

Venezuela-India ties to centre around oil

By Siddharth Varadarajan

CARACAS: With the Venezuelan President, Hugo Chavez, due to visit New Delhi in February, the stage is set for the establishment of a fruitful bilateral relationship between the two countries, centred around oil, of course, but not necessarily limited to it.

Four years ago, ONGC Videsh Ltd. and the Venezuelan oil company, PDVSA, nearly clinched a deal involving the Indian public sector unit operating at least six promising or proven oil blocks. When the memorandum of understanding was signed in 2000, it marked the first time Venezuela had offered oil concessions to a foreign company outside the international tendering procedure. For ONGC, which has been looking at diverse oil exploration opportunities around the world, the \$50 million Venezuelan deal made good sense. Despite the distance involved, ONGC could have either sold the crude in a swap deal or even shipped the oil to India at a reasonable cost since

many West Asia-based tankers return empty after discharging their cargo at ports on the Atlantic seaboard. Indeed, Reliance today finds it worthwhile to source crude for its Jamnagar refinery from both Venezuela and Brazil, say Indian officials.

Negotiations with PDVSA reached the stage where ONGC was sent a confidentiality agreement — usually the penultimate stage before the facilities

are actually handed over — but the Venezuelans suddenly changed their mind. Ali Rodriguez, who was then head of PDVSA, told the Indian side that new OPEC restrictions on output meant Venezuela was not in a position to boost production.

Though the scrapping of the deal was a setback, the failure of India and Venezuela to agree to a set of dates for the visit of Mr. Chavez has been another source of irritation since 2001.

On the basis of bilateral consultations, the Venezuelan President was due to visit New Delhi in the summer of 2001. However, due to some misunderstanding, Mr. Cha-

vez was informed only about a week before his departure that the trip could not take place. The Vajpayee Government subsequently sent the late Murasoli Maran, then Commerce Minister, all the way to Caracas to mollify Mr. Chavez and invite him to be chief guest at the January 2002 Republic Day function. But even this was not to be. Barely a week before January 26, the Venezuelans sent word that their leader would be unable to come, sending New Delhi scrambling to find a replacement.

After much confabulation, the two foreign offices have finally settled on February 2005 but the dates still have to be cleared by the PMO. In the run-up to the visit, New Delhi has reminded Caracas of its old commitment to ONGC. According to Venezuelan officials, the President has asked Mr. Rodriguez, who is now the Foreign Minister, and Rafael Ramirez, Oil Minister and PDVSA head, to examine the prospects of a fresh deal. Of course, if the dates for Mr. Chavez's trip are not cleared, or if the trip is cancelled again, India and Venezuela can pretty

much forget about doing business with each other for the time being. Which would be a great pity considering both countries have an interest in South-South cooperation and the creation of a world order that is not unipolar. * * *

For India, a strong economic partnership with Venezuela would complement its other proposals in South America. Apart from the Indian-Brazil-South Africa (IBSA) initiative, New Delhi has been pursuing framework agreements for free trade with the Mercosur countries (Brazil, Argentina, Uruguay and Paraguay), as well as Chile.

But progress has been painfully slow. Though India's trade with the Latin American region has increased by 87 per cent during the last five years and stands at \$2.6 billion, its share in the region's total trade is a mere 0.48 per cent. India exported \$1.5 billion to Latin America in 2003-04 — a mere drop in the ocean considering that the region's import bill for the same period was \$330 billion. In contrast, China's trade with the region stands at \$29 billion.

(Concluded)

India, Brazil, South Africa to focus on defence cooperation

By Our Diplomatic Correspondent

NEW DELHI, MARCH 3. The Defence Ministers of India, Brazil and South Africa agreed to set up a separate dialogue mechanism on defence issues during their February meeting in Pretoria, the Foreign Secretary, Shashank, said on Tuesday.

Briefing presspersons on a two-day meeting of the India-Brazil-South Africa (IBSA) Dialogue Forum of Foreign Ministers that begins on Thursday, Mr. Shashank said that some "niche areas" could be identified for defence cooperation.

He, however, made it clear that the Pretoria meeting was the first and the initial focus could be on bilateral defence cooperation between the three countries.

Mr. Shashank reiterated that India and Brazil had decided to support each other as candidates for a permanent seat on the United Nations Security Council. This issue

had not been discussed with South Africa, which took a larger African view on U.N. reforms.

Asked whether countries such as China could become part of the IBSA Dialogue Forum as Beijing was a key player in the G-20 developing countries' perspective on trade negotiations, the Foreign Secretary stressed that the IBSA was not an exclusive forum.

For instance, he said that an anti-poverty "trust fund," likely to be made functional during the current meeting, was being created under the aegis of the United Nations Development Programme, and was not exclusive.

According to Mr. Shashank, the objective of the forum was to make globalisation a "positive force" that would benefit developing countries.

Pointing to the extensive nature of contacts between the IBSA countries in recent

months, Mr. Shashank said the Prime Minister, Atal Bihari Vajpayee, the Brazilian President, Luiz Inacio Lula da Silva, and the South African President, Thabo Mbeki, had met in June 2003 on the sidelines of the G-7 summit in Evian, France.

In the same month, Foreign Ministers of the three countries met in Brasilia to set up the IBSA Dialogue Forum, whose first meeting will take place on Thursday. Soon after, the three heads of State/Government and their Foreign Ministers met separately on the sidelines of the United Nations' General Assembly in New York.

Mr. Mbeki paid a State visit to India in October 2003, and the Brazilian Foreign Minister, Celso Amorim, came in the same month. On the Republic Day this year, Mr. Lula was the chief guest at the celebrations. According to Mr. Shashank, senior officials of the three countries had met recently in Brasilia to prepare for the meeting.

12-6-03 A gainful marriage *gndra* *12-6-03*

PRESIDENT LUIZ Inacio Lula da Silva of Brazil has rightly pointed out the commonalties between India and Brazil and the scope for close cooperation. Both are geographically large (but Brazil has only 170 million people) and both have been partners in the trade negotiations of the WTO, taking up cudgels against the rich countries. Recently, the G3 initiative, which includes Brazil, India and South Africa, addressed serious issues plaguing the world economy, including UN reforms, environment, trade and development. Together, their voices are more likely to be heard.

Brazil is rich in minerals and natural products and its economy is on the rebound thanks to the structural and constitutional reforms initiated by Mr Lula and his Finance Minister Antonio Palocci. Its GDP grew by 0.4 per cent in the third quarter in 2003 after shrinking (by minus 1.5 per cent) in the first two quarters. Austerity measures brought

down the inflation rate of 14 per cent to 9.3 per cent by December 2003 but raised the level of unemployment. The dramatic inflation control, however, sent the financial markets soaring and investors saw 130 per cent return in dollar terms in the stock exchanges in 2003.

Both India and Brazil have opposed the heavy subsidisation of agriculture by the rich countries and the intransigent stand taken by them that led to the collapse of the WTO talks. They can indeed take on a joint position to challenge the hegemony of the West at the WTO and the UN. Their economic partnership is likely to succeed because India is poised for a much higher rate of growth in imports (at 20 per cent in volume terms in 2004) compared to Brazil's low import growth. Trade can be the cornerstone of the new partnership with all the members of the Mercosur in Latin America which would challenge the unilateralism of the rich countries.

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29 JAN 2004

THE HINDUSTAN TIMES

Brazil, India ties set to soar as Lula arrives

By Siddharth Varadarajan
TIMES NEWS NETWORK

New Delhi: Hot on the heels of the World Social Forum— which shifted from Porto Alegre in Brazil to Mumbai this year— comes another Brazilian phenomenon: Lula. Considerably less strident than the WSF, Brazil's leftist president is nevertheless a critic of much of what passes for 'globalisation' today. Indeed, when he takes the podium as chief guest at the Republic Day parade on Monday, Luis Inacio Lula de Silva can do so with the satisfaction of one who is pushing ahead with an alternative 'South-South' axis in a world that has so far thought of economic linkages in a unidimensional way.



Lula de Silva

Whether it is travel, trade or technology, most Indians or Brazilians look no further than the US and Europe. That's where the flights go, that's where movies and music come from. But thanks largely to Lula, things might just be beginning to change.

Trade between the two countries hit a billion dollars last year and there is talk of a tri-carrier, tri-continental code-sharing flight from Rio de Janeiro to Mumbai and Delhi via Johannesburg, courtesy Varig, SAA and Air India. Most significant of all, perhaps, India's Isro is all set to begin active collaboration with Brazil's space agency, AEB, whose ambitious programme has been stymied by US restrictions.

Last year, Luis Inacio 'Lula' da Silva and his South African counterpart invited India to join a trilateral initiative based on the simple premise that the three developing giants had as much—if not more—to gain from linking up with each other as they did from tying their economies to the 'West'. The idea was not to reject globalisation but to give it new meaning. External affairs minister Yashwant Sinha signed on when he visited Brasilia last June.

Already, the 'IBSA initiative' has begun to bear fruit. At the WTO meeting in Cancun, India joined Brazil and South Africa in countering the US and European trade agenda. Less visibly, the three countries are working towards a broad free trade agreement which, if successful, could link South Asia with Mercosur, the grouping of four South American nations, including Brazil and Argentina, and SACU, the Southern African Customs Union. India signed a framework trade agreement with Mercosur last June.

At the Summit of the Americas in Monterrey earlier this month, Lula helped stall the Bush administration's plans for a fast-track Free Trade Area of the Americas that many leaders in the region fear will weaken their economies at the expense of the US. Despite the fiery oratory that defined Lula's profile in his pre-presidential days, his is a measured approach to the US. When his science minister, Roberto Amaral, openly courted confrontation with Washington over opposing spot international inspections of Brazil's uranium enrichment facilities, Lula replaced him. But the country is unlikely to give in on the inspections issue.

Republic Day salute to US critic Lula

PRANAY SHARMA

New Delhi, Jan. 22: Brazilian President Luiz Inacio Lula da Silva, who has established himself as one of the biggest critics of the US by questioning its policies ranging from trade to West Asia, will be the chief guest at the Republic Day parade.

The leader, popularly known as Lula, is Brazil's first Left leader to be elected President and will be in India from Saturday till Wednesday.

This is the second year in a row that Delhi has invited a leader whose relations with the US have been far from cordial. Last year, the Centre invited Iranian President Mohammad Khatami as chief guest.

Lula is the second Brazilian President — after Fernando Henrique Cardoso — to have been invited as chief guest for Republic Day celebrations within eight years.

The choice of Lula indicates that India's foreign policy, irrespective of its growing closeness with the US, is independent. It also shows Delhi has identified Brazil as one of the countries in Latin America, as well as in the developing world, with which it could do business, both at the political and the economic levels.

President A.P.J. Abdul Kalam, who will be Lula's main host, has organised a banquet for his Brazilian counterpart on Sunday. Lula will also meet

Prime Minister Atal Bihari Vajpayee. The meeting will be followed by delegation-level talks and signing of agreements between the countries the same day.

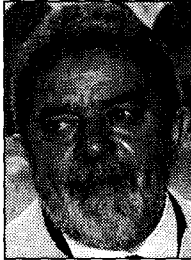
During his stay here, Lula is also scheduled to meet other senior Indian leaders, including foreign minister Yashwant Singh and defence minister George Fernandes.

The Brazilian President will inaugurate a seminar called India-Brazil: sustainable development challenges and opportunities and attend a business luncheon organised jointly by the Confederation of Indian Industry and the Federation of Indian Chambers of Commerce and Industries on Tuesday.

He will leave for Agra the next morning and proceed to Mumbai, where he will address a business seminar organised by the Indo-Brazilian Chamber of Commerce.

India-Brazil ties have grown stronger over the past few years, with the two countries working closely at the Cancun round of the World Trade Organisation talks to block the anti-developing world agenda that the US and other western powers were keen to push through.

Both are part of the G-20 and G-15 groupings of developing nations, which coordinate their position on economic and trade issues. Last year, along with South Africa, they began the India-Brazil-South Africa Dialogue Forum, dubbed the G-3.



Lula da Silva

3 JAN 2004

THE TIMES OF INDIA

3 JAN 2004