

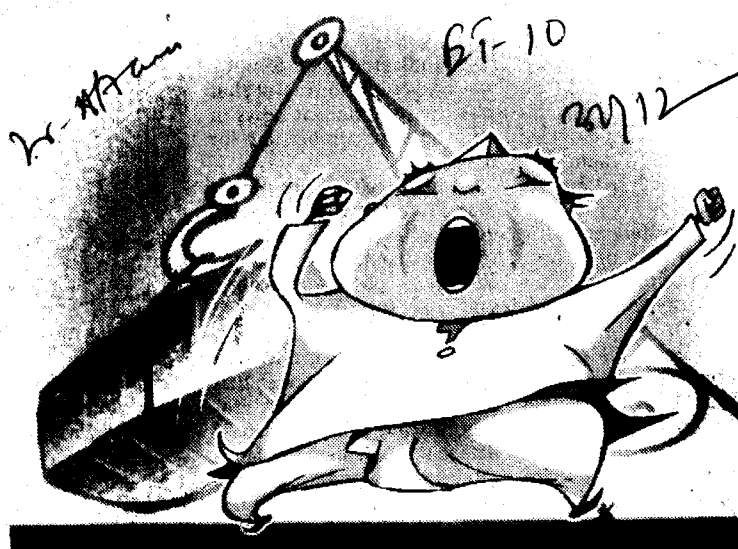
Global garibi hatao

If India is forced to provide duty-free and quota-free access to the products of the least developed countries, as per the Hong Kong deal, the politics of WTO negotiations will enter the domestic arena more forcefully, says **Narendar Pani**

WHETHER or not the Hong Kong ministerial leads on to the successful completion of the Doha Development Round, it marks a watershed in the politics of international trade negotiations. Trade politics has come a long way from being only about combats between the developed and the developing world. The developing world has been divided with the least developed countries (LDCs), particularly after the Seattle ministerial, insisting on charting their own course. And in recent years they have demonstrated their ability to leverage their numbers in the one-country-one-vote system of the WTO.

The developed countries, especially Europe, were quick to recognise the potential of supporting the demands of the world's poorest nations. Winning over the LDCs gave the developed world the numbers it needed in the WTO. And duty-free access to the markets of the developed world was the ideal weapon. It offered the LDCs a huge market but did not hurt the developed countries all that much. The products of the LDCs were, more often than not, competing with products from other relatively better off developing countries. It was thus the other developing countries that were paying for the developed world's generosity.

With access to the markets of the developed world virtually in the bag, the LDCs targeted the markets of the other developing countries as well. Having offered to open up its own markets, the developed world had nothing to lose by supporting this LDC demand. The tacit alliance between the richest and the poorest stepped up the pressure on the relatively better off developing countries. Having argued for years in trade negotiations that it was the duty of richer countries to offer special concessions to poorer ones, India and other developing countries couldn't very well refuse to help the poorest. And in the Hong Kong ministerial these developing countries finally cracked and agreed



SASIKUMAR

to offer LDCs duty-free and quota-free access to their markets as well.

Caught in this political pincer movement, Indian officials have quite predictably preferred to play down this major change in trade politics. They have taken cover behind the fact that the modalities have not yet been worked out and the wording of the declaration suggests that there might finally be some loopholes through which India can escape. Officials have also done their bit to keep attention focused on the signs of cooperation between the relatively better off developing countries in the G-20 and the poorest nations in the G-90, rather than on the price paid for this closer cooperation. And in a political environment where few care to think outside the developed-versus-developing-countries box, it has not been difficult to keep this focus.

But dealing with domestic rhetoric-spouting politicians is one thing, and matching the skills of the hardened negotiators in the WTO quite another thing. Having put India on the mat, it would be a surprise if the richest na-

tions allow it to get away. With India continuing to emphasise its need for special and differential treatment in the WTO, the rich nations are bound to occupy the moral high ground and argue that India should practice with the LDCs what it preaches to the developed world. And the LDCs too have too much at stake to let go easily.

SOME of the more powerful LDCs, like Bangladesh, have a lot to gain from duty-free and quota-free access to Indian markets. They can use their low labour costs to take on lower end Indian textile products. And rather than fight this competition Indian manufacturers too will be tempted to take the easy option of investing in Bangladesh and then exporting to the Indian market.

If India is forced to provide duty-free and quota-free access to the products of the LDC the politics of WTO negotiations will enter the domestic arena more forcefully. In overall macroeconomic terms the impact of providing access to LDC products may not be very great. But there are at least two reasons

why it could turn out to be politically sensitive. Since the competition will be primarily in terms of the lower costs of low-skill labour, the sectors that would be hit would be the poorest, labour-intensive ones. And one of the strengths of Indian democracy is that these groups can make themselves heard, particularly at election time.

The second politically sensitive element could come from the fact that the LDC that would be targeting the Indian market the most would be Bangladesh. Illegal immigration from Bangladesh is already a politically-sensitive issue. Any jobs lost due to duty-free and quota-free imports from Bangladesh will only add fuel to the fire.

It is not that these potential tensions cannot be defused. If the government wants to be really radical it can insist that the concessions offered to the LDCs can be extended to poor regions in all countries. Since there are a number of countries with uneven development, including some other large ones, this demand could gain significant support. And if it goes through, it will ensure that Indian capital would, instead of fleeing to neighbouring countries, move to the less developed regions within the country.

A more conservative response would focus on the products that would be threatened by duty free imports from the LDCs. The government could then find ways of helping these industries face the competition. Removing infrastructure bottlenecks in the regions these industries are located, for instance, would help raise productivity and offset some of the low labour cost advantages of the LDCs.

Such strategies require a continuing effective link between the positions the government adopts in the WTO and its political and economic moves at home. The significant changes taking place in the politics of world trade will, hopefully, convince the Indian political class that there is more to the WTO than mere sloganeering.

29/12
11-19

Developing world didn't gain much at WTO

By Jai Taraporevala/TNN

Shorn of its rhetoric, the decision reached at the WTO talks in Hong Kong to eliminate farm export subsidies by 2013 is not a substantive concession by the developed countries. After all, such subsidies merely account for 2% of the total support given to agriculture by rich nations. The issues of domestic subsidies and import tariffs, which are the main ways in which rich countries secure an unfair economic advantage over developing nations in the field of agriculture, have not been adequately addressed in Hong Kong.

The acceptance of the 2013 deadline by the EU should essentially be interpreted in terms of domestic factors. It is scarcely coincidental that the decision came soon after the Euro-

pean Union agreed to a budget until 2013—following a compromise under which Britain would receive a lower annual rebate and France would review the Common Agricultural Policy under which its farmers get huge subsidies.

Besides, the decision of developed nations to allow quota-free and duty-free imports from the poorest developing countries by 2008 should not be taken at face value. Governments in the developed countries will still

retain the right to restrict the implementation of the deal under the so-called exemptions clause. This being so, the US could continue to place some curbs on cotton imports from West Africa and Japan could block imports of rice from poorer Asian countries.

More important, the effectiveness of even these limit-



ed agreements on agriculture will be eroded by other factors as well. In the ultimate analysis, the implementation of these decisions will be conditional on the signing of a comprehen-

sive trade agreement on primary products, manufactured goods and services. It is highly unlikely that such a wide-ranging deal will be concluded on schedule by the end of 2006.

Unless the large differences between the 149 members of the WTO can be narrowed in the near future, the entire process could face the added obstacle of US domestic politics. The fast-track negotiating power granted by the US Congress to the Bush administration ends in July 2007. Unless Congress renews the arrangement after that date (something which cannot be taken for granted), Capitol Hill would have the power to undertake a clause by clause review of any WTO agreement signed by the administration. This would considerably complicate the ratifications process in the US, and thereby potentially undermine any WTO deal signed by the White House.

NEWS
ANALYSIS

20 DEC 2005

THE TIMES OF INDIA

A day of twists and turns

K.A. Badarinath
Hong Kong, December 18

ON A day that tested the swerve and skills of trade negotiators, the dramatic developments at WTO ministerial green room negotiations took twists and turns before a deal was finally sealed.

It was not easy and smooth as there were too many interest groups. It involved give and take all through. But, the last 18 hours was - make or break - for backroom negotiators that were in session all through Saturday night and major part of Sunday.

The deal was nearly sealed at six o'clock on Sunday morning. The international news agencies went ahead with the story that the deal was stuck. But, everything went topsyturvy a few minutes later when EU Trade Chief Peter Mandelson backed out from his earlier commitment to phase out export subsidies by 2013. The last-minute change of heart took everyone by surprise.

During the next one hour break in the morning, the 25-member EU trade

13-17/2005
19/12
ministers, G-20 led by Kamal Nath & Celso Amorim, G-90 and US delegations met separately and discussed a backup plan to salvage the negotiations. When the back-room deal-making began again at 8 am nothing seemed moving. Later four frantic consultations also did not change the situation for better.

When the recommendations were out after lunch at 2 pm, Kamal Nath and Amorim threatened to walk out if specific date for ending export subsidies in agriculture were not spelt out by the big boys - Japan, US and EU. They were given chorus by G-90, LDCs, ACP and African Union. That seems to have turned the final screw on the deal.

The extra-pressure put by Amorim-Kamal Nath duo seemed to have had its desired impact. That was when finally Mandelson gave in after US Trade Representative Rob Portman and Japanese delegations undertook to end their own subsidies. Having crossed the major hurdle, it took another two hours for WTO director general Pascal Lamy to sew up other

key interests and take everyone on board.

Now, it was the turn of Lamy and his team to do the last bit bargaining for a deal to be announced at the end of the day. Lamy's advise was stern and short: "Accept or don't" was his ultimatum to trade teams at 4 pm. Sensing that the deal was going haywire, most delegations grudgingly accepted the second revised draft put out by Lamy and his army of officers.

Another two rounds of deliberations by about 30 trade ministers interspersed by hotline telephonic consultation by heads of states from across the continents seem to have finally set the stage for a trade declaration. Finally, the WTO chief convened the final session to get the formal ratification of trade ministers at about 10 pm (Hong Kong time) thereby postponing some controversial issues for another day to be discussed in yet another city.

And, the bleary eyed ministers who put in about 100 hours of hard work gave a voice vote at about 11 pm.

Hong Kong witnesses vicious street battles

Hong Kong, December 18

THOUSAND OF demonstrators chanting 'Down, down WTO' marched through Hong Kong on Sunday to protest against world trade talks after a night of vicious street battles between protesters and police.

Under the watchful eye of security forces, protesters began marching in mid-afternoon from a local park to an area near Hong Kong's convention centre, where ministers from nearly 150 countries were trying to hammer out a deal to lower barriers to world trade.

Some in the group sang songs while others carried a huge model of a giant spider, which they said depicted bloodthirsty rich nations feasting on poorer countries in the trade talks.

Reuters reporters said police had beefed up their forces in the area around the convention centre, with

armoured cars blocking one street where savage fighting flared on Saturday night. No scuffles were reported.

More than 100 South Korean protesters were briefly stopped by police as they took a different route from the main group, but were allowed to continue when they said they were joining up with the others at a designated protest area.

Several hundred other demonstrators cancelled a planned march through the heart of the city a few km away and held a rally instead, with rock music blaring from a stage and people shouting anti-free trade slogans.

One organiser said police had warned them that they would be stopped if more than 100 people marched. Police said the decision to call off the march was made by the organising group.

Protesters, including many Kore-

ans, wielded bamboo sticks and metal poles on Saturday as they broke through police lines and tried to force their way into the harbour-front convention centre. Police used pepper spray, batons and fire hoses to try to beat them back.

At one point, a large section of the city's crowded Wanchai entertainment and office district was under siege and demonstrators came to within 30 metres of the convention centre before tear gas drove them back, Reuters reporters said.

It was the worst street violence in the city in decades.

About 114 people were sent to hospital with mainly minor injuries, including 39 police officers, the government said. All but four were treated and released.

Many of the injured were South Korean farmers and workers who say freer trade is putting them out of business. **Reuters**

19 DEC 2005

THE HINDUSTAN TIMES

Protesters, police clash at WTO meet

18/12/2001
W.A.A. - 10
Hong Kong: Hundreds of protesters broke through police lines and came close to storming into the WTO's meeting venue on Saturday before security forces scattered the crowd with tear gas in central Hong Kong. It was the worst street violence the city has experienced in decades, and police quickly locked the doors to the convention centre, where trade ministers from around the world were in the final hours of a six-day negotiation.

Security forces spent much of the afternoon fighting running street battles with the protesters. It wasn't immediately clear if there were serious injuries. The demonstrators oppose the World Trade Organisation's efforts to open up global markets.

The protesters hit police with bamboo sticks and used a metal barrier to ram a line of officers armed with riot shields. The police fought back with clubs, pepper spray and water cannons that shot water mixed with a chemical that burned the skin and eyes. Police used the tear gas just minutes after secretary for security Ambrose Lee went on TV and warned the public to stay away from the area. AP

18 DEC 2001

THE TIMES OF INDIA

WTO activists clash with police

S.P.S. PANNU

Hong Kong, Dec. 17: Anti-World Trade Organisation activists clashed with the police today in a desperate attempt to break through the security cordon and disrupt the ongoing negotiations.

As many as 42 people, including eight policemen, were injured.

The police first used pepper spray and water cannons to drive back the protesters but they kept coming back.

Tear gas shells and batons were then used to drive back the protesters. The activists broke barricades and hurled ladders at the policemen, some of whom had to be carried off on stretchers.

As many as 900 activists have been rounded up for

questioning and the police chief has not ruled out carrying out formal arrests of some of them.

Curfew was clamped in the area and the security secretary announced on TV that Hong Kong citizens should stay away from the area.

He advised all citizens to return to their homes as the police was going in for "robust action" to restore law and order in the Wan Chai area.

Representatives of NGOs at the convention centre criticised WTO chief Pascal Lamy's first draft saying that it did not contain anything for the poor countries.

Relief agency Oxfam "rejected the draft" saying it was "not sufficient to deliver a pro-development outcome".

Another NGO said the US

must come up with a concrete response on reducing subsidies on cotton as it had already lost the case at the WTO against Brazil.

Reuters adds: Police said they had not yet decided whether another large demonstration scheduled for tomorrow would be allowed to proceed.

It was the worst street violence in Hong Kong since angry protests following the Chinese army's bloody crackdown on pro-democracy protesters in Tiananmen Square in Beijing in 1989.

But the fighting was less intense than that which marred the last two big WTO conferences in Cancun, Mexico, and Seattle. A South Korean farmer stabbed himself to death in Cancun during a

WTO meeting in 2003.

Police fired numerous volleys of tear gas in the area near the building, Reuters correspondents said, and television showed officers bringing up what appeared to be armoured vehicles.

Inside the convention centre, journalists, delegates and policemen crowded round TV monitors watching the brawls outside.

European and Japanese delegates were taken to the harbour front centre by boat for late-night meetings as fighting raged.

Hong Kong, a former British colony, was returned to China in 1997. Lee said police had not asked the local Chinese army garrison for help and China's state media were silent on the protests.



Police clash with anti-globalisation protesters in Hong Kong. (Reuters)

The poor of the world unite at WTO

India and Brazil lead 110 countries to get access to developed markets

K.A. Badarlanth
Hong Kong, December 16

A MEGA alliance of 110 countries led by India and Brazil was formed to protect their farmers' interests and gain a foothold in the advanced markets like Japan, US and European Union.

Formation of the alliance was announced at a crowded news conference by Brazil's Celso Amorim and India's Kamal Nath on fourth day of the WTO ministerial conference being held in this port city.

The alliance includes the G-20, G-33, African, Caribbean and Pacific (ACP) nations, African group and small economies group (SEG) apart from the G-90 comprising other least developed countries (LDCs).

This mega group has put together a common strategy and joint statement to 'derive maximum benefits' from the WTO trade talks. "It is a sort of revolution at the WTO and a historic moment," said Amorim while launching the alliance on farm issues.

The G-20 and G-90 combined strength would be leveraged through the alliance to put pressure on US-Japan and EU during the next two days at WTO to get export subsidies in rich nations ended on a specific date.

By doing so, many poor and developing countries would turn net exporters in the near future. For instance, Indian has plans to double its farm exports in five years. Currently, India's farm exports are valued at US \$7 billion annually.

The three products on which



(From left) Indonesian Trade Minister Mari Eika Pangestu, Indian Commerce Minister Kamal Nath, Agriculture Minister of Mauritius Arvin Boollell, Brazilian Foreign Minister Celso Amorim, Zambian Minister of Commerce Dipak Patel and Egyptian Minister of Foreign Trade and Industry Rachid Mohamed Rachid join hands to show their solidarity during a press conference in Hong Kong on Friday.

India would concentrate to push its farm exports by accessing advanced markets include non-basmati rice whose exports are valued at US \$ 867 million, basmati rice at US \$ 610 million and cereals at US \$ 172 million.

Same is the case with Brazil which is a net exporter of farm products and agricultural services. The benefits will also percolate to LDCs. This alliance, Kamal Nath said, would seek ending artificiality in agriculture trade introduced through subsidies. "These distortions have prevented South-South trade,"

Kamal Nath said. For instance, India imports US \$ 500 million cotton annually from US. India is not in a position to import cotton from West Africa owing to subsidies worth US \$ 3.5 billion doled out by Bush administration to its own cotton producers annually thereby depressing the cotton prices worldwide.

The G-110 called upon rich nations to end their subsidies by 2010 while EU is not willing to commit the end date without US phasing out its own export support systems.

Apart from subsidies, the

group has also taken upon itself to get succour for the cotton growers in Western African region having problems with US policy and banana producers to whom the EU has blocked access. The G-110 has appealed to developed countries to revive the preferences to the poor nations, provide unhindered duty-free and quota-free access to LDCs and ensure two special windows, i.e. special products and special safeguards mechanism (SSM) to prevent dumping of farm goods by rich nations.

Specific measures for small and vulnerable economies have also been suggested by the alliance, in its joint statement. The alliance core group, according to sources, would try and have a series of meetings with Japan, US and EU to thrash out solution to their problems.

While Ficci welcomed the launch of alliance, Oxfam submitted 17.8 million farmers signatures seeking 'fair trade and justice' at WTO. Another NGO, Action Aid termed the alliance as 'powerful' and one that would negate the efforts of rich nations to divide the poor.

Sorcerer Lamy

Volunteers of Food for Sovereignty Network pulled crowds with a street play that depicted Director General Pascal Lamy as a sorcerer with a box full of illusions. In their green hats and dresses, a dozen-odd NGO volunteers put sarcasm in Lamy's claim to get a good deal for poor nations.

Closet Indians

Indian negotiators seemed to have done their home work before devising their strategy to bring together G-90 and G-20. The 'desi' roots of both Zambian and Mauritian trade ministers came in handy for Kamal Nath while stitching the mega alliance. Dipak K.A. Patel, Zambian trade minister and spokesman for LDCs, is a third generation Gujarati, while Madum Dullo of Mauritius, representing the ACP, is of Indian extraction.

Nath not in

About 28 trade ministers, including Rob Portman, Peter Mandelson and Pascal Lamy, were about to begin a discussion. But nothing was seen moving. Time was running out and people were curious why discussion was not beginning. Soon Kamal Nath walked in and then began the discussion.

THE HONGKONG TIMES

17 DEC 2005

TRADE TALKS ■ Focus shifts to Least Developed Countries

Blame, wooing games mark Day 2 at WTO

VIKAS DHOOT

HONG KONG, DECEMBER 14

THE stalemate at the WTO Ministerial Meeting continued on Wednesday, as India and the developing world refused to budge from their stated positions, unless the EU and the US fulfilled their promise of setting a date for the elimination of export subsidies in agriculture.

The EU and the US, on the other hand, continued to play the blame game for the current impasse — alternately pointing fingers at each other and at developing countries like India and Brazil.

Meanwhile, rich nations' attempts to split the developing world by trying to bring in a new classification of Advanced Developing Countries were thwarted in a meeting last night, where the G-20, the G-33, the ACP 90 and the Least Developed Countries met to discuss concerns and express solidarity with each other. Celso Amorim, Brazil's foreign minister said, "We discussed our differences and we will try to see how we can sort them among ourselves rather than have others impose."

Indian commerce minister Kamal Nath said it was the first meeting of its kind, representing "4/5th of humanity". "There was a consensus on serious concerns over

sugar, banana and cotton, that need to be addressed. We can't go through with this Round if these are glossed over."

In a significant gesture later this evening, when cotton subsidies and market access were discussed, Nath hinted at offering African cot-

ton farmers access to the Indian market. "Although India produces substantial quantities of cotton, we are nevertheless a large net importer. India already provides market access in this area with very low applied tariffs at 10 per cent. It is not tariffs, but the high subsidies of developed countries that make African cotton producers non-competitive."

Earlier, Deputy US Trade Representative Peter Allgeier had said the US is in a "very intensive dialogue with African countries to remove all the impediments they face on cotton. "The Congress is in the process of eliminating Step 2 subsidies, that finance people to buy our cotton. We will also sharply cut domestic subsidies and eliminate them."



Wooing the LDCs was flavour of the day, after the EU took the moral high ground yesterday, offering quota-free, duty-free access to all products originating from the LDCs. Not to be left behind, Allgeier said the US offer for LDCs "will be part of a larger package, that needs legislative backing from the Congress".

Allgeier said the EU couldn't be offering access to all products from LDCs as they have safeguards in place to prevent some products from entering their markets.

India and Brazil too made an offer to grant market access to the LDCs. Incidentally, Nath said India was in advanced stages of finalising a preferential treatment package for the LDCs, that the Union Cabinet has to approve. However, Nath wished that the developing countries would stand by the tough statements made today in a plenary session, when they move to the negotiation rooms.

Commenting on the state of play in the negotiations, Nath said, "Unless momentum builds up from tonight, we won't even have the convergence of concepts, that we had hoped for here."

কৃষিপণ্যের মুক্ত দুনিয়া ছোট চাষির উদ্ব্বেগ স্বাভাবিক

অভিরাপ সরকার

বিদেশ থেকে যত দিন শস্যায় পণ্য আসছে, তত দিন দেশের ক্রেতাদের কোনও অসুবিধা হচ্ছে না। কিন্তু আন্তর্জাতিক বাজারে কৃষিপণ্যের দাম খুব দ্রুত ওঠানামা করে। কোনও বছর পণ্যের দাম হঠাৎ বেড়ে গেলে দেশের ক্রেতার বিপদে পড়ে যাবেন। ইতিমধ্যে দেশের উৎপাদনও বন্ধ হয়ে গিয়েছে। সেটা রাতারাতি চালু করবারও উপায় নেই, কারণ দু'এক বছর চাষাবাস না হলে নতুন চাষের জন্য বীজ পাওয়া যাবে না। তা ছাড়া কৃষি উৎপাদনের একটা নির্দিষ্ট ঋতু আছে। আন্তর্জাতিক বাজারে পণ্যের দাম হঠাৎ

বেড়ে গেলে সঙ্গে সঙ্গে উৎপাদন শুরু করা সম্ভব নাও হতে পারে। আবার উৎপাদন প্রক্রিয়া শুরু করা গেলেও তা শেষ হতে বেশ খানিকটা সময় লাগে। খাদ্য আবার প্রতিদিন না হলে চলে না। তাই আন্তর্জাতিক বাজারের নানা রকম অনিশ্চয়তার হাত থেকে দেশের ভোক্তাদের রক্ষা করবার জন্য কৃষি উৎপাদনকে সুরক্ষিত করা দরকার।

খাদ্য-সুরক্ষার এই যুক্তি মোটেই ফেলে দেওয়ার নয়। এই যুক্তি মানলে কৃষিভর্তুকি কিংবা বিদেশি কৃষিপণ্যের ওপর আমদানি কর দু'টোকেই দেশের স্বার্থে মেনে নিতে হবে। কিন্তু আর একটু খতিয়ে দেখলে বোঝা যায় শুধু খাদ্য-সুরক্ষার দোহাই দিয়ে কৃষি-ভর্তুকিকে ব্যাখ্যা করা যাবে না। মনে রাখা দরকার, যদি শুধুমাত্র খাদ্য-সুরক্ষাই উদ্দেশ্য হত, তা হলে উন্নত দেশগুলো ভর্তুকি দিয়ে আন্তর্জাতিক বাজারে কৃষিপণ্য বিক্রি করত না, নিজের দেশের বাজার নিয়েই সন্তুষ্ট থাকত। অর্থাৎ, আমরা বলতে চাইছি, খাদ্য-সুরক্ষার দিক থেকে দেখলে নিজের দেশের বাজার সুরক্ষিত রাখার যুক্তি অবশ্যই আছে, কিন্তু করদাতাদের ঘাড়ে বাড়তি করের বোঝা চাপিয়ে, সেই টাকায় বিদেশিদের কাছে শস্যায় মাল বিক্রি করবার কোনও যুক্তি নেই।

বস্তুত, কৃষি-ভর্তুকির পুরো ব্যাখ্যা পেতে গেলে শক্তিমূল কৃষি গোষ্ঠীগুলোর দিকে তাকানো দরকার। যুক্তরাষ্ট্র এবং ইউরোপে এই গোষ্ঠীগুলো অসম্ভব প্রভাবশালী। সরকারের উপর জোর খাটিয়ে এরা খুব সহজেই অনেকটা ভর্তুকি আদায় করে নিতে পারে। লক্ষণীয়, আমেরিকা এবং ইউরোপে যারা কৃষি-ভর্তুকি পাচ্ছে,

তাদের বেশির ভাগই অত্যন্ত ধনী। ২০০২ সালে আমেরিকায় যত কৃষি-ভর্তুকি দেওয়া হয়েছে, তার দুই-তৃতীয়াংশ পেয়েছে বিস্তারিত থেকে একেবারে উপরের সারির দশ শতাংশ গোষ্ঠী। আমেরিকায় বেশির ভাগ ক্ষেত্রেই চাষাবাস হয় হাজার হাজার একর জমির বড় বড় খামারবাড়িতে। এই খামারগুলোর মালিক খুব বড় বড় কয়েকটা কোম্পানি। এদের অনেকেই ফরচুন ৫০০ কোম্পানির তালিকায় আছে। বস্তুত, ২০০২ সালের মার্কিনি ভর্তুকিপ্ৰাপ্ত কৃষি গোষ্ঠীদের তালিকায় শীর্ষস্থানে আছে তেরোটি ফরচুন ৫০০ কোম্পানি। নীচের দিক থেকে আশি শতাংশ ভর্তুকিগ্রহীতা মোট ভর্তুকির কুড়ি শতাংশও পায়নি। একই চিত্র ইউরোপে। ওয়েস্টমিনিস্টারের ডিউক, ইংল্যান্ডের সব থেকে ধনী ব্যক্তি,

কৃষিনীতির কথা ভাবা শক্ত। এঁদের অনেকেই দারিদ্রসীমার নীচে বাস করেন এবং প্রয়োজনীয় খাদ্যের একটা অংশ বাজার থেকে কিনে খান। ভর্তুকি বা অন্য যে-কোনও কারণেই হোক, যদি বিদেশ থেকে শস্যায় খাদ্যশস্য দেশের বাজারে আসতে শুরু করে, তা হলে এই কৃষিজীবীদের আপাত দৃষ্টিতে ভাল হবারই কথা। কারণ, তাঁরা খাদ্যশস্যের বিক্রয় নন, ক্রেতা। বিদেশ থেকে শস্যায় কৃষিপণ্য এলে ক্ষতি হবে মাঝারি ও বড় কৃষকদের, যাঁরা তাঁদের উৎপাদনের একটা অংশ বাজারে বিক্রি করেন। তা হলে কি ধরে নেব, অন্তত দরিদ্রতম কৃষিজীবীদের কথা ভাবলে শস্য কৃষিপণ্য আমদানির ওপর বিধিনিষেধ তুলে নেওয়া উচিত?

একটু ভাল করে ভাবলে বোঝা যাবে, শুধু খাদ্য-সুরক্ষা নয়, বা মাঝারি বা বড় কৃষকদের স্বার্থ নয়, দেশে শস্য কৃষিপণ্য এলে দরিদ্র কৃষিজীবীদের স্বার্থও পরোক্ষ ভাবে বিঘ্নিত হবে। বিদেশ থেকে শস্যায় কৃষিপণ্য এলে মাঝারি ও বড় কৃষিজীবীরা, যাঁরা বাজারের জন্য উৎপাদন করেন, তাঁরা উৎপাদন কমিয়ে দেবেন। কৃষিক্ষেত্রে কর্মসংস্থান কমে যাবে এবং সেই কারণে দরিদ্রতম কৃষিজীবীরা, যাঁরা মূলত খেতমজুরের কাজ করেন, বেকার হয়ে পড়বেন। খাদ্যশস্য যতই শস্তা হোক, কাজ না থাকলে দরিদ্র কৃষিজীবীরা খাদ্যশস্য কিনবেন কোথা থেকে?

সুতরাং, আমদানি কর বসিয়ে আন্তর্জাতিক বাজারের প্রতিযোগিতা থেকে দেশি কৃষিজীবীদের খানিকটা রক্ষা করা খুব অযৌক্তিক নয়। এই নীতিকে সব কৃষকই সমর্থন করবেন। সমস্যাটা অন্য জায়গায়। আমাদের বড় কৃষকরা এক দিকে চাইছেন আমদানি কর বসিয়ে দেশের বাজার সুরক্ষিত রাখা হোক, অন্য দিকে দাবি করছেন ডব্লিউ টি ও যেন বড়লোক দেশগুলোকে কৃষিপণ্যে অবাধ বাণিজ্যের পরিপন্থী সমস্ত ভর্তুকি তুলে দিতে বাধ্য করে। এই দ্বিচারিতা মানা শক্ত। আবার ধনী দেশগুলোর কৃষি গোষ্ঠীরাও এত সহজে ভর্তুকি থামাতে দেবে বলে মনে হয় না। আশঙ্কা হয়, এ বারের বিশ্ব বাণিজ্য সংস্থার অধিবেশনে মূলত ধনী এবং দরিদ্র দেশগুলির শক্তিশালী কৃষি গোষ্ঠীদের স্বার্থের সংঘাতই দেখা যাবে। ফলে আরও একবার অধিবেশন ভঙুল হওয়া বিচিত্র নয়। (শেষ)

লেখক কলকাতার ইন্ডিয়ান স্ট্যাটিস্টিক্যাল ইনস্টিটিউটে অর্থনীতির শিক্ষক

ওয়েস্টমিনিস্টারের
ডিউক পঞ্চাশ হাজার
হেক্টর কৃষিজমির মালিক,
বছরে তিন লক্ষ পাউন্ড
তিনি সরাসরি ভর্তুকি
পান। তা ছাড়া আরও
সাড়ে তিন লক্ষ পাউন্ড
ভর্তুকি পান, যেহেতু তাঁর
বারোশো গরু আছে।

যেহেতু পঞ্চাশ হাজার হেক্টর কৃষিজমির মালিক বছরে তিন লক্ষ পাউন্ড সরাসরি ভর্তুকি তিনি সরকার থেকে পান। তা ছাড়া আরও সাড়ে তিন লক্ষ পাউন্ড তিনি ভর্তুকি পান, যেহেতু তাঁর বারোশো গরু আছে। একই রকম ভর্তুকি স্বদেশ থেকে পান মোনাকোর রাজা। তা হলে, ইউরোপ-আমেরিকায় শুধুমাত্র খাদ্য-সুরক্ষার প্রয়োজন বা প্রাস্তিক কৃষিজীবীদের জীবিকারক্ষার জন্য কৃষি-ভর্তুকি দেওয়া হচ্ছে না, দেওয়া হচ্ছে মূলত শক্তিশালী কৃষি-গোষ্ঠীদের চাপে, তাদেরই স্বার্থে।

ভারতের মতো গরিব দেশগুলিতে চিত্রটা খানিকটা আলাদা। এখানে বড় কৃষকদের প্রভাবশালী গোষ্ঠী যে নেই তা নয়, তারা বেশ খানিকটা ভর্তুকি আদায়ও করতে পেরেছে। কিন্তু এখানে একটা বিরাট সংখ্যক ক্ষুদ্র ও প্রাস্তিক কৃষিজীবী আছেন, যাঁদের বাদ দিয়ে

WTO talks open amid pessimism

Activists clash with police as trade ministers cling to prepared positions

K.A. Badarinarath

Hong Kong, December 13

THE FIVE-DAY WTO trade ministers' conclave kicked off on Tuesday amid scuffles and vociferous protests by thousands of sloganeering activists opposed to free trade.

Even as the tempers ran high on the streets with police and protesters getting physical, the trade ministers from 150-countries braced for grueling negotiations over the next five days.

Serious differences between poor and rich nations threatened to mar a deal on agriculture, services and industrial goods.

This was evident from the stringent postures taken by both sides on opening day—the big boys EU, US and Japan on one side and India and Brazil-led G-20 on the other.

The line-up seems to be impressive from both the sides with tailor-made arguments to support their respective stands.

The deep divide between two camps was evident when the G-20, G-33 led by India's Commerce Minister Kamal Nath and Brazil's Celso Amorim ruled out any deal without forward movement on cut in subsidies and market access by rich nations.

"We must move in agriculture to move in other areas," was the stern stand taken by G-20 through a declaration on Tuesday. But, EU's Trade Commissioner Peter Mandelson does not think so.

"Concentrating on agriculture...to the exclusion of other areas will defeat the ambition which I believe is so important to maintain the outcome," said Mandelson.

Core group on NAMA launched

A NINE-MEMBER core group on non-agriculture market access (NAMA) has been formally launched with India and South Africa as co-chairs. The group on NAMA, including countries like Argentina, Brazil, Indonesia, Philippines, Venezuela, Namibia and Egypt, has lodged a complaint with the chairman of the sixth ministerial conference John Tsang that the 'development agenda' has not been reflected in the negotiations on industrial products. Taking a personal dig against NAMA negotiations committee chief Humayun Akhtar Khan of Pakistan, the core group has focused on removal of tariff peaks, high tariffs and escalations apart from non-tariff barriers put up by rich nations to block access for poorer countries' products.

on soliciting support for their respective stands, there has been hectic lobbying by both sides. A major move was made by Kamal Nath and Celso Amorim to bring both G-20 and G-33 on an agreed agenda to push for farm concessions.

Both the groups are scheduled to meet on Wednesday to identify common interest areas. "Possibility of convergence on certain issues is possible between G-20 and G-33," said Amorim.

In a counter-move, the EU and Japan announced a major aid for trade package to effect a divide in the G-20 and G-33 groups. EU's Mandelson came up with US \$ 400 million additional aid for least developed countries (LDCs).

This is in addition to US \$1.2 billion aid already in operation. Japan went ahead by

opening its 'trade war chest' by announcing a \$10 billion package for LDCs.

Though the aid dole-out has unnerved the Indian and Brazilian negotiators, they put on a brave face as they readied for backstage all-night negotiations.

Meanwhile, the G-20, G-33 opened another front. The group demanded a road map and modalities to remove trade subsidies in three to six months.

"Let the EU and US set the deadline for eliminating the export subsidies on farm products unambiguously and unequivocally," Kamal Nath said. "The issue is whether rich countries be allowed to dole out US \$1 billion subsidy a day or enable the poor farmers in developing countries to earn one dollar per day," he added.

Thousands march to protest WTO meet

10/12 14
Activists converge on Hong Kong; charge globalisation favours the rich and robs workers of their jobs

HONG KONG: About 4,000 anti-globalisation activists — some carrying a giant spider and others wheeling along statues of emaciated people — marched on Sunday in the first mass protest against the World Trade Organisation's summit in Hong Kong.

The demonstrators, who have been flooding into Hong Kong from around the world ahead of the WTO meeting from December 13 to 18, marched from Hong Kong's downtown Victoria Park to the Government's main office. "Junk WTO," chanted the protesters. "Our world is not for sale."

Security strengthened

Police have been busy securing neighbourhoods around the meeting venue, putting up mesh on buildings and blocking off streets to prevent the violence that has marred past WTO summits.

British activist Tom Grundy was dressed like a chicken and held a sign that said, "WTO: more dangerous than chicken flu."

Activists with the Indonesian Migrants' Workers Union were carrying a giant red and brown spider with a monster's head,

which they said symbolised the WTO. They chanted "Sink WTO now!" Other demonstrators pounded on drums and changed cymbals.

One Hong Kong protester posed as a slave master with a whip, while another wore a pig's mask to portray an exploitative employer.

Members of the Indian farmers' group Tamil Nadu Dalit Women's Movement chanted, "WTO out of agriculture." The group's spokeswoman, Fatima Bernad, said opening India's market to imports would be devastating for farmers. "We don't want the WTO to reach any agreement on agriculture. It's spoiling our industry," she said. Protesters came from India, Pakistan, Japan, Thailand, the United States and South Africa.

Many protesters say globalisation favours the rich and robs workers of their jobs.

Two months ago, WTO chief Pascal Lamy acknowledged in a speech in Hong Kong that free trade hurts some people — particularly those in poorer nations. But he said those who benefit are in the majority.

"It is an irrefutable truth that no poor nation has ever become rich without trade," Mr. Lamy said. — AP



FRIGHTENING SCENARIO: Protesters raise an effigy with anti-WTO signs and flags as thousands of anti-globalisation activists march to the Hong Kong government headquarters in the first mass protest two days before the opening ceremony of the World Trade Organisation summit in Hong Kong on Sunday. — PHOTO: AP

Breakthrough on climate road map

Clinton steals the show

Montreal, Dec. 10 (Reuters): Environment ministers agreed today to a road map to extend the Kyoto Protocol climate pact beyond 2012, breaking two weeks of deadlock at UN talks aimed at curbing global warming.

Minutes after passing the Kyoto resolution, ministers also agreed to launch new, open-ended world talks on ways to fight global warming, overcoming objections by the US which had resisted taking part in broader discussions.

The Montreal meeting had dragged on till nearly dawn today, in part delayed by last-minute Russian objections.

"This has been one of the most productive UN climate change conferences ever. This plan sets the course for future action on climate change," said Richard Kinley, acting head of the UN Climate Change Secretariat.

Environment activists cheered, hugged and some even cried after the delegates passed what they saw as historic decisions tackling climate change.

"There were many potential points at this meeting when the world could have given up due to the tactics of the Bush administration and others but it did not," said Jennifer Morgan, climate change expert at WWF.

"And we must count on this resolve moving forward to bring the much deeper cuts in emissions in order to avoid the very devastating impacts of climate change," she said.

The Montreal talks followed a twin track, one pursuing negotiations to advance Kyoto and the other under the broader UN Framework Convention on Climate Convention, Kyoto's parent treaty.

The US, the world's largest emitter of greenhouse gases, and Australia have refused to ratify Kyoto but are members of the parent treaty and Washington had initially refused to support a broader dialogue, fearing it might lead binding commitments for cutting emissions.

The Kyoto decision urges rich nations to decide new commitments beyond 2012 as that left delegates exhausted.

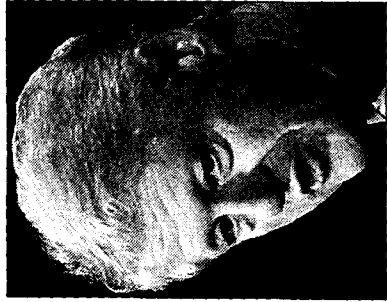
early as possible without setting a detailed timetable.

Under Kyoto, about 40 industrialised nations have to cut their emissions by an average of 5.2 per cent below 1990 levels by 2008-12.

But developing countries, such as China and India, have no targets under Kyoto and say that rich industrial states have to take the lead in cutting emissions after fuelling their economies with coal, oil and gas since the Industrial Revolution.

The agreement on a Kyoto renewal road map would give members seven years to negotiate and ratify accords by the time the first phase ends in 2012. Most countries agree that deeper cuts will be needed to avoid climate chaos in coming decades.

Global warming is widely blamed on a build-up of gases from burning fossil fuels in power plants, autos and factories. With the talks over, a huge sigh of relief swept through the vast conference hall after a 20-hour session that left delegates exhausted.



Bill Clinton (top) and George Bush

K.P.NAYAR

Washington, Dec. 10: Bill Clinton is no longer US President, but judging by his sudden appearance at a UN Climate Change Conference, it is he — not his successor George W. Bush — who is determining US policy on the ground on environment.

His aberration assumes significance as Bush, burdened by Iraq and mounting scandals of corruption and wrong-doing in the Republican Party and his administration, is becoming a lame duck and Senator Hillary Clinton, the former First Lady, is emerging as an undeclared presidential candidate for 2008.

Yesterday, as Clinton made an eleventh hour appearance at the fortnight-long UN Framework Convention on Climate Change (UNFCCC) in Montreal to save it

from collapse, the global disdain for the Bush administration's policies scaled new heights because it is unprecedented for a former US President to slam his successor, that too on foreign soil.

Clinton stole the show at the conference attended by environment ministers and 10,000 delegates from 180 countries and received a long, standing ovation after he told them that the Bush administration was "flat wrong" to reject the Kyoto Protocol.

"There is no longer any serious doubt that climate change is real, accelerating, and caused by human activities", Clinton told the conference, adding the earth was "literally a biological miracle... it is crazy for us to play games with our children's future".

Clinton was invited by Montreal City and the Cana-

dian branch of the environment group, the Sierra Club, in the final hours of the UNFCCC meeting.

The official US delegation was said to be deeply unhappy with the invitation and in order to quell speculation that the team tried to block Clinton's appearance, the delegation issued a statement asserting that it encouraged "stakeholder presentations" like the one by the former President on behalf of organisations like the Sierra Club.

The US delegation, which walked out of the talks on the penultimate day of the conference, was further irritated when Canadian Prime Minister Paul Martin said at a press conference: "To the recent nations, including the US, I say there is such a thing as a global conscience, and now is the time to listen to it."

Unfair Trade Practice

US-China textile pact makes
a mockery of WTO rules (8/11)

ON November 8, the US and China inked a deal that restricts China's exports of 34 categories of garments and textiles. The European Union (EU) signed a similar 'agreement' with China in September. The US deal will curtail China's export growth in 14 sensitive categories such as shirts, knitwear, underwear and bras to 5.5% in 2006, 7.8% in 2007 and 16% in 2008. In the other categories, export growth will be kept down to about double these rates. The deal is a huge blow not only for China, but also for the Agreement on Textiles and Clothing (ATC), which replaced the Multi-Fibre Agreement with effect from January 1, 2005. China's textiles exports to the US increased by 50% in the first six months of 2005 to nearly \$18 billion, a fact that highlights the far-reaching consequences of the US deal. Other textiles manufacturers such as India have no reason to rejoice over China's predicament, even as they stand to gain in the short run. The US accounts for 30-40% of India's annual textile exports of about \$10 billion. Textile exports were up 23% in the first five months of the current fiscal year, a higher figure than the new US quotas would allow. The US is peeved about its \$7 billion trade deficit with India; there is no reason to believe that it cannot pull down the shutters on India's products.

With the Hong Kong Ministerial of the World Trade Organisation (WTO) just a month away, the US-China pact makes a mockery of fair trade. India, as part of the G-21, must raise questions on the deal, which, in effect, reimposes quotas. The US and EU had a decade to adjust to the withdrawal of quotas, during which period they kept putting off quota withdrawal on crucial products till the very end of this transition phase. With their industry not adjusting to the new regime, it is hardly surprising that textile exports to the US and EU surged after January 1, 2005. The pact will force China to move into value-additions, which is emerging as India's strength. In order to protect jobs as well as invested resources, India and China should cooperate rather than compete with each other. They can probe each other's markets, besides the rest of Asia's, so that the share of the US and EU in their exports falls.

11/15/05

Apec agony for Asia

South Korean activists threaten protests

5/11/11



RICE RAGE BOILS OVER: A South Korean farmer injured in a clash with police during an anti-Apec rally in Seoul on Tuesday. — AFP

Korea Herald/ANN

SEOUL, Nov. 15. — Thousands of farmers hurled stones and pumelled riot police with wooden sticks here today to protest a deal opening South Korea's rice market. Also today, civic activists warned that they were set to stage protests, starting tomorrow, against the

Asia-Pacific Cooperation (Apec) Summit to be held in Busan.

The progressive association of farmers, workers and anti-globalisation activists announced that they would hold a joint demonstration near the main venue of the Apec forum, Bexco, on Friday at 4 p.m. while US President Mr George W Bush and 20 other regional leaders at-

end a meeting to discuss issues that include reducing barriers to trade and investment. Farmers, angry at measures aimed at opening the domestic agricultural market to cheap foreign food imports, are expected to turn out in force as a reaction to last week's suicide of one of their activists.

About 50,000 farmers, along with another 50,000 workers in an anti-Bush,

anti-trade liberalisation protest would rally on Friday and Saturday, said Civic Action Against Apec, an umbrella body representing 57 civic organisations, said.

In the capital today, police said some 10,000 farmers and activists attended a rally, drawing a nearly equal presence of security forces. White-masked demonstrators pushed over

steel poles with basketball nets to fall on riot police. Demonstrators set fire to two police buses. Police said about 30 police and 60 protesters were injured. The clash began around 5 p.m. as police blocked protesters from marching toward the National Assembly. Police blocked roads with buses and sprayed water over the protesters. (With AP inputs)

THURSDAY, OCTOBER 13, 2005

Globalisation of research

The World Investment Report, an annual publication of UNCTAD, has always focussed on a range of topical issues related to the flows of foreign direct investment (FDI), transfer of technology, and development. This year's report, WIRO5, records the turnaround in the quantum of FDI flows last year after a three-year decline. Aggregate flows have been of the order of \$648 billion, 2 per cent higher than in the previous period. The Asian region attracted 70 per cent more FDI in 2004 than in 2003. China and India have been the principal beneficiaries and quite significantly a large proportion of such investments have been in greenfield ventures. In contrast, mergers and acquisitions have been the principal vehicles for FDI in the U.S. and Europe. These are useful findings, entirely to be expected from the world body. What makes WIRO5 noteworthy is its elaborate discussion, in an initial chapter authored by Secretary General Supachai Panitchpakdi, on one aspect of FDI, the globalisation of research and development (R&D). That phenomenon, led by the transnational companies (TNCs), is making its presence in developing countries such as India too. In the initial phase, globalisation of R&D was driven by the necessity of the firms to customise their activities to suit local conditions. The thrust of such efforts however was confined to the home country of the TNC. What is new now is that R&D facilities are being set up outside the developed world, not merely for local adaptation. Increasingly, they are targeting the global markets and are being integrated into the core innovation efforts of the TNCs.

The realisation that Research and Development can, like many services, be outsourced to centres where the capabilities exist is one of the main reasons for its rapid globalisation. For the host country there are two advantages: transfer of technology (created elsewhere) becomes easier and there is a chance that new ones can be created. Local technological skills and innovation capabilities will improve. Also, stable and efficient legal and governance systems, and a commitment to matters such as intellectual property rights are absolutely necessary. WIRO5 notes that although global R&D expenditure has grown rapidly to reach \$677 billion in 2002, its distribution is highly skewed in favour of the U.S. and nine other countries. From the developing world, only China and the Republic of Korea figure in the list of the top ten. But, the share of the developed world is falling steadily, and select developing countries including India are emerging as major players. Most of the R&D spending is by a few industries, notably IT hardware, automobile, pharmaceuticals, and biotechnology. Some of these industries are already flourishing in India. Substantial foreign investment has gone into automobile and pharmaceuticals. R&D is a logical extension of these developments, and, for much the same reasons the country became a major force in software, it should be able to attract investments in research as well.

Economics

Nobel for no-war theory

Stockholm, Oct. 10 (Reuters): An American and an Israeli won the 2005 Nobel prize for economics today for their work on "game theory", which can help explain and resolve trade and business conflicts, and even play a role in avoiding war.

The Royal Swedish Academy of Sciences gave the \$1.3-million prize to Thomas Schelling and Robert Aumann for work that has found uses in "security and disarmament policies, price formation on markets, as well as economic and political negotiations".

Aumann, 75, was born in Germany but is an Israeli and US citizen who teaches at the Hebrew University of Jerusalem. Schelling, 84, teaches at the University of Maryland.

"Game theory" is the science of strategy and attempts to determine what actions different "players" — such as trading partners, employers, unions or even organised crime groups — should take to secure the best outcome for themselves.

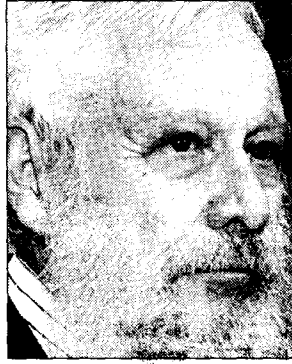
Game theory work has won the Nobel before. John Nash, the mathematician whose life was portrayed in the movie *A Beautiful Mind*, won the economics prize with two others in 1994.

"I think game theory creates ideas that are important in solving and approaching conflict in general," Aumann told the awards ceremony by telephone from Israel.

Asked whether it could help solve the Israeli-Palestinian conflict, he said: "I do hope that perhaps some game theory can be used and be part of this solution."

Schelling said by telephone from his home in Maryland that he was glad to have his work recognised.

"I'm a student of cooperation and conflict, I'm not really a game theorist...I would not try very hard to make the case that what I do is economics,"



Robert Aumann (top) and Thomas Schelling. (Reuters)

he said.

Schelling, whose career began with work on the US Marshall Plan to help rebuild Europe after World War II, has applied game theory to global security and the Cold War arms race.

In particular, he has tried to explain how a taboo around nuclear weapons after the bombing of Hiroshima in 1945 itself became a factor in deterring their use after World War II, even as both sides of the Cold War amassed big nuclear arsenals.

Aumann was cited for his analysis of "infinitely repeated games" to identify what outcomes can be maintained over time.

He told a news conference in Jerusalem that game theory had become a cornerstone of economics worldwide.

"This is a badge of honour for this branch of science, for game theory," he added.

Restoring the balance

26/10 W. Afzali HD-10

The global economy, according to the International Monetary Fund's recently released World Economic Outlook, presents a highly paradoxical picture. On the one hand, it is expected to remain robust, growing by a healthy 4.3 per cent during this year and the next. Well above the long-term average, the rate is particularly impressive because oil prices are not expected to come down substantially over the next two years. On the other hand, the world's largest economy, the U.S., continues to be beset with huge current account and budgetary deficits. Savings of other countries, notably in Asia, have been bridging this yawning gap in the U.S. At the global level, the structural problems of the U.S. have already created a serious imbalance between aggregate savings and aggregate investments. At the very least, this has clouded the long term prospects. The savings rate of American households has turned negative. Clearly at some point there will be a realisation that domestic consumption cannot forever be funded through savings made elsewhere. Nor could U.S. remain the borrower of last resort for many Asian central banks. The U.S. dollar, now the world's reserve currency, might face competition from the euro. All these, while being debated endlessly, have not led to any unanimity as to the means to achieve a global balance without inflicting severe pain all round.

The oft-repeated view is that the U.S., a "chronic" under saver — abetted by fiscal profligacy and a lax monetary policy — is solely responsible for its current account deficit. However, an opposite view, now emerging, suggests that the problem and hence solutions to it are more global than realised. Asian countries especially, including the oil exporting nations have been saving more and investing less in their own countries. These surpluses find their way to the U.S. In other words, U.S. profligacy is a mirror image of thrift of others. Besides, lower net savings in the U.S. should have raised the real interest rates, which are now at historically low levels. The U.S. Federal Reserve has been marking up the interest rates gradually and its policies have generally been benign for the global economy. Hence structural deficits in the U.S. are a cause for the global imbalance but countries with large current account surpluses also have a responsibility. A variety of factors have contributed to the surplus. In the advanced countries, investment rates have been around 20 per cent of the GDP but savings rates, except in Japan, have fallen. Oil producing Asian countries have been parking their surpluses in dollars. Despite having a very high investment rate, China has an even higher savings rate, currently approaching 50 per cent of its GDP. In India too, for four quarters in a row last year, the current account was in surplus. In the IMF's view, correcting the imbalance calls for a concerted action by all major countries, with the focus on increasing investment in many parts of the globe, higher savings in the U.S., and a smooth shift in the pattern of global deficits.

European challenge to India's BPO hegemony

By Sujata Dutta Sachdeva/TNN

New Delhi: India may be the leader in the ITeS sector, but it shouldn't take its position for granted. Central and Eastern European (CEE) countries are fast emerging as favourite destinations for Western European countries. Philippines, Malaysia and Mexico too are moving up the chain, says a study by global outsourcing consultancy firm, neofT. The report examines how the offshoring ecosystem has evolved over the last year.

"India's cost competitiveness, highly-skilled labour pool, established service maturity and the ability to evolve with changing

outsourcing environment will ensure that we remain a favoured destination for years to come," says Sabyasachi Satyaprasad, research director, neofT. However, the industry is still evolving.

With increasing competition from low-cost destinations, companies have begun to look for an advantage beyond cost competitiveness. They are perking up their skills at all levels—low-end maintenance to high-end IT consulting. Some leading firms are also drawing up global plans. Evalueserve, one of India's first KPOs, recently opened its office in China. Others are acquiring companies or setting up centres overseas.

Despite Canada being attrac-



tive—geographical proximity to the US market, high level of service maturity, skilled labour and excellent infrastructure and business environment—it trails India

as an ITO (IT outsourcing) destination and is ranked fifth as a BPO centre. Its cost-saving allure is relatively small. As services improve in low-cost countries, the advantages of Canada and Ireland (an early entrant and a top player) will dim further, the report says. In fact, the future for Ireland is doubtful. Canada may still be able to leverage its unique advantage due to its proximity to the US.

Poland may be a new player, but has an edge due to its nearness to Western Europe. On the neofT Offshore Attractiveness Index, it ranks fourth as an ITO destination and third as a BPO one. Low wages and business operation costs are in its favour.

North-South corridor in the doldrums

✓
10-11 ✓
18/9 ✓

The NSTC, which held out the promise of cutting shipment time from India to Europe by 10 to 15 days, is losing out to traditional routes.

Vladimir Radyuhin

THE NORTH-SOUTH Transport Corridor is losing out to traditional trade routes from Asia to Europe despite geographic advantages and multi-million investment, businessmen and officials from India, Russia, and Iran said. They urged the member-states to take urgent steps to rescue the project.

"Further delays in resolving problems facing the North-South corridor may kill the project," Minister of Industry, Transport and Communication of Astrakhan Region Sergei Terskov told a one-day conference, "North-South Corridor," organised by the Indian Business Alliance in Russia (IBA) and the government of Astrakhan Region.

When India, Russia, and Iran signed an inter-governmental agreement in September 2000 to establish the North-South Transport Corridor (NSTC) many experts predicted a bright future for the new trade route.

"With the launching of [the] NSTC, the Asia-Europe transport corridor through the Suez Canal lost 10 percent of its traffic," said Mr. Terskov. Belarus, Kazakhstan, Tajikistan, Azerbaijan, Armenia, Syria, and Oman have since joined the project. And, Turkey, Bulgaria, Ukraine, and Kyrgyzstan have applied to sign in.

The North-South fast-track transport corridor held out the promise of cutting shipment time from India to Europe by 10 to 15 days compared with the traditional route and reduce transport costs by about 30 per cent. Goods leaving Kochi and Mumbai were shipped to the Iranian port of Bandar Abbas, where they were loaded onto trucks, and hauled to Anzali, Iran's port on the Caspian Sea, from where they were carried by sea to Russian, Turkmenian or Kazakhstan ports.

The new land-and-sea trade route's projected capacity is 20 million tonnes of cargo a year by 2010, but initial enthusiasm of traders and transport companies has given way to disappointment.

Red tape, corruption, and lack of government support have all but eroded the advantages of the route.

Russia's Vagna Shipping company, pioneer of the North-South corridor, pulled out of the project in 2003 with a net loss of \$500,000. Operators say practically all cargo from India to Europe today is shipped through the Suez Canal.

It may take up to seven days to clear transit cargo at Bandar Abbas, and another five to seven days at Astrakhan. As a result, the minimal shipping time of 18-20 days from Mumbai to Astrakhan in most cases is stretched to 40-50 days. The cost rises accordingly. Moreover, the cargo has to be reloaded twice — in Bandar Abbas and Astrakhan, to avoid moving back empty containers, as there is little return cargo.

A case study presented by India's Mega Trend Co. Ltd., which services the route via the Suez Canal, shows that it will actually take longer and cost more to ship cargo through the North-South corridor.

Many blame the participating governments for the problems of the new transport route.

"The founding states took the right step setting up the North-South Transport Corridor, but they have failed to follow up with measures to facilitate traffic along the new route," said Astrakhan Region's Transport Minister Terskov.

A coordination council set up by the member-states to deal with the NSTC's problems has been of little help so far, Mr. Terskov said. "The Coordination Council is not delivering," he says. "It should meet more often, at least twice a year, identify and remove bottlenecks and hurdles, and lobby for preferences for the new route."

Next month the Coordination Council will meet in New Delhi. It is hoped it will finally wake up to the problems facing the North-South transport route, which has truly strategic importance for India, Russia, and Iran.

G-20 asks West to eliminate subsidies

Press Trust of India

BHURBAN (Pakistan), Sept. 10. — India and other members of the G-20 group of developing countries today put the ball in the developed countries' court, saying success of multilateral trade talks depended on their commitment to abolish trade distorting subsidies.

At the end of the two-day G-20 ministerial meeting in this resort town of Pakistan, Brazilian foreign minister, Mr Salsoluz Nunes Amoriam said the grouping would consider aggressive measures such as boycott of WTO negotiations if the "industrialised world does not respond to our call. ...The ball is in the developed countries court," he said.

Stating that the G-20 proposals provided a basic structure, a middle ground on which to make progress, a declaration issued after the two-day meeting asked developed nations mainly EU and US to respond in a constructive manner and show positive response to its proposals.

"Agriculture negotiations are in a critical situation. ...The lack of results

last July has put Doha Development Agenda in a critical situation. The G-20 proposals constitute a genuine middle ground. They are technically consistent, politically credible and provide the basic structure on which to make progress towards consensus," the declaration said.

The G-20 proposal, which was floated at the Dalian Mini Ministerial of the World Trade Organisation, seeks time-bound phasing out of domestic support, elimination of export credits and suggests a linear tariff reduction formula within bands preserving the overall proportionality between developed and developing countries.

The G-20 also asserted that market access for products of export interest to developing countries should not be impeded by the use of non-tariff barriers by the developed countries.

It also said that to achieve substantial progress in Hong Kong, the negotiating texts should be largely finalised well before the Ministerial to allow for adequate consideration by members.

Farmers' fear

JALANDHAR, Sept. 10. — Hundreds of farmers from 11 states gathered here today to discuss the implications of the WTO negotiations on agriculture and formulate a joint strategy to counter challenges, if any. More than 550 delegates from Andhra Pradesh, Bihar, Haryana, Jharkhand, Maharashtra, Orissa, Punjab, Rajasthan, Uttaranchal, Uttar Pradesh and West Bengal are participating in the second national conference of the All India Kisan Mazdoor Sabha (AIKMS). Speakers at the conference opposed the draft seeds Bill, which would prohibit traditional seed exchange and sale by peasants and increase the stranglehold of multinational corporations over the vast seed market in the country. **PTI**

The G-20 ministers, who were meeting for the last time probably before the Hong Kong Ministerial said Special and Differential treatment formed an integral part of all elements of multilateral nego-

tiations.

They made it clear that developing countries should not be made to bear disproportionate and high burden (of subsidies) by major subsidisers of agriculture and said Special Products and Special Safeguards Mechanism were integral elements of negotiations to address concerns of food and livelihood security in the developing countries.

India's commerce minister, Mr Kamal Nath, who attended the G-20 Ministerial at Bhurban, had yesterday said: "With the artificial prices, the market access being sought by the rich countries into the developing countries is not just acceptable. The developmental aspects cannot be overtaken by the ambitions of the developed countries".

Stressing that it should be ensured that least developing countries made meaningful gains from reform of each of the three pillars (domestic support, export subsidies and market access), the ministers expressed their full support for provisions exempting them from any reduction commitments.

Poverty meet, reforms may decide UN fate

Panel Expects Agreement On The Issues

By Saibal Dasgupta/TNN

Beijing: The very existence of the United Nations depends on the various countries agreeing to an 'outcome document' on reducing world poverty at the world summit in New York next month, Khalid Malik, UN resident coordinator in Beijing said on Monday.

"The heads of states would jeopardise the existence of the UN if they fail to reach an agreement," Malik told TOI on the sidelines of a panel discussion on the issue. "I am sure the heads of states would recognise this issue, and come to some agreement," Malik said. Closely linked to the 'development agenda' is the issue of reforming the UN and a proposal to expand the number of permanent members of the Security Council. India is one of the four nations trying to get a Security Council seat, a move that has been opposed by certain countries including China.

China has also opposed to a move by the UN to set a timelimit for the finalisation of an agreement on the issues listed in the 'outcome document'.

"It is time we recognise that the Security Council is an unequal one, and we ought to do something about it," Malik said. "The various issues in the document, based on UN's millennium development goals, should be seen in totality. It would help if different parts of it is torn apart, and debated separately," he added.

During the panel discussion, 'Encounter with UN', Zephirin Diabre said it is possible for different countries to sort out their differences before the summit and come to an agreement. Issues like poverty, universal education for children and gender equality have been debated for several years,

and it was no time to agree on a workable action plan, he said. He was responding to pessimistic views expressed by certain countries who want more time to discuss the issues in the document.

The panel discussion was organised as part of a larger meeting to commemorate the 10th anniversary of the fourth World Conference on Women held in Beijing in 1995. The Chinese government

announced a new law banning sexual harassment of women a few days before the 'Beijing+10' conference began today. Rachel N Mayanja, UN assistant secretary-general and special advisor on gender issues, acknowledged that some countries have taken a lot of time in making laws on gender equality issues, while some others are still in the process of doing so. "We have to keep up the pressure. Some progress has taken place in the world since we adopted the Beijing Declaration on empowerment of women. But there is still a lot to do," she said.

Baige Zhao, the Chinese vice minister, said that her government was dealing with the issue of gender equality by creating a comprehensive social security system that would also take care of women when they reach the age of 60 and beyond. China was following the model suggested by the United Nations Development Programme, she said.

Nick Young, founding editor of China Development Brief which focusses on the role of non-government organisations in China, mentioned that NGOs did not have sufficient freedom to operate in the country.

Closely linked to the development issue is the agenda for expanding the UNSC. India wants a permanent UNSC seat but China is opposed to it



Back in Bengal, Buddha sings party tune

By Saugata Roy
TIMES NEWS NETWORK

Kolkata: Pushy reformer abroad, true-blue Marxist at home. The transformation was wrought in chief minister Buddhadeb Bhattacharjee, who chopped and changed his reform speak on Monday after a meeting with CPM general secretary Prakash Karat in New Delhi on his way back from a tour of Singapore and Indonesia.

After last week's FDI-FII pitch that prompted a pat from Manmohan Singh but irritated his Marxist bosses, Bhattacharjee was flat in an hour-long news conference and toed the party line. Gone were the brave words about 'reform or perish'.

On Monday, he redefined the contours of his reforms. "I meant land reforms, restructuring of sick public sector undertakings and greater private-public partnership in housing."

The CM had harped on 100%

FDI for new ports and airports in Singapore. Does he stand by this? "Yes, we need a second airport in Kolkata with FDI participation. I told this to the apex body of the Singapore-based government company dealing in ports and airports... When they asked me whether Dum Dum Airport would be sufficient, I told them we're looking for a second airport—a private one, with 49% FDI. That's what the government of India policy is," Bhattacharjee explained.

On FII, he sounded non-committal. "True, ICICI Bank had organised an FII meet at Singapore and wanted me to address it. I urged Singapore banks to come to our state for many Singapore-based firms plan to invest in Bengal. But it's a Government of India policy and I've little to say on this."

On FDI in retail, he played the true party spokesman. "Let me make this clear, I oppose FDI in the retail sector. My mind is made. This is one conclusion I've arriv-



TONING DOWN THE REFORM PITCH

"I meant land reforms, restructuring of sick public sector units and greater pvt-public partnership in housing"

BUDDHA'S VOLTE-FACE

- ▶ Has scaled down FDI for airports from 100% to 49%
- ▶ Earlier invited all FIIs, but now only Singapore banks
- ▶ Welcomed FDI in the retail sector, but now opposes it

ed at after talks with experts."

But does that mean the CM has closed doors to international players eager to set up mega malls in Kolkata. No, he says. "In fact, one Singapore company has proposed to set up a mega shopping centre here—this will be the largest in the country. But I'm more interested in investments in manufacturing, like two-wheelers and motor car tyres."

But Bhattacharjee says he isn't interested in the credentials of companies planning investments in Bengal. Some of his Left Front colleagues aren't kindly disposed towards the Salim Group, which was apparently close to the government of President Suharto, who is accused of butchering Indonesian communists. "No point looking into all this. I'm interested in the money, not in who's spending it. Barring the black marketer and the smuggler, anyone else is welcome to invest here."

আমেরিকায় বাড়, তেলের বাজারে তুফান

দর ছাড়াল ৭০ ডলার

লন্ডন, নিউ ইয়র্ক, হংকং ও মুম্বই ২৯ অগস্ট: বিশ্ব বাজারে এই প্রথম ব্যারেল ৭০ ডলার ছাড়িয়ে গেল অশোধিত তেলের দাম। আমেরিকায় মেক্সিকো উপসাগর দিয়ে আসা প্রবল সামুদ্রিক ঝড় হারিকেন ক্যাটরিনা-র প্রভাবে শোধনাগারগুলিতে উৎপাদন ব্যাহত হওয়ার ফলেই তেলের দাম প্রায় ৫ ডলার বেড়ে সর্বোচ্চ স্তরে পৌঁছেছে বলে বাজারের সূত্র থেকে জানা গিয়েছে। এই ঝঞ্জার ফলে ১০ লক্ষ ব্যারেল তেল পরিশোধন বন্ধ হয়ে গিয়েছে, যা আমেরিকার মোট উৎপাদনের প্রায় ৪০ শতাংশ। সমুদ্রে তেল উৎপাদনও এক ধাক্কায় কমে গিয়েছে অনেকটাই। তবে সঙ্কট কাটাতে ওপেক তেলের উৎপাদন বাড়াতে পারে বলে আজই ইঙ্গিত দিয়েছে। তাদের আরও ২০ লক্ষ ব্যারেল উৎপাদন কমানো রয়েছে। আগামী ১৯ সেপ্টেম্বরের বৈঠকে এ ব্যাপারে সিদ্ধান্ত নিতে পারে ওপেক।

এই পরিস্থিতিতে উন্নয়নের গতি ঋথ হয়ে পড়ার আশঙ্কায় ইউরোপ, আমেরিকা ও এশীয় বাজারে এবং প্রশান্ত মহাসাগরীয় অঞ্চলে পড়তে থাকে শেয়ার দর। তবে লন্ডনের শেয়ার বাজার এই দিন বন্ধ ছিল। বাদ পড়েনি মুম্বই বাজারও। সেখানেও সূচক পড়েছে ৪৬ অঙ্ক। ডলারের দামও পড়ছে। তবে তুলনায় ভারতীয়

টাকার দামও পড়েছে প্রায় ২০ পয়সা। গত সাড়ে সাত মাসের মধ্যে তা সবথেকে নীচে নেমে যায়। দিনের শেষে ১ ডলারের দাম ছিল ৪৩.৯০ টাকা। পাশাপাশি, মুদ্রাস্ফীতির আশঙ্কায় নিরাপদ লগির মাধ্যম হিসাবে এশিয়া জুড়ে বেড়েছে সোনার দাম।

তেলের বাজার সূত্রের খবর, একমাত্র প্রেসিডেন্ট বুশ তাঁর সংরক্ষিত সঞ্চয় ভাণ্ডার 'স্ট্র্যাটেজিক পেট্রোলিয়াম রিজার্ভ' থেকে সরবরাহ করলে তবেই দাম নিয়ন্ত্রণে আসতে পারে। তবে অশোধিত তেলের ওই ভাঁড়ারে বুশ এই মুহূর্তে হাত দেবেন কি না, সে ব্যাপারে

এখনই কিছু বলা যাচ্ছে না।

অক্টোবরে সরবরাহের জন্য রাখা পাইট স্যুইট ক্রুডের দাম এই দিন সিঙ্গাপুরে বৈদ্যুতিন লেনদেনে ৪.৬৭ ডলারের মতো বেড়ে ৭০.৮০ ডলার স্পর্শ করে। লন্ডনের বাজারেও তা একই অঙ্ক স্পর্শ করে কিছুটা নেমে দাঁড়ায় ৬৯ ডলারে, যেটাও আগের দিনের থেকে ৪.৫ শতাংশ বেশি। নিউ ইয়র্ক মার্কেটাইল এক্সচেঞ্জ ১৯৮৩ সালে কাজ শুরু করার পর থেকে অশোধিত তেলের দাম কখনও এত বেশি ওঠেনি। বাজারের সূত্র থেকে জানা গিয়েছে, আমেরিকার যে-অঞ্চলে

ক্যাটরিনা আঘাত হেনেছে, সেই দক্ষিণ লুইসিয়ানা এবং মিসিসিপি অঞ্চলেই তেল উৎপাদনের কেন্দ্র। তেল ও গ্যাস উৎপাদন সংস্থা, আমদানির টার্মিনাল, পাইপলাইন সংযোগ, শোধনাগার, সব কিছুই রয়েছে এই অঞ্চল জুড়ে।

ক্যাটরিনা থেকে বাঁচাতে তেল সংস্থাগুলি উপসাগরে তাদের কর্মীদের উৎপাদনস্থল এবং প্ল্যাটফর্ম থেকে সরিয়ে নেয়। শুরু হয়ে যায় ৬ লক্ষ ব্যারেল দৈনিক উৎপাদন। বন্ধ হয়ে যায় ১০ লক্ষ ব্যারেল তেল পরিশোধন। বাজারের সূত্র থেকে জানা গিয়েছে, এই অঙ্ক আসলে আরও বেশি, কারণ প্রতিটি উৎপাদকের কাছ থেকে তথ্য মেলেনি।

লাগামছাড়া চাহিদা মেটাতে গিয়েই তেলের দাম বেড়ে যায়। এই সঙ্কট আর কয়েক দিনের মধ্যেই চরমে উঠতে পারে বলে হুঁশিয়ারি দিয়েছেন লেনদেনকারীরা। কারণ, ঝড়ের ফলে বন্যার জমে থাকা জল এবং বিচ্ছিন্ন হয়ে থাকা বিদ্যুৎ সংযোগ সমস্যা বাড়িয়ে দেবে বলেই তাঁদের আশঙ্কা।

লেনদেনকারীদের সূত্র থেকে জানা গিয়েছে, তেলের দাম প্রতি ১০ ডলার বৃদ্ধির জন্য আমেরিকার উন্নয়নের হার ০.৪ শতাংশ কমে যায়। সেই কারণেই শেয়ার বিক্রি করে দিয়ে সাধারণ মানুষ সোনার প্রতি আকৃষ্ট হবেন বলে তাঁদের দাবি। — রয়টার্স, পিটিআই, এপি

হুঁশিয়ারি দিল রিজার্ভ ব্যাঙ্ক

মুম্বই, ২৯ অগস্ট: অশোধিত তেলের দাম বিশ্ব বাজারে যে ভাবে বাড়ছে, তার প্রভাব ভারতের আর্থিক উন্নয়নের উপর পড়বে বলে আজ সতর্ক করে দিয়েছে রিজার্ভ ব্যাঙ্ক। এই পরিস্থিতি চলতে থাকলে উৎপাদন কমেবে এবং মূল্যস্তর বাড়তে পারে বলে শঙ্কা শীর্ষ ব্যাঙ্কের। পাশাপাশি প্রতিযোগিতায় এগিয়ে যাওয়ার ক্ষেত্রেও ভারত হোট্ট খেতে পারে বলে আজ ২০০৪-০৫ সালের জন্য প্রকাশিত বার্ষিক রিপোর্টে পূর্বাভাস দিয়েছে রিজার্ভ ব্যাঙ্ক। এর জেরে দেশে সাধারণ মানুষের খরচের জন্য হাতে থাকা আয়ও কমেবে বলে তাদের অনুমান।

তেলের দাম বাড়ার ফলে সর্বস্তরে খরচের পরিমাণ এমন ভাবে বাড়বে, যা প্রথমে টের পাওয়া না গেলেও পরে তা উন্নয়নের পথে বাধা হয়ে দাঁড়াতে পারে বলে মন্তব্য করেছে রিজার্ভ ব্যাঙ্ক। এই পরিস্থিতিতে মুদ্রাস্ফীতির হারের উপর কড়া নজর রাখতে বলেছে রিজার্ভ ব্যাঙ্ক। সাধারণ ভাবে তা শীর্ষ ব্যাঙ্কের আগের পূর্বাভাস অনুসারে ৫ থেকে ৫.৫ শতাংশে থাকার কথা। তবে রিপোর্টে এই ইঙ্গিতও দেওয়া হয়েছে যে, অশোধিত তেলের দামের গতিবিধিই ঠিক করে দেবে তা কোথায় ওঠে। — পি টি আই

ANALYST

How the G8 lied to the world on aid

The truth about the Gleneagles G8 meeting casts a cloud over the coming New York millennium summit.

Mark Curtis

WORLD LEADERS are now preparing for the millennium summit to be held in New York next month, described by the United Nations as a "once-in-a-generation opportunity to take bold decisions." Yet the current draft outcome simply repeats what was agreed on aid and debt last month in Gleneagles. The reality of that G8 deal has recently emerged — and is likely to condemn the New York summit to be an expensive failure.

The G8 agreed to increase aid from rich countries by \$48 billion a year by 2010. When Tony Blair announced this to Britain's Parliament, he said that "in addition ... we agreed to cancel 100 per cent of the multilateral debts" of the most indebted countries. He also stated that aid would come with no conditions attached. These were big claims, all of which can now be shown to be false.

First, in recent evidence to the U.K. Treasury Committee, Britain's Chancellor of the Exchequer Gordon Brown made the astonishing admission that the aid increase includes money put aside for debt relief. So the funds rich countries devote to writing off poor countries' debts will be counted as aid. Russia's increase in "aid" will consist entirely of write-offs. A third of France's aid budget consists of money for debt relief; much of this will be simply a book-keeping exercise worth nothing on the ground since many debts are not being serviced. The debt deal is not "in addition" to the aid increase, as Mr. Blair claimed, but part of it.

Far from representing a "100 per cent" debt write-off, the deal applies initially to only 18 countries, which will save just \$1 billion a year in debt-service payments. The 62 countries that need full debt cancellation to reach U.N. poverty targets are paying 10 times more in debt service. And recently leaked World Bank documents show that the G8 agreed only three years' worth of debt relief for these 18 countries. They state that "countries will have no benefit from the initiative" unless there is "full donor financing."

The deal also involves debts only to the International Monetary Fund, the World Bank and the African Development Bank, whereas many countries have debts to other organisations. It is a kick in the teeth for the African Union, whose recent summit called for "full debt cancellation for all African nations."

The Government's claim that debt relief will free up resources for health and education is also a deception. The deal explicitly says that those countries receiving debt relief will have their aid cut by the same amount.

Mr. Blair's assertion that aid will come with no conditions is contradicted by Hilary Benn, the U.K.'s Development Secretary, who told a British parliamentary committee on July 19 that "around half" of World Bank aid programmes have privatisation conditions. Recent research by the NGO network Eurodad shows that conditions attached to World Bank aid are rising. Eleven of 13 countries analysed have to promote privatisation to receive World Bank loans, the two exceptions having already undergone extensive privatisation programmes. Yet in the G8 press conference Mr. Blair refuted the suggestion that privatisation would be a condition for aid. According to recently leaked documents, four rich-country representatives to the IMF Board want to add yet more conditions to debt relief. This will be a key topic for discussion at the IMF's annual meeting the week after the millennium summit. The British Government opposes new conditions but continues to support overall conditionality.

This makes a mockery of Mr. Brown and Mr. Blair's claim that poor countries are now free to decide their own policies. It is true that the G8 communiqué stated that "developing countries ... need to decide, plan and sequence their economic policies to fit with their own development strategies." Yet it also stated that "African countries need to build a much stronger investment climate" and increase "integration into the global economy" — code for promoting free trade — and that aid resources would be focused on countries meeting these objectives.

Poor countries are free to do what rich countries tell them. The cost is huge. Christian Aid estimates that Africa has lost \$272 billion in the past 20 years from being forced to promote trade liberalisation as the price for receiving World Bank loans and debt relief. The draft outcome of the millennium summit says nothing about abolishing these conditions and contains little to address Africa's poverty. With only a few weeks to go, massive pressure needs to be brought to bear. — ©Guardian Newspapers Limited 2005

(Mark Curtis is the author of *Unpeople: Britain's Secret Human Rights Abuses*, Vintage.)

The second age of globalisation

Welcome to the second age of globalisation, and the labour practices of Victorian mill owners.

Larry Elliott

CRINOLINE AND croquet are out. As yet, no political activists have thrown themselves in front of the royal horse on Derby Day. Even so, some historians can spot the parallels. It is a time of rapid technological change. It is a period when the dominance of the world's superpower is coming under threat. It is an epoch when prosperity masks underlying economic strain. And, crucially, it is a time when policy-makers are confident that all is for the best in the best of all possible worlds. Welcome to the Edwardian summer of the second age of globalisation.

Spare a moment to take stock of what's been happening in the past few months. Let's start with the oil price, which has rocketed to more than \$65 a barrel, more than double its level 18 months ago. The accepted wisdom is that we shouldn't worry our little heads about that, because the incentives are there for business to build new production and refining capacity, which will effortlessly bring demand and supply back into balance and bring crude prices back to \$25 a barrel. As Tommy Cooper used to say, just like that.

Then there's the result of the French referendum on the European Constitution, seen as thick-headed luddites railing vainly against the modern world. What the French needed to realise, the argument went, was that there was no alternative to the reforms that would make the country more flexible, more competitive, more dynamic. Just the sort of reforms that allowed Gate Gourmet to sack hundreds of its staff at Heathrow after the sort of ultimatum that used to be handed out by Victorian mill owners. An alternative way of looking at the French "non" is that our neighbours translate "flexibility" as "you're fired."

Finally, take a squint at the United States. Just like Britain a century ago, a period of unquestioned superiority is drawing to a close. China is still a long way from matching America's wealth, but it is growing at a stupendous rate and economic strength brings geo-political clout. Already, there is evidence of a new scramble for Africa as Washington and Beijing compete for oil stocks. Moreover, beneath the surface of the U.S. economy, all is not well. Growth looks healthy enough, but the competition from China and elsewhere has meant the world's biggest economy now imports far more than it exports. The U.S. is living beyond its means, but in this time of studied complacency a current account deficit worth 6 per cent of gross domestic product is seen as a sign of strength, not weakness.

And so it goes on. Iraq is not another Vietnam, the bombs in London on 7/7 had nothing to do with Tony Blair's support for George W. Bush, rocketing oil prices do not mean a return to the recessions of the mid-1970s and early 1980s. Relax. Don't worry. These guys know what they're doing. In the U.K., the Government boasts proudly about its stewardship of the economy, when all the evidence is that activity collapses like a punctured soufflé as soon as action is taken to restrain property speculation. Britain's manufacturing sector is a hollowed-out shell, claimant-count unemployment has risen for six months in a row, the Bank of England is at war with itself over whether interest rates should be cut, and the only person who believes there is not a gaping black hole in the public finances is the Chancellor of the Exchequer, of whom very little has been seen or heard since the election.

In this new Edwardian summer, comfort is taken from the fact that dearer oil has not had the savage inflationary consequences of

1973-74, when a fourfold increase in the cost of crude brought an abrupt end to a post-war boom that had gone on uninterrupted for a quarter of a century. True, the cost of living has been affected by higher transport costs, but we are talking of inflation at 2.3 per cent and not 27 per cent. Yet the idea that higher oil prices are of little consequence is fanciful. If people are paying more to fill up their cars it leaves them with less to spend on everything else, but there is a reluctance to consume less. In the 1970s, unions were strong and able to negotiate large, compensatory pay deals that served to intensify inflationary pressure. In 2005, that avenue is pretty much closed off, but the abolition of all the controls on credit that existed in the 1970s means that households are invited to borrow more rather than consume less. The knock-on effects of higher oil prices are thus felt in different ways – through high levels of indebtedness, in inflated asset prices, and in balance of payments deficits.

Back in 1914, there was a good case for saying that peace and prosperity would go on indefinitely. There had not been a major war involving all the great powers for 100 years, and the price level in Britain was lower in the year that the First World War started than it was in the year of Waterloo. New inventions and technology that would shape the 20th century – the motor car, the aircraft, the cinema – were being developed. Yet the following three decades did not see the final flowering of the first age of globalisation but its disintegration. Only after two world wars and a global slump was it accepted that warning signs had been there long before the assassination at Sarajevo but been tragically ignored.

History does not always repeat itself. It may be different this time, with the second age of globalisation avoiding the pitfalls of

the first. There are those who point out, rightly, that modern industrial capitalism has proved mightily resilient these past 250 years, and that a sign of the enduring strength of the system has been the way it has apparently shrugged off everything – a stock market crash, 9/11, rising oil prices – that has been thrown at it in the half decade since the millennium. Even so, there are at least three reasons for concern. First, we have been here before. In terms of political economy, the first era of globalisation mirrored our own. There was a belief in unfettered capital flows, in free trade, and in the power of the market. It was a time of massive income inequality and unprecedented migration. Eventually, though, there was a backlash, manifested in a struggle between free traders and protectionists, and in rising labour militancy.

Secondly, the world is traditionally at its most fragile at times when the global balance of power is in flux. By the end of the 19th century, Britain's role as the hegemonic power was being challenged by the rise of the United States, Germany, and Japan while the Ottoman and Hapsburg empires were clearly in rapid decline. Looking ahead from 2005, it is clear that over the next two or three decades, both China and India – which together account for almost half the world's population – will flex their muscles.

Finally, there is the question of what rising oil prices tell us. The emergence of China and India means global demand for crude is likely to remain high at a time when many experts say production is about to top out. If supply constraints start to bite, any declines in the price are likely to be short-term cyclical affairs punctuating a long upward trend.

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(Larry Elliott is the Guardian's economics editor.)

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Chechnya death toll 160,000

Vladimir Radyuhin

MOSCOW: The two military campaigns Russia has conducted in separatist Chechnya have claimed a toll of up to 160,000 persons, a Chechen official said on Monday. "Between 150,000 and 160,000 civilians and military have died or gone missing in the two campaigns," Taus Dzhabrailov, head of Chechnya's interim Parliament, told a press conference in Moscow.

He said ethnic Chechnens accounted for only a fourth of the total losses. "Rough estimates show that between 30,000 and 40,000 ethnic Chechens have died in both campaigns," Mr. Dzhabrailov said. According to official figures around 5,000 Russian servicemen were killed during the first war in 1994-1996. Unofficial estimates put the number of Russia's military losses in the second campaign launched in 1999 at 7,700.

28 Taliban militants killed in clashes

KANDAHAR: FIGHTING raging across southern Afghanistan has left 28 suspected Taliban rebels dead as violence rages on in the countdown to crucial legislative elections next month, officials said on Monday. The bloodiest battle occurred in Zabul province on Sunday when Afghan forces attacked suspected militants, killing 16 and arresting one, according to a statement from the Defence Ministry in Kabul. Among the dead was a local Taliban commander, Mullah Nasir, the

Ministry statement said. Also on Sunday, a gunbattle between Afghan soldiers and insurgents left five militants dead in neighbouring Uruzgan province's Dehrawud district, the statement said. Earlier, Afghan forces had said seven militants had been killed. In Zabul, alleged insurgents mistakenly detonated a mine that was intended to hit a convoy of U.S.-led coalition and Afghan forces on Sunday. — AP

Castro urges U.S. to free "spies"

HAVANA: President Fidel Castro managed to speak by telephone with a suspected Cuban spy jailed in the United States and urged Washington to free the man and four others whose U.S. convictions were recently overturned, official media has said. Mr. Castro was meeting the family of the five imprisoned Cubans on Saturday when one of the men was allowed to call his wife in Havana, official media said. Mr. Castro, who was celebrating his 79th birthday, spoke with the prisoner, Gerardo Hernandez. The Communist leader told Mr. Hernandez the decision by a U.S. appeals court to overturn the convictions was a "triumph of the truth and in the best tradition of the American people," according to Cuban media.

"The best they could do would be to free you or try you, which would be worse for them," Mr. Castro said. They were accused of monitoring U.S. military installations, including the Southern Command headquarters and a Key West, Florida air base, and infiltrating Cuban-American exile groups. They were convicted of spying in 2001. Three of the men were sentenced to life in prison, one to 19 years and the fifty to 15 years. Mr. Castro said the men had received "cruel and barbaric treatment" during the last seven years of confinement, but expressed optimism that their ordeal would be over soon. "This will all end in victory, I am absolutely sure of it," Mr. Castro told Mr. Hernandez. — AFP, AP

Was the bombing of Hiroshima inevitable?

Yes. This way the war ended with minimum loss of life



Bharat Karnad
Strategic Analyst

For several reasons, the bombing could not be avoided. Firstly, there is no history of a new or novel weapon being invented and not used. By the time Fat Boy and Thin Man — the two 15-20 kiloton fission devices — were dropped, besides mobilising the vast human resources that were required to develop them, the US had expended close to a tenth of its gross national product on the secret bomb project. There was thus a socio-technological momentum for their use to prove not only that what had been produced at such great cost worked but could, in fact, end a bitterly fought war.

Secondly, according to historian Richard B Frank, by early 1945 intelligence had revealed the Imperial Japanese strategy Ketsu Go (Operation Decisive). That is, nearly three million Japanese troops were preparing to fight to death in defence of the islands. Tokyo believed the US was incapable of absorbing huge losses since American officials, on the basis of the preceding Pacific War, had predicted as

many as 527,000 casualties in a 90-day campaign to take just the lower two-thirds of the southern island of Kyushu. Japan felt, the US would therefore be compelled to negotiate peace. In the aftermath of Hiroshima and, on the morning of the day Nagasaki was bombed, the Imperial Japanese cabinet of Prime Minister Suzuki Kantaro debated suing for peace.

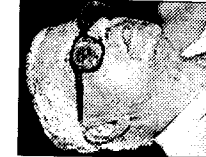
But their condition was that Japan should be permitted to retain the military system responsible for the war. So much for the thesis that a demonstration explosion, lacking visceral impact, would have sufficed. Moreover, Japanese civilians were spared not just from the US land invasion, intensified air campaigns and naval blockade but also from starvation, which was beginning to manifest itself.

Thirdly, Stalin after mopping up the Japanese Kwantung forces in Manchuria was preparing to launch a Red Army offensive by late August 1945. From the US geopolitical perspective post-Yalta Summit, this was an intolerable prospect. For if that happened Japan, like Europe, would have been divided into Allied and Soviet-run regions. The instant incineration of the Japanese cities pre-

empted this and also established the taboo against nuclear weapons use, which has been a salient feature of the international system ever since.

While the effects of the atom bombs on Hiroshima and Nagasaki were appalling, it is hard to disagree with the US Secretary of War Henry L Stimson's observation at the time that their use was the least abhorrent choice.

The bomb was dropped on Hiroshima on August 6, 1945 destroying that city. But the real target for the bomb was the Soviet Union, which was implicitly warned by the US that it would have no part in the occupation of



K Subrahmanyam
Strategic Analyst

Hiroshima and Nagasaki in spite of the casualties they inflicted and destructions they wrought were not the worst cases of city destruction. The fire raids on Tokyo caused more fatalities. By the end of the Second World War the leaderships of the Allies had become totally insensitive to consequences of city-destruction through the thousand bomber raids. Systematic genocidal killing through city-bombing became acceptable war strategy.

SUNDAY DEBATE



No. Japan had already decided to surrender

Japan as it had in Germany. Secondly the US with its possession of the bomb was militarily unchallengeable.

To convey this message clearly the US President rejected the advice to demonstrate the capability of the bomb without dropping it on a crowded city but exploding it in a sparsely populated area after due warning.

The bomb did not bring the war to an earlier end as the US folklore has it. The Japanese emperor had already directed his cabinet to offer unconditional surrender to the Allies and convey it to them through USSR. Moscow was not prompt in conveying it since it had promised to enter the war against Japan 90 days after the VE day in Europe — August 9, 1945.

Moscow intended to gain as much out of the war as possible. This deal was struck at Yalta in February, 1945. Once the Almagarodo nuclear test (TRINITY) was successful on July 16, 1945, the US decided to compel the Japanese to surrender only to them and carry out the occupation of Japan all by themselves.

Therefore, the need to carry out the spectacular destruction of the two Japanese cities and accept the Japanese surrender on board USS Missouri. The

bombs on Hiroshima and Nagasaki were in fact opening shots in the Cold War about to commence. Though the Japanese had already decided to surrender the Americans were keen to demonstrate their bomb prowess before the Soviet entry into the war. Therefore, August 6 was chosen ahead of August 9, the date of Soviet entry into the war against Japan.

Hiroshima and Nagasaki in spite of the casualties they inflicted and destructions they wrought were not the worst cases of city destruction. The fire raids on Tokyo caused more fatalities. By the end of the Second World War the leaderships of the Allies had become totally insensitive to consequences of city-destruction through the thousand bomber raids. Systematic genocidal killing through city-bombing became acceptable war strategy.

According to present day norms they would constitute, war crimes. Those who planned to win wars through systematic elimination of city populations, including children, women and the old and infirm were only a few steps behind those who planned 'final solution' by gassing people in gas chambers.

India not the last word in BPO space

Only 25% Engineers Employable: Study

TIMES NEWS NETWORK

Mumbai: The source of India's comparative advantage — its large pool of university graduates — may not count for much in tapping the burgeoning global outsourcing opportunity. Sounds unbelievable? That's the verdict of the latest report titled "The Emerging Global Labour Market" released by the McKinsey Global Institute, McKinsey's economic think-tank. Only about 25% from the total pool of Indian engineers are actually employable, says the survey. Whereas nearly 50% of engineers in Poland and Hungary are likely to find work with multinationals looking to out sourcing to those countries. Perhaps the only consolation for Indians: the Chinese fare far worse in the survey. Only 10% of Chinese engineers are considered employable by multinationals.

There are many reasons why Indians aren't likely to find outsourcing jobs with multinationals. In particular, Indian graduates are seen to lack the communication skills and the discipline to work in a traditional multinational setting. While they have analytical skills in abundance, their lack of a cultural fit, as evidenced by teamwork and flexible working hours, are a drawback. "The suitability of job candidates vary by occupation and by country," says the report. On average, 15% to 20% of the engineers, finance and accounting majors, life science researchers, and analysts could be hired by foreign companies, while only 10% of generalists could due to stricter language requirements. Besides, there is a wide variation among countries. While the East European countries are, on average, well-suited to work for multinationals, candidates from Russia are well-educated but often lack a grounding in practical skills from their university education. In India, the overall quality of the educational system, apart from the top universities, could improve significantly.

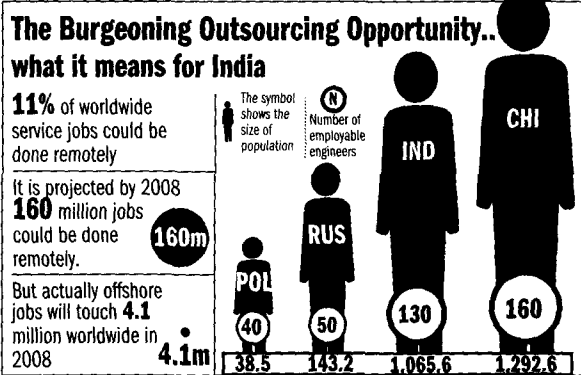
This new report delves into the potential, actual and projected supply and demand for offshore talent across occupations and sectors and its implications for wages, employment and a company's decision to selecting an out sourcing location.

According to this new research, 33 mil-

lion people in a sample of 28 low-wage countries have a university degree and up to 7 years of work experience. Of these, only 13% of these graduates about 4.6 million are actually suitable for employment by multinationals, and available for hire.

In its new research, MGI analysed employment in eight industries: automotive, health care, insurance, IT services, pharmaceuticals, retail, retail banking, and software, to understand how many services jobs could potentially be performed remotely.

It also looks at how many jobs employers currently offshore and how many



they likely will by 2008. MGI found that 11% of the 1.46 billion service jobs worldwide have the potential to be performed remotely. But only a small fraction of jobs — about 4.1 million or 1% of the total service jobs in developed countries — will actually move offshore. "The gap is largely due to company specific barriers, most notably operational issues, management attitudes to offshoring, and structural issues," says the report.

Many smaller countries with sizable, attractive talent pools, could increasingly challenge the dominance of traditional outsourcing destinations like India and China. Poland has nearly as many qualified engineers as the much more populous Russia. Poland, Hungary, Russia and the Czech Republic together have as many suitable generalists as India, and nearly as many suitable engineers.

So what can India do to compete more strongly? Concentrate on improving the quality of their talent, not just the quantity of educated workers, says the report. But improving the suitability of graduates is far from simple.

Educational improvements have to be coordinated closely with domestic and multinational companies so that there is greater emphasis on practical skills.

15 JUL 2006

THE TIMES OF INDIA

গভীর অসুখ

লন্ডনের সন্ত্রাস-দঙ্ক দিনটির কথা যখন ভবিষ্যৎ ইতিহাসে নথিবদ্ধ হইবে, তখন একটি তথ্য অন্যান্য বিভিন্ন 'ডিটেল'-এর ভিড়ে উঁকি দিবে যে, সে দিন সেই শহরে সেই সময়েই পার্শ্ববর্তী এক অঞ্চলে একটি বিশ্ব শীর্ষ বৈঠক অনুষ্ঠিত হইতেছিল, যাহার নাম 'জি-৮' বৈঠক। অথচ এখানেই তলে তলে ইতিহাসের সবচেয়ে বড় পরিহাসটি নিহিত। বিশ্বায়িত দুনিয়ার 'সার্বিক উন্নয়ন ও মঙ্গল'-এর কথা মাথায় রাখিয়া দুনিয়ার সর্বাপেক্ষা শক্তিশালী আটটি দেশের এই সংগঠন যখন আলোচনায় বসিতেছে, তখনই ভাসিয়া আসিল উন্নয়ন ও মঙ্গলের এই তুমুল জিঘাংসু প্রত্যুত্তর, দেখাইয়া দিল যে কোনও মুহূর্তে পাশাপাশি লড়িতে গেলে তাহার শক্তি ও সামর্থ্য উন্নয়নকামী প্রতিপক্ষের অপেক্ষা অনেক বেশি, যে কোনও মুহূর্তে উন্নত বিশ্বের সমস্ত প্রচেষ্টা ধরাশায়ী করিয়া সে জিতিয়া যাওয়ার ক্ষমতা ধরে। এই প্রত্যুত্তরের নামই সন্ত্রাস। এই প্রত্যুত্তরের মুখোমুখি দাঁড়াইয়া বিশ্ব-নেতাগণ নিশ্চয়ই আপাতত ভাবনাতুর, কী ভাবে এই অদৃশ্য, অতুল ক্ষমতাসম্পন্ন সন্ত্রাসের মোকাবিলা করা যায়। তাঁহারা যে প্রকরণে বিশ্বায়িত দুনিয়ার অনুন্নত কোণগুলিতে সহায়তার আলো পৌঁছাইয়া দিবার কথা ভাবিতেছেন, তাহার অর্থ ও তাৎপর্য কত দূর বাস্তবসম্মত, তাহার কার্যকারিতা ও ভবিষ্যৎ সম্ভাবনা সত্যিই প্রত্যাশানুযায়ী কি না, ইত্যাকার প্রশ্নগুলিও এই মুহূর্তে তাঁহাদের মাথায় ঘুরিবার কথা।

অর্থাৎ আত্ম-জিজ্ঞাসা হওয়া ভিন্ন গত্যন্তর নাই। সন্ত্রাস-বিধ্বস্ত পরিস্থিতিতেও সাম্প্রতিক বৈঠকটিতে আফ্রিকার দারিদ্র দুরীকরণ প্রকল্পে পাঁচ হাজার কোটি ডলার বরাদ্দ করিতে সক্ষম হইয়া ব্রিটিশ প্রধানমন্ত্রী টোনি ব্ল্যার মন্তব্য করিয়াছেন, এই পথেই উন্নত দুনিয়া তাহার কাজ করিয়া যাইবে, অবশিষ্ট দুনিয়া যেমন প্রত্যুত্তরই দিক না কেন। ব্ল্যার যাহা বলিয়াছেন, তাহা ঠিক। কিন্তু আংশিক ঠিক। উন্নত দুনিয়ার কাজ বিষয়ে সংশয়ের অবকাশ নাই, সহায়তার হাত তাহাদের বাড়াইয়া দিতেই হইবে। কিন্তু তৎপরেও প্রশ্ন থাকিয়া যায়। প্রশ্ন থাকিয়া যায়, এত দিন পর্যন্ত সহায়তা যে পথে চলিয়া আসিতেছে, সেই পথই যথেষ্ট কি? না কি অন্য কোনও পথের কথা ভাবিবার দরকার আছে? এ সব প্রশ্নের উত্তর কি ব্ল্যার ও তাঁহার সঙ্গীরা ভাবিতেছেন? ওই একই বৈঠকে স্থির হইয়াছে যে উন্নত দুনিয়ার দেশে দেশে কৃষি-ভর্তুকি বন্ধ করিয়া দোহা-বৈঠকের মুক্ত বাণিজ্য নীতিকে আরও খানিক সম্প্রসারিত করা হইবে। সাধু! কিন্তু ভাবিয়া দেখা দরকার, যে বিশ্বায়নের গরবে জি-৮ তথা সমগ্র পশ্চিম দুনিয়া সতত গর্বিত, সেই বিশ্বায়নের ছত্রছায়ায় অবশিষ্ট অনুন্নত বিশ্ব হয়তো ততটা নিরাপদ বোধ করিতেছে না। সে ক্ষেত্রে সেই নিরাপত্তাবোধের অভাব কী ভাবে উন্নত বিশ্ব দূর করিতে পারে, সে কথা আরও প্রণিধান সহকারে ভাবিয়া দেখা নিশ্চয়ই জরুরি। ভাবিয়া দেখা জরুরি, উন্নয়ন ও মঙ্গলের বর্তমান কর্মসূচিই অবশিষ্ট দুনিয়াকে শান্ত করিতে যথেষ্ট কি না। ভাবিয়া দেখা জরুরি, পশ্চিম এশিয়ায় যে বিপর্যস্ত রাজনৈতিক পরিস্থিতি, তাহার সমাধান কী ভাবে ত্বরান্বিত করা যায়। আফগানিস্তান ও ইরাক অভিযান সেই সমাধানের পথে কতখানি আগাইয়া দিয়াছে, না কি পরিস্থিতি আরও জটিল করিয়া তুলিয়াছে, সে বিষয়েও জর্জ ডবলিউ বৃশ ও টোনি ব্ল্যারের অভিনিবেশ জরুরি। জি-৮ বৈঠক হইতে নিষ্ক্রান্ত ব্ল্যার যখন বলেন তাঁহারা যতটা করিতে পারিয়াছেন, তাহাতে তাঁহারা গর্বিত, তখন তাঁহাকে একটি সাবধানবাণী জানাইতে ইচ্ছা হয়: শত্রুকে তুচ্ছ করিতে নাই, বিশেষত বিশ্ব-সন্ত্রাসের মতো শত্রুকে যাহারা নিউ ইয়র্ক ও লন্ডনকে নিমেষে ধ্বংস করিয়া দিতে পারে।

একটি গোড়ার কথা এই মোকাবিলার ক্ষেত্রে স্মরণে রাখা জরুরি। কথাটি হইল— বিন লাদেন কিংবা তাঁহার আল কায়দাই যদি প্রতিপক্ষ হইত, তবে এই সংগ্রাম হইত সহজতর। এক জন মানুষ বা একটি সংগঠনকে খুঁজিয়া বাহির করিয়া শাস্তিদান যত কষ্টনৈ-ইচ্ছুক, অসম্ভব হইতে পারে না। অথচ এ ক্ষেত্রে কিন্তু আল কায়দা কোনও একটি গোষ্ঠী নয়, অনেকগুলি গোষ্ঠীর সংগঠন, সে গোষ্ঠীগুলি সর্বদা খুব সুসংহতও নয়। আবার সেই গোষ্ঠীগুলির নেতৃস্থানে কোনও একক ব্যক্তিত্ব নাই, আছেন বহু ছোট বড় সংগঠক। গোটা দুনিয়া জুড়িয়া ছড়াইয়া থাকা এই বিক্ষিপ্ত অবিন্যস্ত অসংগঠিত রাজনৈতিক প্রতিপক্ষকে সম্মুখ-যুদ্ধের আসরে লইয়া আসা কেবল কঠিন প্রস্তাব নয়, প্রায় অসম্ভব প্রস্তাব। সূতরাং একবিংশ শতকের সন্ত্রাসবাদের যে কৃষ্ণছায়া চতুর্দিকে পরিব্যাপ্ত, তাহার মোকাবিলা করিতে হইবে নিচু হইতে, প্রাত্যহিক সামাজিক-অর্থনৈতিক স্তরে নামিয়া আসিয়া। মোকাবিলা প্রয়োজন রাজনীতির গভীরতম অসুখের নিদানের মাধ্যমে। ব্ল্যাররা সে কাজ করিতে প্রস্তুত কি?

G-8: massive boost to aid

Terrorism cannot obscure what we came here to achieve: Blair

GLENEAGLES (SCOTLAND): Under the shadow of terror attacks on London, the leaders of eight industrialised nations on Friday wound up their summit agreeing to boost aid to Africa and Palestine as also to tackle climate change. "We speak today in the shadow of terrorism, but it will not obscure what we came here to achieve," British Prime Minister Tony Blair, the G-8 summit host, told reporters at the closing of the three-day meet, which was attended by Prime Minister Manmohan Singh as a special invitee.

The group comprising the U.K., the U.S., Russia, Canada, France, Germany, Italy and Japan agreed to provide Africa with aid worth \$50 billion, while Palestine will get \$3 billion. The uplift in African aid "isn't all everyone wanted, but it is progress," Mr. Blair said as the summit closed earlier than scheduled, since he had to leave for London, the site of Thursday's blasts that killed over 50. The package "is a signal for a new deal on trade, (as is) the cancellation of debt of poorer nations, universal access to AIDS treatment and a commitment to a new peacekeeping force for Africa," Mr. Blair said. "All of this does not change the



HELPING HANDS: Nigerian President Olusegun Obasanjo (front) is applauded by G-8 leaders after he made a statement at the Gleneagles summit in Scotland on Friday. - PHOTO: REUTERS

world tomorrow, it is a beginning, not an end. None of this today will match the same ghastly impact of the cruelty of terror," he added. "It isn't the end of poverty in Africa, but it is the

hope that it can be ended. It is the definitive expression of our collective will to act in the face of death and disease and conflict that is preventable."

He said the G-8 has agreed

package for the Palestinian Authority, amounting to up to \$3 billion in the years to come "so that two states, Israel and Palestine... can live side by side in peace." - PTI

09 JUL 2005

THE STATESMAN

G8 leaders bury their differences

to - Atkinson
11/15
9/12

VIJAY Dutt & Agencies
Gleneagles, July 8

G8 LEADERS rallied behind Prime Minister Tony Blair, sharing with him the burden of leading Britain through its deadliest bombing since World War II.

They joined Blair in presenting to the world a powerful image of solidarity between the world's richest nations. "We speak today in the shadow of terrorism, but it will not obscure what we came here to achieve," said Blair on the steps of the five-star Gleneagles resort.

Behind him were his fellow G8 leaders, including US President George W. Bush and French President Jacques Chirac — once at odds over Iraq, now literally shoulder to shoulder. With them were leaders of African states Nigeria and South Africa.

They all took turns signing a pact to help Africa, using a silver pen that shimmered in the sunlight, before the Africans stepped aside, letting the G8 leaders be seen side by side yet again.

Manmohan Singh went to Oxford, where he described terrorism as "an act of cowardice". He sought joint efforts by all those who believe in democracy to fight the menace resolutely. "All those who believe in democracy and the rule of law should join hands to fight the scourge resolutely and unitedly. Terrorism is a global threat and terrorism anywhere in the world is a threat to peace and human dignity and we should join hands to fight it unitedly," he said.

Expressing sympathy and solidarity of the people of India with the people of Britain, Singh said "I arrived in the UK in the aftermath of a terror attack in India," a reference to the Ayodhya incident. It was a deviation from his prepared speech at the Oxford University where he was presented with an honorary degree of Doctor of Civil Law. The degree was in recognition of his role as statesman and a leading economist.

The Prime Minister who studied for a DPhil at Nuttfield College in Oxford was ceremonially led into the Convocation House. The Chancellor Lord Patten, and senior figures accompanied him. As per tradition, the university's public orator Prof Richard Jenkyns, presented Dr Singh and explained in Latin why he should be accorded the honour. He described Dr Singh as a man, who exhibits wisdom, learning, and a sense of patriotic duty in the highest degree. "We for our part are proud that so distinguished a man acquired some of his expertise here and we hope that he regards us with affection."

After presenting the degree, the chancellor said Dr Singh exemplified the magnificence of India's splendourous culture and reflected the country's tradition of moderation in governance.

09 JUL 2006

THE HINDUSTAN TIMES

G-8 leaders 'dig deep', agree on \$50 billion aid boost

10/11/07
G8

187
917

ANDREW GRAY
GLENEAGLES, JULY 8

WORLD leaders announced a \$50 billion boost in development aid on Friday, declaring the deal was a message of hope that countered the hatred behind the London bomb attacks.

"We speak today in the shadow of terrorism, but it will not obscure what we came here to achieve," British Prime Minister Tony Blair declared, flanked by fellow leaders of the Group of Eight (G8) rich states and seven of their African counterparts.

Blair, who skipped much of Thursday's session to handle the aftermath of the bombs in London which killed more than 50 people, did not give a timetable for reaching the aid target.

Campaigners said they understood the deal was to double overall aid to some \$100 billion by 2010, with about half of that destined for Africa. They had pressed for the boost immediately, saying a delay would cost millions of lives.

"There is no hope in terrorism or any future in it worth living, and it is hope that is the alternative to this hatred," Blair said on the steps of the Gleneagles Hotel in Scotland.

"We offer today this contrast with the politics of terror," he said.

"It isn't all everyone wanted, but it is progress, real and achievable progress," he said. "It isn't the end of poverty in Africa, but it is the hope that it can be ended."

The G8 leaders also agreed on a package of aid worth up to \$3 billion to help the Palestinian Authority and fos-



Nigerian President Olusegun Obasanjo makes a statement in front of G-8 and African leaders at Gleneagles on Friday. Reuters

ter peace in the Middle East, he said.

They also agreed to start a dialogue on November 1 with the major emerging economies on how to slow down and later reverse the rise in greenhouse gases which cause global warming.

Environmental groups have criticised their accord as too vague to pose a serious challenge to climate change.

The leaders pledged to end farm export aid but set no deadline. They also called for renewed efforts to conclude a new phase of world trade liberalisation by the end of next year.

Blair had been determined that action on his twin priorities of global warming and African poverty would not be sidetracked by the London

bombings.

But he brought forward his closing news conference by one hour on Friday to allow him to head back to London in the early afternoon and take charge of the crisis.

Blair has declared the widespread privation and suffering in Africa "a scar on the conscience of the world" and his G8 agenda has attracted high-profile backing from rock stars who staged huge "Live 8" concerts around the world ahead of the summit.

But other G8 nations—including the United States, Germany and Italy—rejected a British proposal to double funding for Africa immediately by borrowing against future aid budgets. —Reuters

TERRORISM OVERSHADOWS POVERTY, GLOBAL WARMING AT G8 MEET

World Leaders Pledge To Defeat Terror Tactics, Activists Lament Change In The Summit Focus

Gleneagles: Group of Eight leaders vowed on Friday to press ahead with action on African poverty and global warming at their annual summit here but found themselves thrust into the fight against terrorism by the bloody carnage in London that left dozens of people dead in the worst terrorist attack in London.

Before British Prime Minister left for London, he and his partners, joined by the heads of five emerging market nations, spoke as one in denouncing the attacks, which they said targeted civilised societies everywhere.

"This is not an attack on one nation, but on all nations and on civilised people everywhere," Blair said, reading from a group declaration. Those who are responsible, the G8 pledged, "will never succeed in destroying what we hold dear in this country and in other civilised nations throughout the world". Blair and his counterparts insisted that the blasts would not derail the summit, under way at a secluded and heavily fortified golf resort here in the unspoiled Scottish countryside.

But the declaration and follow-up remarks from world leaders clearly shifted the G8's focus away from African development and climate change and towards the fight against terrorism.

International and workers and activists, while worried that the spot-

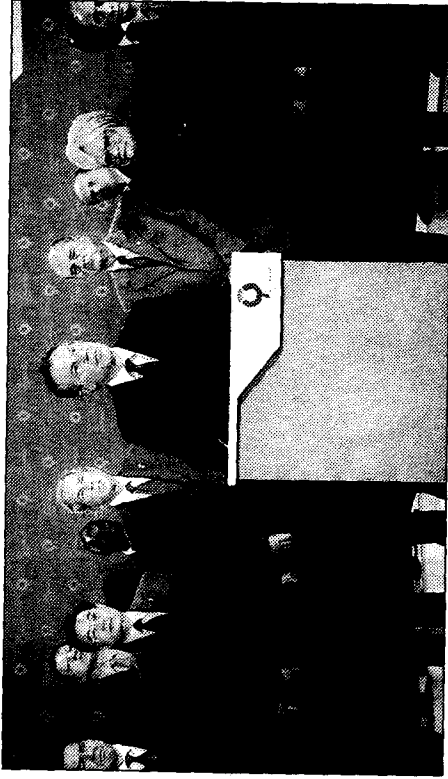
leviate poverty, eliminate AIDS and improve the environment and the scenes of horror on the television screens.

"The war on terrorism is on ... I was most impressed with the resolve of all the leaders in the room. Their resolve is as strong as my resolve," he said.

Setting aside bitter disputes he has had with Blair over the European Union budget, French President Jacques Chirac told the British premier that he had France's "total solidarity" following the fatal blasts.

And Japanese Prime Minister Junichiro swore he "thoroughly supported" Blair and would spare nothing in his cooperation in fighting terrorism.

In a discordant note, however, Russian President Vladimir Putin said the attacks revealed disunity in the global fight against terrorism and urged an end to what he called "double standards". The Kremlin has repeatedly accused Western countries of hypocrisy in their refusal to back fully Russia's controversial military campaign against separatists and Islamic rebels



US President George W Bush (centre left), Indian Prime Minister Manmohan Singh and other world leaders stand behind British Prime Minister Tony Blair as he addresses the media in Gleneagles, Scotland

light turned on fighting poverty in Africa and global warming in the run-up to the summit had been diverted to the four-year-old "war on terrorism", launched by Washington and its allies in the wake of the September 11 attacks.

Tony Juniper, vice chairman of Friends of the Earth International, lamented that the summit agenda on poverty and climate change was "now going to be lost because of the acts of murderous criminals in London". Emerging from the hotel later to speak with reporters, Bush vowed that the US-led war on terrorism would continue until "an ideology of hate" had been overcome.

Bush said he was struck by the "incredibly vivid" contrast between the world leaders meeting in Scotland to al-

in Chechnya. Meanwhile, advocacy groups were hopeful the summit could get back on track. "The violence only underscores the need for a strong G8 action on Africa," said John Brennan, with the Washington-based Bread for the World. Agencies

Blair back in Scotland

Gleneagles: British Prime Minister Tony Blair took back the reins of a G8 summit on African poverty and global warming on Friday after bomb blasts in London thrust him and fellow leaders into coping with the terrorist emergency.

A stern-looking British leader strode sharply into the Gleneagles Hotel on late Thursday night here in Scotland where the summit is taking place, having returned from London where he had gone earlier in the day to confer with ministers and security experts on the blasts.

British Foreign Secretary Jack Straw, who replaced Blair temporarily at the summit, said the bombings bore the hallmarks of Al Qaida. The movement has been blamed for attacks worldwide since staging the September 11 atrocities in the US. Analysts said Al Qaida is known for launching massive coordinated attacks. The British prime minister also insisted the bombings would not derail the summit. AP

09 JUL 2001

THE TIMES OF INDIA

অল্পই হইল

কুটনৈতিক দৃষ্টিভঙ্গি হইতে অবশ্য এই সামান্য কথাটিরও এক প্রকার অসামান্য তাৎপর্য আছে। পরিবেশ রক্ষা লইয়া জি-৮-এর পূর্ববর্তী খসড়া প্রস্তাবে এই বাক্যটি বাদ চলিয়া গিয়াছিল। সে যে আবার ফিরিয়াছে, এবং কার্যত একমেরু বিশ্বের অদ্বিতীয় মহাশক্তি আমেরিকার সম্মতি-সহ ফিরিয়াছে, ইহাই আশার কথা। হয়তো এই কারণেই ফরাসি প্রেসিডেন্ট জাক শিরাক বলিয়াছেন, যতটা আশা করা গিয়াছিল, প্রাপ্তিটি ততখানি না হইলেও অন্তত কিয়োটো প্রোটোকল সমর্থনকারী একাধিক দেশ এবং কিয়োটো-বিরোধী আমেরিকার ভিতর এই গুরুত্বপূর্ণ বিষয়টি লইয়া কথা চালাইবার উপযোগী একটি অবস্থা যে গঠিত হইল, তাহাই কিয়ৎপরিমাণ লাভ। জি-৮-এর যে সম্মেলনে আমেরিকা এবং ইউরোপের ভিতর পরিবেশ রক্ষা লইয়া বিরোধ বাধিবে, মার্কিন প্রেসিডেন্ট জর্জ ডবলিউ বুশ ব্রিটিশ প্রধানমন্ত্রী টনি ব্ল্যায়েরের দ্বন্দ্ব প্রকাশ্যে চলিয়া আসিবে বলিয়া ভাবা হইয়াছিল, দেখা গেল, তাহার সম্ভাবনা সুদূরপরাহত। বিশেষ করিয়া বিস্ফোরণে লন্ডন কাঁপিয়া উঠিবার পরে ব্ল্যায়ের আদৌ নূতন করিয়া তাঁহার মিত্রতম দেশ আমেরিকাকে চটাইবেন কি না, সেই ব্যাপারে বিশেষজ্ঞদের সন্দেহ বিস্তর।

আমেরিকা পরিষ্কৃত প্রযুক্তির সন্ধানের ব্যাপারে নীতিগত ভাবে একমত হইয়াছে, ভাল কথা, কিন্তু সেই নূতন পথসন্ধানের জন্য বিশেষ অর্থ-তহবিলের কথা শুনা যায় নাই। সেই কারণেই সংশয়, নূতন প্রযুক্তি সন্ধান নিছকই খাতায়-কলমে আবদ্ধ থাকিবে না তো? বিস্ফোরণ-ব্রহ্ম দেশগুলি পরিবেশ লইয়া নূতন দায়বদ্ধতার পথে হাঁটিতে অনিচ্ছুক। সম্মেলনে এমন একটি বিবৃতি নির্মিত হইয়াছে, যাহা একাধারে ইউরোপ এবং আমেরিকা উভয়েরই মান রাখিবে, উভয়ের নিকটই গ্রহণযোগ্য হইবে, এবং সেই কারণেই বলা চলে, বিবৃতিটি এক প্রকার অশ্বডিম্বেরই সমতুল্য। কারণ পরিবেশ রক্ষার কার্যে এই দুই শিবিরের বক্তব্য সম্পূর্ণত বিরোধী। সুতরাং, যে বিবৃতি উভয়ের নিকট গ্রহণযোগ্য, তাহাতে কুটনৈতিক স্বার্থ সাধিত হইলেও, এমনকী মুখরক্ষা হইলেও পরিবেশ রক্ষার কাজে কত দূর অগ্রগতি হইবে, তাহাই সন্দেহের বিষয়।

কুটনৈতিক দৃষ্টিভঙ্গি হইতে অবশ্য এই সামান্য কথাটিরও এক প্রকার অসামান্য তাৎপর্য আছে। পরিবেশ রক্ষা লইয়া জি-৮-এর পূর্ববর্তী খসড়া প্রস্তাবে এই বাক্যটি বাদ চলিয়া গিয়াছিল। সে যে আবার ফিরিয়াছে, এবং কার্যত একমেরু বিশ্বের অদ্বিতীয় মহাশক্তি আমেরিকার সম্মতি-সহ ফিরিয়াছে, ইহাই আশার কথা। হয়তো এই কারণেই ফরাসি প্রেসিডেন্ট জাক শিরাক বলিয়াছেন, যতটা আশা করা গিয়াছিল, প্রাপ্তিটি ততখানি না হইলেও অন্তত কিয়োটো প্রোটোকল সমর্থনকারী একাধিক দেশ এবং কিয়োটো-বিরোধী আমেরিকার ভিতর এই গুরুত্বপূর্ণ বিষয়টি লইয়া কথা চালাইবার উপযোগী একটি অবস্থা যে গঠিত হইল, তাহাই কিয়ৎপরিমাণ লাভ। জি-৮-এর যে সম্মেলনে আমেরিকা এবং ইউরোপের ভিতর পরিবেশ রক্ষা লইয়া বিরোধ বাধিবে, মার্কিন প্রেসিডেন্ট জর্জ ডবলিউ বুশ ব্রিটিশ প্রধানমন্ত্রী টনি ব্ল্যায়েরের দ্বন্দ্ব প্রকাশ্যে চলিয়া আসিবে বলিয়া ভাবা হইয়াছিল, দেখা গেল, তাহার সম্ভাবনা সুদূরপরাহত। বিশেষ করিয়া বিস্ফোরণে লন্ডন কাঁপিয়া উঠিবার পরে ব্ল্যায়ের আদৌ নূতন করিয়া তাঁহার মিত্রতম দেশ আমেরিকাকে চটাইবেন কি না, সেই ব্যাপারে বিশেষজ্ঞদের সন্দেহ বিস্তর।

আমেরিকা পরিষ্কৃত প্রযুক্তির সন্ধানের ব্যাপারে নীতিগত ভাবে একমত হইয়াছে, ভাল কথা, কিন্তু সেই নূতন পথসন্ধানের জন্য বিশেষ অর্থ-তহবিলের কথা শুনা যায় নাই। সেই কারণেই সংশয়, নূতন প্রযুক্তি সন্ধান নিছকই খাতায়-কলমে আবদ্ধ থাকিবে না তো? বিস্ফোরণ-ব্রহ্ম দেশগুলি পরিবেশ লইয়া নূতন দায়বদ্ধতার পথে হাঁটিতে অনিচ্ছুক। সম্মেলনে এমন একটি বিবৃতি নির্মিত হইয়াছে, যাহা একাধারে ইউরোপ এবং আমেরিকা উভয়েরই মান রাখিবে, উভয়ের নিকটই গ্রহণযোগ্য হইবে, এবং সেই কারণেই বলা চলে, বিবৃতিটি এক প্রকার অশ্বডিম্বেরই সমতুল্য। কারণ পরিবেশ রক্ষার কার্যে এই দুই শিবিরের বক্তব্য সম্পূর্ণত বিরোধী। সুতরাং, যে বিবৃতি উভয়ের নিকট গ্রহণযোগ্য, তাহাতে কুটনৈতিক স্বার্থ সাধিত হইলেও, এমনকী মুখরক্ষা হইলেও পরিবেশ রক্ষার কাজে কত দূর অগ্রগতি হইবে, তাহাই সন্দেহের বিষয়।

3/11/08
G8

G-8 way to go

3/11/08
G8

Give us better access to cleaner technologies.

This is what we need to say at Gleneagles

AS he intervenes in the global debate on climate change at Gleneagles, Scotland — which begins today — Prime Minister Manmohan Singh has an opportunity to give pragmatism a chance in recasting energy use around the world. Tony Blair, the prime minister of Great Britain, who is hosting this year's G-8 summit, argues that global warming is the single biggest threat to humanity today. Blair is trying, heroically, to put together a new consensus by trying to bridge the apparently irreconcilable positions of Europe and America on the issue. Europe backs the Kyoto Protocol, that calls for energy demand management through international quotas for the reduction of carbon dioxide emissions. The Bush administration has rejected the Kyoto Protocol and insists on supply side solutions through the introduction of new energy technologies like nuclear power and hydrogen fuel for automobiles.

The decision by the G-8 to invite the leaders of five emerging economies to join the discussion on climate change recognises the importance of countries of the size of India and China in matters dealing with the threat of global

warming. India believes energy demand management is the responsibility of the world's rich nations and not of the poor, who need greater energy consumption to fuel development. At Gleneagles, the G-8 is not seeking to bind the emerging economies to new commitments on carbon emissions. This provides the right ambience for Singh to make a strong case not only for the greater use of emission-free nuclear power but also for relaxing the current international restrictions on atomic energy cooperation with India.

While India's interest lies in backing the supply side line on promoting nuclear power and other clean energy technologies, it must go further than Washington. Singh must propose ways and means to provide India and other developing countries greater access to these new technologies. Avoiding the old divisive rhetoric, Singh must focus on practical outcomes — the creation of new networks of international energy cooperation, putting new and clean technologies in the public domain by squaring the circle of intellectual property rights and establishing a new window to finance clean energy development in the emerging economies.

G8 scales back anti-poverty goals

ASSOCIATED PRESS
Gleneagles, July 6

WORLD LEADERS scaled back goals for relieving African poverty and combating global warming under US opposition to British Prime Minister Tony Blair's ambitious objectives.

The leaders of the Group of Eight nations began arriving on Wednesday at this posh golf resort for three days of discussions. Blair, as the host, was the first to arrive, coming from Singapore where he had engaged in a round of last-minute lobbying for London's successful bid to host the Olympics in 2012.

President Bush and his wife arrived in Scotland aboard Air Force One a few hours before the summit was to begin with a dinner hosted by Queen Elizabeth II.

Thousands of protesters took to the streets in Auchterarder, a village near the resort. They were led by a bagpiper dressed in a Scottish kilt and chanting "Power to the people." Scottish police at first called off the march because they said public safety could not be guaranteed after a smaller band of 100 protesters smashed car windows, threw rocks and attempted to block one of the main roads leading to the resort. However, the police relented and allowed the march to proceed after organisers complained that their right to free speech was being denied.

Leaders' aides, meanwhile, met behind closed doors on the two issues Blair has made the main focus of this year's meeting — support for Africa, the globe's poorest continent, and increasing efforts to deal with the pollution that scientists believe is linked to planet warming.

Blair challenged G-8 countries to double aid to Africa from a current total of \$25 billion to \$50 billion by 2010 and to increase giving for all foreign aid to the equivalent of 0.7 per cent of national incomes by 2015.

Bush, after initially resisting Blair's call, announced on last Thursday that he would seek to double US aid by 2010, to \$8.6 billion from \$4.3 billion in 2004. But Bush opposes the 0.7 per cent target. Anti-poverty activists said that Bush's goal of \$8.6 billion fell about \$6 billion short of what was needed from the US to meet Blair's \$50 billion target.

As a consequence, the final communique was expected to drop any reference to a \$50 billion goal in favour of talk more generally of a "doubling" of assistance.

Bush, stopping in Denmark on the way to Scotland, warned he would emphasise the need for African nations to commit to good governance in order to get increased support.

"We want to make sure that the governments invest in their people, invest in the health of their people, the education of their people, and fight corruption."

The differences were even starker on global warming. Blair wanted a plan to curb emissions of carbon dioxide and other greenhouse gases. But US officials lobbied to prevent the inclusion in the G8 communique of any specific reduction targets as called for in the 1997 Kyoto Protocol. The US is the only G8 country that has refused to ratify the Kyoto treaty, with Bush saying that doing so would have "wrecked" the US economy.

Sir Michael Jay, Blair's representative in the discussions, called the negotiations on global warming "pretty intense" and said the need was to combat it without mentioning specific targets.



Anti-G8 protesters try to break a fence at the main entrance to Gleneagles hotel. Several thousand protesters marched to within shouting distance of the world's most powerful leaders after the police and a separate group of demonstrators fought pitched battles in the early hours of the morning.

FOOD ROW

MENU

Exact details of the menu for the Banquet by the Queen for the G8 leaders were closely guarded secret.

The Gleneagles fare is expected to depend on the prime quality Scottish food that includes: Aberdeenshire beef; Perthshire lamb; Rannoch Moor venison;

Tayside raspberries; Loch Fyne oysters; Ayrshire bacon; Arbroath smokies; Scarbster lobsters; Fife-caught haddock; heather honey; Lanark blue cheese; Dundee cake.

FINNISH RETORT

Two of Finland's main daily papers devoted two pages to comments from chefs, diplomats and journalists praising local food following barbs from the French and Italian leaders about Finnish cuisine. Finland's produce won high marks from visitors, especially the fresh fish, potatoes and vegetables.

Agencies

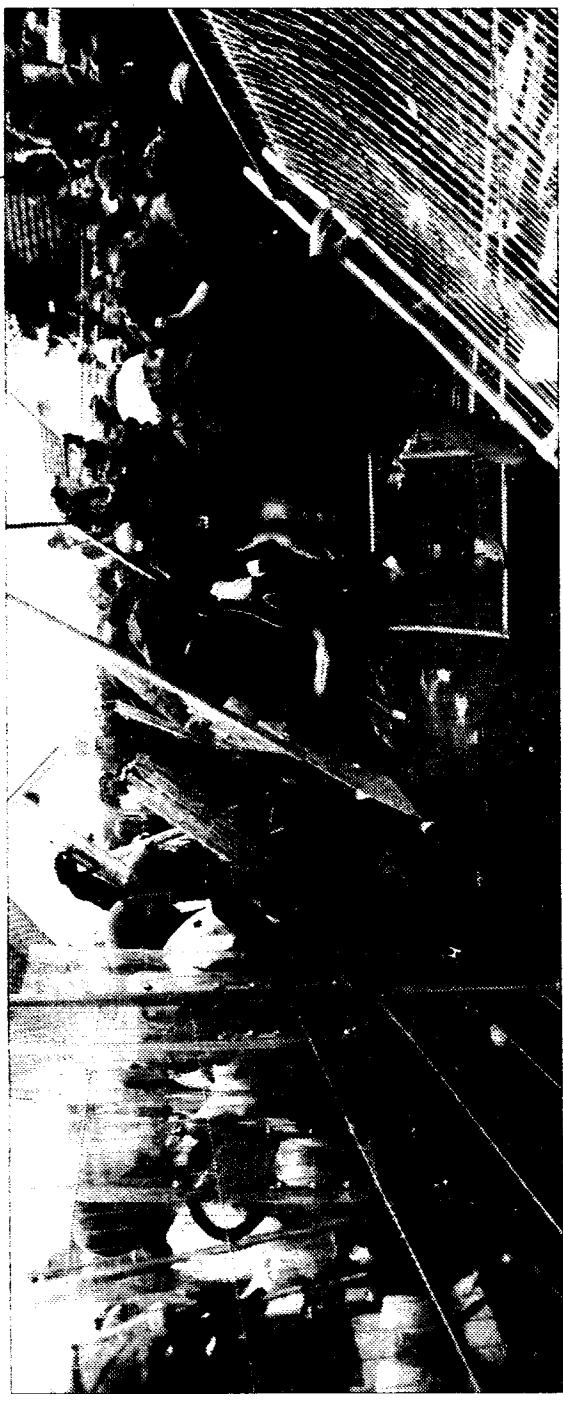
07 JUL 20

THE HINDUSTAN TIMES

G-8 protesters run riot

World Affairs 68 717

502



Paul Kelbie, Jonathan Brown & Ollie Duff

GLENEAGLES, July 6. — Thousands of protesters clashed with police outside Gleneagles today as they attempted to storm the grounds where G-8 leaders were meeting amid the largest security operation ever staged in Britain.

Police flew in reinforcements in Chinook helicopters as anti-capitalist activists, some waving flags others dressed as clowns, broke through the perimeter fence, dashing through corn fields in the Scottish countryside. It is the first time military helicopters have been deployed by police against civilians on the British mainland.

Protesters attacked a security tower, smashing panels and lights shortly after the arrival of President Mr George W Bush.

At least one man was injured as long lines of police carrying riot shields and extended batons backed up by mounted officers, drove the breakaway group back

through the swaying corn. Hundreds of other officers formed up along the inner fence of the Gleneagles estate nearly half a mile from where G-8 leaders were meeting.

In Auchterarder, the nearest town to the summit, there were skirmishes between demonstrators and riot police, many of them drafted in from forces across England and Scotland. More than 10,500 officers have been deployed to police the three-day meeting. 5,000 of them on duty in Auchterarder where they outnumber the local population.

Mr Michael Todd, a local man, was injured in a police charge. "I fell to the ground and now I am covered in blood," he said, his head swathed in bandages. Others in the town watched the violent scenes unfold on TV. The demonstrators broke off from a noisy but good-natured march of 10,000 peace protesters that went ahead despite being abruptly cancelled and then reinstated following safety fears after Scotland's motorway network was paralysed by early morning blockades.

Protesters break a security fence during violent demonstrations in Gleneagles, Scotland, on Wednesday. — AFP

staged by small groups of anarchists. Dozens of people have been arrested during a day of violence.

As commuters faced gridlock, there were running battles in Stirling where around 300 hooded extremists smashed up a drive-through Burger King after spending the night at an "eco-camp" nearby.

The Independent

G-8 nations fail to fulfil aid promises

Our Delhi Bureau
6 JULY

G-8 countries, it seems are not walking the talk when it comes to giving money to the poorest countries. In a report, Action Aid International showed that two-thirds of donor money was shown to be 'phantom' aid that is not genuinely available for poverty reduction in developing countries.

Action Aid International's report, Real Aid, demands aid accountability and challenges the rich nations to get rid of the

'phantom' aid syndrome.

Aid donors fall far short of meeting the official international aid target of 0.7% of national income. Action Aid's new 'real 0.7% rankings', shows that when it comes to 'real' aid they were falling even further behind. According to the report, more than 60% of aid flows do not represent a real resource transfer to the recipient.

Failure to target aid at the poorest countries, runaway spending on overpriced technical assistance from international consultants, tying to purchases

from donor countries' own firms: all these deflate the value of aid.

In 2003, real aid was only \$27 billion, or just 0.1% of the donor countries' combined national income. For the US and France, two of the world's largest aid donors, almost 90% of their contributions are phantom aid.

The G-7 countries are worst performers when it comes to real aid. On an average, the world's seven largest economies give just 0.07% of national income in real aid. In other words, they must increase real aid tenfold to reach UN target of 0.7%.

A classic example of real Vs phantom aid was the tsunami catastrophe. Australia, a key player in the region, but has so far only managed to give 7% of the money they committed to tsunami emergency relief and reconstruction. Next on the list is France with a meagre 13%, followed by Germany with 15%, then the Netherlands with 16%.

The US and the European Commission have delivered on just over a third of their pledge, 38%, and Canada has only handed over 20%. Norway has managed 46% while Italy has given

59% of its promised money.

Action Aid International calls for a new international agreement to make aid real and accountable. It calls on donors to be more transparent about quantum of aid and various heads it is given under. The fault doesn't lie with donor countries alone.

Action Aid has stressed on clear policies from developing countries on the criteria for accepting aid, mutual commitments, effective monitoring and new mechanisms to increase quantity and quality of aid. Recipient governments also need to reform.

By VA
vs APZ - US

G8 summit: Cash for Africa, global warming for all

W. Africa
11-14

World's Most Powerful Nations Meet To Face On Poverty And War

Washington/Gleneagles: Leaders of the world's wealthiest nations are gathering in Scotland on Wednesday for their annual economic summit amid expectations of a relatively rare occurrence at these meetings — the pledge of hard cash. The meeting is expected to agree on billions of dollars in support for Africa.

President George W Bush and the other leaders will conduct their three days of talks at the G8 summit after an unprecedented warm-up act. Hundreds of the world's top musicians performed at free rock concerts in 10 cities around the world on Saturday, seeking to raise awareness about Africa's plight and bring pressure on G8 leaders.

British Prime Minister Tony Blair, who set the agenda as this year's host, wants to achieve breakthroughs not only in African aid, but also in global warming.

The discussions, which will be buffeted by noisy demonstrations from hundreds of anti-globalisation protestors and anarchists, will include the hot political topics of Iraq, Iran, North Korea and the Israeli-Palestinian peace process.

With an intense atmosphere surrounding the protests, the meetings will take place under heavy security at a luxury hotel and golf resort here.

A number of G8 leaders, including Japanese Prime Minister Junichiro Koizumi, have also made their own pledges to double assistance and European countries have signed on to Blair's other target, boosting total foreign aid to 0.7% of national income.

Meanwhile, in Scotland, as preparations were on for the summit, protestors kept up the heat on the G8 leaders, clashing with police and blocking the gates of UK nuclear submarine base.

And the UK government played down comments from the US President which seemed to bode ill for the question of global warming. Speaking to British television,

Bush made it clear he would never accept a deal that set Kyoto-style limits on greenhouse gas emissions.

While top-level diplomats haggled behind the scenes, the most intensive police operation ever in Britain for an international gathering — involving more than 10,000 officers from all over the country — gathered pace. Fears of

trouble outside Gleneagles on opening day were heightened when anti-G8 protestors and black-clad anarchists clashed with police.

Some 60 people were arrested, and 20 protestors and police suffered minor injuries, as bottles and stones were hurled at riot police, an Edinburgh police spokesman said. Agencies



Police officers in riot gear block a street as a protestor participating in the 'Carnival For Full Enjoyment' rally stands in front of them in Edinburgh on Tuesday. Protestors have organised demonstrations to put pressure on G8 leaders on important global issues

06 JUL 2005

THE TIMES OF INDIA

VIEW FROM DOWN UNDER: *What will make Blair's G-8 project work when others have failed?*

G8 expectations

BY MIKE MOORE

BRITISH PRIME Minister Tony Blair will be chairing the meeting of the 'Group of 8' most industrialised countries' leaders on July 6 in the tranquillity of the famous mansion at Gleneagles in Scotland. It's Britain's turn to chair the group of European Union leaders, so Blair has the initiative. He has seized this opportunity, saying he wants the agenda to be dominated by the problems of Africa and global warming.

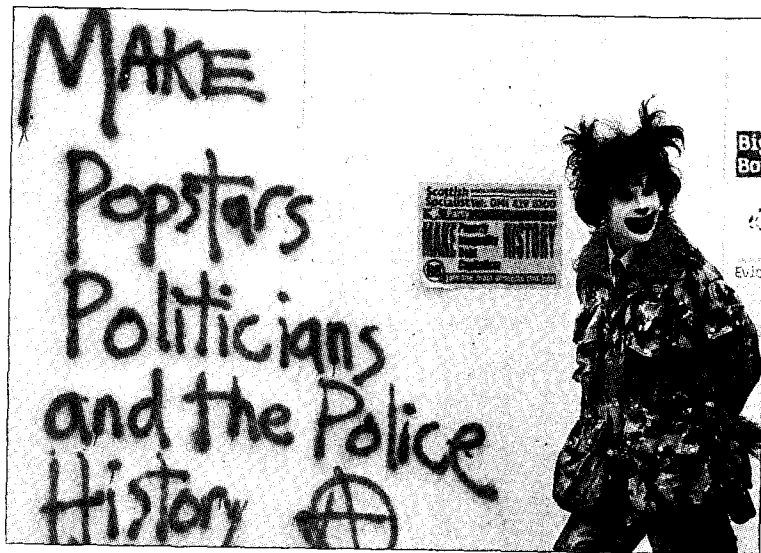
Originally, the British media were cynical, saying this was all about Blair trying to create a legacy that he wanted to be remembered for more than being 'the most successful Labour leader ever' in electoral terms and the Iraq war. What's wrong with seeking a legacy, and what better global issues to focus on than the pain of Africa and the danger to us all of climate change?

Blair made his pitch directly to President George W. Bush in Washington a few weeks ago. He won some agreement on debt relief and a modest acceptance to increase aid from the American president. A reasonable but hardly a historic breakthrough... yet. For over a generation, rich countries have promised that aid should represent 0.7 per cent of the GNP. Only a handful of countries have reached that target.

Five years ago, over 100 leaders gathered at the United Nations to agree to the 'Millennium' goals of reducing poverty. Alas, instead of advancing towards those goals of halving the number living on less than a dollar a day and the number who suffer from hunger and other worthy goals by the year 2015, things have gone backwards. It's got worse. On present progress, it would take over 100 years to achieve these noble goals. This is a shameful disgrace.

Let's understand the magnitude of the problem in Africa. Each day 30,000 children perish in Africa. Imagine if these numbers were dying in London or New York. The money would soon be found. Globally, one-third of deaths — 18 million a year — arise out of poverty. Half a million women die in pregnancy and childbirth every year, one a minute.

The last 20 years have seen the most people in history lifted out of



extreme poverty — 300 million in China and 20 million in India. Recently, China's growth has resulted in the average income passing the \$1,000 per capita benchmark and the country is now not able to get food aid from UN agencies. India's passion for democracy, education and technology is driving up dramatic results, a lesson for others.

The UN itself has said more progress has been made in the last 50 years than in the previous 500 years. Asia and the Pacific have shown the way. Alas, Africa is the only continent which has seriously gone backwards, where income per person in the poorest countries has fallen by 25 per cent in the past 20 years. Why? It's hard to develop when war rages and corrupt leaders steal.

Why should present governments pay the debts of their criminal predecessors? Africa is tormented by colonial boundaries drawn up in Europe that have split peoples, tribes and geography. Imagine India's or Indonesia's problems if each were divided into dozens of nations, each with their own tariff, tax, and customs service, police, defence and foreign policies. If the United States were 50 different countries, would the US have been a superpower? Germany only emerged as a great force when Bismarck united

the Germanic provinces.

If nations aspire to have First World living standards, they have to insist on First World standards elsewhere in their societies. Research tells us that the quality of the public service, honest civil servants, secure property rights, an independent judiciary, a good central bank, non-porous tax systems, accountable politicians, free media, active civil society and religious tolerance drive up the best results. Open economies do better — the more open, the more efficient. It produces rational investment decisions, shoves aside corrupt government practices that always accompany licensing, quotas, import and export controls, and, therefore, the phoney crony capitalists who prosper because of their political contacts face competition.

Competition is a cleansing commercial and political agent. So what will make the Blair project work when others have failed? There will be an unprecedented public involvement — 450 charities and NGOs have already forged a coalition in Britain, the biggest movement of its type in history. Plans are to mobilise 200,000 to surround the G-8 Summit.

The 'Make Poverty History' campaign is selling white wrist-bands for people to wear as a sign of solidarity. Over 3 million Britons have purchased the wrist-bands. 'Saint'

Sir Bob Geldorf and superstar Bono have mobilised hundreds of stars and celebrities to make the case and mobilise public opinion in the rich countries through a series of free concerts. Politicians read opinion polls — some read little else — and this will be hard for them to ignore.

Never has there been such a public focus on the evil of poverty in Africa. It's becoming a fashion statement for the trendy rich and that's a good thing. I just hope this worthy campaign is not hijacked by the anti-globalisation, anti-capitalist forces. Africa's problems are not globalisation, but *not enough* globalisation — not enough investment, not enough trade.

Demanding receipts for aid monies, demanding accountability for investment is not a new form of colonisation. If during the Doha Trade round, the deal on agriculture was done, this would return four to five times more than all the present aid put together for Africa. Western subsidies on products such as cotton and sugar are obscene and must change. Anti-globalisationists do poor countries no favours by demanding that they get market access for their products but should keep corrupt, inefficient protectionist programmes in place at home. Many African countries still have high barriers to trade and progress among themselves. But this is a time of hope. Not since the campaign against slavery — and much later the anti-apartheid movement — have so many people in the West been so motivated.

A Republican America has no time for the Kyoto agreement to tackle climate change — although after frantic negotiations last week, the US is said to be ready to sign up to cut greenhouse gas emissions. By the time the G-8 meet in Scotland, I suspect there will be a face-saving formula to bring the three economic giants who don't accept Kyoto — the US, India and China — into some sort of framework for future study. It can't hurt. It may even help.

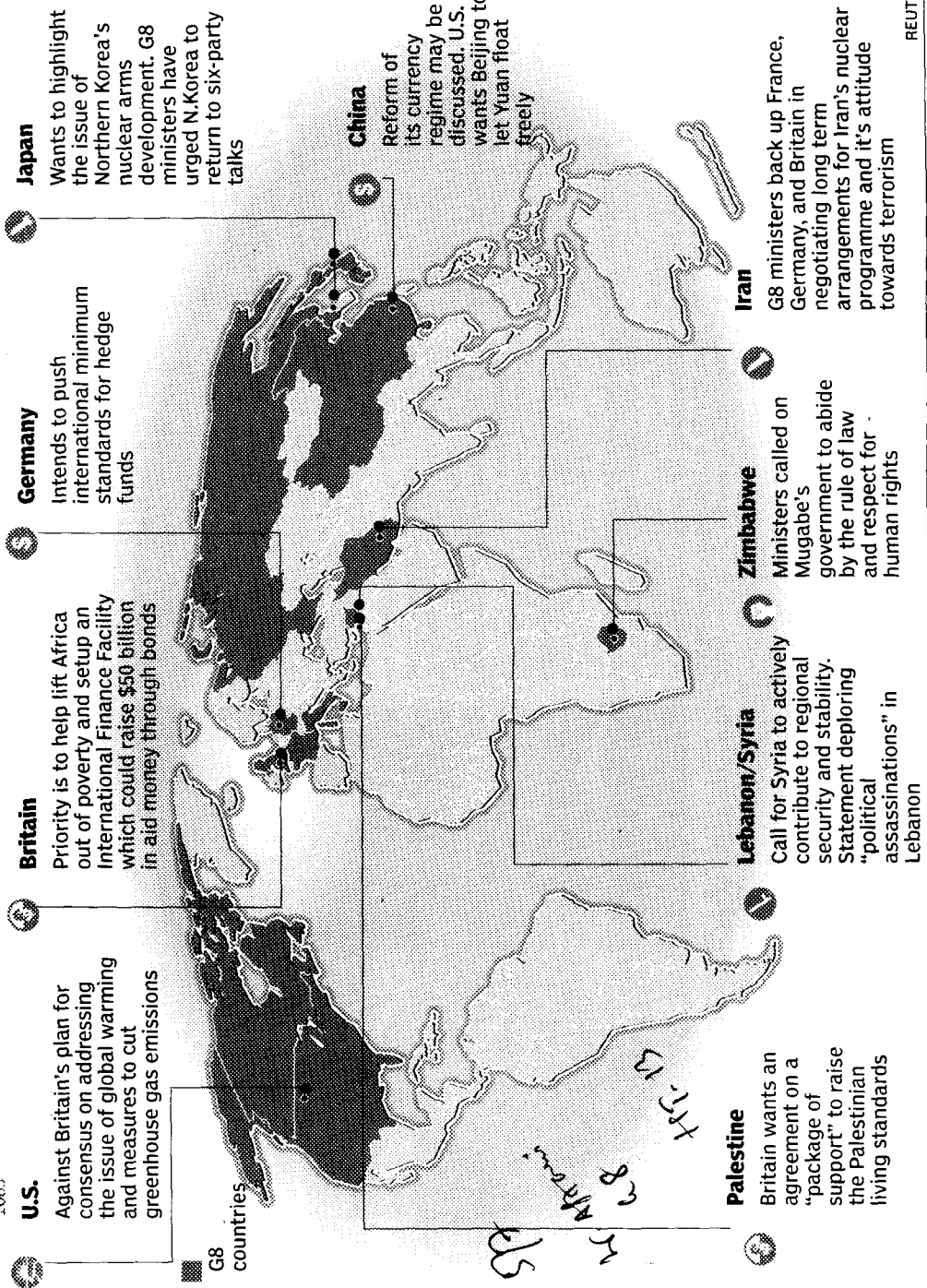
The writer is former Director-General, WTO

05 JUL 2005

THE HINDUSTAN TIMES

G8 AGENDA

Main issues up for discussion at the Group of Eight Summit on July 6-8



REUTERS

India, China knocking on G8's door

Changing World Order Could Alter Membership In Power Club

Washington: The exclusive club of world leaders, known as the Group of Eight, has an identity crisis. It often is described as a collection of the richest countries or largest industrial democracies. It is neither.

The partnership is under pressure to open the door to new members—China, India and South Korea come to mind. Doing so would reflect the rapidly changing global economy and maintain the strategic role for which the group was organized in the first place. Yet not one of the current members seems to want to make the first move toward expansion.

These strains will be on display in Gleneagles, Scotland, this week when President George W. Bush meets with leaders from Britain, Canada, France, Germany, Italy, Japan and Russia for the group's 30th annual economic summit.

China's economy has surpassed Canada's and is racing to the front of the global pack. India, the world's largest democracy, is surging ahead, too. Five other countries not in the G-8 club boast economies that are stronger than Russia's. They are Australia, Brazil, Mexico, South Korea and Spain. "It's hard to talk meaningfully about the world economy any more with-

out China being included," said Grant Aldonas, an international trade lawyer who was commerce undersecretary in Bush's first term. Aldonas said a strong case could be made for bringing in other nations with fast-growing economies.

British Prime Minister Tony Blair, this year's summit host, has invited leaders from Brazil, China, India, Mexico and South Africa to attend the summit. They will participate in a discussion on relieving poverty, particularly in Africa, and on climate change.

A former US ambassador to the United Nations, Richard Holbrooke, suggested in a speech to the Asia Society in New York last month that the annual G-8 summit had become "a complete anachronism" because it in-

cludes Russia, Italy and Canada but neither China nor India.

By 2050, the countries with the top economies are expected to be the US, China, India, Japan, Britain, France, Germany and South Korea.

Current club members Italy and Russia would not rank in the top 10.

So is it time to adjust the membership? "My preference would be to expand it. It's very hard to knock countries off," said

Gary Hufbauer, a trade economist at the Washington-based Institute for International Economics. Perhaps expanded to as many as 18

countries, he said.

"I see it happening in stages. I don't think they can admit another country without admitting China first. And the prob-

lem then becomes, if they admit China, they will really have to concede that democracy is not a central criteria," Hufbauer said.

The problem with inviting China, critics say, is that all current members have open-market democracies. Yet democratic India is excluded despite having a dynamic economy and the expectation of being a major player. With Russian President Vladimir Putin hosting the 2006 summit, his G-8 partners have raised concerns about his recent steps to roll back democratic reforms.

In addition, it has focused more attention on why Russia, No. 15 on the World Bank's most recent listing of world economies, is even a G-8 member.

The cloud of the Russian presidency and the rapid growth of many developing-world economies could bring enormous momentum to overhaul the G-8, said James Steinberg, deputy national security adviser in the Clinton administration. "I see a kind of perfect storm coming together" that could set changes in motion beginning with the next summit, said Steinberg. AP

* Flag of the EU, which sends a representative to G8 summits



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India to participate in Shanghai summit

Special Correspondent

NEW DELHI: India will be represented at a summit meeting of the Shanghai Cooperation Organisation (SCO) for the first time this year, with External Affairs Minister Natwar Singh set to join the deliberations of the six-nation grouping in Kazakhstan on Tuesday as a "guest."

The SCO, which is meeting this year in Astana, the Kazakh capital, links China and Russia with Central Asian republics except Turkmenistan.

Along with India, Pakistan and Iran will also participate in the summit as guests.

All three countries will formally be designated as Observers at the end of the summit, which will bring China President Hu Jintao and his Russian counterpart Vladimir Putin together for the second time in as many weeks.

Pakistan will be represented by Prime Minister Shaukat Aziz. Mr. Singh, who will leave New Delhi on Monday morning, will return home on July 6.

The SCO was formally created in June 2001, though it dates back to an initiative taken by China in 1996. As a forum, its main preoccupations have been issues such as border control and terrorism, though in recent years, it has begun to assume an economic agenda as well.

The Ministry of External Affairs spokesman said India has "a deep interest in the activities of the SCO, right from its very inception." He said India believed it could cooperate in a substantial manner in the two major areas of activity of the SCO — combating terrorism and economic cooperation

Call centres may face shortage of 2.6 lakh employees by 2009

What's wrong with BPOs?

worked hard to land a secure government job. Now, average graduates cake-walk into jobs and earn three times more," says Gowda.

The average age of employees in BPO companies is shrinking. Starting last year, GECIS began recruiting students straight out of school. "These employees are allowed three days off in a week to go to college. The company pays half their tuition fees," says Mishra of GECIS.

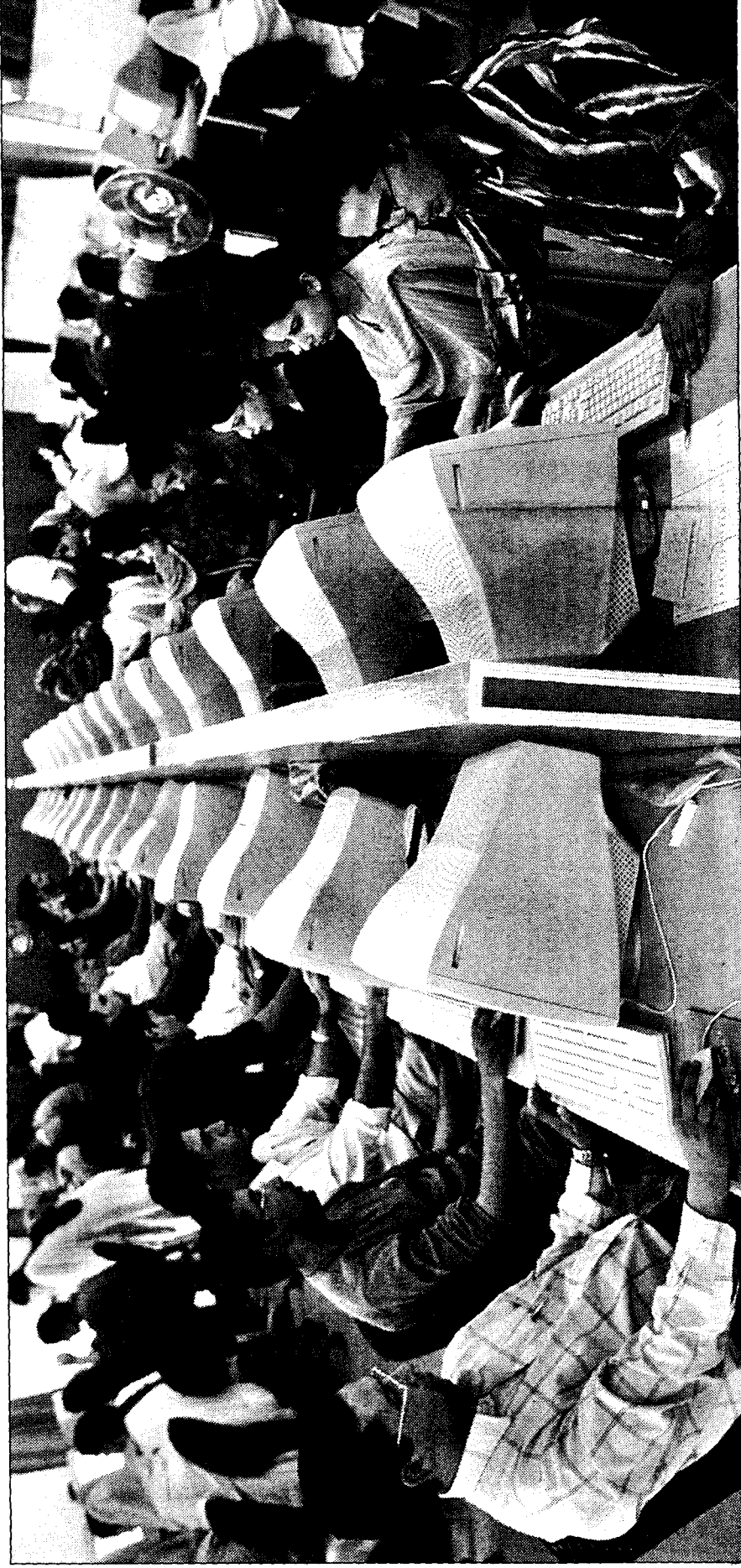
To sustain a young workforce, BPO firms offer a "relaxed and fun culture" in office. But the strategy of emphasising fun and glamour, holds Dey, has backfired. "BPOs are looked upon as non-serious companies," he says.

Goes with the job

Even employee incentives like free transport have boomeranged on BPOs. Toyota Qualis and Tempo Travellers have suddenly taken over city roads. The Qualises are being equated with rash driving, and tempos with fumes. "This has created a perception that BPO companies don't bother about the eco-system of a city," says Bharathwaj.

Add to this job pressures — call centre executives maintain hourly deadlines — isolation and lack of social life, and BPO jobs are coming under flak. "Unacceptability within the community is reducing pleasure in the job and killing motivation," says Ali Khwaja, a Bangalore-based counsellor, who counsels BPO employees.

Clearly, those days are gone when all was well with the BPO sector. Kkaran Bahree wouldn't have guessed he was opening up a can of worms for the industry. The sector is still looking for the lid.



It took \$5,000 and an errant employee to shake up the business of outsourcing.

Varuna Verma and Anirban Das Mahapatra report on the makeover drive initiated by the industry

to beat attrition. The company runs what it calls the 'GECIS University'. It has ties with MBA institutes such as the Indian Institute of Management (IIM) in Bangalore, IIM, Kozhikode, Xavier Labour Research Institute in Jamshedpur and the Narsee Monji Institute of Management, Mumbai. Two years ago, the company had an agreement only with IMT, Ghaziabad.

A GECIS employee can apply for a recommendation for a fully-funded MBA programme after working for six months in the company. "There are MBA courses marked for everyone — from entry-level executives to assistant vice-presidents," says Rahul Mishra, senior officer, GECIS.

Money talks

ated a class of young people who work by night, walk in and out of jobs and buy cars for their 23rd birthday.

Compare this with the serious, hard-working Indian try's brightest students

hat Kkaran Bahree did was peanuts.

The storm over the UK tabloid's string operation has blown over. But Infinity e-Search — where Bahree worked as content developer — has gone into a clarification over-drive. And the point being highlighted is not what Bahree did, or didn't do. What's of import, as the vast business process outsourcing (BPO) industry seeks to stress, is that the Gurgaon-based web-marketing firm is not a BPO company.

"We design websites and create software solutions for business on the Web," says Deepak Masih, lawyer for Infinity e-Search. "We are not a BPO or a call centre, but a web-marketing firm," he adds.

But, clearly, nobody is listening. The Bahree scam — triggered by a story in the

is struggling to gain social acceptance. "Parents want to know if they should pull their children out of call centres; I have been asked if Wipro Spectramind was handing out contraceptives to employees," says Raman Roy, former president and CEO, Wipro Spectramind.

The stories of stress, promiscuity, cultural isolation and odd working hours

leaders out of 25-year-olds. Parents are invited to company camps, and seminars are held to dispel myths about BPOs.

NASSCOM is planning a national campaign to clear the image of the sector. For starters, it will conduct lectures and discussions in colleges. "It's an attempt to set the record straight," says

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But, clearly, nobody is listening. The Bahree scam — triggered by a story in the tabloid which said he had acquired and passed on confidential information about accounts in international banks — has put the BPO industry in the centre of a controversy.

Till the other day, everything was fine with the world of BPOs. It created employment, brought in revenues and was the envy of the Western world. No longer, though. BPOs are now being seen — in some quarters at least — as dens of vice. The industry is being hauled up for slack security, inadequate training and poor man management. Its workforce is young and irresponsible, goes the litany of complaints. And, not surprisingly, the rate of attrition — people leaving jobs — is a high 55 per cent.

Eye of the storm

How this shift-in-blame happened is not exactly a mystery. The BPO industry has been sitting on a time bomb, says V. Bharathwaj, vice-president — global marketing, 24/7 Customer — a Bangalore-based BPO firm. "Bad public perception has been building up for a while. It took a spark for a storm to erupt," he says.

There are, of course, two sides to the BPO coin. Statistics-wise, the industry promises to transform India the way oil changed the fortunes of West Asian countries. The industry, growing at a rate of 60 per cent per annum, employs 3,48,000 people and is expected to generate \$12.2 billion in revenue by 2006 — up from \$2.4 billion logged in 2002-03.

But the fancy figures aren't helping. Five years since it took off, the industry

It took \$5,000 and an errant employee to shake up the business of outsourcing. Varuna Verma and Anirban Das Mahapatra report on the makeover drive initiated by the industry

is struggling to gain social acceptance. "Parents want to know if they should pull their children out of call centres; I have been asked if Wipro Spectramind was handing out contraceptives to employees," says Raman Roy, former president and CEO, Wipro Spectramind.

The stories of stress, promiscuity, cultural isolation and odd working hours have led to a dangerous build-up for an industry that depends on human resources as its basic building block. Companies are caught in a vicious web of high attrition and growing concerns among parents of young graduates seeking jobs in the BPO sector about its work culture.

And, industry sources point out, while jobs in BPOs are still sought-after opportunities are growing in other sectors as well. The service

leaders out of 25-year-olds. Parents are invited to company campuses, and seminars are held to dispel myths about BPOs.

NASSCOM is planning a national campaign to clear the image of the sector. For starters, it will conduct lectures and discussions in colleges. "It's an attempt to set the record straight," says Kiran Karnik, president, NASSCOM. "Scare stories have made families apprehensive about allowing their children to work in call centres," he adds.

Image change begins with a name change. Earlier, BPO employees were given a blanket designation of 'call centre executive'. Now, employees get domain-related designations. 24/7 Customer has designated its employees as insurance advisors, logistics experts, technical support ex-

BPO blot in British bac



BACKLASH: A report carried in The Telegraph on June 24

industry is finding its feet in India — and growing at 10 per cent per annum. With careers emerging in the hotel, airline and banking sectors, the BPO industry is predicted to face a workforce shortage of 2,62,000 employees by 2009, according to the National Association of Software and Service Companies (NASSCOM).

Damage control

Which means, it's damage-control time. BPO companies are now tackling the problem head on. The industry is being projected as serious and knowledge-based. Companies are talking of creating

executives and retail banking specialists. "This makes the knowledge portion of the job visible to the external world," says Bharathwaj.

24/7 Customer has conducted two seminars on myths about BPOs in six months. College students and parents were invited. Six hundred people showed up, claims Bharathwaj. A panel discussed everything from whether virtual workers felt a loss of identity to BPOs being glorified telemarketing shops. "Anxiety levels about the industry are very high," says Bharathwaj.

Gurgaon-based GE Capital International Services (GECIS) relies on education

to beat attrition. The company runs what it calls the 'GECIS University'. It has tie-ups with MBA institutes such as the Indian Institute of Management (IIM) in Bangalore, IIM, Kozhikode, Xavier Labour Research Institute in Jamshedpur and the Narsee Monji Institute of Management, Mumbai. Two years ago, the company had an agreement only with IMT, Ghaziabad.

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Money talks

Big money is going into the image change, with advertising emerging as a handy tool in shaping the new look. BPO spending on ads is going up by 30 per cent every year, says Subrato Chakroborty, MD of Delhi-based advertising agency, Brand Curry Communications Pvt. Ltd, which handles the Vertex BPO account. "BPO ad spend is growing at the same rate as the fast-moving insurance and finance sectors," he adds.

Citibank's call centre, e-Serve, has launched an ad blitz on television. The company's TV commercial shows a young BPO employee bowling over guests at a dinner party with his insights into the US financial market. "The idea is to portray a serious image of the company," says a Citibank spokesperson.

A parallel soul-searching exercise is also on within the industry. "We need to analyse how the industry earned an image of a merciless, profit-seeking taskmaster in just five years," says Devraj Dey, senior manager, Sistel India, a Mumbai-based BPO firm.

Industry insiders blame it on bad image-management. "The industry has been positioned all wrong," says Bharathwaj. The perception is that anyone who speaks decent English gets a job in a BPO. "Companies have not emphasised degrees and skills," he adds.

Analysts also talk about the social upheaval the BPO industry has caused. "It has created a tectonic social shift in India. BPO workers are treated as a distinct social category of hard workers and big spenders," says Rajiv Gowda, professor, IIM, Bangalore. The industry has cre-

ated a class of young people who work by night, walk in and out of jobs and buy cars for their 23rd birthday.

Compare this with the serious, hard-working Indian

middle class of 10 years ago, which toiled to get a government job or an engineering or medical degree. "Resentment is bound to arise. The country's brightest students

gone when all was well with the BPO sector. Kkaran Bahree wouldn't have guessed he was opening up a can of worms for the industry. The sector is still looking for the lid.

Fears on outsourcing exaggerated: WTO

Services import on same rationale as merchandise

R. Gopalakrishnan

CHENNAI: Outsourcing of computer and information services (CIS) to countries like India, Ireland and the Philippines by developed countries is neither a harbinger of high levels of employment in the host countries nor of massive loss of jobs in the latter compared to the overall employment market in the countries concerned, according to the World Trade Organisation (WTO).

"Most of the expectations and fears related to the size and dynamics of offshoring of IT services are exaggerated. At present, the impact of offshoring services jobs is far stronger in the popular perception than on actual production, employment and trade patterns," says an 'essay' on offshoring of services released as part of the WTO's annual World Trade Report 2005.

Emphasising that the rationale behind the outsourcing of services is the same as in the case of merchandise or physical goods, namely, comparative advantage, the essay has brought out the incompatibility and ambiguity in statistics on business process outsourcing (BPO) that are cited by governments, global consultants and industry associations like India's Nasscom (National Association of Software and Service Companies).

The WTO says that in the case of India, the most dynamic com-

ponent of services offshoring "is not within the high-skill-intensive IT (information technology) sector but in the generally low-skilled business services sector." Even the "broadly defined IT sector" (namely, combining both IT services and low-end IT-enabled services like call centers and medical transcription), accounts for less than 0.25 per cent of the employed Indian labour force. However, "there are pockets of relatively high-skilled services being offshored to state-of-the-art firms, for example, in India or South Africa," it says.

Few high-skilled jobs

With only a small section of outsourced jobs being high-skilled, there would be a negligible negative impact on high-skilled jobs in the developed countries. Also, rising wages in developing countries and the need for personal contact with the customer in the case of several services would act as a check on outsourcing. Any sharp increase in import of services by developed countries would lead to a weakening of their currencies and thus act as a counter to unbridled growth of outsourcing. Risks arising from poor legal framework and poor infrastructure tend to drive offshored jobs to middle income countries rather than to least developed countries.

The WTO says that while the U.S. and the U.K. are the leading

outsourcing countries, the success of India and Ireland in attracting offshoring business has been partly attributed to the English-speaking workforce. "Outsourcing from the other leading industrial countries is much less extensive" and largely restricted to countries closer home geographically and/or culturally. A large share of German outsourcing contract goes to Central Europe, while the bulk of Spain's outsourcing contracts go to Latin America.

Even while highlighting the supportive role played by the Indian government through the creation of the STPI (Software Technology Parks of India Ltd.) to put up quality infrastructure, tax benefits and FDI (foreign direct investment)-friendly regulations, the WTO says this alone could not be credited for the success of India's IT and IT-enabled services industries and that due role was played by "companies with managerial skills to take advantage of low-cost labour and new market opportunities."

It adds that offshoring could be a part of multilateral market access commitments under the ongoing GATS (General Agreement on Trade in Services) negotiations.

This, however, would be far easier if definitional improvements regarding Mode 1 (cross-border supply of services) and Mode 2 (consumption of services abroad) are effected.

1 JUL 2005

Come clean, BPO firm tells its employee

Handwritten: NEW 11/25/05

New Delhi: Under a cloud over alleged leakage of financial information about clients in the UK, the Indian BPO company Infinity e-Search on Friday said it neither handled any financial information nor had accounts of a British bank.

Distancing itself from the controversy, Infinity managing director Rahul Dutt said at a press conference, "We have no bank clients in UK." Moreover, he said the company does not handle financial information for the clients. "We don't deal with any information that is classified. We are into things like web development."

Dutt said that the employee, who has been accused of involvement in the fraud, has been with the company for three months and was currently on probation. "We have asked him to give an explanation about his alleged role in the scam by 5.30 pm today (Friday)," he said. On the reports that the British police has launched investigation, he claimed that no law enforcement agency from the UK has ap-

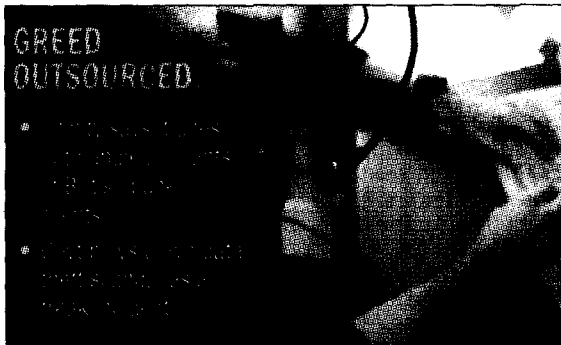
proached the company.

British Tabloid 'The Sun' had claimed on Thursday that its undercover reporter was sold top secret information on 1,000 accounts and numbers of passports and credit cards for about 2,750 pounds and was asked for another 275 pounds later (approximately a to-

"We do not believe that it is a matter for us (the government) to get into, as it relates to private firms," said Maran, adding that British authorities had not asked for help from the Indian government so far.

Kiran Karnik, chief of the National Association of Software and Service Companies (NASSCOM) said India was a trustworthy outsourcing destination. "This is a rare instance of breach of confidentiality and it has been recognised by the British banking industry as just that. There is no reason to hit the panic button," Karnik told reporters.

India's Information Technology Act passed by parliament in 2000 lays down stringent punishments for data theft including prison terms of two to five years. India has emerged as a major backoffice to the world with global firms outsourcing work ranging from credit card processing to air ticketing to take advantage of its less expensive, educated, English-speaking workforce. Agencies



tal of Rs 2.5 lakh).

The government played down the data theft scandal as the country's multi-billion dollar business process outsourcing industry launched a damage control exercise. "It is a freak incident. Please remember that incidents like this have happened all over the Western world," said IT minister Dayanidhi Maran.

25 JUN 2005 THE TELEGRAPH

Half the world crammed into six countries

5-17
K. A. R. 25/6

Paris: Earth contains nearly 6.5 billion inhabitants, more than half of them living in just six countries, according to a report today from the French Institute for Demographic Studies (IFED). Of every 100 people in the world, 61 live in Asia, 14 in Africa, 11 in Europe, nine in Latin America, five in North America and less than one in Oceania, according to the IFED, which hosts an international conference on world demography in the French city of Tours next month.

Out of every 100 babies born today, 57 are born in Asia, 26 in Africa, nine in Latin America, five in Europe, three in North America and less than one in Oceania. "Right now there are 6.477 billion human beings.

The 6.5 billionth will be born in Asia some time in December," said Catherine Rollet who is organising the conference. The six most populous countries — China, India, the US, Indone-

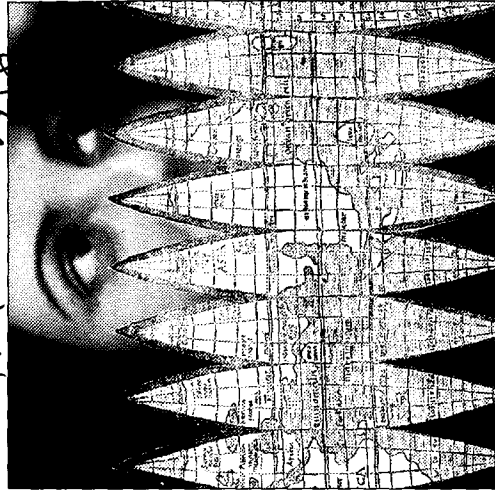
sia, Brazil and Pakistan — contain between them 3.3 billion inhabitants. Life expectancy is longest in Japan at 82 years, followed by Iceland and Switzerland at 80.

But people can expect to live just 36 years in Zimbabwe, 38 in Zambia and 40 in Malawi — mainly as a result of the AIDS epidemic in those southern African states. Population growth has slowed since the 1960s but the numbers will probably rise to between nine and 10 billion by 2050, Rollet said.

"Three billion more is a lot but it is manageable. The increase will be biggest in some Asian countries and above all Africa."

APF

A photo shows a Christie's Auctioneer employee hold up the first world map that includes America. The 1507 map by Martin K Waldseemuller is the first map that used the word 'America' and the first-ever printed portrayal of the Earth as a globe



BPO blot in British backlash

Indian sells secret data

AMITROY

London, June 23: In the backdrop of a strong backlash against outsourcing, Britain's *The Sun* newspaper has published a story alleging that an IT worker in Delhi sold its reporter confidential information on bank accounts, credit card details and personal data of 1,000 British customers for \$5,000.

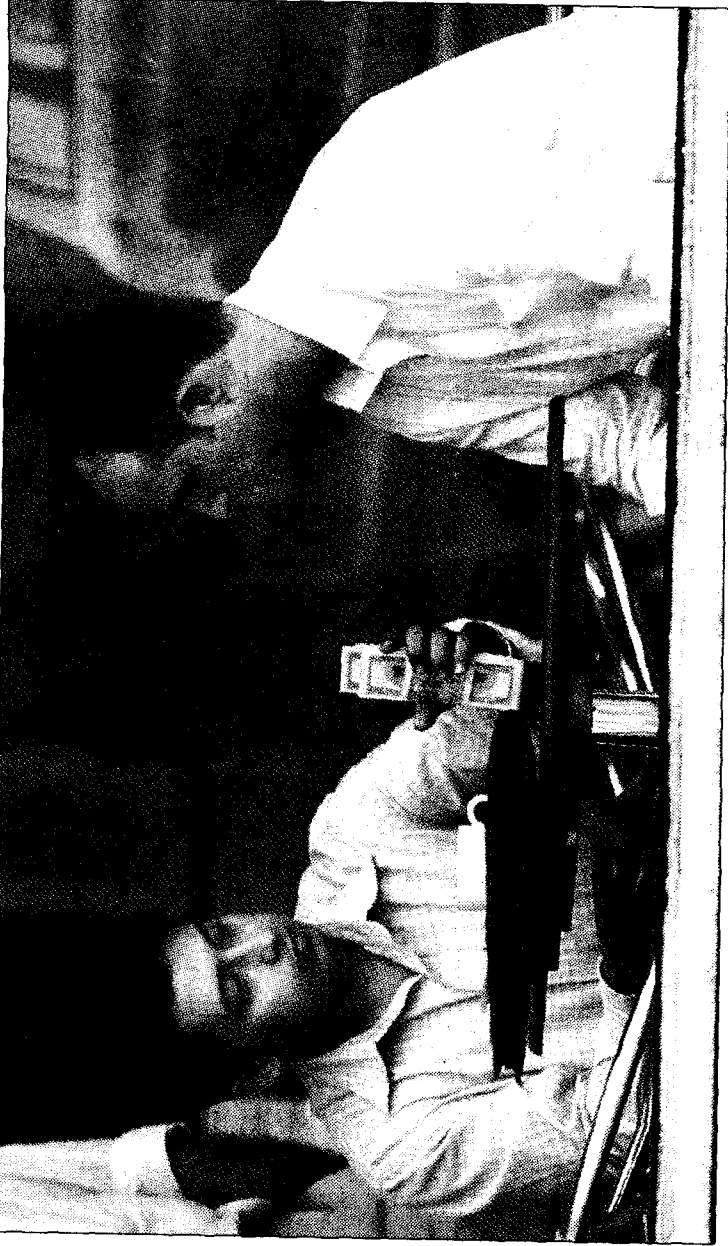
The Indian was identified as Kkaran Bahree, 24, who apparently walked into a trap laid by Oliver Harvey, a *Sun* reporter posing as a British businessman on a fishing expedition. Bahree allegedly revealed he got his information from contacts in call centres.

The reporter went to Delhi after being tipped off about Bahree's activities "by a source in Delhi", met him three times and had him filmed accepting a wad of notes.

The paper's documentation has been handed over to City of London police who have contacted most of the big UK banks and launched an investigation. British police have also contacted their Indian counterparts through Interpol.

The paper's revelations in a front-page splash have been seized on by critics of busi-

SUN SCORCHES OUTSOURCING REPUTATION



Kkaran Bahree with *The Sun* reporter. Picture courtesy *The Sun*. A guard stops a photo being taken of the Gurgaon IT complex. Picture by Jagann Negi

ness process outsourcing (BPO), especially British trade unions, who are now urging tighter control of information in India and a halt to the transfer of jobs.

Dave Fleming, senior finance officer for the union Amicus, said: "Amicus has warned that the offshoring of financial services has huge data protection and customer confidentiality implications. Companies that have offshore jobs need to reflect on their decision and the assumption that cost savings benefiting them and their shareholders outweigh consumer confidentiality and confidence."

The *Sun*'s story is headlined "Your Life For Sale" and is summed up as: "In a shocking investigation, the paper bought 1,000 Brits' names, banking details and passwords... all obtained from crooks in Indian call centres."

It says: "Targets have accounts with leading High Street banks and building societies, including HSBC, Barclays, (Lloyds) TSB, NatWest, Abbey, Woolwich, Royal Bank of Scotland and Nationwide."

A Lloyds TSB spokeswoman said: "Customer confidentiality and security of data is a top priority for us. We have stringent measures in place

across all our operations in the UK as well as in India."

Although the story is bylined "Exclusive by Oliver Harvey", the report itself is written somewhat curiously in the third person by Oliver Harvey.

His report says that "our undercover reporter was sold the top secret information on a thousand accounts", rather than "I was sold the top secret information on a thousand accounts".

The *Sun* also revealed that Bahree, "an ex-public school boy", is "a member of India's top Brahmin caste" and that he is "a virgin who lives with

his parents". How either nugget is relevant to Bahree's alleged financial crime is not made clear.

There is no evidence yet that the information Bahree is said to have supplied is genuine. But a spokeswoman for the City of London police said: "All the financial institutions identified have been fully informed of the situation. An investigation is now under way."

Bahree is supposed to have told *The Sun*: "I can sell as many as 200,000 account details a month."

The paper says Bahree, who describes himself as a

"website analyst", works for a Gurgaon-based company called Infinity eSearch.

Bahree "gave us account holders' secret passwords, addresses, phone numbers and details of their credit cards, passports and driving licences", the paper says.

Bahree also allegedly handed over issue and expiry dates of bank cards and their three-digit security number on the back.

The *Sun* points out: "The information could help criminals tap into accounts, clone credit cards, buy goods, apply for new bank cards and divert mail."

High alert, little alarm

M. RAJENDRAN

New Delhi, June 23: Padlocked and patrolled by guards, the snazzy complex that carries the address where Kkaran Bahree claims to work is taking no chances.

"No photographs, please," a guard told *The Telegraph's* photographer outside the Golf View Corporate Tower A at Gurgaon, on the outskirts of Delhi. The Gurgaon address figures on the official website of Infinity eSearch, the purported employer of Bahree.

The caretakers of the complex may have turned cautious because of the unwelcome media glare but established Indian business process outsourcing (BPO) companies said there is little cause for alarm yet for the industry.

The companies, however, conceded the incident should not be glossed over, especially since the sting operation comes close on the heels of another scandal in Pune. In April, the industry was rocked by a cyber fraud after a few employees of a Pune-based BPO siphoned money out of US bank accounts.

The latest controversy is a reminder that BPO firms need to scale up the level of alertness, several big players said.

"It is a rare episode. But we are not dismissing the incident and will look into it. The BPO company mentioned in the report (Infinity) is not a member of Nasscom, hence

we do not have much data on them," Kiran Karnik, the president of the National Association of Software Services Companies, said. "We would extend our expertise and help to all the agencies that may investigate the case."

A senior executive at Wipro Spectramind, a BPO company, echoed Karnik. "It is disturbing news. But serious players in the market are not alarmed as they take all safety measures. The incident will make us more alert," he said.

Others cast doubts on the claims made in the report. Raman Roy, considered a pioneer of BPO service in India, said: "The report claims even the password was made available. It is just not possible. A good security software will neither show the password nor can it be downloaded."

Roy added: "I have no knowledge about the company mentioned. It is strange that major financial companies from the UK would give business to a company that does not seem to have basic security systems in place."

Others said the government should enact a data protection law if it wants to instill confidence among foreign clients.

The government, at the moment, does not seem too eager to step in. "It is a matter between a company and its employees," information technology minister Dayanidhi Maran said.

In Europe, red China is more popular than US

Iraq War Tatters America's Image, Tsunami Aid Does Some Damage Control

Washington: The United States' image is so tattered overseas two years after the Iraq invasion that communist China is viewed more favourably than the US in many countries, including long-time Western European allies, an international poll released on Thursday found.

The poor image persists even though the Bush administration has been promoting freedom and democracy throughout the world in recent months and has sent hundreds of millions of dollars in relief aid to Indian Ocean nations hit by the devastating December 26 tsunami. "It's amazing when you see the European public rating the US so poorly, especially in comparison with China," said Andrew Kohut, director of the Pew Research Center for the People & the Press, which surveyed public opinion in 16 countries, including the US.

In Britain, which prides itself on its "special relationship" with Washington, almost two-thirds of Britons, 65 percent, saw China favourably, compared with 55 percent who held a positive view of the US. In France, 58 percent had an upbeat view of China, compared with 43 percent who felt that way

Paying a price for bad attitude



► European want more independence from the US, while the US wants those ties to remain strong.

► People see China's economic growth than its military power as a positive force.

► The image of the American people is lower than it was in 2002, before the war in Iraq.

► Americans are described as hardworking and inventive but also seen as greedy and violent.

► Anti-Americanism is strong around the world, but shows signs of abating in countries like Indonesia, India, Russia, Jordan and Pakistan.

about the US. The results were nearly the same in Spain and the Netherlands.

The US favourability rating was lowest among three Muslim nations which are also US allies — Turkey, Pakistan and Jordan — where only about one-fifth of those polled viewed the US in a positive light. Only India and Poland were more upbeat about the US, while Canadians were just as likely to see China favourably as the US. The polls were taken from late April to the end of May with samples

of about 1,000 in most countries, with larger samples in India and China and slightly less than 1,000 in the European countries. The margin of error ranged from 2 percentage points to 4 percentage points, depending on the sample size.

Polls were taken in the United States, Britain, Canada, France, Germany, Spain, the Netherlands, Russia, Poland, Turkey, Pakistan, India, Lebanon, Jordan, Indonesia and China. Polling was done by telephone in the European countries. AP

India to defy US before PM visits Washington

G-4 Nations To Force Vote For UNSC Seats

By Chidanand Rajghatta/TNN

Washington: India, along with Japan, Germany and Brazil, will force a vote in the UN general assembly next month to win permanent Security Council seats despite opposition from the United States and China.

The decision could cast a shadow over the July 17-20 bilateral visit to Washington by Prime Minister Manmohan Singh, since the contentious vote is likely to come just ahead of the trip.

Foreign ministers from the Group of Four nations—India, Germany, Japan and Brazil—including India's Natwar Singh, who met on the sidelines of an international conference in Brussels, decided on Wednesday to introduce the text of their resolution calling for the addition of six more permanent members, including two from Africa, to the UNSC.

German foreign minister Joschka Fischer confirmed the plan for a July vote, telling reporters in Brussels that there was a "joint opinion" to push ahead



All Smiles For Now

with the resolution after the African Union and Caribbean states' summit meetings in the first week of June.

The African Union is meeting on July 4-5 and the Caribbean states will meet on July 3-6. Both groups are considered vital to the G-4 prospects of winning the vote, which needs a two-thirds majority in the 191-member general assembly.

China has said it will vote against the resolution and the US has said it will back the addition of only "two or so" members, effectively pitting it also against the G-4 resolution.

In effect, Singh will be meeting Bush just days after the US would have rebuffed the G-4 and India would have defied US in forcing the vote. The G-4 decision to table the resolution means that Japan and India have rejected the US bait to split the group with its "two or so" proposal and opted to stay with Germany and Brazil.

Although the US has not knocked down India's claim—as it has done with Germany—it has not openly endorsed it either despite setting criteria that New Delhi is best suited to meet. Washington's UN representative Anne Patterson once again publicly backed Japan for the UNSC seat on Wednesday but did not name any other country.

Washington's views on the subject will be conveyed to the Indian leadership when US undersecretary of state Nicholas Burns arrives in New Delhi on Friday.

ব্যক্তি, দেশ, বিশ্ব(ায়ন)

বিশ্বায়ন ভারতের কর্মসংস্থানের মানচিত্রে কল সেন্টারগুলিকে একটি স্বতন্ত্র আসন দিয়াছে। প্রথম বিশ্বের উন্নত দেশগুলির বিভিন্ন ব্যবসায়িক প্রতিষ্ঠান ভারতীয় কল সেন্টারগুলিকে বিবিধ কাজের বরাত দেয়, যাহার অধিকাংশই তথ্যপ্রযুক্তির উপর নির্ভরশীল। ভারতে দক্ষ কর্মীর পারিশ্রমিক উন্নত দেশগুলির তুলনায় অনেক কম হওয়ায় আউটসোর্সিং বা কাজ-চালান নামক প্রক্রিয়াটির মাধ্যমে পরিষেবা ক্ষেত্রে চাকুরির সংখ্যা এ দেশে দ্রুত পুষ্টিতে বৃদ্ধি পাইতেছে। গত আর্থিক বৎসরে প্রায় পঁচিশ হাজার কোটি টাকার ব্যবসা করিয়াছে ভারতীয় কল সেন্টারগুলি। অর্থাৎ, ক্ষেত্রটিকে ভারতীয় অর্থনীতির অন্যতম উজ্জ্বল দিক বলিলে অত্যুক্তি হয় না। কিন্তু দুর্ভাগ্য, এ ক্ষেত্রেও সর্বের মধ্যেই ভূত ধরা পড়িতেছে। দিল্লির একটি কল সেন্টারের এক কর্মী মোটা টাকার বিনিময়ে অন্যায় ভাবে সংস্থাটির গোপন তথ্য বিক্রয় করিয়া দিয়াছেন। ইতিপূর্বে পুণেতেও একই ঘটনা ঘটিয়াছিল। কল সেন্টারগুলির ব্যবসার মূল ভিত্তি হইল গ্রাহকদের নিকট হইতে প্রাপ্ত তথ্য। অর্থের বিনিময়ে গোপন তথ্য ফাঁস হইবার ঘটনায় ইতিমধ্যেই বিভিন্ন দেশে ভারতীয় কল সেন্টারগুলির বিশ্বাসযোগ্যতা লইয়া প্রশ্ন উঠিতেছে।

ঘটনাটি দুর্ভাগ্যজনক, কারণ অপেক্ষাকৃত স্বল্পমূল্যে দক্ষ কর্মী পাইবার ফলে ভারত ইতিমধ্যেই বিদেশি সংস্থাগুলির পছন্দের দেশ হইয়া উঠিয়াছিল। কিন্তু তথ্য পাচারের ন্যায় ঘটনা ভারতের অর্জিত সুনামকে বহুলাংশেই বিঘ্নিত করিবে। বিদেশি কোম্পানিগুলি অর্থ সাশ্রয় চায় বটে, কিন্তু তথ্যের নিরাপত্তা তাহাদের আবশ্যিক দাবি। সুতরাং, তথ্য পাচারের ঘটনা সংস্থাগুলিকে ভারতে কাজ পাঠাইবার পূর্বে আরও এক বার ভাবিতে বাধ্য করিবে, এমন সংশয় অযৌক্তিক নয়। বস্তুত, ইংল্যান্ডের যে জনতথ্যভাণ্ডার গড়িবার কাজ আর কয়েক দিনের মধ্যেই ভারতে আসিতে চলিতেছে, তাহা ভারতে পাঠানো আদৌ নিরাপদ কি না, সে প্রশ্ন সে দেশে ইতিমধ্যেই উঠিয়াছে। প্রশ্ন উঠিতে পারে, অপরাধটি নিতান্তই স্থানীয় এবং অপরাধী ব্যক্তিবিশেষ, কোনও গোষ্ঠী অথবা রাষ্ট্র নয়। তবে তাহার প্রতিক্রিয়াটি এরূপ গুরুতর কেন? এক অর্থে ইহা বিশ্বায়নের একটি পরিণাম— কর্মক্ষেত্র যেমন দেশের সীমানা ছাড়াইয়া সমগ্র ভূবনগ্রামে ছড়াইয়া পড়ে, তেমনই সেই সংক্রান্ত কোনও অপরাধও দেশের পরিসরে না থাকিয়া বিশ্বায়িত হইয়া যায়। এই কারণেই এই ধরনের অপরাধ সামলাইতে একটি ভিন্নতর ব্যবস্থা গ্রহণ প্রয়োজন। বিশ্ব বাজারে ব্যবসা করিবার জন্য আইন এবং সেই আইন বলবৎ করিবার বন্দোবস্ত বিশ্বমানের হওয়া প্রয়োজন, যাহাতে উন্নত দেশগুলি ভারতে ব্যবসার কাজ পাঠাইয়া অরক্ষিত বোধ না করে। ভারতে সাইবার-অপরাধ, তথ্যপ্রযুক্তি শিল্প সংক্রান্ত অপরাধ ইত্যাদির ক্ষেত্রে সুনির্দিষ্ট আইনের অভাব রহিয়াছে, অভাব দক্ষতারও। অর্থনীতির স্বার্থেই প্রথম বিশ্বের দেশগুলির ন্যায় এই দেশেও আইন তৈরি করিতে হইবে। বিভিন্ন উন্নত শিল্পক্ষেত্রে দুর্নীতি রুখিতে নজরদারি ব্যবস্থা গড়িয়া তোলাও জরুরি।

তবে, ভারতে কাজ পাঠানো লইয়া বিদেশে যে আলোড়ন উঠিয়াছে, তাহার সমস্তটাই যে তথ্যভাণ্ডার লুপ্ত হইবার ভয়ে, এমন ভাবা অতিরিক্ত হইবে। বিশেষত মার্কিন যুক্তরাষ্ট্র এবং ইংল্যান্ডে মজুরির হার অত্যন্ত চড়া, ফলে অর্থনীতির সহজ সূত্র মানিয়াই বিভিন্ন সংস্থা ভারতে কাজ পাঠাইতেছে। ইহার ফলে এই দেশগুলিতে কিছু কিছু ক্ষেত্রে বেকারত্বের সমস্যা বাড়িয়াছে, ফলে কিছু জাতীয়তাবাদী গোষ্ঠী এই কাজচালান-এর চরম বিরোধী। তাহারা সুযোগের অপেক্ষায় ছিলেন এবং ভারত বিরোধিতার প্রথম সুযোগটিকেই কাজে লাগাইতে বিন্দুমাত্র দ্বিধা করেন নাই। যদিও দুর্নীতি বলিতেই তৃতীয় বিশ্বের দেশগুলির দিকে অঙ্গুলি উঠিয়া যায়, স্মরণে রাখা প্রয়োজন যে উন্নত দেশগুলিতেও দুর্নীতির বহু নজির দেখা গিয়াছে। যথা, এনরন কাণ্ড। ভারতে এক জন বি পি ও কর্মী অন্যায় ভাবে সংস্থাটির গোপন তথ্য ফাঁস করিয়া দিয়াছেন, এই ঘটনাকে নির্বিচারে ভারতের বিরুদ্ধে নিষেধাজ্ঞা আরোপ করিতে ব্যবহার করার প্রচেষ্টা হইলে তাহা হইবে প্রথম বিশ্বের বর্ণবিদ্বেষের একটি উদাহরণ।

24 JUN 2005

ANADABAZAR PATRIKA

Get tough on data protection Needed, New Law, Enforcement Agency

THERE'S an even chance that the latest business process outsourcing (BPO) scandal turns out to be a hoax. Even if investigations prove it to be too much ado about too little, the BPO industry has to raise the bar further on data security. While industry body Nasscom is doing good work in this regard, even maintaining a roster of BPO employees, the industry has to make more rigorous efforts to build and implement tough, industry-wide standards of data security and protection. The government must back it up with tougher laws and swift law enforcement to penalise errant behaviour. At stake is hundreds of thousands, potentially millions, of jobs in the BPO sector. They cannot be allowed to be pre-empted by data insecurity fears in the markets from where work is outsourced to India. The Information Technology Act 2000 prescribes as penalty for breach of privacy a fine up to Rs 1 lakh and/or imprisonment up to two years. This is wholly inadequate. Crooks' potential earnings from unauthorised use of data run to billions. And the damage that is done by way of undermining the credibility and health of the BPO industry is even larger. We need a separate data protection law, with tough penalties. That is the easy part of the job. Enforcing the law with despatch, to deter violation and inspire confidence is something else. A separate enforcement agency with the requisite skill, separate tribunals and high court benches are all valid options that need to be explored. The government must act on this front, and fast.

Sun's scandal has far too many loose ends to be credible without a whole lot of investigation. Did BPO worker Karan Bahree sell the *Sun* reporter authentic data or a bill of goods? Neither of the BPO units he has worked with handled financial data for the UK clients cited by *Sun*. Bahree reportedly got his data from a network of call centre workers. A few bad apples in the BPO barrel is entirely possible, but an entire network of workers with loose mouths and looser morals? To swallow that you need more than a mouthful of anti-BPO bias.

G-8 nations sell arms to oppressive regimes

The group accounts for 84 per cent of all worldwide weapon supplies

Richard Norton-Taylor

LONDON: Arms supplied by G-8 countries are being used by regimes that violate human rights, impoverish their people and fight their neighbours, a report by leading development agencies and campaigners warn.

The report urges G-8 leaders, who meet in Scotland next week, to take immediate steps to control the trade and support a British proposal for a global arms trade treaty that will close loopholes allowing governments and

dealers to bypass existing controls.

The countries — Canada, France, Germany, Italy, Japan, Russia, the U.K. and the U.S. — account for 84 per cent of all worldwide arms supplies, according to the report, published by Amnesty, Oxfam, and the International Action Network on Small Arms and titled *The G8: Global Arms Exporters*.

"The G8 states have a special responsibility for leadership in addressing the world's security problems," it says.

Both France and Germany have exported arms to countries which are meant to be subject to an E.U. arms embargo such as Myanmar, China, and Sudan. Russia, too, sells arms to Sudan as well as to Ethiopia and Iran.

Canada sells military equipment to the U.S. which uses them in weapons exported to countries, such as Colombia, which the Canadian government would not have approved, says the report.

Internal repression

In other examples, the report notes that despite severe internal repression by the Kenyan police, France has exported tear gas to the country — a trade sus-

• **Call for steps to control trade**

• **U.K. proposes global treaty**

• **Deals valued at \$28.7 billions**

ended by Britain. Italy has sold small arms to Algeria, as has Japan, a country which officially "does not export any arms whatsoever."

Japan in fact exports a significant number of small arms, including to Algeria, the Lebanon, and the Philippines, according to the report. Britain is increasing-

ly approving open-ended arms sales licences, including armoured vehicles to Algeria, Morocco, Pakistan, Syria, Saudi Arabia, and Turkey — where armed forces and police have committed persistent human rights violations.

The U.S. continues to export a wide range of military equipment to Israel and is increasing its military assistance to Pakistan despite risking an arms race with India.

Six of the G-8 countries are in the top 10 arms exporters in a trade valued at \$28.7 billions a year — "a paltry sum compared to the human, security, and development costs," says the report — and all export large

amounts of conventional or small arms.

Large donors

Many of the G-8 countries are large donors to aid programmes in Africa and Asia, notes the report. "However, continuing

arms transfers to developing countries undermine their pledges to relieve debt, combat AIDS, alleviate poverty, tackle corruption and promote good governance." Arms sales to un-

accountable and poorly trained military forces are used to suppress human rights, encouraging the brutal exploitation of resources and environmental degradation, it says. — ©Guardian

Newspapers Limited 2005

23 JUN 2005

THE HINDU

Threat of outsourcing exaggerated

Sectors such as retail and healthcare are likely to move very few jobs to poor countries

IF YOU read only the headlines, the future of globalisation may seem scary, indeed.

American jobs have already been heading abroad. And as telecommunications and more powerful computers enable companies to take even more jobs overseas, the service sector, which accounts for about 85 per cent of the U.S. workforce, will

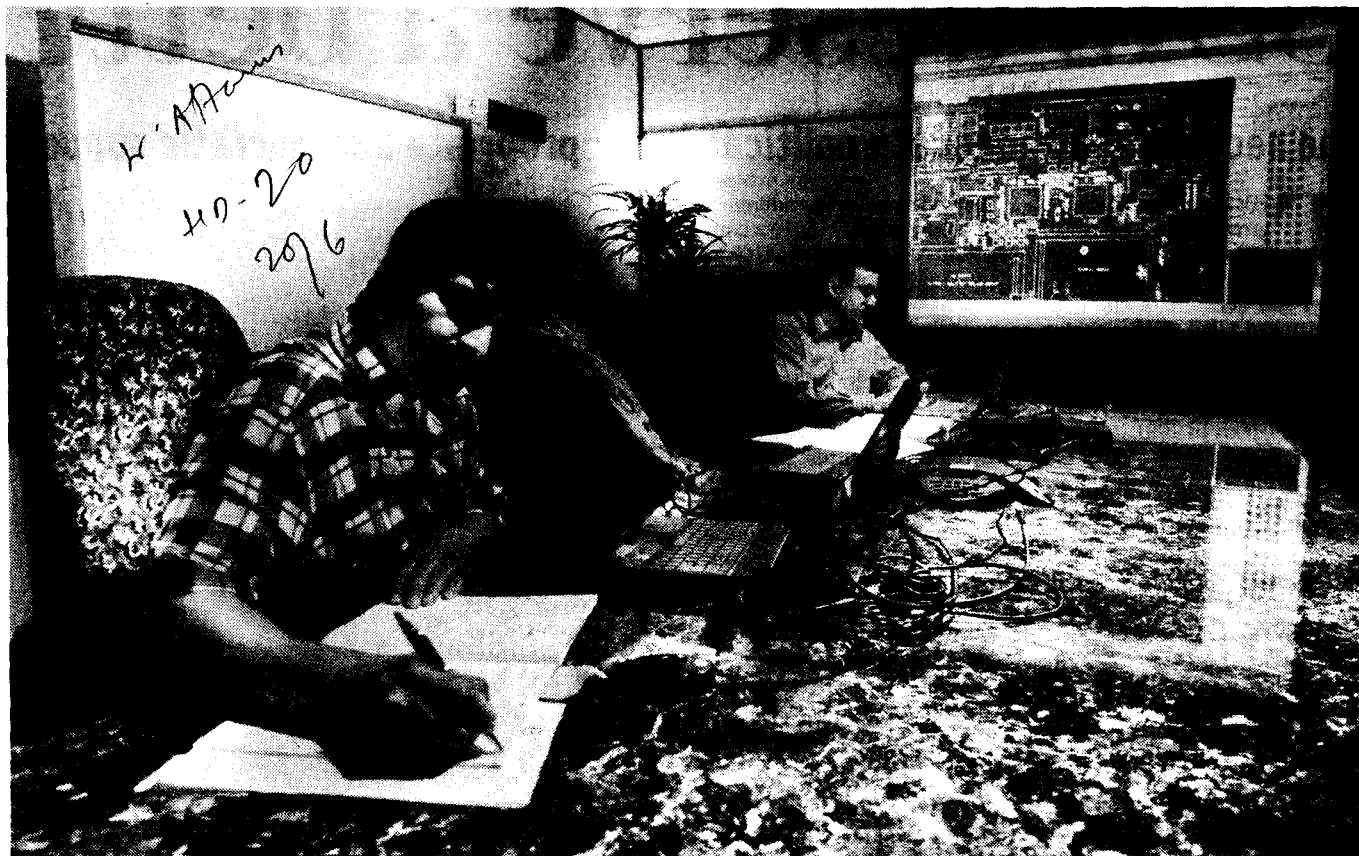
MANY BUSINESS PROCESSES ARE DIFFICULT TO SEPARATE INTO DISCRETE CHUNKS THAT CAN BE SENT AWAY.

be increasingly vulnerable to competition from the cheap labour pools of the developing world.

So the question looms: Is America on the verge of losing oodles of white-collar jobs?

Probably not. The threat of global outsourcing is easily overstated. The debate over the global competition for jobs is awash in dire projections. All those legal assistants in New York and Washington, for example, could be replaced with smart young graduates from Hyderabad, India. Office support occupations — jobs like data entry assistant, file clerk and the entire payroll department — could also be carried out in remote locations. "We are really at the beginning stages of this, and it is accelerating rapidly," said Ron Hira, assistant professor of public policy at the Rochester Institute of Technology.

In a study published this year, two economists at the Organization for Economic Cooperation and Development in Brussels, Belgium, estimated that 20 per cent of the developed world's employment could be "potentially affected" by global out-



NEEDLESS FEARS: A teleconference meeting from a company in California, with project managers in India. Though millions of service jobs can be moved abroad, only a fraction of them would actually be sent away. — AP Photo

American librarians, statisticians, chemical engineers and air traffic controllers, the study said.

What does "potentially affected" mean? Even if offshoring did not drain away all these jobs, global competition for employment — including workers in developing countries who earn so little by comparison — could severely dent the livelihoods of American workers. "It is not going to hurt in terms of jobs," said William J. Baumol, an economics professor at New York University who has studied the costs of globalisation. "It is going to hurt in terms of wages."

But even if millions of tasks can be done by cheaper labour on the other side of the planet, businesses will not rush to move every job they can to wherever the cost is lowest. The labour

market is not quite that global, and it is unlikely to be anytime soon. In a new set of reports, the McKinsey Global Institute, a research group known for its unabashedly favourable view of globalisation, argued that 160 million service jobs — about 10 per cent of total worldwide employment — could be moved to remote sites because these job functions do not require customer contact, local knowledge or complex interactions with the rest of a business.

Yet after surveying dozens of companies in eight sectors, from pharmaceutical companies to insurers, it concluded that only a small fraction of these jobs would actually be sent away.

The report estimates that by 2008, multinational companies in the entire developed world will have located only 4.1 million

service jobs in low-wage countries, up from about 1.5 million in 2003. The figure is equivalent to only one per cent of the total number of service jobs in developed countries.

Some sectors, like retail and health care, are likely to put very few jobs in poor countries. McKinsey estimated that less than 0.07 per cent of health care jobs in 2008 would be outsourced to low-wage countries. But even designers of packaged software, whose work can easily be done abroad, will outsource only 18 per cent of their jobs, the report said. Moving tasks to faraway sites is not simple. According to McKinsey's study, many business processes are difficult to separate into discrete chunks that can be sent away. Many insurance companies use information technology systems that

have been cobbled together over time and would be difficult to manage remotely. Managers can be unwilling or unprepared to work overseas. And sometimes the tasks that can be sent offshore are too small to make the move worthwhile. To top it off, there are not that many suitable cheap workers available.

Human-resources managers interviewed for the McKinsey study said that for reasons ranging from poor language skills to second-rate education systems, only about 13 per cent of the young, college-educated professionals in the big developing countries are suitable to work for multinationals. And competition from local companies reduces this pool.

—EDUARDO PORTER
—New York Times News Service

20 JUN 2005

THE HINDU

China next outsourcing hot spot

40% Of BPO Firms Surveyed In The US Plan To Begin Operations There

Houston: US buyers of outsourcing services are getting dissatisfied with offshore service providers, prematurely terminating contracts and struggling to harvest the full value of their outsourcing relationships, said a recent study.

However, many of those same companies plan to increase their outsourcing over the next 12 months, the study by Chicago-based management consulting firm, Diamondcluser International, showed.

The number of buyers prematurely terminating an outsourcing relationship has doubled to 51% while the number of buyers satisfied with their offshoring providers has plummeted from 79% to 62%.

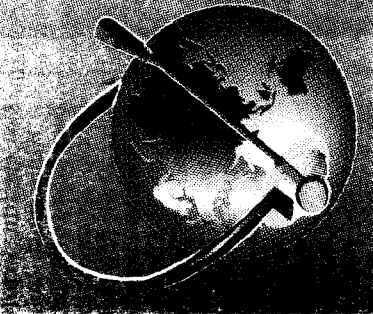
China will be emerging as the next outsourcing hot spot. In 2004, only 6% of survey respondents said they planned to establish offshore operations in China. Today, that number has soared to 40%, the study said.

"China is starting to look like India did 10 years ago," Tom Weakland, who leads the outsourcing advisory services at Diamondcluser, said.

"As outsourcing capability in China takes off, it will put deflationary pressure on the traditional providers of commoditised outsourcing services and set an entirely new price point. The most aggressive providers will decrease onshore outsourcing spending. Up to 7% will decrease onshore outsourcing spending."

RED ALERT

- ▶ Growing Chinese market will restructure pricing
- ▶ 51% of current contracts are prematurely terminated
- ▶ Satisfaction with offshore services down 79% to 62%
- ▶ China is starting to look like India did 10 years ago'



are establishing operations in China now to grab market share. Taking a wait-and-see approach is not an option," he said. Countries that appeared to have fallen out of favour, the study said, were Is-

rael and Russia. The study was the first in which any buyers were planning to reduce outsourcing spending. Up to 7% will decrease onshore outsourcing spending."

ing and 5% will do the same with offshore outsourcing. As for outsourcing's benefits, the re-allocation of internal resources to more critical functions was the benefit of outsourcing, 83% of buyers cited. Cost savings, generally considered the primary driver of outsourcing decisions, was only second in the study. "This finding underscores several things we see going on in the market," Weakland said. "Companies are learning that the tremendous cost-savings outsourcers have been promising are actually very difficult to achieve. And they are learning more about the cost of losing good people and the value of their institutional knowledge."

TRILATERAL SUCCESS

Russia, India And China Demonstrate Common Approaches

By DMITRY KOSYREV

5/8
11/6

The 2 June meeting of the Russian, Chinese, and Indian foreign ministers that took place in the Russian Far East, was seen as an international-level event by analysts following the intricate relationships within the triangle. However, the meeting appeared to be more than that; it was a tremendous success.

Foreign ministers Sergei Lavrov, Natwar Singh, and Li Zhaoxing, whose meeting took place at the assembly hall on the Pacific coast 19 km away from Vladivostok, agreed to draft an agenda for cooperation in the energy, transport, hi-tech and agricultural spheres.

Rapprochement

The ministers said businessmen from the three countries would convene in India early next year. Chambers of commerce will most likely organise the meeting. They also discussed the reform of the United Nations and developments in the Middle East and Central Asia, the places where issues related to oil and natural gas production, terrorism, and social tensions merge into one difficult knot. Once again the meeting showed the three governments shared approaches to those problems.

Significantly, the Indian minister said the three men got on very well. Those were more than polite words. Indeed, Russia has maintained friendly relations with both India and China whereas relations between the latter two have not been very simple.

The recent rapprochement between China and India, above all, in trade, which has already reached \$7.6 billion, explains the Vladivostok meeting's success.

The author is a political analyst associated with Ria Novosti

The two countries have stepped up cooperation although their dispute over a 2,000-km-long section of the border and territories with an overall area of 125,000 square kilometers has not been settled. Territorial disputes between Russia and Japan or between Japan and China

absolute trust for a long time.

New Delhi, however, believes that it has to maintain friendly relations with China to ensure that it does not become a rival in the future world order. Analysts have long discussed the two world powers' roles in a new world. Some suggest they will



look insignificant compared with the lands claimed by India and China. It is not so far clear when and how the conflict over Aksai Chin, China's disputed part of Kashmir, and Arunachal Pradesh, an area administered by India and claimed by China, will be resolved.

Cooperation

Therefore, the two countries' political elites have decided not to let the territorial disputes hinder economic and other bilateral ties, which can be seen as an achievement. However, China and India, the former foes that waged a military conflict in the early 1960s, will not enjoy

meet like two boxers in the ring, and only one country will emerge victorious, whereas others argue China's industrial capabilities will blend perfectly with India's successes in the hi-tech sphere.

Besides, India is not afraid of common interests in one and the same sphere with China or Russia, as it does not tie its hands in other areas. And China and Russia share the view.

The 280,000,000 people living in China's backward western provinces pose a major problem for Beijing. Trade routes to Central Asia are crucial for China as it seeks to develop those provinces. Therefore, cooperation

with New Delhi and Moscow interests China greatly.

Moscow believes it can benefit from its role as a mediator promoting rapprochement between its two allies. This role can prove to be a boon, particularly since both China and India need Russian oil and natural gas. Even Russia has not quite understood that China and India are evolving into main investors in the oil and natural gas sector, which is crucial for the Russian economy. Anyway, the trio should learn to talk all difficult things over rather than push each other around.

Permanent dialogue

Today, all trilateral talks seem to focus above all on Central Asia, which is crucial for Russia. The country has improved its positions there in the wake of recent unrests in Kyrgyzstan, which makes talks more specific.

Determining a range of issues to be discussed in the trilateral format was a difficult process. It took the three countries three meetings they held on the sidelines of international forums to finish it. The Vladivostok meeting showed the process had been completed successfully. We are actually witnessing the emergence of a new mechanism in Central Asia similar to permanent dialogue between Russia, France, and Germany (Spain has only recently joined it). Neither of them are anti-American alliances, but those set up to ensure the common interests of Europe and Asia, something they can only do themselves.

Moscow, Beijing, and New Delhi are yet to draw up a timetable for regular meetings. The foreign ministers have already stated that they will definitely hold another meeting. All they have to do is find the right place and time.

12 JUN 2005 THE STATESMAN

to Africa
28

A host of issues as G-8 Ministers meet in London

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Focus on proposal to cancel debt of poor countries

LONDON: The U.S. and Europe are complaining about cheap Chinese textile imports, Europe and Asia are worried about American overspending and everybody's concerned about the effect of high oil prices on the global economy — Finance Ministers from the world's wealthiest nations will have plenty to talk about when they meet on Friday.

While Britain's push for debt relief for Africa will be the focus of the two-day talks — which are expected largely to set the ground for next month's full summit of the Group of Eight leaders in Scotland — other topics on the agenda include counterterrorism funding and fair trade.

Oil prices, which rose sharply last year after a surge in global oil demand and remain about 40

per cent higher than a year ago, will take up some of the discussions among the G-8 — Britain, Canada, France, Germany, Italy, Japan, the United States and Russia.

The Ministers promised at their last meeting in Washington in April, when they warned that higher oil prices are a "headwind" to global expansion, to review progress made on improving oil market data, increasing medium-term energy supply and efficiency.

Refining capacity

A member of one European delegation said the G-8 would this time encourage greater investment in both refining capacity and exploration and production in an attempt to increase supply and reduce de-

mand tensions that have driven up prices and curbed economic growth.

China's currency, the yuan, is expected to be the subject of talks between the U.S. and China but, in the absence of central bank governors at the talks, foreign exchange issues are not likely to be mentioned in the official statement from the group due on Saturday.

Chinese Finance Minister Jin Renqing has accepted an invitation from British Treasury Chief Gordon Brown to join the meeting, where he is again expected to face renewed appeals to unhook the currency from its fixed peg to the U.S. dollar.

In a pre-emptive strike against expected complaints about its trade and budget deficits, the Bush administration

said on Wednesday that it was doing its part to deal with global imbalances by cutting its deficit.

Structural reforms

However E.U. Economic and Monetary Affairs Commissioner Joaquin Almunia said on Friday that Europe was doing its part to introduce structural reforms to address global imbalances.

Despite the busy agenda, much of the focus was on a British-American proposal to cancel billions of dollars in debt owed by the world's poorest countries.

Britain, which is hosting the summit of leaders in Scotland next month, wants the G-8 nations to cancel 100 per cent of the debt that poor countries owe to institutions such as the World Bank, the IMF and the African Development Bank. — AP

THE HINDU

Afro-Asian cooperation

A seemingly forgotten dream of cooperation between Asia and Africa appeared to revive when Presidents and Prime Ministers from both continents gathered at the Indonesian town of Bandung in late April and declared they had created a new strategic partnership to tackle global and regional issues.

As the 40-odd heads of government left the summit, commemorating the 50th anniversary of a famous non-aligned conference in the same city, one question lingered: Had this been another occasion for rhetoric, or were they going to make a serious attempt to loosen the strings that tied them to the West, and to look to themselves to solve their own problems?

The vision of Asia and Africa working together to eradicate poverty, and speaking with a common voice on global issues is at least 50 years old. Today, conditions are probably better than they have ever been for this vision to be realised – but a lot of work remains.

The Bandung meeting was convened by Indonesia to commemorate the 50th anniversary of the famous meeting in the same town in 1955, when the then giants of the developing world, Jawaharlal Nehru (India), Sukarno (Indonesia), Zhou Enlai (China), Gamal Abdul-Nasser (Egypt), Kwame Nkrumah (Ghana), and others had met to chart a course for their peoples independent of both the West and the Soviet Union.

With the resulting principles of “Bandung Spirit,” their meeting laid the foundation for the Non-Aligned Movement (NAM), an informal grouping of developing countries that aimed to be the voice of the developing world at the UN and other global bodies.

NAM – and the various other attempts at developing country solidarity that grew around it – never fulfilled its early promise. This was largely due to the inherent economic and political weaknesses of the developing countries. At the time, even leading members of the developing world were so dependent on the West for aid, trade, and investment that they were rarely in a position to help each other or work to reach common political and economic goals.

Politically, the developing world covered such a diverse range of voices, ranging from pro-Soviet Cuba to pro-Western Singapore, that it rarely spoke coherently except on issues that everyone could agree on such as the need to abolish apartheid.

Today, the political divisions of the Cold War are gone, and the modernisation of the Asian

The vision of Asia and Africa working together to eradicate poverty, and speaking with a common voice on global issues is at least 50 years old. Today, conditions are probably better for this vision to be realised but a lot of work remains to be done, writes THOMAS ABRAHAM



Indonesian President Susilo Bambang Yudhoyono (centre) leads Asian and African leaders along with Chinese President Hu Jintao (left) and Indian Prime Minister Manmohan Singh during a historical walk in Bandung. The walk was part of the golden jubilee of the 1955 Bandung summit that gave birth to the Non-Aligned Movement. — AFP

economies has provided an economic basis for cooperation. There is a deeply felt desire on the part of Asia and Africa to make their voices heard in today's unipolar world. Echoing some of the sentiments from the original Bandung conference, India's Prime Minister Manmohan Singh spoke for many when he said, “We account for over half of humanity ... yet we do not have a commensurate voice in the international institutions of the world.”

President Yudhoyono of Indonesia spoke in a similar vein, describing Asia and Africa as the “missing link” in global politics.

UN Secretary General Kofi Annan's also tapped into the spirit of the summit to urge the leaders of Asia and Africa to press for reform of the UN to make it more responsive to their needs. “If we are to make the world a freer, fairer and safer place for all its inhabitants, the institutions of the UN should reflect the world of 2005, not 1945, particularly the Security Council,” he said.

While the general spirit of cooperation was reminiscent of similar sentiments from 50 years ago, today's geopolitical and economic

realities render those hopes more feasible. The modernisation of East and Southeast Asia and the rapid growth in China and India have laid the basis for a meaningful trade and investment relationship between Asia and Africa.

Several times during the conference, attendees underscored the need for Asia and Africa to increase their global economic clout and make strategic use of their mineral resources and wealth through trade. And indeed, the potential exists: As a South African diplomat at the conference said, Asia and Africa contain 70 per cent of the world's mineral reserves, and Western influence in the diamond, gold, and oil trades could be eliminated through free trade between the continents.

Likewise, Dr Singh suggested that Asian and African countries deal directly with one another to trade in oil and natural gas, ending the reliance on Western multinational companies: “While our continents include both major producers and consumers of energy, the framework within which we produce and consume energy is determined elsewhere ... we must end this anomaly.”

the third-largest source of foreign direct investment in Uganda. Two years ago, buses manufactured by India's Tata Corporation rolled off an assembly line in Senegal for the first time. Malaysia's Petronas oil company operates petrol stations in South Africa and Botswana, and has oil production and exploration ventures in more than 10 African countries. These economic relationships have facilitated more solid political ties. The need for primary commodities to fuel the growth of the Chinese economy has seen a rapid expansion in trade and a growing political relationship.

In 2000, China launched a China-Africa cooperation forum, which led to the signing of an action plan in Addis Ababa in 2004. This plan also spelled out a role for China as a voice for African interests in the UN Security Council, with China pledging “as a permanent member of the UN Security Council” to “support proposals and positions of the African Union.”

In the 1950s, the leaders who met at Bandung saw a political and strategic need for cooperation. But without a firm economic basis, cooperation remained an abstract ideal. Now there are signs of a rapidly growing economic relationship between Asia and Africa. It is not hard to foresee the day when countries like China and India become the main markets for African producers of raw materials, and Africa emerges as an important market for basic Asian manufactured goods.

For this to happen, though, leading countries such as China, India, and Japan will have to follow through on some of the promises made at the summit. Of these, the most important are opening their own markets – even on a non-reciprocal basis – to products from poorer countries, as well as improving market access in general for trade between the two continents.

The test of these countries' true commitments to resurrecting the original Bandung vision will be the speed at which they dismantle the barriers to trade and investment among themselves.

The next Africa-Asia summit will be held in four years time in South Africa. If, by then, trade barriers have begun to fall, then this would provide the best prospects yet for the Asia-Africa relationship to become what President Yudhoyono of Indonesia described as a “true geopolitical and geo-economic reality.”

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According to the UN Conference on Trade and Development, this may be possible. UNCTAD has commented that a “new geography of trade” has emerged, with developing countries playing a major role in the expansion of global trade. The East and South Asia have become major markets for manufacturers, but more importantly, for primary commodities, which Africa is well placed to supply. In its latest trade and development report, UNCTAD notes the influence of Asian demand, not merely from China, on the rise in commodity prices in 2003.

The two regions also have in their favour an existing groundwork for increased financial interconnectedness. Several modernising Asian economies have also become major sources of foreign direct investment in Africa. China, for one, has been building relations with Africa for decades. According to the French monthly *Le Monde Diplomatique*, in 2004, China contributed more than \$900 million in foreign direct investment in Africa.

Other nations are now increasing their stakes in Africa's development. According to UN figures, India is

Hidden strings and free lunches

EVER since the US state department unveiled its new strategy for South Asia, of US helping India to become a world power in the 21st century, there is debate in this country about the costs of this trajectory. Many observers ask whether there are any hidden strings in this offer. There should be an objective assessment of US motives and a rigorous cost-benefit analysis of this offer. Talking vaguely about hidden costs should not become an easy alibi for drift.

The US does not hide its strategy. In a briefing on March 25, the US administration indicated that the world's largest democracy, situated next to China, next to Pakistan-Afghanistan, West Asia and Central Asia, is needed as a stabiliser in this region. Condoleezza Rice, in her address at Sophia University in Tokyo, talked of US-India, US-Japan and US-South Korea friendships serving to engage China and steer it towards integration into the international system. Unlike the Soviet Union, which the US dealt with through containment, China is to be dealt with through the strategy of engagement. The US sees China as a revisionist power as it does not accept values of democracy. The cold war was won without a shot being fired. A strategy of engagement has less probability of force being invoked than even the strategy of containment.

Today's world has six power centres — the US, China, European Union, Japan, Russia and India. Barring Japan the rest are all nuclear and missile powers. Japan has a military alliance with the US and is also in a position to transform itself into a nuclear and missile power at short notice. Except in respect of military action against developing nations — where the US is in a position



India must understand its leverage in the balance of power game

■ K. SUBRAHMANYAM

to act on its own ignoring other balancers — there is already a polycentric balance in the world, especially in respect of trade. Europe is able to impose sanctions on the US. There is an overall understanding that there would be no wars among the nuclear armed major powers. Therefore when the issue is raised about the cost to India of the US strategy of helping it to build itself as a major power, that calculation cannot be on the basis of our experience with a bipolar world but on an assessment of a polycentric balance of power system.

Germany, Japan and China, which were built up by US in its own interest, were former adver-

Whether in dealing with another power we run the risk of being let down does not depend upon the intrinsic nature of power but on prevailing circumstances. The US, Russia and France have all gone back on their word in respect of Tarapur fuel at various points of time. Russia reneged on cryogenic engines under US pressure. The ability to manage under similar circumstances depends upon India's resilience and so far it has not been found wanting.

Unlike other countries which have been used to the game of balance of power, Indian diplomacy has only known bipolar world and nonalignment as pol-

When the choice comes to whether the US or China should be the pre-eminent power, it is obvious where India as the third power will put its weight

saries with whom the US had fought wars. Yet when the US built them up they did not have any reservations in accepting US help. Now Germany and China often follow policies not in consonance with those of the US. Is the US in a position to impose penalties on them? All the US could do when it got angry with France, a beneficiary of the Marshall plan, was to boycott French wines and refer to "French fries" as "freedom fries". A polycentric balance of power system will give India far more flexibility and room for manoeuvre than the bipolar system did.

icy. The talk of hidden costs in dealing with the new US strategy arises out of unfamiliarity with classical balance of power diplomacy, our own past weaknesses and the fear of having to deal with the foremost power which has hurt our interests in the past.

India is not as weak today as it was in the past. The fear of dealing with the US is rooted in our inability to assess the global situation which has led to this change in US strategy and the leverage India has today. This fear is the high cost this country is incurring for its failure to cultivate sophisticated assessment capabilities.

There is a lack of understanding of the evolving situation in an increasingly globalising world in which the major powers are unable and therefore unlikely to go to war with each other. As India matures as a major market, as it sustains its democracy and remains free of Islamic fundamentalism, as it is able to contribute to knowledge based technologies and keeps adding to the Indian population in the US whose value is recognised, the country will represent a high stake in the balance of power game.

It is expected that by the middle of this century, the US and China will be the first two powers of the world, and India the third. The inter se ranking between US and China will to a great extent depend on India and how it plays the game. That is why both the US and China are placing high stakes on this country. In terms of civilisational inheritance, multi-culturalism and democracy, the US and EU have a lot to share. In terms of democracy, multi-culturalism, English language and highly skilled populations, the US and India will have a lot to share. Therefore while all six power centres are likely to balance each other there will be differences in the relative strength of relationships among pairs of powers without destabilising the overall balance.

If India were to choose among the other five, in spite of past history, it would in all likelihood favour US. When the choice comes to whether the US or China should be the pre-eminent power in the world system, it is obvious where India as the third power will put its weight. Therefore the costs in this game will depend on our assessment skills, diplomatic prowess, national productivity and ability to expand knowledge.

Clashing interpretations and policies

Vladimir Radyuhin

WHEN 57 world leaders gathered in Moscow for a spectacular military parade on May 9, the celebrations were a fitting tribute to the enormous sacrifice and decisive role of the Soviet Union in winning the world's bloodiest war ever. It was also a moment of personal triumph for Russia's President Vladimir Putin, who during his five-year-old presidency has reasserted Russia's standing as a great power.

U.S. President George W. Bush, Chinese President Hu Jintao, Japanese Prime Minister Junichiro Koizumi, German Chancellor Gerhard Schroeder, French President Jacques Chirac, and India's Prime Minister Manmohan Singh stood side by side with President Putin in the historic Red Square to salute Russia's medal-bedecked war veterans as they drove past in war-model trucks and to pay tribute to their decisive role in defeating Nazi Germany 60 years ago.

The pomp of the 60th V-Day was well justified if only because it was the last big WWII anniversary for the majority of the shrinking army of war veterans given their age and declining health. Even though Mr. Putin has hiked pensions for Russian veterans three-four times above the average level, he could not take away the pain they feel at seeing their great victory betrayed in the break-up of the Soviet Union and the collapse of the socialism they helped defend in the battlefields. But on May 9 they were again the proud heroes of the great nation that crushed Nazi Germany's war machine, basking in the respect and gratitude of the post-war generations. The V-Day celebrations in Moscow reminded the world of Russia's overwhelming

The 60th anniversary of Victory in the Second World War celebrated in Moscow last week was as much about the future as about the past.

contribution to the allied victory in WWII. The Nazi army suffered four-fifths of its losses in manpower and *materiel* at the hands of the Red Army. The Soviet Union paid a staggering price of 27 million to 30 million lives for the victory — one in every six Soviet people got killed in the Great Patriotic War, as the Second World War is known in Russia. Mr. Putin's parents barely survived, losing a child and more than half of their relatives.

Differing conclusions

Moscow festivities did more than pay homage to WWII heroes and sacrifices. They highlighted two clashing views on the lessons the world should learn from the War. For President Putin, the main lesson of the War is that evil triumphs when nations are divided as they were before WWII but it has no chance when nations join forces as they did in confronting Nazi aggression.

"We are invincible as long as we stand together," Mr. Putin said on May 9 addressing the world leaders gathered in Moscow. "Together we can safeguard the world from new terrible threats and challenges."

President Bush drew very different conclusions from the past war. His lesson was that democracy is more important than stability. He denounced the 1945 Yalta agreements between the WWII allies, which paved the way for the

establishment of the United Nations, a universal mechanism of collective security, as an "attempt to sacrifice freedom (of small European nations) for the sake of stability."

Mr. Bush's unstated suggestion was that the U.S. and Britain should have taken on the Soviet Union over democracy in Europe instead of signing the post-war peace pact. He stated in most clear terms that the U.S. would never repeat this mistake of choosing international stability over democracy.

"We will not repeat the mistakes of other generations, appeasing or excusing tyranny, and sacrificing freedom in the vain pursuit of stability," Mr. Bush declared during a visit to the former Soviet Baltic state of Latvia before attending V-Day celebrations in Moscow.

President Bush's trips to Latvia and Georgia, which bracketed his visit to Moscow, showed that the goal of the U.S. pursuit of liberty in the former Soviet Union is isolation of Russia.

Mr. Bush conveyed strong support for the Baltic states and Georgia, which have recently emerged as Russia's main opponents in the ex-Soviet space.

In Riga Mr. Bush voiced solidarity with the Balts' demand that Russia bring its apology for the years of "communist oppression" and Soviet "occupation," and in Tbilisi he pledged support for Georgia's bid to join NATO. Earlier he promised NATO membership to Ukraine, home of

another "velvet revolution" in the former Soviet Union.

He hailed Georgia, where a "rose revolution" brought a pro-Western regime to power a year ago, as a "beacon of liberty for this region and the world," and denounced Russia's closest ally, Belarus, as "Europe's last dictatorship."

"In recent months, the world has marvelled at the hopeful changes taking place from Baghdad to Beirut to Bishkek," Mr. Bush said in Tbilisi. "... Now across the Caucasus, in Central Asia and the broader Middle East, we see the same desire of liberty burning in the hearts of young people."

The world has indeed been reaping the consequences of the U.S. fundamentalist crusade for democracy in Iraq, and is now witnessing them in Central Asia, which totters on the brink of regional conflagration. The fire of "democratic revolution" the U.S. helped lit in Kyrgyzstan earlier this year has now spilt over to neighbouring Uzbekistan, where it predictably took the green colour of Islamist revolt last week.

Georgia's leader Mikhail Saakashvili, who offered Mr. Bush to be "America's main partner in spreading liberty and democracy in the post-Soviet space and the Middle East," clearly formulated the goal of this partnership: create a *cordone sanitaire* around Russia.

New Yalta Conference

In a keynote article symbolically carried in *The Washington Post* on May 9 Mr. Saakashvili called for "a new Yalta Conference" to create "a voluntary association of new European democracies" that "must extend the reach of liberty in the Black Sea region and throughout wider Europe." Russia, of course, has no place in this "new Yalta pact," which is nothing but a call for drawing new dividing lines in Europe.

Clashing interpretations of WWII reflected clashing policies of today.

"We have never divided victory into ours and somebody else's," Mr. Putin said on V-Day. The following day he demonstrated Russia's commitment to overcoming the post-war divisions in Europe by signing a breakthrough pact with the European Union to promote cooperation along four "road maps" that call for closer ties in the key areas of the economy, freedom, security, education, and science.

Mr. Putin called for building a united "Greater Europe" with Russia as its integral part.

"We want a Europe without dividing lines," he said. "Strategic partnership with the EU is an important priority for Russia."

The U.S. strategy is just the opposite. Its goal is to keep Russia out of Europe. First it pushed for NATO expansion towards Russia's borders, now it is supporting the attempts of the Baltic and East European states to put Russia in the dock over WWII legacy. It is also using this issue to widen a rift between the new members of NATO and the EU and the "old Europe" led by France and Germany.

The leaders of France and Germany both took advantage of Victory Day to pay glowing tribute to Russia's war sacrifices and reiterate their rejection of new fault-lines in Europe.

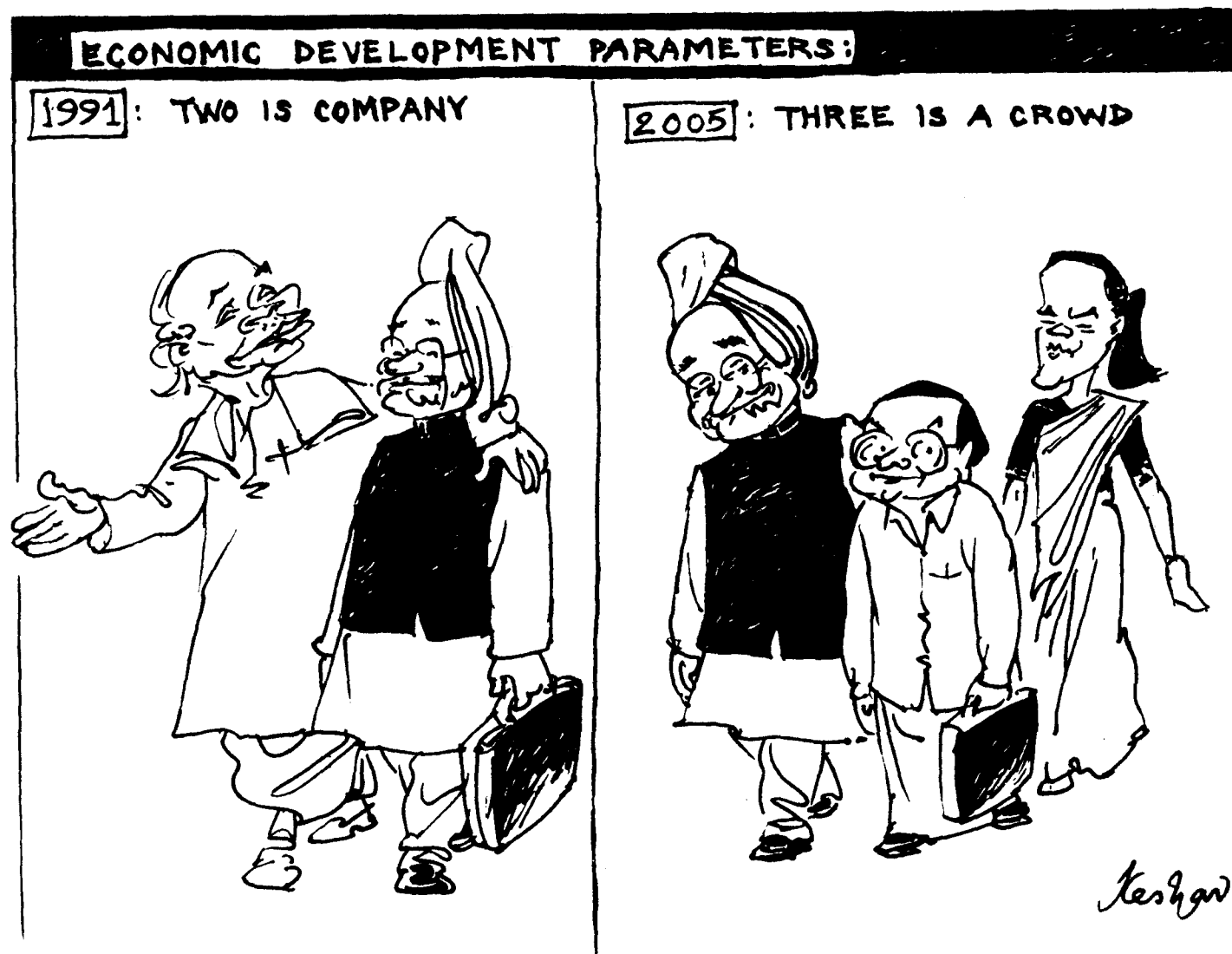
"An aspiring, peaceful Europe which has gained maturity in overcoming its tragedies, will be, not just a partner for great Russia, but its true friend," President Chirac said in Moscow.

V-Day celebrations in Moscow demonstrated that 60 years after the end of WWII the world once again stands at a crossroads: to build a new cooperative future as envisioned by the Yalta agreements or to follow the path of zero-sum games and confrontations that the world already covered during the Cold War.

Mr. Putin used V-Day celebrations to urge cooperation, not confrontation:

"It is our duty to defend a world order based on security and justice and on a new culture of relations among nations that will not allow a repeat of any war, neither 'cold' nor 'hot'."

CARTOONSCAPE





World Affairs 101 105

GRAND COMMEMORATION: About 60 heads of state and government and other dignitaries pay homage at the Tomb of the Unknown Soldier in Moscow on the 60th anniversary of the Allied victory over Nazi Germany in World War II. They include (from left) German Chancellor Gerhard Schroeder, Kazakhstan President Nursultan Nazarbayev, Chinese President Hu Jintao, Russian President Vladimir Putin, U.S. President George Bush, Canadian Governor-General Adrienne Clarkson, French President Jacques Chirac, United Nations Secretary-General Kofi Annan, Italian Prime Minister Silvio Berlusconi, and Japanese Prime Minister Junichiro Koizumi. Prime Minister Manmohan Singh is seen towards the centre in the second row. - PHOTO: AFP

Putin warns against "doctrine of violence"

Thanks wartime allies but emphasises Red Army's crucial role in defeating Nazi Germany 60 years ago

Vladimir Radyuhin

MOSCOW: Russian President Vladimir Putin on Monday urged vigilance against new violence-preaching doctrines of the kind that plunged mankind into World War II.

Flanked by world leaders at the Red Square here, he thanked Russia's wartime allies — the United States, Britain, France and others — for their assistance but emphasised the Red Army's

crucial role in defeating Nazi Germany 60 years ago. "The most cruel and decisive battles unfolded on the territory of the Soviet Union," he said. "We know that the Soviet Union in those years lost tens of millions of its citizens."

Prime Minister Manmohan Singh was among the 56 world leaders, including U.S. President George W. Bush, German Chancellor Gerhard Schroeder, Chinese President Hu Jintao, French

President Jacques Chirac and Japanese Prime Minister Junichiro Koizumi, who gathered here to pay tribute to the unparalleled sacrifice and overwhelming contribution of the Soviet Union to the victory in World War II.

They watched a spectacular military parade, with a march-past by soldiers dressed in World War II uniforms and continued with a ride by 3,000 Red Army veterans in trucks replicating wartime models. Crowning the

hour-long parade was an overfly by a squadron of Russian jets which left the white, red and white colours of the Russian flag hanging in the sky.

In his keynote speech, Mr. Putin warned the world to watch out for "the emergence of new lethal doctrines... that can become fertile soil for new threats. The lessons of the war send us the warning that indifference, temporising and playing accomplice to violence inevitably lead to ter-

rible tragedies on a planetary scale."

The reference to "violence" rather than just "terrorism" clearly broadened the notion of new threats to cover the U.S.-led war against Iraq.

"We must defend a world order based on security and justice, on a new culture of mutual relations which do not allow any repetition of either Cold Wars or hot wars," Mr. Putin said.

In another jab at the U.S., Mr.

Putin defended the right of nations to choose their path of development. "Our policy is based on the ideals of freedom and democracy and the right of every nation to choose its own path of development," he said. "Our policy is founded on trust and the search for civilised prospect for development for all peoples."

A bilateral meeting on Sunday between the Russian and U.S. Presidents was all warm hugs and broad smiles, but was cloud-

ed by an angry exchange on World War II. On a visit to Latvia on Saturday, Mr. Bush accused the Soviet Union of sharing the blame with Hitler's Germany for starting the war. Mr. Putin retorted in a speech that the Red Army was a liberator, not an oppressor.

Editorial on Page 10; More reports on Page 12

Commemorating a great victory

It was appropriate that the 60th anniversary of the Allied victory in the Second World War was commemorated in Moscow. While the forces of fascism tormented people in many parts of the world, their most devastating impact was on the inhabitants of Eastern Europe, especially the Soviet Union. With 27 million Soviet citizens killed in the course of the four-year conflict, the multinational socialist country lost about 14 per cent of its population. The destruction stands out in all its staggering scale when contrasted with the losses suffered by the western allies. The United Kingdom lost about 0.6 per cent of its population and the United States about 0.3 per cent. However, Russia's pre-eminent right to celebrate the victory is not based on sacrifices alone. After the fall of France and the Balkans and until the Anglo-Americans landed in Sicily, the Nazi war machine operated almost wholly in the East. Rommel's Afrika Korps was about the only major unit active in the western theatre. While the western allies faced 58 German divisions after landing in Normandy, the Soviet Union never faced fewer than 226 divisions. It was not sheer numbers or "Lend Lease" that enabled the Soviets to pull off their victory. They re-oriented their economy for the purposes of war; restructured their army; and mastered the art of combat in the age of armour. By the end of the war, there could be no doubt about the fighting ability of the Red Army soldier or the tactical skills of commanders such as Georgi Zhukov, Ivan Koniev, and Konstantin Rokossovsky. This was the force that destroyed 80 per cent of Nazi Germany's military power.

The West's failure to recognise the Red Army's overwhelming contribution towards victory is matched by its refusal to appreciate the enormous effort made by the Soviet Union to rebuild after the war. The Soviet system under Josef Stalin committed enormous blunders and several acts of cruelty as it sought to transform backward societies. However, contrary to western propaganda, it did not make into its *raison d'être* a policy of annihilating whole groups of people categorised as "sub-human." President Vladimir Putin has wisely refused to be apologetic. He has also been steadfast in his opposition to the attempt to create a new world order in which unilateralism and hegemonic impulses are allowed freer rein. In an effort to push back NATO's creeping encirclement of his country, Mr. Putin has once again tried to strengthen the Commonwealth of Independent States. Resurgent Russia has also reached out to countries such as China and India that could be major players on the world stage in future. These potential allies in the cause of multilateralism should never doubt Russia's strength.

10 MAY 2005

THE HINDU

Our common victory and its lessons

Vyacheslav I. Trubnikov

IN RUSSIA's calendar of memorable dates May 9, 1945, occupies a special place. The mere mention of Victory Day causes the heart of every Russian to be wrung. It is unlikely that even now – 60 years later – there is a family that was not scorched by the flames of war. The ordeals of the people of the Soviet Union revealed the greatness of the human spirit and manifested numerous examples of heroism and true patriotism. That is why this war (1941-1945) has gone down in the history of our country as the Great Patriotic War.

The celebration of the 60th Anniversary of the Victory has a symbolic significance both for the state as a whole and for its citizens. And there also remain the lessons the world community drew. It is no coincidence that ahead of the 60th Anniversary a hot debate has unfolded in many countries. Often, it is not merely an argument about how to interpret this or that event of the war period, but entirely opposite moral assessments of its outcome that have a direct relationship to the present-day European and world politics.

That is why, in discussing this theme, we also bear considerable moral responsibility to those who paid with their lives for the defeat of Nazism and to new generations learning about the war from textbooks and films. It is our responsibility to not only uphold the historical truth about the war, but also to fix firmly in public consciousness a correct understanding of its lessons.

World War II was indeed an epochal event. It was not only a global battle that exceeded in scale all the previous armed conflicts in world history. There collided in it not merely the different interests of states, and even not so much the different ideologies, but the diametrically opposed, irreconcilable approaches to the very basis of mankind's existence. For the first time in history, the stake was the preservation of the life of whole peoples. The gas chambers of Oswiecim (Auschwitz), Buchenwald, Salaspils and other death camps have demonstrated what fascism carried with it, what future its so-called new order had in store for the world. Those who, in some countries, today question both the significance of the Victory and the role of our country

The 60th anniversary of the victory in World War II should serve as a reminder of the need for unity in facing the challenges in the 21st century.

in it are forgetting that without it these countries might not have been on the map.

The essence of the attempts to distort the war history lies in a bid to assign the winners' laurels to the Western democracies and to belittle the role of the Soviet Union, while at the same time putting the blame on it for Hitler's unleashing of the Second World War.

As to the history of the pre-war period, there should be no forgetting the policy of appeasement of fascist Germany pursued by Britain and the U.S., that aimed at warding off aggression from themselves, directing it to the East, against the USSR. The crown of this policy was the Munich agreement of 1938.

Not an exaggeration

The assertions about an "exaggeration of the Soviet contribution to the cause of Victory" do not stand up to criticism. In 1944 the length of the Soviet-German front was four times greater than that of all the fronts where the USSR's allies, put together, fought. At the same period up to 201 enemy divisions fought on the eastern front, whereas only two to 21 divisions faced the American-British troops in the very same months. Even after the opening by the West of the second front the allies had 1.5 million men in Western Europe, while the Germans had 560,000. At the same time there were amassed 4.5 million German troops on the Soviet-German front, against whom 6.5 million Soviet soldiers fought. The Hitlerite forces sustained their major losses in the battles against the Red Army: 70 per cent of their manpower and 75 per cent of all their military equipment – tanks, guns, aircraft.

As Winston Churchill wrote: "It was the Russian army who tore the guts out of the German war machine." Now in our days the U.S. Presi-

dent George Bush echoes him, noting at the celebration of the 60th Anniversary of the allies' landing on Normandy: "If not [for] Russia, none of this would have happened."

We did not divide the Victory into percentages in 1945, nor do we divide it now. Together with our allies we marked the 60th Anniversary of the opening of the second front, together we shall celebrate the Jubilee of Victory in Moscow. All the allies of the anti-Hitler coalition won the Second World War.

It was our common victory with the Indian people's great contribution. We cannot but remember that the Indian Army numbered 2.5 million – the largest volunteer army in history at that time. India became a direct victim in this war, when Japanese troops invaded it through Burma. The Indian Army stopped the Japanese advance in the battle of Kohima (April-June, 1944), which was also a turning point in the land war against Japan. Moreover, the Indian military played a significant role in the South East Asian and Middle Eastern theatres. Today we pay a tribute to India's casualties numbered over 24,000 dead and 64,000 wounded.

But no one has the right to detract from the price our country and our people paid in the course of the war, to play down the enormity of the Nazis' crimes and make heroes of them.

The main outcome of the war is not just the victory of one coalition of states against the other. In essence, it is the victory of the forces of construction and civilisation over the forces of destruction and barbarity, the victory of life over death.

The war turned into the greatest tragedy for the peoples of Europe and the world, regardless of whose side their states fought on. Not a single family, not a single life story, was untouched by its consequences. It is the duty of historians to

tell the truth about this tragedy, but it should not serve as an object of political speculation. In the assessments of the war's outcome, no shift in moral guidelines should be allowed. Speaking in Oswiecim on January 27, 2005, President Vladimir Putin called deeply immoral the attempts to rewrite the history of the war, to equate the rights of the victims and the hangmen, of the liberators and the occupiers.

Together with the entire people, our diplomacy travelled its road to victory. The creation of the anti-Hitler coalition may rightfully be called the biggest diplomatic breakthrough of its time. The coalition became an example of the rallying of states of different ideologies and political systems in the face of a common mortal danger. Today, 60 years on, there is no need to simplify or embellish history. Each of the anti-Hitler coalition states pursued its aims, had its own national interests. The achievement of mutual trust did not come easy. But still, the participants of the coalition succeeded in rising above their differences. The opponents of fascism were united by a common understanding of the fact that evil had to be resisted together, sparing no effort for that, allowing no compromises, no concessions or separate deals. This lesson in full measure retains its relevance in our days as well.

The experience of the international brotherhood in arms during the war years is assuming particular significance in the conditions when a global challenge has again been thrown down to humanity. This time by international terrorism, which is no less dangerous and cunning than fascism. And no less merciless: thousands of innocent people have already become its victims. The foundations of civilisation have again turned out to be in jeopardy. Like fascism, terrorism has nothing to offer the world, but violence and scorn for human life, its preparedness to trample upon any, the most elementary norms of human morality for the achievement of its maniacal aims.

Coping with this kind of threat, just as 60 years ago, is only possible on the basis of solidarity and mutual trust. "Double standards" with regard to terrorists are as inadmissible as attempts to rehabilitate the fascists' accomplices. Giving terrorists a public platform for stating their man-hating views is as immoral and unnatural for contemporary Europe as the parades of former SS men in the countries claiming adherence to democratic values.

Our duty to those who paid with their blood for the sake of saving humanity from fascism consists primarily of putting a reliable barrier in the way of disseminating the ideas of intolerance and racial, national or religious superiority. The unity of the anti-terrorist coalition nations, harmonious development of relations between various nationalities and confessions, tolerance and mutual respect, the preservation of cultural diversity, an open, constructive dialogue of civilisations – these are the main conditions for victory over the forces of hatred and extremism.

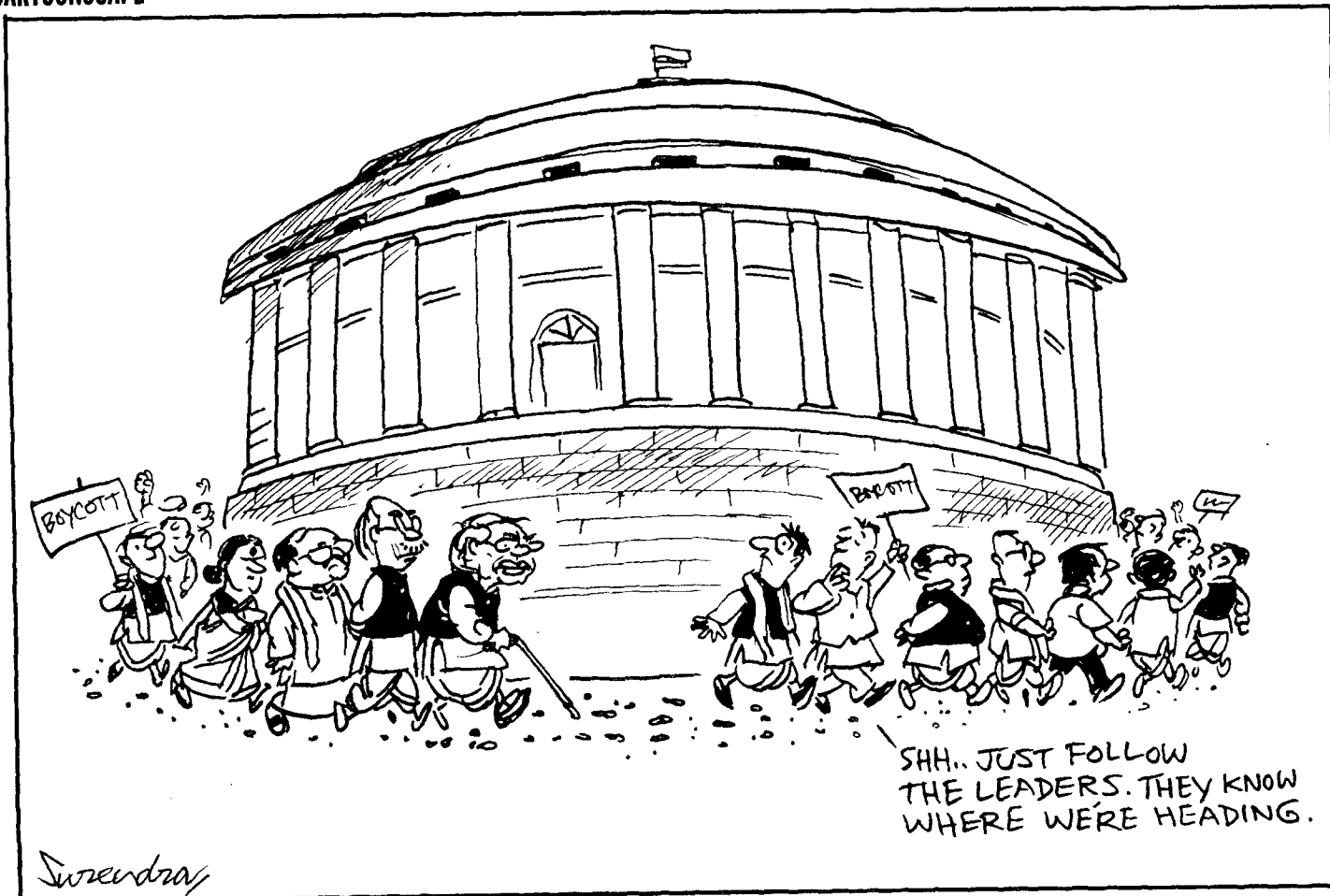
Neither do the lessons of World War II appear less relevant. The outcome of the war exerted a profound influence on the development of international relations. Even now, 60 years later, when the world has changed beyond recognition, the elements of the post-war arrangement of Europe and the world retain an enormous significance for the cause of safeguarding peace and security on our planet.

The striving to deliver humanity from the scourge of war for good inspired the nations of the anti-Hitler coalition to establish a global mechanism for safeguarding peace and security – the United Nations Organisation. Its Charter became a generally recognised basis of contemporary international law, and a fundamental code of conduct for states and international organisations. There is no alternative to the U.N. Charter, which stood the test of the Cold War, as the basis for shaping a new, secure and equitable world order in the era of globalisation.

The 60th Anniversary of Victory must not be a cause for confrontation or serve to settle old scores and reciprocal grievances. It must contribute to uniting all countries and peoples and serve to reinforce our solidarity in the face of the global challenges of the 21st century.

(The writer is Russia's Ambassador to India.)

CARTOONSCAPE



VE Day commemorated in city where Nazi surrender was signed

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Liberators of Europe will forever stay in the hearts of people, says French Minister

REIMS (FRANCE): French Defence Minister Michele Alliot-Marie on Saturday paid homage to the victims of World War II and said the liberators of Europe would forever stay in the hearts of its peoples.

Marking the 60th anniversary of the end of WWII in Europe in the ancient city where surrender documents were signed on May 7, 1945, Alliot-Marie said France and the world will forever be grateful to the generals and troops that defeated Nazi Germany after years of barbaric terror and oppression.

"On this memorable night, the night no one will ever forget, the objective set out by General de Gaulle was accomplished. This memorable night brought out the glory of the United States. The liberators, General Eisenhower and his men, entered history, ending years of German oppression, terror and folly," said Ms. Alliot-Marie in a speech prepared by Prime Minister Jean-Pierre Raffarin, who could not attend because of a gallbladder problem that required surgery.

"Forever in our hearts: the English pilots, the inhabitants of the bombed city of Coventry, the siege city of Stalingrad, the great people of the Soviet Union, nations of Central Europe, the women of Ravensbruck, all those who perished in death camps, all those who were so savagely oppressed," she said in the speech delivered at the Reims city hall.

Ms. Alliot-Marie kicked off the VE Day ceremonies earlier in the day with a visit to the room where surrender documents were signed 60 years ago. Ms. Alliot-Marie was accompanied by Albert Meserlin, a veteran U.S. Army photographer who served as personal photographer to Supreme Allied Commander Gen. Dwight D. Eisenhower, and



TRAIN OF EMOTIONS: A steam train with a Stalin portrait on its front and carrying Red Army World War II veterans arrives in a Moscow train station as part of the celebrations marking the 60th anniversary of the Allied victory over Germany, in Moscow on Sunday. The train had started seven days before from Belarus. - PHOTO: AFP

Susan Hibbert, the secretary who typed the text of the capitulation speech. - AP

Putin's grandma, brother died in World War II

Vladimir Radyuhin

MOSCOW: Russian President Vladimir Putin's family lost almost half its relatives in World War II.

Mr. Putin's grandma and brother died during the war along with "almost half of the mother's and father's relatives," the Russian leader said.

On the eve of the 60th anniversary of V-Day Mr. Putin for the first time told in detail the tragic story of his family that was shared by a majority of Russian families. Russia lost an estimated 27 to 30 million people in

World War II. He said his mother, who survived a three-year blockade in Leningrad, would have died had it not been for a bad injury his father suffered at the front.

"My father was recovering from a severe wound in a hospital in Leningrad and he shared his daily food ration with my mother who visited him in the hospital every day," Mr. Putin said in a TV programme on Sun-

day. The second time Mr. Putin's father saved his wife was after he was discharged from hospital and rushed home to find a burial team taking his wife to the cemetery along with several other corpses.

Mr. Putin's mother was still alive but unconscious and the caretakers said she would die anyway from exhaustion. Father took her home and nursed her back to health.

09 MAY 2005

THE HINDU

Leaders of Asia, Europe ask N. Korea to halt nuclear move

P. S. Suryanarayana

SINGAPORE: As international concerns rose over the suspected preparations by North Korea to conduct an underground testing of a nuclear weapon, the Asia-Europe Meeting (ASEM) urged Pyongyang on Saturday to "make a strategic decision so as to achieve the denuclearisation of the [Korean] peninsula in a peaceful manner through dialogue".

The long-winded diplomatic appeal, made by the Foreign Ministers of 38 countries or their representatives at the conclusion of a two-day meeting in Kyoto in Japan, was in effect a call to North Korea to take a "strategic decision" against testing a nuclear weapon.

The appeal formed part of a statement issued by the Chairman of the latest ASEM confer-

ence — the Japanese Foreign Minister, Nobutaka Machimura.

The "careful" political language used by Mr. Machimura is seen in the regional diplomatic circles as a reflection of the position taken by Japan as also some other countries that they had not so far obtained any "confirmation" that North Korea was indeed poised to test a nuclear weapon any time now.

Call for talks

Mr. Machimura said the Ministers urged the Democratic People's Republic of Korea (DPRK or North Korea) to "return to the negotiating table of the six-party talks without any further delay". These talks, aimed at dissuading DPRK from producing and deploying nuclear weapons, have remained stalled for several months. The six parties are the United States, North Korea, Chi-

na as the host, South Korea, Japan and Russia.

Expressing "deep concern" over the DPRK's statement on February 10 that it had indeed manufactured a nuclear weapon, the ASEM Foreign Ministers called upon all countries concerned to take "coordinated steps" to address all aspects of the nuclear issue in regard to the Korean peninsula.

On another major issue of direct importance to the ASEM countries, Mr. Machimura said the ministers "renewed their expectations" that Myanmar would take steps for the "development of democratisation process at the earliest possible time". Shorn of the diplomatic niceties, this was an appeal to Myanmar's military rulers to take steps to release all political detainees.

08 MAY 2005

THE HINDU

Bandung to Jakarta: Afro-Asian solidarity

Handwritten note: *Handwritten*

Manmohan Singh's recent call for horizontal globalisation can prove a rallying cry.

V.R. Krishna Iyer

PRIME MINISTER Manmohan Singh's impassioned plea for horizontal globalisation, at the recent Jakarta summit of Asian and African nations, brought memories of Jawaharlal Nehru. At Bandung, Nehru had initiated the Non-Alignment Movement and proclaimed resistance to the Big Powers and their economic colonisation

of the Third World. Now, at Jakarta, one of his successors demanded egalitarian democracy and questioned quasi-imperialist globalisation.

India is proud and yet humble that Dr. Singh is elected President of the Afro-Asian community with 106 nations — the New Asia-Africa Strategic Partnership (NAASP). In the context of the current global challenges, the Non-Aligned Movement has renewed

relevance. It can be a catalyst for assertiveness and an effective instrument to ensure that science and technology are no longer the exploitative monopoly of Europe and America.

India has now taken on a high responsibility. The countries of Africa and Asia have to awake, arise and stop not till equality becomes a reality. We cannot afford internal feudalism, bedlam, communalism.

In the last century, Jawaharlal Nehru was a majestic world statesman who was heard when he spoke.

Now, Dr. Singh, in all humility, speaks for Afro-Asian humanity, not in a spirit of chauvinism but one of solidarity. A new world order is waiting to be born.

Africa and Asia, if united as a social and economic conglomeration, will march with dignity and humanity.

CAPITAL TALK

The stalling of Parliament

Inder Malhotra

The question worrying those who still care is whether the world's largest democracy's Parliament is fated to be paralysed permanently? Judging by what is going on, this is by no means an alarmist cry, unless, of course, after its confabulations on Monday, the Bharatiya Janata Party-led National Democratic Alliance (NDA) sees reason and ends its obstreperous boycott of Parliament, leave alone the utterly intemperate articulation of its demand for charge sheeted Railway Minister Lalu Prasad's instant removal from the Union Cabinet. It has rejected not only Prime Minister Manmohan Singh's appeal for a rational discussion on the subject but also Lok Sabha Speaker Somnath Chatterjee's invitation to an all-party meeting.

To be sure, continuance in high office of anyone against whom a court of law, not the executive, has framed charges of massive corruption is a serious matter.

Indeed, in a sane and mature democracy such an individual would have resigned voluntarily. But, sadly, the Indian polity has forfeited the right to be called either sane or mature.

It has established its own perverse

norms. Under these, hardened criminals get elected to Parliament, even from behind bars, merely because they have not yet been convicted, which is easy to engineer, given the infamous judicial delays — another of India's dubious distinctions.

According to BJP president and Leader of the Opposition in the Lok Sabha L.K. Advani, it is perfectly all right for criminals to get elected as MPs but he does not want any of them to be appointed a Minister. This amounts to accepting the root and trunk of an evil but quarrelling over the branches and leaves. Nor is this the worst part of the dismal story.

BJP double standards

The BJP is living in a make-believe world if it thinks that the country is taken in by its self-righteous shouting and has forgotten its own double standards and duplicitous stand on the self-same question of "tainted Ministers." Were not Mr. Advani (then no less than Deputy Prime Minister), Murli Manohar Joshi and Uma Bharti "tainted" when they were charge sheeted by a court of law under some of the sections of the Indian Penal Code that Lalu Prasad has also attracted? Did Atal Bihari Vajpayee rise to the highest standards of democracy and immediately accept the demand for the

sacking of the trio? Of course, he did not

. And yet the BJP's propagandists have the cheek to accuse Dr. Manmohan Singh of "tainting" his own sterling reputation.

Some smart alecs in the saffron camp argue that Mr. Advani and his two colleagues were "charged only with political offences" whereas charges against the redoubtable Mr. Lalu Prasad are "criminal".

This is ridiculous rot. Neither the IPC nor the Criminal Procedure Code makes any such distinction. Moreover — and this is more important — in heaven's name, what is so political about one of history's worst acts of vandalism?

Indeed, how is the demolition of the

TO MAKE THE NATION'S APEX LEGISLATURE TOTALLY DYSFUNCTIONAL IS A REMEDY INFINITELY WORSE THAN THE DISEASE IT IS SUPPOSED TO CURE.

Babri Masjid at Ayodhya different from the destruction of the Bamiyan Buddhas by the Taliban of Afghanistan?

Nor can it be overlooked that Mr. Vajpayee also brought George Fernandes back into his Cabinet as Defence Minister, flying in the face of his and Mr. Fernandes' own solemn assurance to Parliament that he would return only after he had been cleared of the charges that had forced him to resign. The inquiry was still on when the restoration of "King George" took place.

'Coalition compulsions'

Let us face it. The problem of tainted

ministers has become very complicated because of what are charmingly called the "compulsions of coalition politics."

Mr. Lalu Prasad controls 29 votes in the Lok Sabha. A thick-skinned questioner who persisted in demanding of the Prime Minister what he was "going to do about Laluji," was told courteously: "I don't have the mandate to dissolve my own Government."

Under the circumstances, there are only two ways in which the undoubtedly important and festering issue can be resolved. Instead of disrupting Parliament, let the BJP and its allies discuss the matter rationally.

An agreement on the exclusion of charge sheeted persons from the Council of Ministers would not be difficult to reach, provided the principal Opposition party has the good sense and fairness also to assure the Congress and the country that it would not use Mr. Lalu Prasad's exclusion from the Cabinet to bring the Manmohan Singh Government down during the 14th Lok Sabha's term.

If this is too much to expect — as it surely is — there is an alternative. The Supreme Court is already seized of the matter, and it has taken note of several more cases, besides the one relating to the fodder scam. Let the apex court do the needful.

In any case, to make the apex legislature of the nation totally dysfunctional is a remedy infinitely worse than the disease it is supposed to cure.

In our neighbourhood military dictators alone have locked up Parliaments. Are self-proclaimed democrats going to perpetrate this monstrosity here?

Tailpiece

Many of the admirers of Pakistan's President here have started calling him "General New Heart."

07 MAY 2005

THE HINDU

MIGHT IS RIGHT

Superpower Accountability Is A Myth

By BIBHUTI BHUSAN NANDY

Handwritten: KND, Appoints, 5/16

The Presidential Commission on the use of botched up Intelligence by the Bush administration to justify the March 2003 invasion of Iraq submitted its final report last month. Laurence Silberman, a "compliant democrat and complicit conservative", who headed the enquiry, has predictably, let the president and his neo-conservative cronies off the hook, but has made the CIA scapegoat, squarely blaming it for all the intelligence bungling.

Release of the report itself was timed to ensure that its unpleasantness would not come up until after Bush had comfortably secured a second term. Unsurprisingly, the report has, therefore, attracted media not for what it has revealed, but for what it hasn't.

Speculation

The commission has held that in discerning the truth about Iraq's phantom weapons of mass destruction (WMD) programmes, the CIA ceased to operate as a professional intelligence agency and acted instead as a clearing house of rumour and speculation. In the overwhelmingly anti-Saddam environment, carefully contrived by George W Bush and his leading neo-con aides in the aftermath of 9/11, dubious defector reports that deserved to be instantly consigned to the trash can as fictitious stuff were accepted as eminently actionable information. In the puerile and paranoid intellectual atmosphere fed on Bush's constant anti-terror rhetoric was constructed the hypothesis of Iraqi guilt and every information that contradicted that hypothesis was dismissed as part of an elaborate Iraqi cover story.

The commission has rightly concluded that the CIA's assessments of the true status of Baghdad's WMD capabilities were "worthless or misleading" but the finding has not made people any wiser. For long the world had known all that. What is deplorably most striking is the way, in the face of overwhelming evidence to the contrary, the commission has given a clean chit to the policymakers, quashing any notion of political pressure having coloured intelligence reports. In a massive cover-up operation, it has claimed that it "found no evidence that political pressure from the White House or Pentagon contributed to the mistaken intelligence".

The commission has made the CIA a scapegoat, but as Maureen Dowd has pointed out (*The New York Times*, 31 March), in the run-up to the Iraq war, the product of the \$ 40-billion-a-year US intelligence establishment

was "moulded and manufactured to fit the ideological schemes of the neo-cons running the White House and Pentagon". Vice-President Dick Cheney, Defence Secretary Ronald Rumsfeld, his deputy Paul Wolfowitz, National Security Adviser Condolizza Rice and Presidential adviser Carl Rove had played a lead role in the disgraceful grab-Iraq en-

labs, drones and al Qaeda connections into Colin Powell's speech at the UN Security Council. The worst ever fraud was thus perpetrated by the neo-cons in Washington's corridors of power with impunity.

Initially, the CIA seemed not quite keen to go along with the neo-con conspirators. But as the war preparations progressed



terprise, and "massaged and manipulated" the intelligence to back up their pre-determined war goal. The international media had contemporaneously and comprehensively documented the details of how Cheney had linked up with CIA analysts at Langley in the summer of 2002 and how Douglas Feith set up the Office of Special Plans at the Pentagon to fabricate propaganda bolstering the administration's case for war.

Intelligence

One vividly recalls that the CIA's October 2002 National Intelligence Estimate on Iraq, that leaned heavily on the "sexed up" British intelligence, was published almost two months after President Bush had made his decision to invade Iraq. In other words, intelligence didn't shape policy, but was ex post facto used to justify the planned unilateral Anglo-American military intervention in Iraq. The Office of Special Plans turned to Ahmed Chalabi, a convicted US-based Iraqi banker, whose Iraqi National Congress obliged with information that has been debunked as exaggerated or fabricated. A hard-drinking relative of a Chalabi aide was a secret source, code-named Curveball.

The wretch claimed to have verified Saddam's non-existent mobile weapons labs. That was taken as gospel truth, despite multiple warnings from different quarters about the unreliability of the man. Cheney and his scheming minions included their fabrications about Saddam Hussein's aluminium tubes, weapons

seriously, bypassing the Agency, and troops and aircraft carriers started taking forward positions for battle it fell in line, agreeing that Iraq was indeed pursuing a nuclear weapons project.

At one point the commission unwittingly admitted, albeit in a classic understatement: "It is hard to deny the conclusion that intelligence analysts worked in an environment that did not encourage scepticism about the conventional wisdom". But then, it has brazenly, if unconvincingly, insisted: "The analysts who worked on Iraqi weapons issues universally agreed that in no instance did political pressure cause them to skew or alter any of their analytical judgements". Clearly, the neo-cons had not only pressured CIA analysts into making out a case for invading Iraq, but also successfully persuaded the commission to whitewash their guilt at the expense of the intelligence community that cannot go public.

Like the presidential commission in America, the Butler Commission in the UK carried out a charade of investigation into British intelligence failures. It was totally averse to any notion that pressure from policy makers had produced the dangerously flawed analysis of Iraqi WMD programmes.

In effect, its report is also seen as nothing more than yet another whitewash that has shifted the blame for the distorted intelligence spin away from Prime Minister Blair and placed it squarely on the shoulders of the British secret service. If in the process David Kelly was driven

to desperation and ended his life that was of no moment or consequence to Blair and his regime, occasional Labour backbench hiccups notwithstanding.

The Bush-Blair war against Iraq war was an entirely elective war, and not a conflict of necessity. In their rush for regime change in Baghdad, the duo blithely violated not only every known principle and practice of international law and the moral code of their own democratic constituencies, but also destroyed the intellectual integrity of their respective intelligence systems.

Heavy toll

The presidential commission says that the CIA was "dead wrong" when it came to assessing Iraqi WMD capabilities, although "it is George Bush and Tony Blair who pursued a war on such blatantly false premises". Their disastrous policy has reduced much of Iraq to rubble and triggered a raging insurgency in that country, besides taking a toll of 1,500 American, nearly a hundred British and thousands of Iraqi civilian lives.

It is laughable that the report has made scathing criticism of the CIA, though it did all the distortions at the bidding of the White House and Pentagon. Ironically, despite all the gerrymandering by the neo-cons, the American people have legitimised the illegal war by reelecting George Bush as the president of the United States for a second term. And, from all indications, in Great Britain, Tony Blair too is poised to secure a rare consecutive third term in the upcoming general election scheduled early next month.

The other war criminals too have been duly rewarded for their labour. Cheney remains the vice-president and Rumsfeld the defence secretary. Cheney's Hel-liburton has grabbed many oil and reconstruction contracts in war devastated Iraq. Condolizza Rice has been made secretary of state.

Paul Wolfowitz, who had projected the takeover of Iraq as a cakewalk, will now run the World Bank. Bob Joseph, Rice's national security aide, who had put the bit about clandestine import of uranium by Iraq in the state of the union address, has become under secretary of state. George Tenet, who was the CIA director when Al Qaeda attacked the US on 11 September and when Saddam's nuclear weapons programme gained credibility out of nothing, would not have outlasted the commission's castigation of the Agency, had to resign, but he was decorated with the Medal of Freedom.

Truly, in today's uni-polar world might is right and superpower accountability a myth.

The author is former Additional Secretary, Research and Analysis Wing

2005

THE STATESMAN.

Despite wily attempts to split the G-4, unity holds the key to Security Council reform

Power politics

BY BRAHMA CHELLANEY

AT A time when a major power game is being played out over the proposed UN Security Council expansion, Japanese Prime Minister Junichiro Koizumi's visit to New Delhi from Thursday is significant. It comes without the media craze that accompanied the recent visits of Wen Jiabao, the main deputy to China's top autocrat and Pakistani military ruler Pervez Musharraf. Japan, however, can aid Indian interests more than China and Pakistan combined.

Japan remains the world's second largest economy, far ahead of China. In fact, Japan alone represents 60 per cent of Asia's GDP today. Technologically, it remains a giant. As a high defence spender maintaining Asia's most powerful navy, it appears set to re-emerge as a 'normal', or even a great, military power.

A strategic partnership with Japan can greatly advance Indian interests and ensure power equilibrium in Asia. At a time when Beijing's officially scripted anti-Japanese protests are bound to prompt a rethink in Japan about the advisability of continued investments in China, India should be aggressively wooing Japanese businesses to shift at least some of their mammoth investments to its secure location. India's need for Japanese technology and investment is obvious.

However, for reasons rooted in its enslavement for more than eight centuries by a succession of foreign aggressors and its post-Independence wars, India gives more respect to adversaries than to friends. Had China not set out in 1962, in the words of Chou En-lai, "to teach India a lesson", would New Delhi today be pursuing a relationship with Beijing bereft of equality? The joint statement at the end of Wen Jiabao's visit, for instance, one-sidedly recorded in depth India's commitment to a one-China policy, without any reciprocal Chinese pledge to a one-India policy or even a passing assurance on India's territorial integrity.

Had the much-smaller Pakistan not kept India under constant pressure through overt and covert wars, New Delhi would probably have treated it with much the same condescension it handles Nepal. Musharraf came out a double winner for masterminding Kargil and the IC-814 hijacking: not only has India assiduously extended its hand of friendship and feted him from Agra to New Delhi, it has also helped shore up his legitimacy, to



UN-BALANCED: A newspaper picture of Hu Jintao (R) and Junichiro Koizumi

the extent that his international stature now surpasses that of any post-1989 Indian leader.

Rapprochement with adversaries can certainly advance national interests. However, successive governments, eager to contrive foreign policy 'successes', have sought to pursue rapprochement through gratuitous hype, embellishment and overzealousness, often falling victim to their own vehemence and hyperbole. With the aid of an uncritical media, every high-level visit (except when it publicly backfires like at Agra) has been presented as the dawn of a new era of rapprochement with either Pakistan or China. But it doesn't take long before the realities hit home. After the ingratiating handshakes, overstatements and *kebabs* that greeted its dictator in New Delhi recently, Pakistan has stepped up its campaign to block India's UNSC ambitions.

With the issue of Security Council reform now heating up, sobriety, prudence and balance have assumed greater importance for India than before. At a time when it needs to marshal wide support, the inordinate time it has spent in recent years trying to befriend foes stands out in contrast to its parsimony in cultivating friends.

It is still not clear whether India wishes to build and utilise world power, or merely seeks to be acclaimed as a great power. Under an economist PM, India has seen its economic growth rate slow down, and its defence spending decline to 2.35 per cent of GDP. Instead of a concerted national effort to develop hard power, India has exulted at any laudatory reference to its importance. It seems so easy to massage the Indian ego that Condoleezza Rice's description

of India as "a major world power in the 21st century" has helped mute Indian reaction to the F-16 sale to Pakistan and excuse the US reluctance to support India's UNSC bid.

India yearns for permanent seat status because it offers a short-cut to enduring acclaim—the halo of international power, even in the absence of true world power. The good news for it was the formation of the G-4, with Japan, Germany, Brazil and India joining forces to lobby for permanent seats. The group now plans to table a General Assembly resolution in September to force a vote on expansion. The bad news is that China, the US and Russia have come out against the Annan reform plan, opposing 'artificial deadlines' for expansion and demanding the broadest consensus, not a vote. Consensus is a stratagem to kill expansion.

If the UN's September summit yields no result, a new strategy to force an expansion will have to be devised. This India cannot do on its own: it neither wields the financial leverage that Japan and Germany have over the UN, nor can it match the support they can rally among member-States. Unity is critical in the face of wily attempts to split the G-4. One glaring attempt has been China's support to Brazil and Germany while belligerently seeking to block Tokyo's bid. The US, conversely, has extended open support only to Japan's bid.

For China, the prospect of its Asian peers, Japan and India, joining the council's permanent membership is a strategic nightmare. It will undercut its goal to dominate Asia. The issue of expansion, already tied to the sharpening competition for global influence and resources, has the potential to deter-

mine the future strategic picture—a unipolar or multipolar Asia. In stridently opposing Tokyo's bid, China feels no similar need to go against New Delhi's candidacy, because if Japan cannot join the council, nor can India, because at issue is the inclusion of the G-4 States plus two from Africa. So, why would China take on both peers when opposing one will suffice?

In New Delhi, Wen Jiabao played a clever but ominous game of proclaiming half-support to New Delhi's bid (as good as a non-endorsement) while bluntly laying out what lower-level Chinese diplomats had hinted at for weeks: China will not allow Japan to assume a permanent seat until it "faces up to history squarely". More than his action in pouring cold water on India's embarrassing claim that China will be 'pleased' to see it become a permanent member, it was Jiabao's wanton use of Indian territory to attack a natural ally of India that set the stage for China's officially sanctioned anti-Japanese mob protests—a double-edged sword that could one day help turn Chinese citizens, after their taste of popular power, against their own Leninist rulers.

China's verbal assault on Japan exemplifies the obstacles to council expansion. But it also raises questions about Beijing's selective remembrance. Before asking Japan for yet another apology for its atrocities during World War II, shouldn't China face up to its more recent history of naked aggression and apologise to the Tibetans, Indians and Vietnamese? The Beijing military museum holds India responsible for the 1962 stab-in-the-back, while Chinese textbooks preach nothing but hatred towards Japan and paint India negatively. And how about an apology for China's covert transfers of nuclear-weapon designs and missiles to Pakistan—a conduct that calls into question its right to keep its council seat?

With council expansion running into growing resistance from entrenched interests, the G-4 will have to up the ante. One option would be for the group, along with South Africa, Egypt and may be Nigeria, to withdraw from all UN activity for two years from 2006. With Japan alone contributing nearly 20 per cent and Germany about 9 per cent to the UN budget, compared to China's trifling 0.1 per cent, this action will spell financial and political trouble for the UN. No action, however, can yield results without complete unity.

27 APR 2005

27 APR 2005

THE HINDUSTAN TIMES

India to mark UK papers

Press Trust of India

LONDON, April 25. — In the latest service to be outsourced to the country, India has received a £2-million contract from Britain for marking General Certificate of Secondary Education examination papers in History, French, German and Italian subjects.

AQA, one of the UK's three main examination boards, reached the contract with a private party in India, sources said.

After the finals this summer, there will be around 5,00,000 papers to be marked, the

sources said, adding that papers are put into digital form and e-mailed to India, were to be marked and then sent back here.

The reasoning is the same as with the outsourcing of directory inquiries, phone banking, medical records and legal documents. Examiners' emoluments are five times cheaper in India than in Britain, they said.

The general secretary of the Secondary Heads Association has described the sending of papers to India as "a desperate act to hold a sinking system." According to the AQA, papers for "one-word" answers to be marked are sent to India.

26 APR 2005

Outsourcing of X-rays in a spot

S. Rajagopalan
Washington, April 25

RADIOLOGY SERVICES that are now being outsourced to India and some other countries by American hospitals could be in jeopardy if Bills introduced recently in the US Congress go through.

Senator Hillary Clinton and Representative Edward Markey have moved Bills that will require the consent of patients before their X-rays, CT scans and MRIs are sent abroad for reading.

A similar Bill is pending in California. Bangalore-based Teleradiology Solutions is one of the popular overseas radiology outfits employed by US hospitals. Other countries tapped for radiology services include Australia, Switzerland, Brazil and Israel. "Patients have the right to know, and the right to say no, before their X-rays or other private

health information is offshored to countries that lack strong privacy standards", Representative Markey told *Washington Post*. In addition to concerns over protection of personal health information, opponents of outsourcing in this area are raising questions over the competence levels of personnel handling the job thousands of miles away.

But hospitals and doctors regard it as the best option available for urgent X-ray readings in a country short of radiology personnel. This offshoring, it is being argued, is driven more by considerations of time zone advantage than cost reduction. Instead of rousing a bleary-eyed staff radiologist at night, the US hospitals now find it much simpler to electronically transmit the pictures to India and elsewhere across the time zone and get the urgently needed reports fast.

26 APR 2005

THE HINDUSTAN TIMES

Afro-Asian leaders renew old bonds

REUTERS

BANDUNG, APRIL 24

ASIAN and African leaders endorsed on Sunday a new strategic alliance aimed at boosting trade and tackling poverty as they tried to revive bonds that launched a Third World movement a half-century ago.

Leaders of nations from South Africa to North Korea came to this former Dutch colonial hill station on Sunday to honour political pioneers who set the stage for the Non-Aligned Movement (NAM) 50 years ago. Indonesia's President Susilo Bambang Yudhoyono and co-host Thabo Mbeki signed a declaration creating a trade alliance that leaders of most of the two continents' countries, including Chinese President Hu Jintao and Japanese Prime Minister Junichiro Koizumi, had agreed on Saturday.

"... The Bandung spirit has been a guidance, and a rallying cry, for generations of Asian and African leaders," Yudhoyono said, referring to the 1955 meeting. "It was this same spirit that inspired us yesterday, in Jakarta to establish a New Asian-African Strategic Partnership" that "would pool together the vast resources, and the tremendous creative energies of Asia and Africa".

Arriving from Jakarta in a fleet of jetliners, leaders and representatives of some 100 countries earlier retraced the steps taken by the heads of 29 Asian and African governments who met here in 1955 to seek a path apart from the Soviet and US sides of the Cold War divide. Under a sky flecked with large white clouds the leaders walked the short distance from a hotel to the colonial-style white and gold Gedung Merdeka (Freedom Building) where the 1955 Asian-African summit discussions took place.

The 1955 summit was the first major one of what would come to be called the Third World. Historians say it led to the organisation of a formal global Non-Aligned Movement in 1961. The Bandung celebration came on the heels of an Asia-Africa summit in Jakarta, a two-day conference intended to rekindle the spirit of the



PM with Chinese and Indonesian Presidents at the Bandung conference on Sunday. Reuters

original. The Jakarta meeting's declaration got a final blessing inside the cavernous Gedung Merdeka, site of the original meeting.

The Jakarta summit's formal sessions ended on Saturday with the declaration outlining steps to increase Asian-African trade, economic and cultural links. Africa may benefit the most from the fresh effort to forge links between the two continents. Asia has four times Africa's population, but its GDP is roughly 14 times Africa's.

The declaration, after two days of talks in Jakarta attended by the leaders of three-quarters of the world's population, pledged to boost trade and investment ties and stressed multilateral approaches to solving conflicts.

The "New Asian-African Strategic Partnership" will also seek to address issues such as terrorism, weapons of mass destruction and organised crime, the four-page declaration said. It commits countries to meeting internationally agreed targets for poverty eradication, development and growth.

Foreign ministers from the two

continents will meet every two years and heads of state every four. The next summit will be in South Africa in 2009. But Asia's diplomatic rows and old rivalries took centre stage in Jakarta, including a spat between economic giants China and Japan over Tokyo's World War II aggression.

Prime Minister Junichiro Koizumi of Japan, which seeks a broader leadership role in world affairs, apologised on Friday in a speech to the summit for his nation's wartime past and pledged to double aid to Africa.

Japan and China stole the limelight again on Saturday as Koizumi met with Chinese President Hu Jintao in an effort to ease tensions. Military-ruled Myanmar's top general was also present, refusing to budge on democratic reform despite growing pressure from the UN and fellow Southeast Asian nations. And the number-two leaders of North and South Korea met twice, the highest-level contacts in five years, but there was no breakthrough in the crisis over Pyongyang's nuclear programme and stalled bilateral dialogue.

Manmohan Singh represents Asia at Bandung ceremony

BANDUNG: PM Manmohan Singh on Sunday represented Asia at a special ceremony to sign the New Asian-African Strategic Partnership here. Singh was chosen to speak on behalf of Asia at the ceremony attended by leaders of 106 countries to commemorate the 50th anniversary of the historic Bandung Conference. The organisers had decided that only one leader will speak on behalf of a continent. While India was asked to represent Asia, Namibia represented Africa at the ceremony. Singh declared that NAM remains a "valid and effective instrument" to ensure creation of "a more just and fair" global order and stressed for its revitalisation. Singh said the global trading system should be made more sensitive to the needs of poorer countries. Singh asked the Asian and African countries to "ensure that the architecture of international institutions is democratised and made more representative".

—PTI

25 APR 2005

INDIAN EXPRESS

Afro-Asian pact to build bridges

THE JAKARTA POST/ANN 24/4

JAKARTA, April 23. — Leaders from Asia and Africa today struck what they called a historic deal to build economic and political links and the South African President, Mr Thabo Mbeki, said millions of their people expected real action.

The declaration, after two days of talks in Jakarta attended by the leaders of three-quarters of the world's population, pledged to boost trade and investment ties and stressed multilateral approaches to solving conflicts.

"The declaration of the new Asian-African strategic partnership is a milestone," Indonesian President Mr Susilo Bambang Yudhoyono said in a closing speech.

Mr Mbeki, who co-chaired the meeting with Mr Yudhoyono, warned that the hard work of implementing the agreement lay ahead.

"We have the responsibility to follow up on all of this," he told the gathering of presidents, kings and ministers from 100 African and Asian nations.

"The 1955 Bandung Conference remains as a beacon in guiding the future progress of Asia and Africa," according to a copy of the declaration.

"We recognise that the current global situation and the prevailing conditions in Asia and Africa necessitate the need to actively pursue a common view and collective action to ensure the equitable sharing of the benefits of globalisation," the declaration said.

The partnership declaration calls for nations to work together to address issues that threaten the security of the region, such as armed conflict, weapons of mass destruction, transnational organised crime and terrorism.

Giving expression to their "new political will", the leaders said that NAASP would be the framework to build a bridge between the two continents covering three broad areas of partnership — political solidarity,



Dr Manmohan Singh signs the declaration on Saturday. — PTI

TSUNAMI WARNING

JAKARTA, April 23. — Asian and African leaders today agreed to establish a tsunami warning network to prevent a repeat of the disaster in which 220,000 people died in December last year.

Plans for a "multi-nodal" system, which would see warning centres established across Asia and Africa, were endorsed by 89 heads of state, ministers and officials from both continents at a two-day summit here. The leaders said they would work together to establish a standby arrangement for disaster relief and emergency response and create networks for information exchange.

— The Jakarta Post /ANN

economic cooperation and socio-cultural relations, adds PTI.

"The strategic partnership provides a momentum in achieving peace, prosperity and progress" and will be based on nine principles and ideals, the leaders said at the conclusion of their summit.

More Afro-Asian Summit reports on pages 10 & 11

24 APR 2005

THE STATESMAN

BPO: India has the competitive edge

NA 10-16
K. Aravin BPO

Facing challenges such as attrition and an imbalance in the demand and supply of skilled workforce

Staff Correspondent

MUMBAI: India's business process outsourcing (BPO) industry, the 'sunshine' industry, has been going through rough waters, in spite of more high-end processes being outsourced to India and security issues being addressed. It has been facing daunting challenges such as attrition as high as 20-80 per cent and an imbalance in the demand and supply of skilled and talented workforce.

At the two-day Global Offshoring Outsourcing Summit 2005 (GOOS 2005) held here and organised by the Indo-

The BPO industry is capital intensive and requires huge additional capital infusion to fuel its growth.

American Chamber of Commerce, strong recommendations were made for the Indian BPO industry. The theme of the summit was 'Offshoring: The scaling challenge'.

According to a McKinsey report, the Indian BPO industry is set to grow up to \$1.2 billion from \$0.3 billion in the next two years.

However, with the services industry growing at 10-11 per cent with emerging careers in the hotel, airline and banking industries, the Indian BPOs are likely to face a manpower shortage espe-

cially at the mid-management level by 2008.

Serious threats

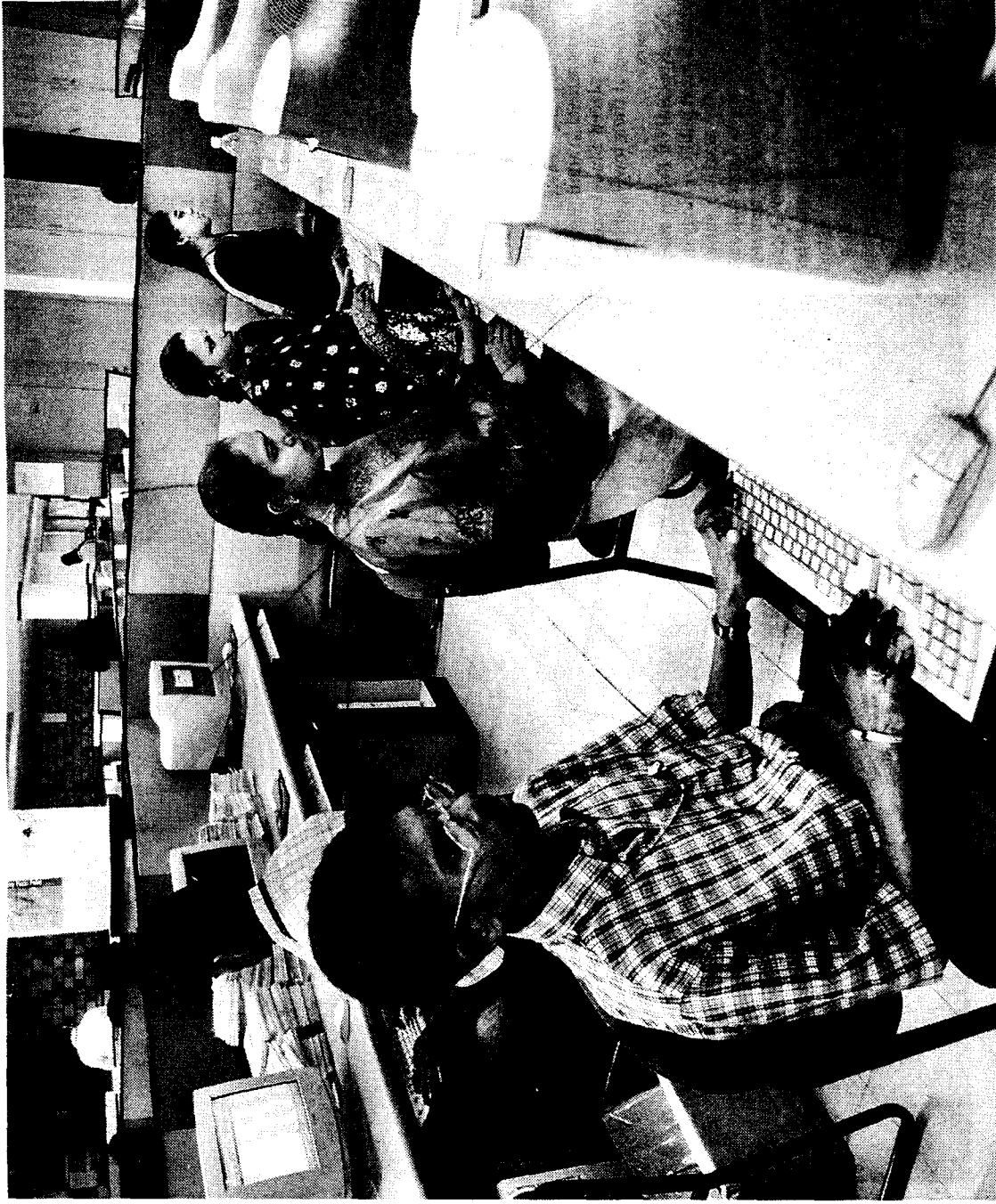
The issues debated at GOOS 2005 highlighted certain characteristics of the Indian BPO industry, which was initially built around the model of cost effectiveness.

In recent times, with wages continuing to rise at 10-15 per cent coupled with shortage of skilled manpower, the model no longer holds good. One of the serious threats for BPO companies in India comes from the hidden cost of sub-standard infrastructure. India's true competitive advantage lies in the ability to apply technology to business processes and as of today, the potential is largely untapped.

Also, the BPO industry is capital intensive and requires huge additional capital infusion to fuel its growth. There is also a scarcity of the appropriate skills gained through the education system, which is low on quality and relevance.

This is a major limiting factor for the long-term growth of the industry.

The Indo-American Chamber of Commerce at GOOS 2005 made certain recommendations for the industry, including a re-branding exercise, a conscious effort towards sound infrastructure, setting the benchmark for information security, staying on top of technology, availability of risk capital and flexibility in taxation and raising the bar for the education system.



FUELLING GROWTH: A view of a business process outsourcing centre.

24 APR 2005

THE HINDU

Bilateral buddies bypass bashing

OUR SPECIAL CORRESPONDENT

Jakarta, April 23: Yawn! India and Pakistan have again dragged their bilateral problem to a multilateral forum.

Surprise, surprise! This time there was no "India-bashing" — a phrase handpicked by Prime Minister Manmohan Singh who usually does not try his hand at such "undiplomatic" lingo.

"This is perhaps a rare occasion when Pakistan has not engaged in India-bashing at a multilateral forum," Singh said this evening, referring to the camaraderie that was on display between the neighbours at the Asia-Africa summit here.

Both Pervez Musharraf and Singh carried forward the spirit of last night's banquet handshake to their speeches, affirming their commitment to peace and showing the flexibility to iron out differences.

Neither mentioned Kashmir — a regular flashpoint on multilateral stages — by name while addressing the conference, Musharraf last night and Singh this morning.

Singh harked back to Jawaharlal Nehru — "when we march in step with history, success would be ours" — as he expressed sincerity to take forward "the process of peace and good-neighbourly ties".

"I appreciate the positive sentiments expressed by President Musharraf yesterday, which I fully reciprocate," Singh said.

Musharraf had last night held aloft the outcome of his meeting with Singh in Delhi as a bilateral trophy, though he underscored the importance of "multilateral conflict resolution mechanisms".

"Today, Pakistan and India can be jointly proud of showing how sincerity, flexibility and courage can lead to bilateral achievement of peace and harmony," he said.

Singh echoed Musharraf today, saying he had told the President that the "entire world is talking about the good results" of their meeting.

The comments reflected the compulsions on both sides. Musharraf has to convince his domestic audience he had achieved something in Delhi. India is keen not to contest the assertion as it feels that the general, rather than an unpredictable elected government, is its best bet now. (See Page 6)

WEDNESDAY, APRIL 20, 2005

Global cooperation to manage the oil shock

It was inevitable that the prevailing high oil prices should dominate the agenda not only of the Group of Seven industrial nations (G-7) but also of the other high power meetings of the World Bank and IMF, held simultaneously in Washington. The international community of finance ministers, central banks and other senior finance officials assembled was obviously seized of the dimensions of the problem. However any meaningful solutions would call for a greater degree of international co-operation than is in evidence now. In the event, remedial measures on which a consensus could be evolved extended over a long time frame and also required a better co-ordination of national economic policies. Beyond these, no specific agreements of any significance could be reached. The G-7 nations could do no better than advocate the removal of barriers to the development of alternative energy sources. That is a course of action that has been engaging practically all countries and even the oil companies.

The Washington meetings did focus on one major deleterious consequence of the oil shock that coincided ominously with their sessions. At the G-7 meeting, Rodrigo Rato, the Managing Director of the IMF, talked of the possibility of an abrupt correction in the financial markets in the wake of the oil shock, whose fallout could, at best, be partially minimised by co-ordinating economic policies of major industrial nations. Indeed, when these meetings had barely started, the Wall Street witnessed its worst session in two years with the Dow Jones Industrials index plunging by 191 points. Given the globalisation of the financial markets and the pivotal role the U.S markets have acquired, stock markets throughout the world reacted in the same fashion. In India too following a sharp drop in the benchmark indices, there was speculation as to whether the latest stock market boom had ended. Concerns over oil prices have been one major factor, although others such as the weakening commodity prices in Brazil, the disappointing performance of companies such as IBM and even the lacklustre earnings outlook projected for iconic companies such as Infosys in India contributed to the decline.

A medium to long term strategy to help the global financial system gain greater stability calls for steps that have been articulated many times in the past. These include a resolution to the burgeoning current account deficit in the U.S., an increase in the savings habit of U.S. consumers, and measures to perk up the economies of the European Union and Japan. None of these or the suggestion to make the exchange rate policies of China and other Asian countries more flexible can be undertaken unilaterally by any one country. For all the inherent limitations in seeking a global approach to resolve major contentious issues, there is no other way to contain or minimise certain extreme consequences of major developments such as the oil shock.

Opec puts target oil price at \$50

Associated Press

SYDNEY, April 10. — The Organisation of Petroleum Exporting Countries (OPEC) may bring its target price for oil closer to \$50 a barrel, the cartel's acting secretary-general Dr Adnan Shihab Eldin said today.

OPEC earlier this year abandoned a target band of \$22 to 28 for crude as unrealistic.

"There is a minimum that on the one hand can meet the needs for additional investments and also steady revenues that, on the upper side, has to be acceptable to global economic growth and maybe \$50 seems to be in that direction. I can tell you that a more realistic (level) would be above \$28 or \$30." Mr Eldin told ABC television.

"On the upper side it has to be acceptable to the global economic growth and maybe \$50. WTI (West Texas intermediate crude) seems to be in that direction, but we are still continuing our studies." World oil prices dipped below \$54 a barrel on Friday as supply concerns that drove the market up to record highs earlier this week eased.

"The fear factor and the speculation about this fear factor — that's driving prices to \$50 and \$60 a barrel. We don't think this is necessary," Mr Eldin said.

Mr Shihab-Eldin also said supply was not a problem but the critical factor was a lack of refining capacity in the consuming countries.

11 APP 2005

THE STATESMAN

Weaponisation dilemma

Operation Iraqi Freedom was launched on a false assumption that Baghdad was making inroads into nuclear knowhow that could eventually lead to Iraq's weaponisation. While there is mixed reaction from various quarters about the credibility of the issue related to this event, there are many factors that deserve discussion. The most compelling part is whether in today's erratic international relations, should weaponisation be viewed as a threat or a saviour?

Weapon systems' development over the past two millenniums has been carried out with just one objective, namely, to be "one up" on the enemy in battle. The 20th century witnessed a watershed in weapon systems' upgradation during World War II.

A politico-military exercise was undertaken after the experience gathered from World War I to determine a method by which a conflict's duration could be substantially reduced so that casualties among personnel and collateral destruction of property could be minimised.

Thus was born the atom bomb and Japan became the first – as well as the only one to date – victim of this weapon. An arguable point, however, is why Japan did not follow Germany in surrendering well in time and avoid the Hiroshima and Nagasaki catastrophes?

The Berlin high command realised soon after the failure of the Ardennes offensive that time was running out for Germany and they took the wise decision of throwing in the towel in May 1945.

Tokyo, surprisingly, did not seem to come to terms with this realisation in the eastern theatre. Military history buffs have delved into this aspect and it appears that Berlin became aware of the atom bomb's readiness at the hands of the Allies by early 1945 and was unwilling to become a target of this bomb; hence it decided to surrender.

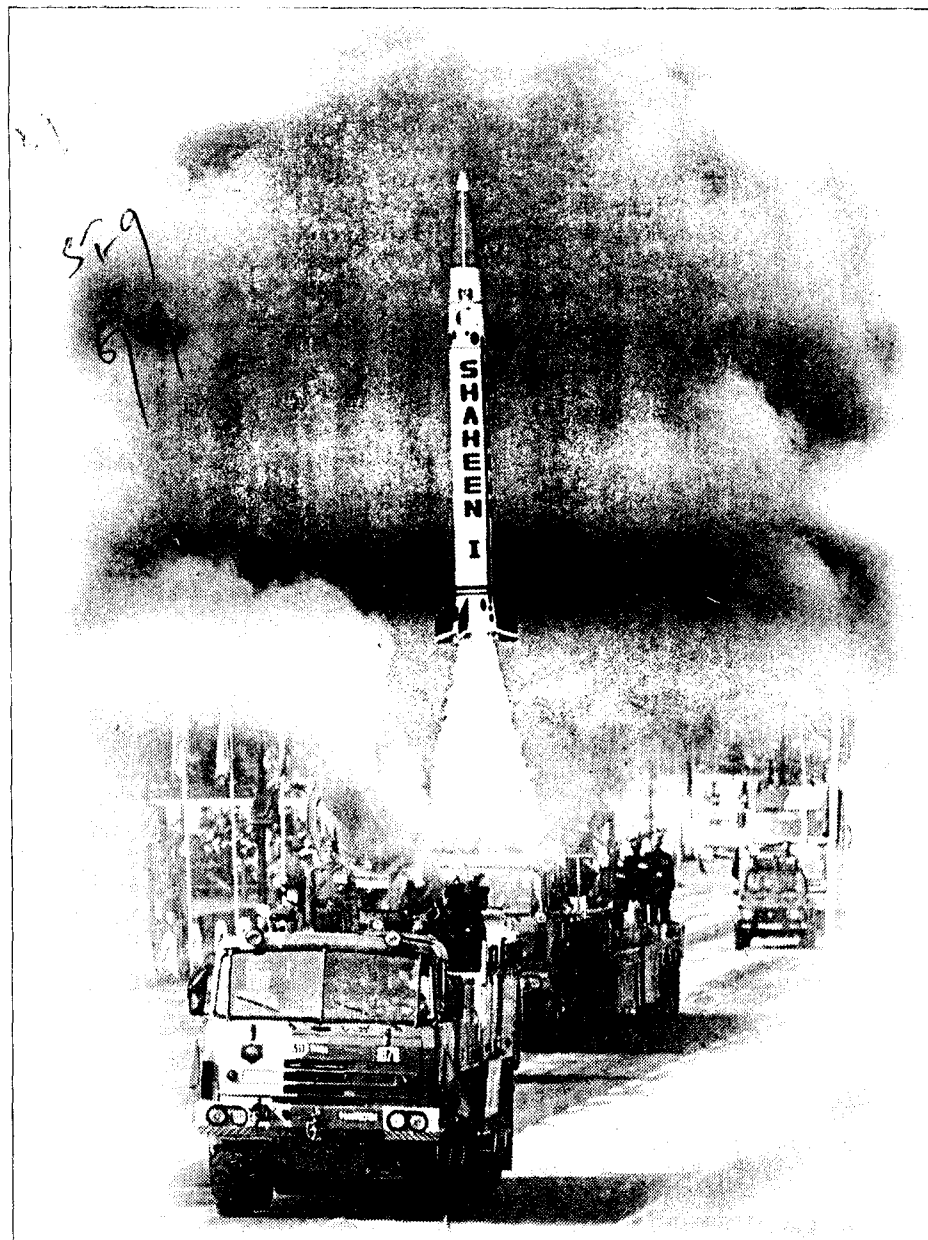
The Allies then kept pressing Japan to follow suit but Tokyo turned obstinate and continued war-fighting for three months, ultimately being forced to capitulate via the atom bomb.

Post-World War II the N5 – the USA, the UK, France, Russia, and China – made a commitment to themselves that they would never ever lay their states open to an enemy's aggression in the manner that they did while facing the Axis powers. The N5, however, assessed that purely conventional weapons would not suffice for a guarantee in this context in the eventuality of a 1939-45 repeat imbalance in force levels. Accordingly, they went in for non-conventional arsenals.

While the rationale of pre-emptive self-defence is understandable, the N5's objection to other countries also wanting to build nuclear arms for similar purposes has not found favour, quite naturally, with the rest of the world. Bluntly put, the N5 desires that no other nation should weaponise.

This is most unfair to say the least. Over the past fifty years or so, any number of countries have suffered like the N5 did earlier. Worse, the N5 has quietly stood by and watched such massacres without raising a finger to help the

If the five 'official' nuclear powers are serious about de-weaponisation, they need to set the pace for others to emulate, writes JK DUTT



victim nations, at best passing the buck to that lame duck outfit the UN and at worst, tacitly supporting these unauthorised aggressions.

Let us analyse an actual case study, Afghanistan. For centuries on end, predators of all hues not least the British have tried to conquer or subdue Central Asia's most fierce tribe, the Afghans, but were given short shrift by the latter.

It should have dawned on the international community to leave Afghanistan alone despite the incumbent country's ceaseless domestic sectarian violence.

But no! the former Soviet Union decided to install a puppet Communist government in Kabul and to meet this end invaded that country. The horrific aftermath that the Afghan

people had to endure at Russia's hands for some 10 years can be likened to the Holocaust of the Jews.

The political felony in that hapless country was further compounded by the involvement of the USA. The point is, if Kabul possessed nuclear arms none of this would have occurred – Afghanistan would verily have been left alone by the two members concerned of the N5.

Iraq, too, has a parallel with Afghanistan. If Saddam Hussein had been prudent enough to plan the security of his own country through weaponisation instead of wasting his time by warring with Iran and Kuwait, he would have been sitting pretty much like Kim Jong-Il of North Korea.

A school of thought drawn from the Theory of Conflict advocates – and not without reason – that weaponisation provides stability. The India-Pakistan scene is a worthy example of such induced stability.

Another facet of conflict deserves attention. The term "terrorism" defies an objective definition since "one man's meat apropos the definition is another's poison (fish)"! Be that as it may, there is consternation today that if a terrorist group lays its hands on a nuclear weapon, all hell will break loose. Placing this consternation in the right perspective, however, projects a different logic.

If, for instance, the Al Qaeda or Hamas were to hold nuclear arsenals, Washington sponsored gerrymandering would immediately come to a halt and nouveau imperialist designs as evident in West Asia, Chechnya, the Sinkiang-Tajikistan border, Indonesia et al would get retracted post haste.

In all probability, the centrepiece Israeli-Palestinian conflict would get resolved overnight. So the call to ban weaponisation is nothing but hollow, one-sided rhetoric favouring the world's ruling clique and goes against other nations' interests.

In any event, obtaining weaponisation knowledge is not sacrosanct any more, thanks to the all-pervasive influence of information technology. A case in point is the alleged Internet siphoning by China of America's top secret neutron bomb formula coded as W2 some time back.

It would be a far better world if the N5 were to do away with that wholly misleading herring "disarmament". Yes, if the N5 is genuinely serious about de-weaponisation, the member-countries themselves must set the pace for others to emulate. But this is unlikely to happen because of the N5's original post-war avowal of ensuring their own foolproof security.

Japan's holier-than-thou posturing through which Tokyo imposed sanctions on India after Pokhran II is credulous. The inhuman atrocities perpetrated by Japanese soldiers on the citizens of Korea, China, (then) Malaya and Burma during World War II matches those of the Gestapo in Europe of that era. Even today, Japan is hedging a formal apology to Korea and China on this account.

The Japanese Prime Minister's annual pilgrimage to the contentious Yasakuni war heroes' shrine only enhances duplicity of moral purpose. Why not go the whole hog then? If Japan really wants to enter super power league, it must weaponise.

In conclusion, the comity of nations need to appreciate that it is only parity in weaponisation, be it tactical or strategic, that can assure greater peace and stability in the world. If the N5 were to increase to say N50, the prevailing unipolar dominance with all its tentacles would automatically get nullified.

Mao Zedong's well-known saying albeit modified should read, "Political power, and thence peace, can only be ensured through the barrel of a gun!"

(The author is a retired Lieutenant-Colonel, Indian Army)

06 APR 2005

THE STATESMAN

BPO: India gets top billing

S. Rajagopalan

Washington, March 27

INDIA HAS been adjudged the world's "most competitive and popular outsourcing destination" by Ziff Davis Media's Global Outsourcing Report. But it cautions that 10 years hence, China will lead the table, relegating India to the second slot.

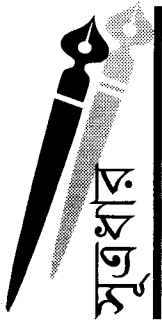
The report, the first of its kind by the New York-based tech media giant, ranks countries based on opportunities, costs and risks they present for IT outsourcing during 2005. It makes a cheery forecast on outsourcing trends. Despite the supercharged politics around the issue, the report says that outsourcing is set to gather pace and become a mainstream business.

"Three-quarters of US companies outsourced some or all of their information technology activities in 2004, and that percentage is likely to increase this year," notes the survey findings that have been published in the latest issue of Ziff Davis Media's CIO Insight magazine.

The global outsourcing index that puts India on top is made up of three separate ratings: the cost of doing business in each country; seven risk factors and market opportunities.

THE HINDUSTAN TIMES

28 MAR 2005



সূত্রধার

কয়েকটি উন্নয়নশীল এবং শিল্পোন্নত দেশ মিলিত হয়ে তৈরি হয়েছে জি-২০ গোষ্ঠী। আন্তর্জাতিক মঞ্চে এই গোষ্ঠীভুক্ত দেশগুলির অর্থনীতি-সংক্রান্ত বিষয় তুলে ধরা এবং আলোচনা করার উদ্দেশ্য নিয়েই গ্রুপ অব ২০ গঠিত হয়। চলতি বছরের ১৯ মার্চ থেকে দিল্লিতে শুরু হয়েছে এই গোষ্ঠী-ভুক্ত দেশগুলির একটি বৈঠক।

জি-২০ কী

শিল্পোন্নত এবং উন্নয়নশীল দেশ মিলিয়ে গঠিত এই গোষ্ঠী। বিশ্ব অর্থনীতির ৯০ শতাংশ নিয়ন্ত্রণ করে এই দেশগুলি। ওই সব দেশের অর্থমন্ত্রী এবং কেন্দ্রীয় ব্যাঙ্কের গভর্নররা ১৯৯৯ সাল থেকে প্রতি বছর এক বার করে আলোচনায় বসেন। তাঁদের ডেপুটির আলোচনায় বসেন দু'বছরে এক বার।

জি-২০ অন্তর্ভুক্ত দেশগুলি হল আর্জেন্টিনা, অস্ট্রেলিয়া, ব্রাজিল,

কানাডা, চীন, ইউরোপীয় ইউনিয়নের দেশগুলি, ফ্রান্স, জার্মানি, ভারত, ইন্দোনেশিয়া, ইতালি, জাপান, দক্ষিণ কোরিয়া, মোস্কো, রাশিয়া, সৌদি আরব, দক্ষিণ আফ্রিকা, তুরস্ক, ব্রিটেন এবং মার্কিন যুক্তরাষ্ট্র।

জি-২০র কাজ কী

এই গোষ্ঠীর মূল লক্ষ্য হচ্ছে শিক্ষা-ভিত্তিক এবং উন্নয়নশীল দেশগুলির মধ্যে অর্থনীতি-সংক্রান্ত বিষয় নিয়ে খোলাখুলি আলোচনার পথ প্রশস্ত করা। এ ছাড়াও সদস্য দেশগুলি বিশ্ব অর্থনীতির নানা দিক নিয়ে আলোচনা করতে পারে। নানা অর্থনৈতিক বিষয়ে একমত হওয়ার জন্য এ টি একটি আদর্শ মঞ্চ।

জি-২০র পূর্বকথা

১৯৮৬ সাল থেকে জি-৭-এর সদস্যরা নিজেদের মধ্যে তাঁদের দেশের

অর্থনৈতিক অবস্থান নিয়ে আলোচনা করে আসছেন। কিন্তু জি-৭-এর সদস্য বিশ্বের সবচেয়ে বড় সাতটি অর্থনীতি (কানাডা, ফ্রান্স, জার্মানি, ইতালি, জাপান, ব্রিটেন এবং মার্কিন যুক্তরাষ্ট্র)। উন্নয়নশীল দেশগুলি এই বৈঠকে যোগ দিতে পারে না। কিন্তু উন্নয়নশীল দেশগুলির মতামত না জানতে পারলে জি-৭ সদস্যদের সিদ্ধান্তগুলি কতটা কার্যকর হবে তা জানা যায় না। শুধু তা-ই নয়, ১৯৯০-এক দশকের মাঝামাঝি বা শেষ দিকে এটা পরিষ্কার হয়ে যায় যে উন্নত এবং উন্নয়নশীল দেশগুলির মধ্যে অর্থনৈতিক পার্থক্যের জন্য বিশ্ব স্তরে সঙ্কট দেখা দিচ্ছে। জি-২০ গঠন করা হয় যাতে আলোচনার মাধ্যমে এই বিভেদ কম করা যায়।

জি-২০ গঠন করার আগে, ১৯৯৮ সালে জি-২২ এবং ১৯৯৯ সালে জি-৩৩ তৈরি করা হয়। ১৯৯৮ সালের

এপ্রিলে এবং অক্টোবরে ওয়াশিংটনে

জি-২০ গঠনের কারণ কী?

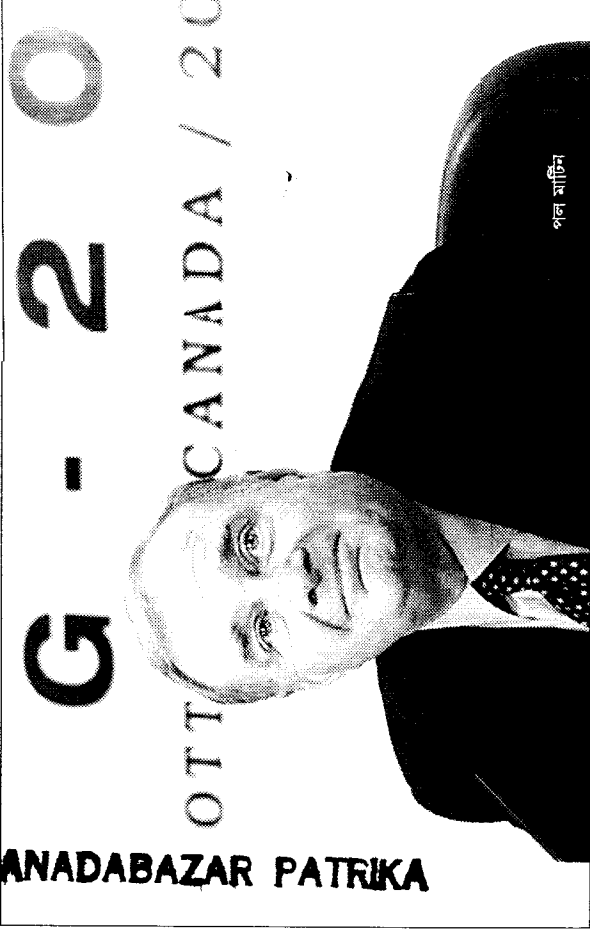
জি-২২ আলোচনায় বসে। পরে ১৯৯৯ সালের মার্চ এবং এপ্রিল মাসে জি-৩৩-এর বৈঠক হয়। উন্নত এবং উন্নয়নশীল দেশের মধ্যে অর্থনৈতিক বিষয় নিয়ে আলোচনা করার সুফল কী, তা বোঝা যায় এই বৈঠকগুলিতে। এবং তা থেকেই জি-২০ গঠনের সিদ্ধান্ত নেওয়া হয়।

১৯৯৯ সালের ১৫-১৬ ডিসেম্বর জি-২০-র প্রথম বৈঠক হয় বার্সিলো। জার্মানির অর্থমন্ত্রী হান্স আইকেলের আমন্ত্রণে এবং কানাডার অর্থমন্ত্রী পল মার্টিনের সভাপতিত্বে এই বৈঠক অনুষ্ঠিত হয়। এই দেশের অর্থমন্ত্রীরা জি-২০ গঠনের সুপারিশ করেন এবং সংশ্লিষ্ট কেন্দ্রীয় ব্যাঙ্কের গভর্নররা তা অনুমোদন করেন। ১৯৯৯ সালের সেপ্টেম্বরে।

কোঅপারেশন আন্ড ডেভেলপমেন্ট (ও ই সি ডি) বা আই এম এফের স্থায়ী পদাধিকারী আছে। কিন্তু জি-২০-র নেই। যে দেশে বৈঠক হয় সেই দেশে একটি অস্থায়ী সচিবালয় তৈরি করে বৈঠকের আয়োজন করা হয়।

জি-২০-র প্রথম চেয়ারম্যান হন কানাডার অর্থমন্ত্রী পল মার্টিন। গোষ্ঠীর প্রথম তিনটি বৈঠকে সভাপতিত্ব করেন তিনি। বৈঠকগুলি হয় ১৯৯৯ সালের ডিসেম্বরে বার্সিলো, ২০০০ সালের অক্টোবরে মস্কোয়ালে এবং ২০০১ সালের নভেম্বরে অটোয়াতে। ২০০২ সালের মার্চে ভারতের অর্থমন্ত্রী যশবন্ত সিংহ ছিলেন এই বৈঠকের চেয়ারম্যান। ২০০৩ সালে পৌরোহিত্যে ছিলেন মেক্সিকোর অর্থমন্ত্রী ফ্রান্সিসকো গিল ডিয়াজ এবং ২০০৪ সালে হান্স আইকেল। ২০০৫ সালে মূল বৈঠকটি হবে চীনে। সভাপতিত্ব করবেন ধর্ম্মা জিন হেনকিন।

নেই কোনও স্থায়ী পদাধিকারী অগনাইজেশন এর ইকনমিক বাচস্পতি



পল মার্টিন

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G-20 sets deadline for eliminating export subsidies by developed nations

By Sushma Ramchandran

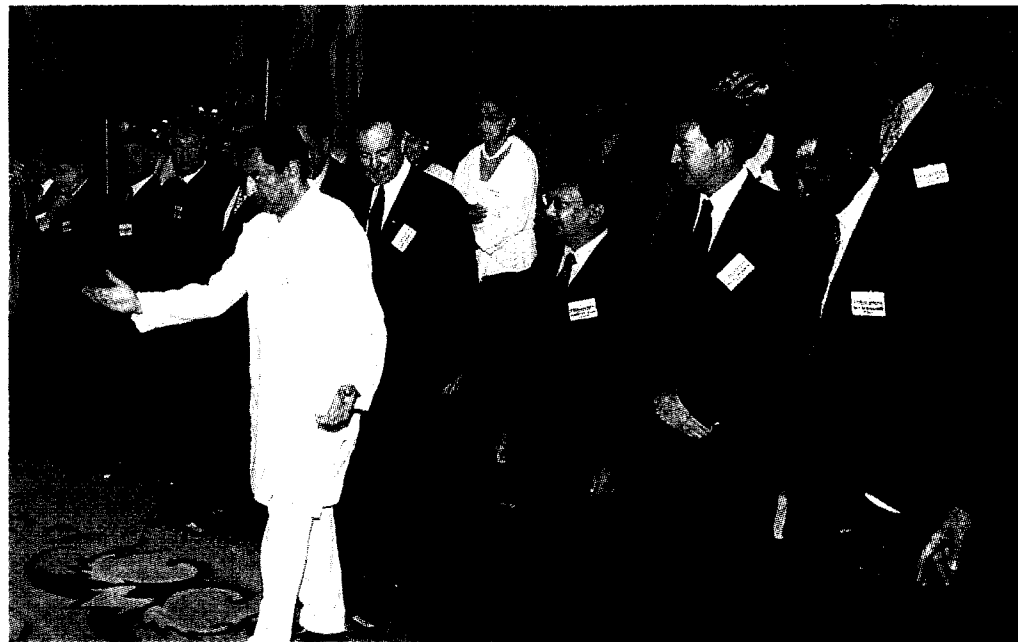
NEW DELHI, MARCH 18. The Group of 20 developing countries ministerial meeting today set a five-year time frame for doing away with trade distorting export subsidies by rich countries even as it sought to reach common ground with other developing country alliances. Remaining united on key issues, the group issued a joint statement about its concern over a logjam in talks at the World Trade Organisation over duties on agricultural products.

The two-day conference was given a boost with Uruguay entering the G-20 today, making it the 21st member of this major developing countries alliance. Briefing newsmen, the Commerce and Industry Minister, Kamal Nath, said members recognised the diversity of the G-20 membership and yet their coming together represented their unity and strength. "We are negotiating our cause from a common platform," he said, denying any differences on major issues.

Highlighting the growing influence of the alliance, he said: "The G-20 has played and will continue to play a critical role in changing the dynamics of negotiations in the World Trade Organisation in favour of developing countries".

'Divisive tactic'

Similarly, the coordinator of the G-20, Brazil's Foreign Trade Minister, Celso Amorim, said the talk of differences was a divisive tactic of developed countries and he would not give it much credence. He said the declaration to be released tomorrow would show that the G-20 was able to remain united. Highlighting the growing influence of the G-20, he said it had become an indispensable inter-



LEADING FROM THE FRONT: The Minister for Commerce and Industry, Kamal Nath, with Ministers of the G-20 alliance at the inauguration of a Ministerial meeting in New Delhi on Friday. — Photo: Kamal Narang

locutor to advancing negotiations at the WTO. The proof of this was the proposal made by developed countries for help in coordinating with other developed countries.

On the issue of preferential tariff erosion raised by other developing country groups, Mr. Amorim said it was a serious concern and a solution had to be found to help such countries in the long run. At the same time, he said preferential tariffs should not be used merely to protect products of rich countries such as in the case of sugar. Along with Mr. Kamal Nath, he echoed the rejection of the "Swiss formula" of tariff reduction. Agriculture market access formula should be linear and adopt a banded approach, according to them.

Earlier, the coordinator for

the Caribbean group - Caricom - the Guyana Trade Minister, Clement Rohee, said despite the difference on preferential tariffs, "the G-20 are our natural allies." He said reaching an agreement with them was "not impossible" and several countries in the group were prepared to continue talks on this issue. On the other hand, he saw considerable commonality in the approach of the G-20 in areas such as services though his group was not in favour of the deep ambitious cuts in tariffs being proposed by this conference.

On the issue of WTO talks which stalled today over the issue of specific and ad valorem duties on agricultural products, Mr. Kamal Nath said the European Union and the U.S. would have to adopt a more transparent regime on this is-

sue. "This is a precondition to any tariff formula negotiation", he said going on to explain that over half of the E.U.'s duties are specific and one-third in the case of the U.S. In contrast, India has only one agro product - almonds - where the duties are specific. The G-20 statement on this issue says "a prompt solution to this question is essential for progress to be made in the negotiations."

The G-20 alliance was formed in 2003 ahead of the Cancun WTO ministerial to counter the E.U.-U.S. agenda on agriculture. Besides India, other prominent members of the alliance include Brazil, China, South Africa, Pakistan, Chile and Argentina. Other countries in the group are Cuba, Egypt, Mexico, Nigeria, Paraguay, the Philippines, Thailand and Venezuela.

Opec okays more oil for price control

PARISA HAFEZI & JONATHAN LEFF
ISFAHAN (IRAN), MARCH 16

OPEC producers on Wednesday agreed a 2 per cent increase in oil supplies in an effort to rein in \$55 crude. The Organisation of the Petroleum Exporting Countries said it raised production limits by 500,000 barrels a day to 27.5 million bpd from April 1. The agreement gives its president the power to trigger an additional 500,000 bpd later in the second quarter should prices stay high.

Ministers scheduled their next meeting for June 7. Saudi Oil Minister Ali al-Naimi said Riyadh was aiming to bring crude down to \$40-\$50 a barrel, the first time the world's biggest oil exporter has advocated support for prices that high. "Current oil price levels of \$55 are high and we want prices to be between \$40 and \$50 a barrel," Naimi told the London-based Arabic-language *Al-Hayat* newspaper. "We will increase the ceiling by 500,000 and another 500,000 will be with the president to authorise if prices remain as they are or rise," said cartel President Sheikh Ahmad al-Fahd al-Sabah of Kuwait.

Crude eased, US futures trading off 37 cents at \$54.68 a barrel and London Brent slipping 42 cents



Iran's Oil Minister Bijan Namdar Zanganeh (R) attends the 135th Opec meeting in Isfahan in central Iran, 340km (211 miles) south of the capital Tehran on Wednesday. Reuters

to \$53.43 a barrel. "Opec is doing it's best but it is a train that is difficult to stop," said Bob Finch, head of trade at independent oil trading house Vitol SA. Investors from other financial asset classes have plowed into oil and commodities this year, driving US crude to an average \$48.87 in the year to date, up \$7.40 from the 2004 mean.

"This story is not about the fundamentals, it's about the financials," said consultant Gary Ross of PIRA Energy. "The investment community is

looking beyond the short-term fundamentals and wondering whether Opec can meet forward demand growth without prices going sharply higher." Oil traders will be calculating how much actual extra oil Opec's deal delivers. Sheikh Sabah said the pact would bring 500,000 bpd of real new supply in April. Gulf Opec delegates said Saudi Arabia and Kuwait wanted to ensure real volumes were delivered to permit world inventories to build in the spring, when seasonal demand is at its lowest ebb.

The only producers with much spare capacity to tap, the two are ready to pump actual extra volumes of 500,000-700,000 bpd in the second quarter, the delegates said. They said Gulf producers wanted to ensure a bigger-than-normal second quarter stock-build to avoid further upward pressure on oil prices later in the year. "This deal is about anticipating oil demand next winter," said Glenn Murray of GM oil brokers in Monaco. "But the jury is out on whether they can store enough oil to meet that demand."

Global crude consumption is expected to hit 86.1 million bpd during the seasonal demand peak of the fourth quarter, up from 83.7 million bpd on average for the first in nine months of 2005, according to projections from the Paris-based International Energy Agency.

—Reuters

G-20 to devise strategy for farm trade talks

By Our Special Correspondent

NEW DELHI, MARCH 15. The Group of 20 developing countries will hold their first major conclave since last year here on March 18 and 19 to finalise their strategy on critical agriculture issues for the on-going negotiations in the World Trade Organisation (WTO). The meeting will prepare a formal document laying down the approach of the G-20 to crucial issues like tariffs and export subsidies of developed countries.

According to the Commerce and Industry Minister, Kamal Nath, the meeting will take stock of the state of play in the negotiations in Geneva since the WTO Framework Agreement concluded in July last year. He said these negotiations had so far focussed mainly on the technical aspects of agriculture issues but political inputs were now needed to break the logjam on these matters among WTO members. "The articulation of a common approach and strategy of the G-20 ministers would be a very useful guide to the negotiators in Geneva as they proceed ahead in these negotiations," he said.

Towards level field

Briefing the media on the meeting, he said though this was a diverse group with differing interests, it had managed to take a broad approach supportive of developing country interests.

Highlighting the importance of this meeting, the first major one since the conference in Sao Paulo last year, he said a few countries should not be allowed to set the rules for multilateral trade. He said the G-20, though a diverse grouping, would formulate strategies to ensure level-playing field for developing countries.

He said the meeting would examine crucial areas like for-



The Union Minister for Commerce and Industry, Kamal Nath, with the Minister of State, E. V. K. S. Elangovan, addressing a press conference on the ministerial meeting of the G-20 alliance in New Delhi on Tuesday. — Photo: Ramesh Sharma

mula for tariffs reduction in agriculture and the special and sensitive products that needed to be pushed in WTO negotiations. It would also seek to peg a date for ending export subsidies of developed countries, which had resulted in artificially low prices of farm products from developed countries denying market access to developing countries.

In this context, he quoted several studies including the one by Oxfam and another by a U.S. based institute on the huge subsidies being paid to farmers in the developed countries.

Farm subsidy issues

The Oxfam study has stated that producers in six European countries were given \$1 billion subsidy in 2003 so that their

products could be dumped in world markets at artificially low prices.

Similarly, he said the other study showed that in 2003, American wheat was exported at 28 per cent below the average cost of production. The corresponding figures for corn and soyabean, cotton, and rice were 10 per cent, 47 per cent and 26 per cent respectively.

MULTI-FIBRE PACT PHASE-OUT

India and Pak may lose market to China: Unctad

Press Trust of India

MUMBAI, March 6. — With the phasing out of the multi-fibre agreement, India and Pakistan may lose their textile market share to China, but the loss can be compensated by gaining market positions earlier occupied by other small suppliers if domestic structural reforms are undertaken, according to an expert.

"India needs to have strong marketing linkages through trade negotiations with developed countries and less tapped African market," United Nations Conference on Trade and Development (Unctad), India Programme Coordinator, Ms Veena Jha said here today.

She said while on one side large global retailers, who are focussing on internationalisation of their supply chains, wanted quotas to be abolished, companies on the other side are taking advantage of the quota systems, demanding state protection for their production.

"It is the strategy of about 40 firms, half of which are located in the USA, which will determine the role of India in the post phase-out scenario as these 40 firms control roughly 80 per cent of world trade in textile and clothing," she said, adding developed countries are going to take advantage of post MFA phase-out and developing countries such as India would face critical challenges such as production, technology and marketing.

"This will lead to countries such as India, Pakistan, Sri Lanka and Bangladesh to grow only downward in the value chain.

The most favourable forecast for China is a 150 per cent increase in its overall textile and clothing exports amounting to nearly 50 per cent of world market after MFA phase out," she said.

Ms Veena said India's advantages have been offset by the textile sector's structure, aging plants and equipment, high operating costs and government policies. Operating costs such as power and interest rates are higher and productivity is lower than East and Southeast Asian countries, she said.

"India is no longer a low labour cost producer as compared to its competitors and is marginally lower than China," she said.

Exporters are facing stiff competition from Bangladesh, Pakistan, China and Sri Lanka in markets such as the USA, European Union, Japan and Canada. They are also concerned that the USA and other quota countries would erect other types of import barriers, Ms Veena said.

"The rejection level of India's textile exports exceeds three per cent, therefore it is necessary to concentrate both on quality and cost competitiveness. It should look into issues such as supply capacity, market access and market share," she added.

07 MAR 2005

Anti-smoking treaty comes into force

APR 14
GENEVA, FEB. 27. A landmark treaty aimed at cutting deaths and illness caused by smoking came into force today, after 57 countries ratified international restrictions on tobacco producers and smokers, said the World Health Organisation.

The WHO hopes the first ever public health treaty will stop the estimated five million annual deaths caused by smoking from doubling by 2020, once it is passed into law by all the 168 countries that have signed up.

"I encourage all countries to become party to the treaty. This can result in millions of lives saved, and that is where the real success of this treaty resides," said the WHO Director-General, Lee Jong Wook.

Legal product

"Its entry into force is a demonstration of Governments' commitment to reduce death and illness from tobacco use,"

he added.

The WHO regards tobacco as the only legal product that eventually kills half its regular users, fuelling the second leading cause of death in the world. "This means that out of 1.3 billion smokers, 650 million will die prematurely," it added in a statement.

Tobacco-related ill-health is thought to sap \$200 billions from rich and poor countries.

Treaty parties must now pass the measures into national law within three to five years, though health officials acknowledged that several countries have already implemented many of them.

The first parties include major industrialised countries except the U.S. European nations, India, Pakistan, Mexico, Thailand, as well as Indian and Pacific Ocean island states.

The treaty needs strengthening fast, a leading expert said.

— AP

THE HINDU

28 FEB 2005

Social security: India watches US closely

By Indrani Bagchi/TNN

New Delhi: As the US and Mexico work towards sealing a pact on social security-totalisation between themselves, India is watching with interest, not just the precedent, but the obstacles this pact may run into. The agreement would entail that Mexicans in the US contributing to their social security system can get the benefits repatriated to their home country after return.

There is a growing clamour in the US to reject this agreement because these payouts to foreigners would strain an already overburdened social security system. Adding voice to this argument is a new study that says legal immigrants add substantially to the US' social security coffers. While this is a welcome

sign for Indians who form the largest group of legal migrants into the US apart from the Mexicans, it also means that it will be many summers before the US agrees to a totalisation agreement with India, which will basically refund money to India.

Indian non-immigrants contribute to the US social security coffers with substantive payouts from their earnings in that country. Conservative estimates in India put the figure just from H1-B visa holders at \$500 million a year. This does not take into account the contributions by legal immigrants.

What India wants is for the US to make these contributions available for the payers when they return to India af-

would be refunded. The reason given when former commerce minister Arun Jaitley raised this issue with his then counterpart Robert Zoellick was that India did not have a similar social security system like the US. Indian government sources here point to the pensions and provident fund systems, which are similar to social security benefits.

As the US remains embroiled in a national debate over social security and conversely, tightening immigration, US think-tank, National Foundation for American Policy, points to the hard fact that the more immigrants on US soil, the more money they pay into the social security

system. It estimates that maintaining or increasing the present levels of immigration would yield a benefit of \$611 billion to the social security system in 75 years. Putting the brakes on legal immigration would reduce both labour force, economic growth and additions to the social security funds.

Social security benefits to current retirees are funded primarily out of the taxes paid by today's workers. For that reason, additional workers are extremely beneficial to America's "pay as you go" system. Immigrants typically arrive near the start of their working years and may contribute to the system for up to four decades before receiving any benefits, the study says. The bottomline: more immigrants, more money to the US.



George Bush at a Social Security meeting in North Carolina recently

to finalise such an agreement with India, although at last count it returns social security funds to 20 countries. A totalisation agreement would envisage the contributions made by these professionals

ter working in the US for a fixed period of time. Currently, this is just the jam that Indian skilled workers pay to the US exchequer after six years of living and working in the US. The US is in no hurry

WAR ON TYRANNY

Let Democrats Teach Us Democracy

By RAVINDRA KUMAR

There is something otherworldly about the West's current obsession with bringing democracy to the world. In his inaugural address some days ago, President George W. Bush chose to make this the theme of his renewed mandate to rule America, a mandate that he clearly has accepted as meaning to rule the world.

Europe, not so long ago a sanctuary for liberals, appears quite prepared to let Bush take up this role, accepting as it does that America is the world's only superpower. Prime Minister Tony Blair, in the run-up to an election that many see as a battle already won by his Labour Party, has long been a Bush faithful. While Blair may make the occasional campaign noises to suggest that the British lion isn't quite as bald as an eagle, he is unlikely to do more than accept Bush's lead should he be re-elected.

Lower profile

The Germans and the French, already stung by the American backlash to their earlier criticisms of the Iraq invasion, now maintain a lower profile. And a grateful Washington has announced that French fries, renamed freedom fries when relations with Paris were in the doldrums, shall once again be French fries! The apparent success of the Iraqi election is one factor for a Franco-German re-look at American policy; the other, one that few in positions of authority in Europe would admit to, is that Europeans seem to find it increasingly futile to take America on.

There are two questions that America and the West must answer before their mission to rescue peoples of the world shackled to tyranny is launched. First, is the West qualified to judge? While might may have, much in the manner of the Kolkata bus driver, given them the right, do they possess the credentials to drive democracy's chariot of hope?

Second, what is the nature of this democracy that America, with Europe hanging on to its coat-tails, shall bring to our world? Will it be a systemic overhaul aimed at demolishing corrupt dictatorships? Will it bring liberal democracy to our shores? Or will it merely be a process of structural adjustment where the worst of our despots

The author is Editor, The Statesman

will agree to scale down their tyranny to acceptable and "democratic" levels, as for instance Muammar Gaddafi did to slither off the hate list?

Mr Bush has identified regimes such as Iran, North Korea, Myanmar, Zimbabwe and Belarus as being especially undemocratic. Not included are countries that practice what they term "Asian-style" democracy, or

by Western media as a regional overlord who uses every political dirty trick in the book, and does so brazenly to hold on to power, and a Blair who appoints a Head of Strategic Election Communications immediately described by British newspapers as the head of his dirty tricks unit against opponent Michael Howard?

And what manner of conscien-



indeed many states in Africa that are notionally democratic.

But before we go so far as to embark on what the West could hope to achieve, we do need to look at what today's democratic West really brings to the table.

What, for instance, is the difference between a George Bush whose administration vindictively served notice to withdraw tax exemptions granted to a civil rights group when its spokesman attacked his politics and one of our own Chief Ministers who filed multiple law suits against critical newspapers? Is one less democratic than the other? Is either the ideal?

Conscience pangs

Or what possibly could be the difference between a Tony Blair whose government refuses, after having brought into effect a Right to Information Act, to answer such security-threatening questions as how many primary schools have outside lavatories and how much money was spent on the Lord Chancellor's furnishings, and a Lee Hsien Loong whose Singapore has long been accused of being a "closed" democracy?

Indeed, let us ask ourselves what is the difference between Lalu Yadav, derisively dismissed

people while Shinawatra can rig the Thai election.

This brings us to the second question that we, but more than us the West, must answer. Just what kind of democracy will the perpetrators of the war on tyranny accept? Will Gaddafi style democracy do? Or the Saudi Arabian or Pakistani variant? Or must we go as far as the Malaysian or Singaporean models? Must tyrants actually endorse democracy and liberalism or will mere lip service do? Or is it just enough to wriggle one's way into being an American or Western strategic interest?

The West's relations with China are abnormally duplicitous. The world's most populous one-party dictatorship escapes censure because of its economic might and because the West has invested billions of dollars in China. The World Trade Organisation blithely pats itself on the back for a decade of achievement, while one of the world's biggest producers brazenly makes the jump from copy Rolexes to fake Honda motor cycles.

Western greed

The Europeans lift an embargo on sale of arms to China, knowing full well that the country is in at least two potential zones of conflict and has trade rules shrouded in such secrecy that it could well not be the final destination of supplies. The order books must be kept full, and the war on tyranny is after all a Western construct.

It has been more than three years since the terrible attacks on the World Trade Center. In the intervening period, America and the West may have made the world a safer place for themselves. But have they made the world a safer, more humane place generally? Have they strengthened institutions? Or have they chipped away at the handful of transnational institutions that exist to reduce both their relevance and their role in world affairs?

These are all questions the world must carefully reflect upon to understand the dimensions of the West's war on tyranny. Bush was elected to rule America, and Blair seeks reelection to rule Britain. The world though needs a more realistic referendum than a BBC poll that found 62 per cent of Indians supporting the Bush reelection before it lets Western greed set the global agenda.

G7 launches bid to wipe out poor nations' debt burden

Reuters

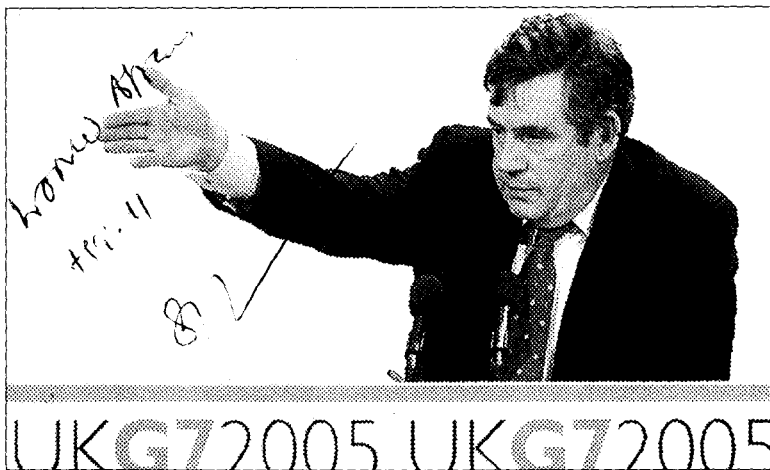
London, February 7

THE GROUP of Seven wealthy nations on Saturday pledged to help rid the world's poorest countries of their crippling debt, launching a programme that fell short of the immediate action demanded by Africa.

British finance minister Gordon Brown, hosting G7 talks in London this weekend, failed to secure US backing for his proposals to stump up an extra \$50 billion a year for poor countries and to completely write off their debts.

A compromise deal pledged only that the G7 would look at cancelling up to 100 percent of the debts owed to international institutions by the poorest countries on an individual basis. Brown, who has declared 2005 as a make or break year for Africa, still hailed the deal as a major breakthrough. "This will be seen as the 100 percent debt relief summit," he said.

Aid organisations also saw the agreement as an important first



UK's Chancellor of the Exchequer Gordon Brown at the G7 meet.

step but they wanted to see words turn into action.

"It's better than expected but short of what it could have been," said Romilly Greenhill of Action-Aid International.

The case-by-case approach may also disappoint former South African leader Nelson Mandela who launched a direct, passionate appeal for immediate debt relief to the G7 before their talks.

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WORLD ECONOMY IN 2005

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A REPORT PREPARED jointly by the United Nations' Department of Economic and Social Affairs and the U.N. Conference on Trade and Development (UNCTAD) expects world economic growth to slow down to 3.25 per cent this year. 2004 was an especially good year for the less-developed countries. The cycle of economic growth peaked at an impressive 4 per cent, despite the uncertainty caused by the oil price shock and growing concerns over the U.S. Government's trade and budgetary deficits. As for the immediate outlook for the world economy, the report titled *World Economic Situation and Prospects 2005* cautions that even its more moderate growth forecast for this year "may be hostage to how the U.S. dollar and global imbalances unwind." This is by no means an isolated assessment. As the second Bush administration prepares to unveil its economic policies, there is a feeling everywhere that happenings in the U.S. will have a more critical impact on the global economy than ever before.

For developing countries, the possibility of an abrupt and globally damaging correction persists. This despite the fact the global economy adjusted itself surprisingly well to sharply higher oil prices from the middle of 2004. Core inflation did not go up in the developed world. Developing countries such as India too have managed the transition to the new regime reasonably well. Many of them could offset their high costs of petroleum imports against higher export realisations from metals and minerals at a time when prices of many commodities moved up in tandem with those of petroleum. For example, the Indian steel industry benefited from a surge in the demand for its products from China and a few other countries. The Indian Government's package for steel helped in insulating domestic consumers from the vagaries of global commod-

ity prices. Significantly inflation, which peaked in August 2004 at 8.75 per cent, has been on the decline since December. Yet as the U.N. report points out, the battle in India and most other developing countries to contain imported commodity-led inflation is far from over. The prognosis on oil is not encouraging. Given the demand-supply mismatch over the medium term, oil prices are unlikely to go down to their 2003 levels. Besides, geo-political and other non-economic factors could disrupt oil supplies this year.

More problematical for the rest of the world is the uncertainty caused by the Bush administration's policy in relation to record U.S. trade and budget deficits. A major contradiction has come to the fore on the world stage: it is between consumption and debt in the U.S., and the ever-growing surpluses of many of its trading partners. Japan and China head a list that includes India, which now faces a problem of abundance with its burgeoning foreign exchange reserves. Unfortunately, there is no consensus among nations on measures to minimise the pain caused by the imbalance. Revaluation of the currencies of America's major trading partners has long been advocated as a possible remedy. Aside from the practical difficulties involved, the U.N. report, citing expert studies, makes the point that currency changes, especially bilateral manipulations, will not resolve the problem and can create new ones. The only solution acceptable to most countries is stimulating domestic demand in economies with large external surpluses, and towards that end directing investment resources to them. The large reconstruction efforts in the wake of Asia's tsunami calamity, which have showcased international efforts at directing large investments into Asia, point to an effective way of correcting the imbalances.

India breaks bread with G7

AMIT ROY

London, Feb. 5: P. Chidambaram and fellow finance ministers from two other developing countries, Brazil and South Africa, today accepted invitations from their colleagues from the G7 advanced nations to breakfast before the day's summit meeting in London.

Chidambaram did not hang around for dinner, however, and flew home.

The G7 club — the US, Japan, Germany, Britain, France, Italy and Canada — asked India, Brazil and South Africa for the first time this year. China was invited for a second time, while Russia has been attending the meetings for many years.

"I think the G7 recognises that there are important economies outside the G7 which are likely to emerge as economic powerhouses in the next 10 to 20 years," Chi-

dambaram told a news agency. He said India will articulate the problems facing the G20 group of countries.

At present, the G7 countries account for 14 per cent of the world's population but two-thirds of its wealth. The G20 accounts for around two-thirds of world population and 90 per cent of the world gross domestic product.

Chidambaram explained: "G20 wants market access, wants developed countries to abide by their obligations under the WTO."

He added that the G20 wanted a discussion on capital flows, particularly hedge funds. "These are some of the issues that we will try to highlight at the discussions," he said.

The Brazilian finance minister, Antonio Palocci, has said he will lobby the G7 to include his own country as well as India and China as permanent participants in the meetings

on global economy, not merely as special guests.

Chidambaram has been less pushy than his Brazilian counterpart in seeking permanent G7 membership.

An Indian source close to the talks said: "Chidambaram's view is that this is the first time India has been invited. It's a good beginning, let's see how it goes."

Meanwhile, Britain and the US have fallen out over the new Marshall plan proposed by Gordon Brown, the British Chancellor of the Exchequer, to help tackle poverty in the developing world, especially in Africa.

Brown wants to set up an International Finance Facility which would double overseas aid from rich countries to \$100 billion a year.

Brown has received the support of the former South African president Nelson Mandela who is in London. But the US wants to deal di-

rectly with the countries on a bilateral basis since it believes this is a better way to achieve efficiency and reduce corruption.

Brown, however, will continue to argue that it is in America's own interest to promote stability in the developing world in order to counter the spread of extremism and international terrorism.

Most European nations are backing Brown and the disagreement is becoming Europe versus America.

EU trade commissioner Peter Mandelson, who recently visited Delhi, voiced disappointment at the American stance.

He said: "Well, it's discouraging for all of us who support that proposal, which I do, but it doesn't mean to say that's the end of it, and just because the Americans choose not to sign up to it, it doesn't mean the rest of us shouldn't either."



P. Chidambaram in London. (PTI)

Lessons from Davos

There is a lot more to the world

There are those who will say that the agenda of the World Economic Forum was hijacked, for how else would you explain a meeting of top business captains setting poverty eradication as a priority, and education as another. Yet, it is perhaps a reflection of the state of the world that even those who deify the bottom line must look at social responsibilities as a necessary part of sustainable profit-making, just as those who confine their interest solely in social causes, look at sustainable delivery mechanisms. In an ideal world therefore, Sitaram Yechury would attend the World Economic Forum, while Rahul Bajaj and Sunil Kant Munjal would spend time at the World Social Forum.

But with equitable globalisation, global governance, climate change and the Middle East, being also taken up as priority issues, it became clear that this leading networking platform embraced cogent expressions of social concern with nearly as much enthusiasm as its primary business of deal making. That these expressions were accompanied by the occasional grandstanding — such as actress Sharon Stone's fund-raiser for mosquito nets (has the lady ever slept under one into which a mosquito has crept in, we wonder) — was neither here nor there. The rich wanted to show they had a heart and to an extent, they did. Deal making, though, dominated the show and there were those who did better at it than others. The Pakistanis, for instance, stole a march over the Indians. The Chinese were at it. Politicians and businessmen from Africa — the rediscovered concern of the West — and the Middle-east were out in force. But for the most part, the Forum was a show dominated by Europeans and Americans, the latter at times cocky as only Americans can be and at others defensive about continued criticism of what many participants termed their hegemonistic war on terror. Even old-time loyalist Tony Blair was forced to ask America to engage with the world (read Europe), leaving the odd Republican senator and Australian Prime Minister John Howard, to unreservedly wave the American flag. Indeed, the Forum was largely a Western show, with Asia — burgeoning economies notwithstanding and in spite of constituting more than half the world — making up just 16 per cent of the participation.

This will have to change if the forum is to be deemed truly global. Expressions of concern for the less affluent is a step in the right direction, but the Forum will have to take many more if it truly wants to change the way it is going.

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DAVOS MEET

2001 5/8

Equitable globalisation on the table

IT is ironic that a one-time disaster such as the Asian tsunami should pull at the world's heart-strings and make donors loosen purse-strings, while the world manages to be heartless about the everyday social disasters that afflict us, such as an annual toll of easily preventable deaths of children due to poverty, hunger and disease that easily dwarfs that of tsunami victims. Through the nineties there was a kind of triumphalism in rich Western countries, incarnated in Francis Fukuyama's celebrated "end of history" thesis, where the world's problems are finally over with the collapse of communism. This was reflected in deliberations held at the World Economic Forum at Davos, where trade and investment issues among rich countries were the only ones on the table.

The mood has changed markedly at this year's summit, where the spotlight is on Africa and global warming, and the Forum's members voted "poverty" and "equitable globalisation" as the two most important issues facing the planet. The two issues are interlinked. As long as rich nations decide the most important economic issues among themselves and in their own interests and the rest are ignored because they don't have the economic and military clout to matter, poverty of the underdeveloped nations remain a fact of life. And, as the summit recognised, there is a linkage between poverty and terror.

There are two facets of globalisation, as now managed. One, millions of people are being left on the periphery, as their destinies don't factor into the decisions of global leaders. Two, thanks to increases in literacy and the global communications revolution, many of those millions are *aware*, for the first time, that they are being left on the periphery. This increases the attraction of romantically anarchist ideologies and the recruitment pool for terrorists, even if those ideologies cannot really propose any viable solution to the problems of poverty and underdevelopment. In that sense the 9/11 attacks are the real precursor to the 21st century, and astonishingly the appeal of Al Qaeda has been allowed to grow stronger since 9/11.

Nigerian President Olusegun Obasanjo stated at the Forum that a "critical mass" of development funds are not coming into Africa, while social activist and rock star Bono warned that although nobody thinks of Africa in the context of terror, 40 per cent of Africans are Muslims and that the continent has enough room for a fair number of Afghanistans. The issues, however, transcend Al Qaeda, which is a sectarian creed with no appeal for non-Muslims, or perhaps even Shia Muslims.

It may, therefore, have a limited shelf life. But the terror that it has patented could easily mutate into other forms, including a revival of communism whose epitaph has been confidently written. The growth of Naxalism in Nepal and India may be an indicator of this trend. Despite what Fukuyama has to say, history has not yet ended. The Davos summit is at least waking up to the fact that globalisation does not just mean dropping selected trade barriers; it also means that poverty, disease and conflict anywhere will make their effects felt everywhere.

30 JAN 2005

THE STATESMAN

A new world order?

By Harold A. Gould

What now appears to be the case is that George W. Bush and Osama bin Laden have become rival fanatics.

WORLD AFFAIRS
NO-10
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THE ADJUSTMENTS George W. Bush has and has not made in his circle of advisors and Cabinet members following re-election to his second term as President of the United States, as well as the tenor of his inaugural address, have set Washington and the world abuzz as to what it all means. The prevailing wisdom has it that together they constitute a potentially dangerous cocktail fraught with many perils for an already deeply divided America and an anxiety-ridden international community.

It is a case of a President who won a second term by the narrowest vote-percentage margin in a century enunciating a messianic vision, which would be out of all proportion to contemporary political reality even if he had won by acclamation. If he can have his way, he says he intends to make the world safe for America by compelling all nations through persuasion, coercion and force, to become mirror-images of America; by adopting his neo-conservative concept of shopping-mall democracy wedded to radical, *laissez-faire* global economics.

In one of his climactic utterances, Mr. Bush declared that "it is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world." To him this means: "The survival of liberty in our land increasingly depends on the success of liberty in other lands."

What gives pause to outside observers, of course, is the spectacle of how the U.S. under President Bush and his cohorts has set out to accomplish this lofty aim. If the fate of Iraq is the criterion of what their salvation means, then the international community has every right to tremble at the perils inherent in this grandiose strategic design.

What, ironically, now appears to be the case is that Mr. Bush and Osama bin Laden have become rival fanatics. This is the point that critics of

Mr. Bush's inaugural address have failed to sufficiently note. American Jihad is now pitted against Islamic Jihad.

Osama bin Laden has from the outset mobilised his jihadist, quasi-state to wage 'holy war' against the 'infidels,' the 'Crusaders,' who would sully the hallowed principles of Sharia Law, and prevent a restoration of the medieval Caliphate. By pronouncing a jihad of his own, Mr. Bush, has in spirit, at least, now placed America in the ranks of the political fundamentalists.

By doing so, even if his stated scenario is, in the words of *Washington Post* columnist E. J. Dionne, more an "advertising slogan" than a plausible scenario, he has surely confirmed and reinforced Osama's nightmare fantasies about Judeo-Christian Crusaders determined to sweep away all vestiges of society and government that diverge from the Westminster ideal. Clearly, victory by either side would be bad for the silent majority who prefer to live quiet, productive lives untrammelled by the political rantings and religiously sanctified atrocities perpetrated by true-believing fanatics, no matter what their sectarian affiliation.

There may be, then, no need to take Mr. Bush's declared doctrine too literally. Apart from the sloganeering, there is no evidence that the President and his neocon entourage are either clear enough or competent enough to carry off their quixotic '100-percent-American jihad'. Also, the American public is insufficiently united behind him to support any further Iraq-like adventures such as a real 'jihad-for-democracy' would obviously entail.

Mr. Bush, to reiterate, won by a bare majority of 51 per cent, and his performance ratings are even lower than his share of the popular vote.

Moreover, there are many potential candidates for jihad out there that are too formidable to tackle, either because of political expediency (like Russia and China) or military prowess (like North Korea).

All rhetoric to the contrary, Mr. Bush lacks a credible political mandate for conducting what Dionne calls a "Freedom Shuffle." The thing that makes the Bush administration so dangerous, however, is the threat its bombastic rhetoric and blundering attempts to carry it out in practice represent to what is left of international stability.

It is certainly true that Mr. Bush's Cabinet changes appear to have considerably tightened the ship. Secretary of State Colin Powell and like doubters and dissenters were unceremoniously tossed overboard. Among the survivors, the one to watch is Condoleezza Rice who replaced Mr. Powell at the State Department. Walter Andersen, recently a State Department official who is now Associate Director of the Johns Hopkins University South Asian Studies Program, has some interesting things to say about this move.

While Ms. Rice is considered an implacable Bush loyalist, Dr. Anderson foresees a possible clash with Defense Secretary Donald Rumsfeld and other members of the palace guard if she remains true to her words. Dr. Anderson believes she has indicated that, "her policy line will be less unilateral than [Rumsfeld's]." He points out, for example, that Ms. Rice has told "the members of the Senate Foreign Relations Committee that the State Department would be the 'primary instrument' of foreign relations."

This could forebode cleavage between State and both the Defense Department and the National Security Council, the latter which she her-

self chaired until her promotion.

In the light of this potential chink in the Bush administration's armour, one is tempted to speculate whether a "Becket drama" might be brewing in the wings. Ms. Rice's shift from the Royal Court (many parallels between the characters of King Henry and President Bush) to the Hallowed Cathedral (the proud and venerable Department of State where eternal verities of Statecraft repose) might indeed raise the question, as it did in ancient England, and has many times before and since then, of how much the Role make the Person. Should Ms. Rice as Secretary of State conform to Dr. Andersen's prognostications, and make a 'Becket-shift' in the name of High Principle, we might witness an order of political disarray that could plunge what there is of the great counter-crusade into political disarray.

For those who fret about the destructive implications of jihadism, from whatever quarter it emanates, this indeed could be an outcome devoutly to be wished, if indeed it eventually compels the Bush administration to tone down its jihadist rhetoric and strive for less extremism, more consensual approaches to the world's problems. Ms. Rice would have to avoid being "Murdered in the Cathedral," so to speak, by the political enemies she would inevitably accumulate, as her predecessor, Mr. Powell, could not. Should she find ways to survive as an independent force for moderation and flexibility, if indeed this lurks in a hidden corner of her inner character, then perhaps American diplomacy ultimately might be saved from itself.

For, the principal danger facing the Bush Doctrine is that as things currently stand, it matches Osama Bin Laden's political creed in single-mindedness and militant ferocity, and consequently represents in spirit and intent the same type of threat to humankind as he does.

(Harold Gould is a Visiting Scholar in the Center for South Asian Studies at the University of Virginia.)

Never forget: Auschwitz remembered

It Reminds Us Evil Is Real; The Story Must Be Called By Its Name - And Must Be Confronted'

Auschwitz (Poland): World leaders on Thursday issued emotional pleas for the horrors of the Holocaust never to be forgotten, as they prepared to mark the liberation of the Auschwitz death camp 60 years ago.

Under a blanket of snow, a train pulling along the tracks once used to herd more than a million people to the Auschwitz-Birkenau extermination camp in southern Poland was to mark the start of the main ceremony with a haunting whistle.

Some 10,000 people, including about 1,000 survivors, were expected to pay tribute to about 1.1 million people who died at Auschwitz between 1940 and 1945.

The day of solemn events and remembrances began with an international forum gathering young people, survivors and politicians, and with a plea from Polish President Aleksander Kwasniewski to "ensure that new generations never forget."

Addressed the gathering of some 400 people, he lamented that "the world has not always heeded the sad lesson of Nazi crimes."

US vice president Dick Cheney urged new generations to take heed of the message of evil from Auschwitz.

"The story of the camp reminds us that evil is real. It must be called by its name and must be confronted," he said. He was among the 44 world leaders at the event also attended by former Soviet Army soldiers. AFP

● The decision to kill all the Jews of Europe was formulated in late 1941, and Nazi officials coordinated the apparatus of mass murder.

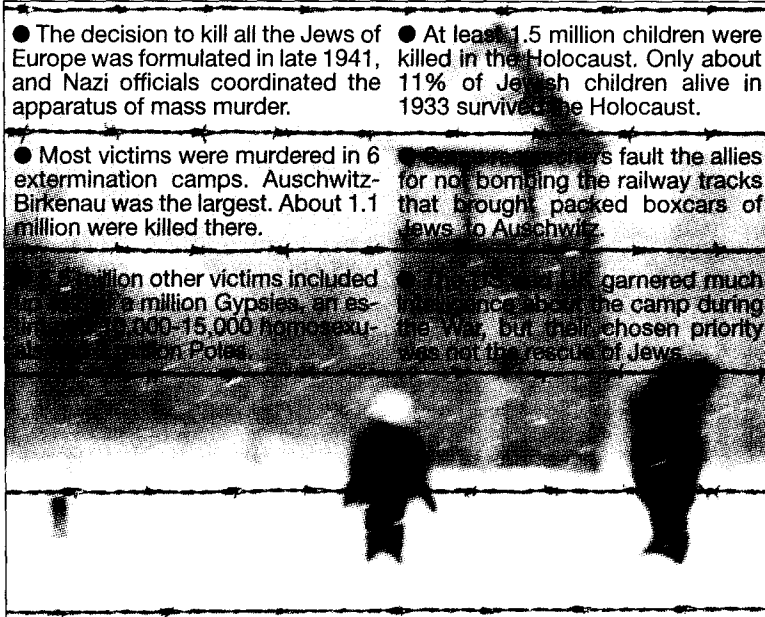
● At least 1.5 million children were killed in the Holocaust. Only about 11% of Jewish children alive in 1933 survived the Holocaust.

● Most victims were murdered in 6 extermination camps. Auschwitz-Birkenau was the largest. About 1.1 million were killed there.

Some critics fault the allies for not bombing the railway tracks that brought packed boxcars of Jews to Auschwitz.

Other victims included 1 million Gypsies, an estimated 100-15,000 homosexuals and thousands of Poles.

The camp garnered much attention during the war, but the chosen priority was not the rescue of Jews.



The machine of mass murder

Oswiecim (Poland): Between 1940 and 1945, Auschwitz-Birkenau was built up by Poland's Nazi occupiers from a concentration camp for 10,000 prisoners to a slick machine of mass extermination that took at least 1.1 million lives.

Confined to 20 Polish Army barracks on the outskirts of the southern Polish town of Oswiecim, the camp was originally set up "to terrorise the Polish people," according to historian Miroslaw Obstarczyck, a curator at the Auschwitz-Birkenau Museum.

Jozef Paczynski, a Polish resistance fighter, arrived at the camp on June 14, 1940. He was 19. "We were taken inside, lined up, counted and a German officer told us; 'This is not a sanatorium. It's a German concentration camp where you will survive a maximum of three months, six

weeks if you're a Jew or a priest."

"We were taken to the basement and registered: name, date of birth, but also how many gold teeth we had and who in our family had died of what diseases," he recalled. That information was to be used by the Nazis to deliver false death certificates.

"If they killed you, your family would get a message that you had died of a disease that runs in the family," Paczynski explained.

Starting in 1941, the Nazis began to further develop their 'zone of terror' to include the village of Brzezinka.

Next came the "selection", with able-bodied men and women ordered to one side, to work at the camp, and the elderly, infirm and children to the other — to the gas chambers, adjacent to the railway siding. AFP

Liberators recount Nazi horror

Moscow: Sixty years on, memories of the horror they stumbled upon are still painfully vivid for the former Soviet soldiers who liberated the Auschwitz death camp, where some 1.1 million people, most of them Jews, were exterminated.

"Among the inmates, you could not distinguish the men from the women, the young from the old. They were wide-eyed human beings," recalled Genry Koptev, now almost 80 years old.

"They were laughing and crying all at once, and telling us about their lives in all possible languages," said Koptev, then in

charge of an anti-tank cannon in the Soviet Army's 322nd division, which liberated Auschwitz.

"I saw a whole alley bordered with two-metre high bonfires, from which human bodies were emerging. The alley was leading to the camp's crematorium," he said.

"I also saw a room where human hair was stockpiled. Then I went into the shower room, where the walls were covered in dark blue tiles.

But only after the Nuremberg trial did I learn how they were used (as gas chambers)," he said. AFP

Architect Philip Johnson dead

New York: Philip Johnson, whose austere "glass box" buildings and latter-day penchant for incorporating whimsical touches in his designs made him one of the most influential architects of the 20th century, has died at 98.

Johnson died on Tuesday at his home in New Canaan,

Connecticut—itself one of his most important creations.

Johnson's work, which spanned more than half a century starting in the 1940s, ranged from the modernism of his home to the more fanciful work of his later years, including the AT&T building in New York. AP

28 JAN 2005

INDIAN EXPRESS

Berlin event shows how to produce better, not more

By Gargi Parsai

BERLIN, JAN. 25. "India should play a more active role in the G-20 group. We feel that Brazil (in that group) is more pro-liberalisation in the farm sector than India," Germany's Deputy Minister for Agriculture, Food and Consumer Protection, Mathias Berninger, told visiting mediapersons at the International Green Week (IGW), Berlin 2005.

Cap on farm subsidy

Till Sunday, over one million people had visited the 70th international exhibition of food,

agricultural, horticultural, dairy, livestock and marine industries. The level of subsidies would be the focus of discussions in the next round of WTO meeting in Hong Kong in December 2005. Developed countries with huge budgetary deficits are already moving towards an internal "modest cap" on farm subsidies and decoupling subsidies from farm production. These are the issues at hand here with which India can identify, even though India is not an official entry here. There were only two stalls in the Asian pavilion selling Indian cuisine.

As the European Union steers

a Common Agriculture Policy (CAP), agriculture is no longer considered market-oriented production of commodities. The CAP is reoriented towards "greener" agriculture, bio-oriented farms, protection of animals and rural development. "We want fewer, but more profitable farms, to enable them to keep up with European standards," pointed out the Turkish Minister of Agriculture, Prof. Sami Güclü, during a discussion on innovative agriculture.

His country in the process of restructuring the domestic agricultural sector, which is dominated by small operations. Like

the member nations, Turkey has to comply with E.U. standards to qualify for its support to invite foreign direct investment.

Row over GM food

The controversy over GM foods continues to invoke mixed reactions even between the European Union nations. Germany, with the Green party leader, Renate Künast, as the Federal Minister for Agriculture and Consumer Protection, has brought in laws to regulate GM foods, which has invoked strong reactions in some sections. The impact of this "irreversible"

technology on biodiversity is a big issue in the E.U. "Biotechnology works perfect with big farms. I don't feel MNCs will feed the world because they focus on a few commodities and work on that," said Mr Berninger.

In 1997, the E.U. had banned export of marine products from India on the ground that some consignments were found to be contaminated with salmonella even as the India's trade with the U.S. continued during the period for the same product. India and other developing nations have, therefore, sought acceptance of Codex Alimentaria-

rius Commission standards as the guiding principle instead of each nation bloc setting its own standard which may keep developing countries out of the market.

At the IGW, producers from all over the world showcase food and luxury items combined with international wine, beer and spirits specialties and establish a brand image in European markets. Responding to growing trends, the IGW also includes direct agricultural sales and the organic products section. The E.U. aim is to encourage farmers not to produce more but to produce better.

Call centre cuts back: Put off by accent?

S. Rajagopalan

Washington, January 23

IS THE heavy Indian accent prompting a major US outsourcing firm to slash its India operations by 50 per cent and relocate to another Asian country?

Sykes Enterprises, based in Tampa, Florida, denies the accent bit, but confirms the "migration" (read layoff) plan for its Bangalore call-centre facility that went on stream barely two-and-a-half years ago.

Sykes attributes the shift to Bangalore's "inadequate rate of returns" — a point the company makes in its 8-K document filed before the US Securities and Exchange Commission on Thursday.

"It's a purely financial decision," insists Subhaash Kumar, the company's senior director for investor relations. Speaking to *HT* from Tampa, he dismissed reports on the accent factor and pressure by corporate clients on this score.

Tongues had started wagging after a Tampa newspaper attributed the Sykes move to complaints that American customers had problems understanding the accents of Indian call centre staff. But Kumar denied receiving complaints of this sort.



Calling it off

Sykes Enterprises is slashing India operations by 50% — American customers have had problems understanding the accents of Indian call centre staff

In 2000, American clients of an outsourcing firm made similar complaints. In 2003, the firm faced a new problem: while its British customers could decipher Indian accents, Indians found the British hard to understand

India's loss may be the Philippines' gain, according to analysts closely following Sykes. The company has not named the preferred alternative destination yet, but it has had call centre operations in the Philip-

pines since 1997. A senior analyst from Raymond James & Associates has been quoted in the local media as saying that Filipinos have "less noticeable accents" than Indians. That apart, the high employee turnover rate in India is said to subject companies to extra spending on recruitments and training.

In keeping with the secretive manner in which most outsourcing firms function, Sykes would not say how many staffers will be laid off at the Bangalore facility. Or, for that matter, the number of Indians on the company's rolls.

The 8-K document confines itself to indicating that Sykes will "migrate" customer call volumes accounting for half of the \$4 million (about Rs 17.5 crore) generated by the Bangalore facility annually.

Does this mean 50 per cent of the Bangalore staffers will be laid off? "No," says Kumar, without elaboration. Further queries on numbers are met with the standard response: "We can't quantify."

The whole process of migration (including layoffs in Bangalore, redeployment of site infrastructure and recruitments at the new offshore facility) is slated to be completed within the next few months.

Taking a call on abuse

Thousands of call centre operators are being besieged by irate, often racist, callers; helping them deal with this "phone-rage" are their employers

Sushmita Bose
New Delhi

Bill Thomas lives in Georgia, US, and goes by the "cyber sobriquet" of "Angry321". He's urging fellow Americans — on a blog site called isyourjobgoingoffshore.com — to get down to the serious business of venting "at a real live Indian, job thief". Bill has created an email ID

wordsmith@moonshinehollow.com — for like-minded people to write to him, and says, "I am targeting specific India-based call centers to hear from angry Americans."

Bill's *modus operandi* is like this: he wants to use the customer service line of Amoco for his mission (1-800-STARTUP), and has included details about the way to get the Indians' goat — "Indians love to lie about their real name. They'll use a normal one, like Tom or Betty or Joe. Challenge them on this. Say to them 'You don't sound like any Tom I ever spoke to. By the way, I just love cheeseburgers. Don't you?' This will have a negative psychological effect on them. Remember, these people are our enemies! No more debate! Act! If you don't then you will lose your job, and your kids will have no future!"

Given all this is out in the public domain, Bill's plans could well be scuttled. But the scary part is the incident precedent: the recent incident involving two Philadelphia-based radio jockeys calling up a BPO operator in India and hurling invectives like "bitch" and "rat-eater" at her.

Nikhil (*name changed*), who works for a call centre in Gurgaon, admits that a few of his colleagues have received "hate mails" from customers in the US. "Callers abused at least two of my colleagues last month itself, saying that Americans are losing out of job opportunities thanks to

'low-cost' destinations like India," he says. There have been a few cases where callers "insist" on speaking to US-based operators only. "If that's not being racist, what is?" he asks.

But the economic underpinning of this is evident from the call centre numbers: a National Association of Software and Service Companies-McKinsey report estimates that, by 2008, the sector will generate a turnover Rs 200 billion in India; market analysts in the US say that American companies save up to 70 per cent of costs when they outsource call services from India, where an average of 250 to 300 calls get attended to in a normal eight-hour shift.

Do employees who face the brunt of abusive callers feel as good about the numbers? According to a CIOE Network and *Dataquest* BPO employees survey, around 30 per cent of all those interviewed felt that "irate customers" caused a lot of stress. Fortunately, most BPO companies are swinging in with damage control. Anil Sachdev, CEO, Grow Talent, one of India's leading HR consultancies, recently organised a BPO Leadership Module. "One of the sessions was on counselling employees on how to handle stress — because most of the work here deals with collecting money and callers, in any case, tend to get abusive and difficult," he says.

According to Sachdev, companies like GE, American Express and Wipro have a stress management

cell. The company policy normally is when an abusive caller comes on the line, the concerned operator's Team Leader acts as an interventionist.

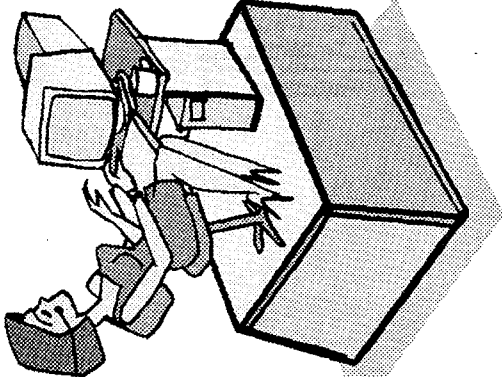
"There are special classes to train them on how to deal with such callers," he adds.

"Coping with abusive callers is a given in this industry," says S. Varadarajan, vice president (Talent, Engagement and Development), Wipro Spectramind. "In our company, we have issued very specific guidelines: an abusive caller is told that the call is being recorded, and that the line would be disconnected."

Work trends like having fun at the workplace and subsidised cafeterias where workers can meet up for a cuppa are all directed to make employees feel better so that they don't carry the stress back home with them. Most BPO companies have started in-house meditation and yoga facilities so that employees can, literally, work out the stress from their systems.

The volume of work in the BPO sector, says Sachdev, is going up exponentially, so abusive behaviour is only going to go up. And although racism is only a small percentage of this, it could well emerge as an ugly trend. If the likes of Bill Thomas have their way, that is.

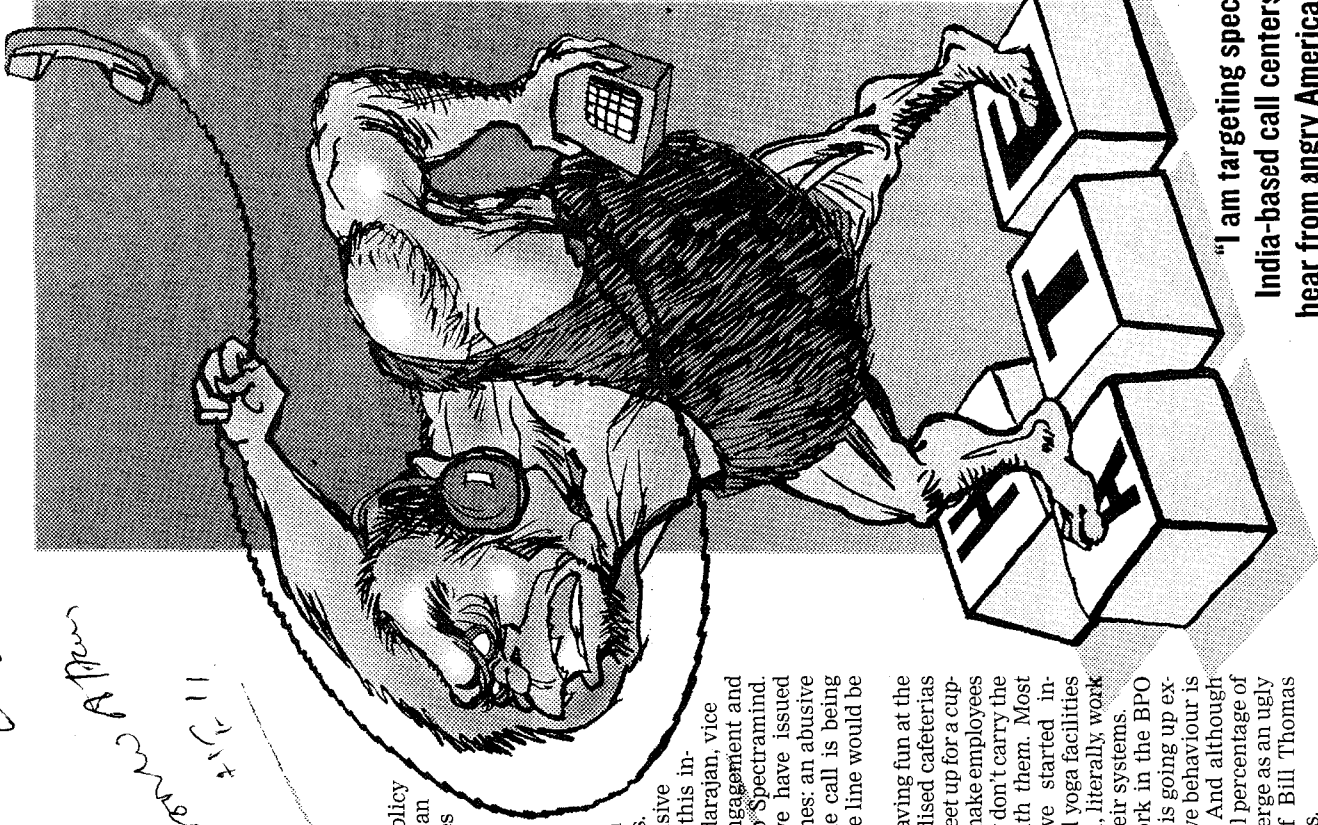
"I need a stress-buster to get over the abuses"



RECENTLY two Philadelphia-based radio jockeys made an abusive and racist call to a BPO operator in India

It is a concern in the sector that racism is on the rise, because many Americans feel that India is taking away their jobs

BPO companies are doing damage control here. Most have proper counselling sessions, chaired by shrinks who talk to operators at the receiving end of abusive calls



"I am targeting specific India-based call centers to hear from angry Americans"