with the Northeastern states. In the past, this was a major concern for India as armed rebels of the Northeast often found safe haven across the border. However, over the past few years the State Development and Peace Committee in Yangon has been working closely with Delhi to tackle terrorist activities directed against India from Myanmar soil.

The assurance given by the visiting foreign minister is a clear indication that there has been no shift in Yangon's position on the issue. On the contrary, it is keen to develop strong bilateral relations with Delhi.

Myanmar also provides India with an alternative route to reach out to the Southeast Asian countries, which are important not only as a market for Indian goods but also as potential investors. India has been closely engaged with Myanmar and Thailand to develop the infrastructure there, particularly its road links and the port.

The two sides reviewed various projects, particularly in the energy sector. Possibilities for exploration of on-shore oil and gas reserves by India were among the things that were discussed. India is likely to extend a new credit line to Myanmar, while the latter has shown interest in closely cooperating with Delhi in the field of information technology.

THE TEL

22 JAN 2003

# Myanmar proposes BIMSTEC summit

By C. Raja Mohan

NEW DELHI, JAN. 21. The Foreign Minister of Myanmar, Win Aung, today proposed a summit-level meeting of leaders from South and South-East Asia to accelerate economic cooperation between the two regions.

In his meeting with the Prime Minister, Atal Behari Vajpayee, he suggested that BIMSTEC, a regional organisation that brings together Bangladesh, India, Myanmar, Sri Lanka and Thailand, convene at the summit level in 2004.

At a moment when the South Asian Association for Regional Cooperation (SAARC) is making no headway, the proposal from Myanmar gives India a valuable opportunity to kickstart alternative approaches to promote regional economic integration.

Earlier, delivering the annual lecture of the Association of Indian Diplomats at the Indian Council of World Affairs here, Mr. Win Aung emphasised the importance of elevating the discussions at BIMSTEC to a higher political level. Although the BIMSTEC was set up in the late 1990s and frequent ministerial meetings have taken place, he



The Foreign Minister of Myanmar, Win Aung, with the Prime Minister, Atal Behari Vajpayee, in New Delhi on Tuesday.

— Photo: Anu Pushkarna

said, "we had not moved fast enough". A summit-level meeting, he hoped, would generate the much needed political impetus for the regional organisation. "Let us work together and prosper", he urged.

As Pakistan blocks the progress on creating free trade arrangements under the SAARC, India has been looking at a variety of other options including sub-regional cooperation under SAARC and trans-regional economic integration under BIMSTEC. Myanmar's proposal for a

BIMSTEC summit is naturally welcome in New Delhi.

Pointing to the huge potential for bilateral cooperation in the energy sector, the Myanmar Foreign Minister said Indian companies interested in developing the huge hydrocarbon potential in Myanmar are welcome. ONGC Videsh and GAIL, along with Korean corporations Daewoo and Kogas, are exploring the A-1 block off the Rakhine coast of Myanmar in northern Bay of Bengal. Mr. Win Aung said this block has "very

good potential". He is also believed to have told the Indian Government that Indian companies could now begin on-shore exploration in Myanmar. A technical team from India is expected to go shortly to Myanmar.

He also said he was here to review progress in the various projects on transport corridors linking the two nations and providing India access to its remote North-East and South-East Asia.

Asked about the Chinese plans for linking Yunnan province in South-West China with the Bay of Bengal through the Irrawaddy corridor, Mr. Win Aung said discussions between the two countries is under way and no agreement has yet been reached.

He and the External Affairs Minister, Yashwant Sinha, agreed yesterday to have regular consultations between the two foreign offices.

Mr. Win Aung invited Mr. Sinha to visit Myanmar at an early date.

India conveyed its appreciation to Myanmar for its cooperation in countering terrorism in the region and refusing to give shelter to forces hostile to India.