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## INDIA

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# Trade deals increase flow of technologies

by Susan Maitra in New Delhi

A parade of economic delegations dominated the scene here last month, generating new trade accords which signal increasing interest among developed nations in the potentially vast Indian domestic market.

India needs trade revenue to meet immediate financial needs, having drawn an SDR \$5 billion loan from the International Monetary Fund in three installments from 1981 to 1983 to replenish its depleted foreign-exchange reserves. Repayment, starting in 1985, will place a drain on the economy, and India's Seventh Five-Year Plan, which goes into effect in 1985, will require larger domestic revenues and foreign-exchange reserves for development spending.

First to arrive were the Soviets, led by Deputy Foreign Trade Minister I. T. Grishin. The trade protocol for 1984 signed at the end of the three-day talks anticipates a record 25 percent increase in Indian exports to the Soviet Union. Overall turnover is expected to reach \$3.8 billion in 1983. A second protocol looks to increased cooperation in core sectors like power, steel, oil, coal, non-ferrous metallurgy, machine-building, and communications. The third protocol will enable Indian scientists to tap many potential sources of Soviet advances in pure science, electronics, nuclear energy, space research, meteorology, and laser physics.

Trade between the two nations has become increasingly lopsided in favor of India; last year, India's exports exceeded the Soviets' by about \$500 million. The Indians have expressed particular concern about a conspicuous decline of Soviet exports of engineering goods, which accounted for just 8 percent of total sales to India. Another bone of contention has been oil (see *EIR*, Jan. 20). India imports 60 percent of its crude requirements, and has been pressing the Soviet Union to sell more crude to India as a means of righting the trade imbalance. This would take some pressure off India's reserves and stimulate the domestic market. The Soviets, eager to continue earning hard currency selling oil on the European spot market, had resisted. Finally, they agreed to supply another 1 million tons of crude, raising the annual sale to India to 3.5 million tons.

Next came the members of the Economic and Commercial Subcommittee of the Indo-U.S. Joint Commission

headed by U.S. Undersecretary of State for Economic Affairs Allen Wallis. An agreement resulted for upwards of \$4 billion trade in fiscal year 1983-84, a 33 percent increase over the previous year's total. This will make the United States India's largest single trading partner, a position it had held for three decades until 1981, when the Soviets nosed ahead.

### Technical agreements with U.S.

Aside from the significant increase in dollar value, Indo-U.S. trade got a qualitative boost. India made it known that the United States has continued to be the major reservoir of technology which India, taking a cue from Japan, should tap as much as possible. The large number of Indo-U.S. technical agreements recently approved by the government of India were noted. It was stressed that the flow of technology can be further stimulated if a treaty to avoid double taxation for investment and trade can be signed quickly.

During the talks, however, India participants also made clear their concern about the decision to reduce the U.S. contribution to the International Development Association, the World Bank's soft-loan window. India rarely borrows from commercial banks, and IDA loans remain India's major source of foreign assistance.

In addition, talks were held with a visiting Japanese trade delegation led by Poshiro Nakajima, deputy minister of foreign affairs, and with French industry and research minister Laurent Fabius and his party.

In their sessions with Indian Commerce Secretary Abid Hussain, the 11-member Japanese delegation urged an increase in trade between the two nations that was not restricted to "an arithmetical balance." Both sides agreed that although the volume of trade between India and Japan had doubled in the last six years, great scope for new developments exists, particularly in joint-venture collaboration. Deputy Minister Nakajima took the opportunity of his visit to attend the inauguration by Indian Prime Minister Indira Gandhi of Maruti-Suzuki car production, a product of the single largest industrial venture between the two nations. The success of this Japanese private-sector collaboration with the Indian public sector is rightly viewed by Japan as its ticket to much broader, more fruitful involvement in the Indian economy.

While the United States, Soviet Union, and Japan were interested in nailing down trade agreements, French Minister Fabius was on a mission to market advanced technologies made in France. Before leaving New Delhi, he said he had offered to send a French mission on nuclear technology to India to discuss future cooperation. He also said that the four working groups have already been set up to further Indo-French cooperation in specific fields such as coal mining, alternate energy sources, electronics, and chemicals.

In addition to his talks with Prime Minister Gandhi, and with the ministers of finance, energy, and industry and mines, Fabius had meetings with prominent Indians on cooperation in fundamental sciences, health, agronomy, space research, and oceanography.