
From New Delhi

Economic pacts mark Gandhi's Soviet trip

by Susan Maitra

Prime Minister Rajiv Gandhi's May 21-26 state visit to the Soviet Union was highlighted by the signing of two economic cooperation agreements, pledging \$1 billion of ruble credits for Soviet participation in a series of industrial and infrastructure projects in India.

Though the Indian leader's reception was lavish, and Mr. Gandhi and Soviet General Secretary Mikhail Gorbachov had nearly three hours of private talks in addition to several formal sessions, the visit did not appear to formally advance Indo-Soviet relations in any new direction. Prime Minister Gandhi made clear that India's economic development and rapid modernization were the top priority in bilateral relations with the big powers. And in this, he has set the tone in his Soviet visit for the forthcoming U.S. visit as well.

"One has to go somewhere first," a candid Mr. Gandhi replied to the question of why he went to Moscow before Washington—the umpteenth query aimed at discerning a new "tilt" from the packed room of international reporters at a press conference after the first full day of the visit. Mr. Gandhi had opened with a statement on India's cordial and long-term relations with the U.S.S.R. "Our friendship is not aimed against any one. It is for the development of our country," he said. "We look forward to greater bilateral cooperation."

While Mr. Gandhi stated plainly his concern over the U.S. military relationship with Pakistan, and especially apparent U.S. indifference to Pakistan's bomb-making enterprise, in response to press queries, he also said that he had discussed the Afghanistan problem with Mr. Gorbachov and flatly repeated India's rejection of outside interference "by any country." Similarly, while he restated India's official endorsement of disarmament and praised the Soviet response to New Delhi's "Six Nation Initiative," he politely dismissed Soviet leader Gorbachov's "Asian collective security" proposal.

The most significant initiative from the Soviet side was undoubtedly Gorbachov's decision to refloat the 1969 "Brezhnev Doctrine." In his dinner speech in honor of Rajiv Gandhi on May 22, the Soviet leader proposed an "Asian Helsinki." After reviewing the many proposals and projects of the "détente era," from the Helsinki accords to the Indian

Ocean "zone of peace" proposal, Mr. Gorbachov reported that both nuclear powers in Asia had pledged no first use of nuclear weapons, and stated:

"Now the question arises: Is it not advisable, considering all these initiatives, and, in some measure, Europe's experience, to think of a common, comprehensive approach to the problem of security in Asia and a possible pooling of efforts by Asian states in this direction?" Of course the road to Helsinki wasn't easy, and this won't be either, Mr. Gorbachov said, and suggested that "bilateral talks and multilateral consultations" could lead to a future "all-Asian forum."

"It is an old idea," Mr. Gandhi is reported to have told the press, acknowledging its mention by Gorbachov but stating that no specific proposal had been advanced. Moreover India has its own proposals, and the other Asian nations have their proposals, he said. Mr. Gandhi has often stated publicly his foreign policy priority to improve relations with India's Asian neighbors, and an expansion of trade and other relations with the Southeast and East Asian nations is also clearly underway.

Mr. Gorbachov's "Asian security" gambit might have been taken as a clumsy bid to cripple that initiative and isolate India within Asia. In any case, the matter was softly but firmly laid aside, as it had been repeatedly by Mrs. Indira Gandhi from the time it was first put on the table by Leonid Brezhnev in 1969.

A similar fate apparently befell the Indo-Soviet Treaty of Friendship and Cooperation, the 15-year pact signed in 1971 and due to expire next year. While neither the transcripts of Rajiv Gandhi's statements and speeches nor the transcripts of the press conference are available in India, other than an enthusiastic mention from Gorbachov, there is no indication that the treaty and its fate received a word of discussion.

India's substantial defense relationship with Moscow, based on extensive purchase of equipment and transfer of technologies for establishment of defense production capacity in India, did not figure into discussion. A large delegation headed by defense minister Narasimha Rao visited Moscow recently, and the Soviet air chief quietly visited New Delhi just days before Mr. Gandhi left for Moscow. But despite press rumors of grand new military offers from the Soviets, no developments in this field have been announced—perhaps out of diplomatic consideration in view of the upcoming U.S. visit.

For the Indian delegation in Moscow, economic matters took first place.

The first of the two agreements signed relates to a virtual grant of one billion rubles credit to finance Soviet participation in projects in the power, oil, coal, machine building, and ferrous technology. The credit carries a three-year moratorium and 20-year repayment period and an interest rate of 2.5%. In line with previous Indo-Soviet trade agreements, repayments will be in Indian rupees for use, in turn, by the Soviet Union for purchase of goods from India.

The credit is directed for a series of projects that are

included in the Indian Five-Year Plan. The Soviets will participate in construction of the 840-megawatt thermopower plant at Kahalgaon in Bihar. In the coal sector, the Soviet Union will assist in an open cast mining project with washeries in the Jharia coal fields, two others in the Singrauli coal fields, as well as the establishment of an institute for coal technologies.

In the oil sector, where the Soviets have been instrumental in exploration and development work, the Soviet Union will set up a project for integrated exploration of hydrocarbons in on-shore areas as well as providing equipment and specialist services.

In the ferrous and machine building sector, the credit allocations have been kept open to modernization and reconstruction projects as they are identified.

The second agreement that was signed is a long-range perspective document outlining the main directions of economic, trade and scientific and technical cooperation between the two countries through the year 2000. It is a pledge to develop new forms of economic cooperation, keeping in view the evolving pattern of technology development and domestic capabilities of each country.

The broad agreement provides for participation of Indian organizations in civil and industrial projects in the Soviet Union, and for consideration of proposals for cooperation in industrial and other projects in third countries, according to press reports in New Delhi.

The economic accords were prepared in late April, at the ninth meeting of the Indo-Soviet JEC (Joint Economic Commission) in Moscow, presided over by Indian Home Minister S.B. Chavan, and Soviet First Deputy Prime Minister Ivan Arkhipov. In Moscow for the signing of the accords were Commerce Minister V.P. Singh, the foreign ministry's policy planning chairman G. Parphasarathy, minister of state for power Arun Nehru, the prime minister's Parliamentary Secretaries Arun Singh and Oscar Fernandes, foreign secretary Romesh Bhandari, the prime minister's press adviser H.Y. Sharda Prasad, and Additional Secretaries G.K. Arora and C.R. Garekhan.

Present on the Soviet side were Mr. Tikhonov, Foreign Minister Andrei Gromyko, Defense Minister Sokolov, and First Deputy Prime Minister Ivan Arkhipov.

Though the ruble credit figure is flashy, the pact cannot be considered groundbreaking. The pledge to find "new forms" of economic cooperation is at least in part an acknowledgement of the failure of the rupee trade. In India it has been the repeated experience that certain export sectors have built up a wide base of supply under the rupee trade umbrella, only to be left high and dry when the Soviets decide they don't need so much of X any more. And India's large and persisting rupee balances attest to the paucity of Soviet offerings.

In truth, the Soviet economy cannot begin to deliver what India really needs in the way of equipment and technology at this point, and this cannot fail to have been recognized by the Indian leadership.



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