

Government nod for Safta

HT Correspondent
New Delhi, December 29

INDIA HAS taken the lead to bring in the free trade zone in South Asia. The Union Cabinet's approval for an agreement to set up the South Asian Free Trade Area (Safta) is the first step towards evolving a major economic block on the lines of European Union and North America Free Trade Area (Nafta) led by the US.

Setting up the Safta will also mean that dynamics in trade negotiations will change mid-course at the WTO.

It will also translate into free movement of goods, services and personnel across the Saarc countries. The biggest beneficiaries of the Safta will

be the least developed countries (LDCs) in the region including Maldives and Bangladesh. The two countries will get unhindered access to Indian markets beginning January 1, 2006.

Addressing a press conference, finance minister P. Chidambaram said the Union cabinet had cleared the agreement signed among Saarc nations in Islamabad in January 2004.

As per the agreement, the LDCs in the region will also be eligible for concessions to undertake development projects, compensation for revenue loss due to scaling down the duties and technical assistance to undertake restructuring of their economies. Meanwhile, commerce minister Kamal Nath said

for Pakistan and Sri Lanka on the one hand and Bangladesh, Bhutan, Maldives and Nepal on the other have been finalised under the Safta.

As per the agreed rules of origin, twin criteria of change in tariff heading at four-digit level and value addition of 40 per cent for non-LDCs and 30 per cent for LDCs will apply.

The Cabinet Committee on Economic Affairs (CCEA), meanwhile, signalled bringing all the markets — both stocks and commodities — under one roof.

Food, consumer affairs and public distribution ministers will shortly introduce a bill in the Parliament during the budget session to amend the Forward Contracts Act.

The amended Act would allow farmers to take addition-

al hedge cover against failure of monsoon, introduce options trading in contract, an official statement said. Further, the possibility of merging Forward Markets Commission (FMC) with Sebi will be explored after three years.

The act in current format provides for the regulation of commodity futures markets through FMC. The amendments also provide for setting up a Forward Markets Appellate Tribunal on the lines of Security Appellate Tribunal (SAT) with statutory backing from Sebi Act.

Answering a query, Finance Minister stated that discussions with Left parties continued on disinvestment of government stake in non-navaratna public enterprises.

FREE TRADE INITIATIVE

that implementation of Safta would strengthen trade relations among Saarc countries. Thursday's agreement translates into offering an additional two million pieces of garments under the tariff rate quota (TRQ) regime. This will be in addition to six million tonnes already offered.

As per the Safta agreement, India will open up its markets in varying degrees to its neighbours including Pakistan. But, at the same time, it will protect its interests through a sensitive list.

Two different lists of items

Across boundaries

India will open up its markets in varying degrees for its South Asian neighbours. But, at the same time, it will protect its own interests through two different lists of sensitive items, one for Pakistan and Sri Lanka and the other for Bangladesh, Bhutan, Maldives and Nepal.

The biggest beneficiaries of the free trade initiative will be the least developed countries including Maldives and Bangladesh. The two South Asian countries will get unhindered access to the lucrative Indian markets beginning January 1, 2006

INDIA TO OFFER CONCESSIONS TO LDCS

Cabinet clears Safta

Statesman News Service

NEW DELHI, Dec. 29. — The Cabinet today approved the agreement for South Asian Free Trade Area (Safta), which will come into force from 1 January 2006. "This is a comprehensive agreement," the finance minister, Mr P Chidambaram, said at the end of the Cabinet meeting today, chaired by the Prime Minister, Dr Manmohan Singh. "The agreement provides for free trade of goods among Saarc countries from 1 January."

The agreement was signed at Islamabad in January last year and would come into force from 1 January, upon completion of formalities, including ratification by all the contracting states and issuance of notification by the Saarc Secretariat.

The formalities include completion of negotiations on Rules of Origin, Sensitive List, Mechanism for Compensation of Revenue Loss for Least Developed Contracting States and Technical Assistance to Least Developed Contracting States in agreed areas.

As a relatively larger and more developed economy, India would be giving concessions to Least Developed Countries (LDCs) in the Saarc region, including Bangladesh and Maldives.

A mechanism for compensation of revenue loss due to reduction in duties, as well as technical assistance would be extended to the LDCs in the agreed areas, Mr Chidambaram said. The Cabinet also gave its approval to offer Bangladesh an additional Tariff Rate Quota of two million pieces of garments besides six million already offered.

Commenting on the Cabinet approval,

the commerce and industry minister, Mr Kamal Nath, said the coming into force of Safta would be a historic milestone in the economic profile of the countries of the Saarc region. "Implementation of Safta will further strengthen our trade relations with the Saarc countries," he said.

Since the signing of the agreement, a Committee of Experts (CoE), comprising representatives from all member states of Saarc, negotiated on the outstanding issues in 12 meetings and gave its recommendations at its last meeting held during 29 November to 1 December 2005 in Kathmandu.

The basic objective of Safta is to reduce existing tariffs within the stipulated time frame in order to boost trade among the member countries of Saarc, namely, Bangladesh, Sri Lanka, Nepal, Pakistan, Bhutan, Maldives and India.

30 DEC 2005

THE STATESMAN

Foreign secy wants peace and stability in Nepal

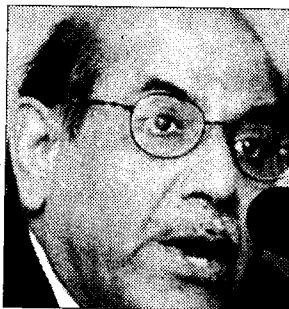
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YUBARAJ GHIMIRE
KATHMANDU, DEC 13

FOREIGN Secretary Shyam Saran today hinted that India's relations with Nepal have resumed after a deep freeze of almost ten months, but it was not business as usual yet.

In a brief talk with media-persons here, Sharan said his visit to Nepal was a follow-up to the meeting between King Gyanendra and Prime Minister Manmohan Singh in Dhaka in which both had agreed that it was "important for the two countries to be in touch at different levels given their long-standing and wide-



ranging relationship."

Although Saran refrained from making any comment with political overtones, he, sources said, managed to convey the message that occasional "pin-pricks" by Nepal, like procuring arms from China, would only complicate the relationship.

Sharan's visit took place in

the background of Nepal's procuring arms from China and coincided with the threat of a key advisor of the King, a retired Army chief, that China was always ready to help Nepal in all crises.

Sharan spent about one hour and 45 minutes with King Gyanendra and the three-para brief press note issued at the end of his visit apparently concealed many things that transpired. "In all my meetings, I have conveyed that restoration of peace, stability and economic recovery is not only in the interest of Nepal, but also in India's interest", he said, adding that "India stands ready to support all efforts aimed at bringing about a

peaceful resolution to the problems confronting Nepal".

Deletion of the word democracy has apparently triggered fear in the minds of the pro-democracy forces here. Sharan, however, said in response to a question that unity and consolidation of constitutional forces was essential to achieve the goal of peace and stability in Nepal which was a reiteration of Indian position that the King should reach out to the political parties.

Despite his known antipathy towards political parties, the King is believed to have positively responded to the suggestion for a dialogue with the pro-democracy forces.

14 DEC 2005

INDIAN EXPRESS

Maldives backs India's claim

Special Correspondent

CHENNAI: The Maldives has backed India's claim for a permanent seat in the United Nations Security Council.

In a telephone conversation with Prime Minister Manmohan Singh, its President, Maumoon Abdul Gayoom, said the Maldives would co-sponsor the framework resolution on restructuring the Security Council jointly proposed by India, Japan, Germany and Brazil. According to a communiqué from the President's office, Mr. Gayoom said that U.N. reforms should reflect international realities. India was a key player in promoting global peace. He expressed the hope that the resolution would achieve international support.

Mr. Gayoom briefed Dr. Singh on the ongoing democratic reform programme in the Maldives. He expressed his determination to implement the reforms in a smooth and peaceful atmosphere, and thanked the international community and close, friendly countries such as India for their support in the exercise.

29 JUN 2007

THE HINDU

India confirms participation in SAARC summit

Haroon Habib

DHAKA: India has confirmed its participation in the 13th SAARC summit here on November 13 and 14 as proposed by the host Bangladesh.

External Affairs Minister Natwar Singh telephoned Bangladesh Foreign Minister M. Morshed Khan on Friday night and said that India wanted to attend the summit on the proposed dates, a local news agency said quoting Mr. Khan.

Mr. Khan told the news agency that he welcomed India's decision and requested Mr. Natwar Singh to convey it to the SAARC chair, Pakistan.

The decks have now been cleared for holding the twice-postponed summit.

15 MAY 2005

THE HINDU

WEDNESDAY, APRIL 27, 2005

Arms supply to Nepal will be gross folly

The United Progressive Alliance Government's decision to resume the supply of arms "in the pipeline" to the Royal Nepal Army (RNA) is a betrayal of the Nepalese political parties struggling for the restoration of democracy. It is a shot in the arm for King Gyanendra, whose reactionary putsch of February 1 prompted the suspension of military aid in the first place. In resolving not to send the RNA weapons, New Delhi signalled that it was unacceptable to use the war against the Maoists as a pretext for banishing democratic politics and imposing an emergency. India's principled and progressive decision helped set the international terms for dealing with the return of the *ancien regime* in Nepal. The reasons being advanced now, in hushed tones and behind closed doors, to justify the U-turn are the need to maintain India's 'leverage' with Nepal and keep alternative arms suppliers out; as well as fuzzy strategic affairs and security considerations. The rationalisation does not wash. There is simply no way land-locked Nepal can escape economic, logistic, and strategic dependence on India.

By changing course in less than three months, in return for vague, non-binding commitments to the eventual restoration of political processes, India has, in effect, accepted the awful logic that democracy and the protection of civil liberties and human rights cannot go hand in hand with counter-insurgency. Spurred on by New Delhi's benediction, the Nepalese security forces are likely to go all out to find a bloody 'military solution' to the Maoist question, and intimidate democratic opponents and critics in the bargain. India's decision to go back to playing ball with King Gyanendra could increase disarray in the democratic camp. That is why the King was so eager to go public about the Indian U-turn immediately after his Jakarta meeting with Prime Minister Manmohan Singh. The arms matter less to him than the legitimacy India has bestowed on him and his not-so-secret project to turn the clock back to the bad old days of the Panchayat system.

The Government has compounded its foreign policy blunder by failing to be straightforward about it. There has not even been a formal acknowledgment from the Indian side of the decision to release the first consignment of arms for the RNA. This official silence — coupled with Prime Minister Singh's opaque statement that his Government would look at the issue of arms supplies "in the proper perspective" — exposes the lack of anchor and coherence in New Delhi's Nepal policy. The Government must immediately revoke its decision to send arms "in the pipeline" if it is to carry any credibility with democratic forces in Nepal and elsewhere. After all, since the monarch-dictator broke the understanding that neither side would go public, India is well within its formal rights to scrap the bargain struck in Jakarta. New Delhi must demand that King Gyanendra end press censorship, release all political prisoners, lift the state of emergency, and set a date for free general elections — as conditions precedent for any return to arms supply. It would be a breach of democratic faith and gross folly to settle for anything less.

27 APR 2005

THE HINDU

India ready for Saarc, PM speaks for Asia

Nilova Roy Chaudhury
Jakarta, April 24

INDIA IS ready to accept any suitable date for the twice-postponed Saarc summit in Dhaka, if it is acceptable to other members of the seven-nation grouping. External affairs minister K. Natwar Singh has conveyed this to his Bangladeshi counterpart at the Asia-Africa Summit in Jakarta.

India's statement is significant as it comes soon after Prime Minister Manmohan Singh's meeting with Nepal King Gyanendra on Saturday.

The Saarc meet was postponed once due to the December 26 tsunami, and then after India declined to attend, citing the royal coup in Nepal and the security situation in Bangladesh.

At the Asia-Africa Summit, the Prime Minister's visit was crowned by a special honour when India was asked to represent Asia at the final signing ceremony of the New Asia Africa Strategic Partner-



The PM at the Jakarta summit.

ship agreement. Singh, who addressed the gathering after leading a symbolic walk of about 250 metres from the Savoy Homann Hotel to Gedung Merdeka, the venue of the conference, called for democratisation of international institutions, including the UN, and stressed the importance of the Non-aligned Movement (NAM).

Leaders from the two continents signed a new strategic partnership to ensure peace, stability and security across the region through enhanced trade and

stepped-up cooperation in the war against terrorism and transnational organised crime.

Indonesian President Susilo Bambang Yudhoyono and South African leader Thabo Mbeki inked the declaration on the deal in Bandung, where the countries from the two continents had got together for the first time in 1955 and subsequently created NAM.

25 APR 2005

PM dangles aid carrot before Nepal

Desperate for help, Gyanendra Promised to Restore Democracy

5-1

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8-16 Asia

Jakarta: In the highest-level India-Nepal contact since the royal takeover on February 1, Prime Minister Manmohan Singh on Saturday met King Gyanendra on the sidelines of the Asian-African summit here.

Gyanendra reportedly promised Manmohan that he would restore political process in the kingdom "as early as possible" and in return got an assurance from him that India would end the suspension of military aid to Nepal.

"They two leaders agreed that it was necessary to restart the political process without delay as it would enable Nepal deal with the Maoist insurgency," secretary (east) in the external affairs ministry Rajiv Sikri said. He said during the 45-minute meeting at which external affairs minister K Natwar Singh was also present, Manmohan and Gyanendra deliberated on the situation in Nepal in a "frank and cordial" manner. India had suspended military aid to Nepal after the king assumed absolute power, sacking the Sher Bahadur Deuba government.

The king, on his first visit abroad after he seized power, addressed the summit on Friday and said his "commitment to multi-

party democracy, human rights and rule of law is total and unflinching". He said he was "compelled to take a decisive course" as he had been left with "little choice".

Addressing the meeting on Saturday, Manmohan said despite accounting for over half of humanity, Asia and Africa did



King Gyanendra and Manmohan Singh meet in Jakarta on Saturday

not have a commensurate voice in international institutions of the modern world. "Democratisation of the UN and its specialised agencies must be a fundamental plank of our strategic partnership," he told leaders from over 100 countries. He also said concerted measures must be adopted to manage increased global inter-

dependence of nations, as increased competition could hurt countries ill-equipped to face the challenge. "Increased competition helps those who are strong enough to benefit from new opportunities. But it can hurt those who are ill equipped to face the challenges of competition," he said.

Sending clear signals to industrialised nations that their trade-distorting farm subsidies should be phased out and barriers to agricultural exports removed in a bid to protect livelihood security of farmers in developing countries, Manmohan said, "We must strive to evolve a formulae to phase out trade-distorting subsidies in the developed countries." Voicing concerns over rigid visa restrictions which continued to obstruct free movement of people and services, he said it deprived the people of Asia and Africa full benefits of their main economic strength.

Meanwhile, taking note of the "flexibility and courage" shown by India and Pakistan for achieving peace and harmony, Pakistan President Pervez Musharraf has favoured institutionalisation of multilateral conflict resolution mechanisms for regional and global peace. Agencies

India does a U-turn on arms supply to Nepal, delivery soon

Democracy will be restored sooner than later, King Gyanendra tells Manmohan

Siddharth Varadarajan

JAKARTA: India has decided to reverse its decision to suspend the supply of lethal weapons to the Royal Nepal Army. The decision was conveyed by the Prime Minister, Manmohan Singh, to King Gyanendra of Nepal during a 45-minute meeting here on Saturday on the sidelines of the ongoing Asian-African Summit.

Although the Prime Minister side-stepped a direct question from journalists on this issue at a press conference later in the day, a senior Indian official told *The Hindu* that a consignment of arms which had been in the pipeline when King Gyanendra seized direct control of the Government on February 1 would be delivered "very soon." On his part, the King assured the Prime Minister that democracy in Nepal would be restored "sooner rather than later" and that he would be sensitive to Indian concerns that there be a "road map" for restarting the political process.

India's concerns

At his press conference, Dr. Singh said he told the King that India's concerns about recent developments in Nepal were prompted by its belief that the "twin pillars" of constitutional monarchy and multi-party democracy must work in harmony. On King Gyanendra's statement that Indian military supplies would now be forthcoming, all Dr. Singh was prepared to say was: "His Majesty raised that issue with me and I said we will look at these things in the proper perspective."

The bilateral meeting was sought by King Gyanendra and



FACE TO FACE: King Gyanendra of Nepal with Prime Minister Manmohan Singh on the sidelines of the Asian-African Summit in Jakarta on Saturday. — PHOTO: AFP

attended only by the Prime Minister and the External Affairs Minister, Natwar Singh, from the Indian side. Whatever was said — and understood — at that meeting, Indian officials were caught off guard by the Nepalese monarch's statement to NDTV soon after.

Asked about military supplies from India, he said: "We have agreed on certain things ... we have got assurances that they will continue." He claimed the task of "re-energising the political process" had begun, and cited his controversial decision to hold municipal elections as the

first step.

In an official briefing to the Indian media soon after the meeting, Rajiv Sikri, Secretary (East) in the MEA, refused to comment on the question of arms supplies.

He said only that the two leaders had deliberated on the situation in Nepal and had agreed that it was necessary to restart the political process without delay as this would allow Kathmandu to deal with the Maoist insurgency. New Delhi had suspended arms supplies to Nepal in the wake of the royal coup in which a state of emergency was

imposed, a large number of politicians and leaders was arrested, and the media were subjected to censorship.

Decision not clear

It is not clear whether the decision to send the one pending consignment of arms to Nepal will be followed up soon with other deliveries. Officials told *The Hindu* there was no clear timeframe and that much will depend on what kind of roadmap for the restoration of democracy the King comes up with. But the Indian decision will come as a big boost to King Gyanendra,

who continues to defy calls made by people in Nepal — and the international community — for a speedy return to democratic rule. With the United States refusing to join India and Britain in suspending arms supplies to Nepal and the defence establishment in New Delhi increasingly worried by the prospects of the Nepal Maoists gaining the upper hand, a rethink of the Indian policy has been on the cards for a while.

One month after India put on hold all weapons consignments, Mr. Natwar Singh made a *suo motu* statement in Parliament on developments in Nepal where he hinted that New Delhi's tough policy might be reversed. "In view of the current disturbed conditions in Nepal," the External Affairs Minister told the Rajya Sabha on March 4, "the question of military supplies to Nepal is under constant review."

In his speech to the Jakarta summit, the King was unapologetic about his seizure of power and claimed that the security situation in Nepal and the international war on terrorism had been strengthened as a result. "Terrorism and the self-induced inability of the political parties and various governments to rise to the challenge of ever-emboldening terrorists were driving the country to the edge of a precipice," he said.

"The nation, left with little choice, was compelled to take a decisive course. The decision we took on the first of February this year was in response to the call of our Constitutional duty to prevent the nation from further sliding down to chaos and anarchy."

Other Fires Next Door

Keep an eye on Nepal and Bangladesh

India and Pakistan may well be on the road to a new era of peace. But that shouldn't create a delusion that all's well with other parts of India's neighbourhood. While Pakistan may have been the most high-profile anxiety so far, the gruesome murder of a BSF officer by the Bangladesh Rifles should remind us of worries brewing across other borders, in Bangladesh and Nepal. The hapless officer was dragged across the border that Bangladesh shares with Tripura and shot dead at point-blank range, an incident reminiscent of one a few years ago when four BSF officers were murdered by Bangladeshi forces and strung up. But border tension is not the principal worry as far as Bangladesh is concerned. The deteriorating situation in that country has been of concern to New Delhi as well as Washington. It is no secret that desperately poor Bangladesh has been developing for some years an extreme form of religious profile financed generously by the Saudis. Last year alone, the house of Saud pumped in \$200 million to various Islamic outfits to construct 300 madrassas along the Bangladesh border with India. A nexus has reportedly emerged between fundamentalist Islamic groups in Bangladesh and India's north-eastern insurgents, under the suspected tutelage of the ISI, though Pakistan and Bangladesh have been routinely denying their involvement.

Various Islamic groups under the banner of the Jamaat-e-Islami in Bangladesh are openly hostile towards India and, worryingly, they form an influential part of the ruling establishment in Dhaka. The escalating Maoist violence in Nepal has been threatening to link up with Naxalites in India's poorer states, such as Bihar, Jharkhand and Andhra Pradesh. Prachanda, the supreme leader of the Maoists, vowed on Monday to continue a violent armed struggle until the Maoists captured power in Kathmandu. Both Bangladesh and Nepal have the potential to implode, with dangerous consequences for India. Washington and New Delhi should consult and stay in close touch with each other to push subtly both Bangladesh and Nepal to turn their backs on undemocratic and disruptive forces. In talks with her counterparts in the ministry of external affairs, US assistant secretary of state Christina Rocca discussed ways to synchronise efforts to address the crisis in Bangladesh. A similar consultation began when King Gyanendra dismissed the government in Nepal. The consultations should now converge to map out the future stability of South Asia. If feasible, the dialogue should include other SAARC nations. The India-Pakistan efforts are a good start. The peace net should now be widened.

20 APR 2005

THE TIMES OF INDIA

Indian arms aid to Nepal on hold

Nilova Roy Chaudhury 28)
New Delhi, February 22

INDIA HASN'T sent any military supplies to Nepal since the royal coup on February 1, an external affairs ministry spokesman said today.

Military aid to Nepal has been "under continuous review keeping in account the evolving situation" there, the spokesman said. "Military supplies have been on hold since King Gyanendra sacked the Sher Bahadur Deuba government and imposed a state of emergency."

The message from New Delhi to the King is that he must reverse his proclamation and end the emergency, free political prisoners and end the media clampdown. When he meets the monarch, Indian ambassador Shiv Shankar Mukherjee will convey to him that India would help his efforts to take on the Maoist menace only after he restores democratic processes.

India has trained members of the Royal Nepal Army (RNA) and supplied sensors, firearms, helicopters and other weaponry to assist the anti-Maoist effort, but is convinced that the RNA, which is loyal to the monarch, cannot tackle the Maoist menace on its own.

The British government, too, has deferred the "gift" of military equipment to Nepal it had listed in a minute presented in the House of Commons on January 20, pending its review of the situation.

Foreign secretary Jack Straw said in London, "We had already made clear our grave concerns over the King of Nepal's dismissal of the Prime Minister and the government. The UK will be reviewing the impact of the King's action on the security assistance we provide to Nepal."

Earlier, India had called off a meeting of the Indo-Nepal joint security group, scheduled for the end of this month, at which officials were supposed to work out additional military and security requirements to combat the Maoist menace. India was conveying that there couldn't be business as usual until the emergency was revoked.



Kathmandu-bound vehicles await army escort along the Prithvi highway. Maoists regularly target supply vehicles on this road.

Let's Get Together

New Delhi proposes a common destiny for South Asia

South Block has a new vision for South Asia: Our future lies in having a common market. India, being the dominant power in the region, is willing to take the lead in promoting such a common market. Coming close on the heels of India's decision to skip the SAARC meeting in Dhaka, South Block's carefully calibrated statement is an explanation as well as a corrective. It reiterates New Delhi's position that South Asia should strive towards common economic goals. It also invites neighbours to share this vision as equal partners. Moreover, it warns that there are countries in the neighbourhood which are unwilling to see a common destiny for the region and use platforms like SAARC to embarrass India. Free trade is possible only when cross-border links, including transport and other means of communication, are firmly in place. This is possible only if we are willing to exorcise the ghosts of the past and have faith in the present. The subcontinent has for long been a hostage of history. Nations have striven to define themselves by denying the logic of geography. A foreign policy of bleeding the neighbour may have inflated narrow nationalistic egos and defence budgets across the subcontinent, but half a century after the last colonial power sailed off, the subcontinent has yet to drive away hunger and other horrors. The map is dotted with failed states or states hurtling towards failure.

All these years, the subcontinent shared a destiny shaped by colonial cartographers. It is time to move on. A South Asian confederation on the lines of the European Union is a far cry. But the march towards a common market in the region has already begun; India has free trade agreements with Sri Lanka, Nepal and Bhutan. Myanmar, despite its dodgy record on democratic rights, may be the next to join. A paradigm shift in relations within the subcontinent will be possible if the Asian gas grid mooted by petroleum minister Mani Shankar Aiyar takes shape. As Aiyar has pointed out, Asia is sitting over 55% of the world's gas reserves and its thirst for energy is expected to grow manifold. The idea of a common grid that will transport gas from Iran in the west and Myanmar in the east across the subcontinent will help Islamabad and Dhaka tide over opposition at home — if any — towards doing business with India. New Delhi will not lose sleep over the possibility of an angry Islamabad blocking gas from Iran when the entire region has a stake in it. Of course, we can still cling on to the fetish of the nation-state and seek aid and armaments from the West. But at what price?