

I. A historic encounter

By the end of French President Giscard d'Estaing's four day visit to India this month, there was no doubt in anyone's mind here that this diplomatic initiative had been historic. Meeting at a time when international tensions are at a high point, the two leaders responded in statesman-like fashion and called for immediate defusion of the war threat across the region. Yet, much more than words came from the meetings.

People in the capital were quick to note that Giscard was the guest of honor at India's 31st Republic Day anniversary celebrations (Jan. 26) and had become the first major western leader to meet Prime Minister Indira Gandhi after she reassumed office earlier this month. The result was an unprecedented strengthening of Indo-French relations on behalf of world peace, and a joint commitment to economically strengthening "north-south" relations overall.

There are two aspects of the strengthened Indo-French relations. First, a New Delhi-Paris "voice for peace" was established. Nothing describes this better than the political resolution released at the end of the second day of consultations, committing both countries to act upon "responsibilities which devolve, in the present critical times, on France and India, because of their respective policies of detente and nonalignment."

Secondly, the view that detente or nonalignment are inseparable from economic development was underscored by the hefty bilateral package that was signed. Seven protocols concerning wide-ranging cooperation and collaboration were signed and President Giscard himself described their scope as "vast and exciting." French sources have indicated that the President's visit will now be followed by many high level delegations to consolidate the relationship.

As can be seen by both the political resolution and the relaxed atmosphere that surrounded the talks, both sides were confident that despite the tense international global situation, they were on their way to success. French Foreign Minister Francois-Poncet told the press that "a great measure of identity in analysis and concern" prevailed in the discussions, particularly regarding the

Indian Ocean area. The highpoint of the political resolution was the resolve that both countries "have decided to take all necessary initiatives to defuse the present tensions and to help create a climate of mutual trust and confidence."

Close consultation through these periods of grave crisis was established between Gandhi and Giscard, beginning around the Franco-German talks in Paris. French leaders took the opportunity to brief their Indian counterparts on the full scope of their Asian policy, for which they view India's role as "decisive."

The success of the French visit and the new Europe-oriented foreign policy initiatives expected from the Gandhi government were preceded by tremendous preparatory work. The French side included 60 government officials and two cabinet ministers, Foreign Minister Jean Francois-Poncet and Foreign Trade Minister Jean Francois Deniau. The Indian side was led by Foreign Minister Narasimha Rao and Commerce Minister Pranab Mukherjee. While the delegations worked out the details, Giscard and Gandhi (who speaks French fluently) took the opportunity to meet without aides on three occasions, establishing a direct working relation.

There is no question that Anglo-American policy to escalate cold war, arms buildup, and even provoke a superpower confrontation in this region, figured into the talks prominently and the Indian perception that French policy is a distinctive, opposed ingredient in world affairs became apparent.

The Economic package

While the newly-elected Indian government is still in the process of getting its bearings and asserting its policies, it is clear that the French brought to the meetings an economic package that had been reviewed by them, and finalized. The package had been carefully drafted and revised for several months, and was highly detailed. For instance, the aluminum plant that became the highlight of the package was a result of a two-year feasibility study by the French company, Aluminum Pechiney.

The principal basis for the economic accords overall was, as the joint communiqué stated, the "deepening of economic cooperation corresponding to the priorities of India's economic development where French industry with its technological capabilities can make a sizeable contribution."

Financing

The major new ingredient in the package was the financing. France made an exception to its usual policy, by extending an initial credit package of one billion francs to finance some of the agreed projects. A part of this amount will be immediately used in the Orissa aluminum project. For the first time ever, treasury loans and guaranteed commercial credits were made available, with the provision that some of the credit will be repaid in buy-back provisions.

Within the economic protocols there are also proposals for future-oriented triangular projects. The first agreement involves Indo-French industrial and commercial cooperation. In this sphere, Giscard reportedly briefed the Indian side on French development policies in Africa, and it was agreed that cooperation between small and medium scale enterprises bilaterally, as well as joint projects in third countries should be studied.

The seven protocols signed were:

1) *A bauxite-aluminum industry* in Orissa, with French financial and technical assistance involving an investment of \$1.2 billion over a number of years. When completed, the project envisages an aluminum output of nearly 8 million tons a year, with an aluminum smelter capacity of 218,000 tons and an annual export potential of 350,000 to 550,000 tons. French assistance will go toward establishing necessary infrastructure, for example, a 600 megawatt power plant, railway lines and port installations. Credits will also cover imports of equipment. Payment will occur through the buy-back principle.

The French-assisted aluminum project will be adjacent to the aluminum project that the Soviet Union is currently aiding. The total effect of French and Soviet help will be a major industrial complex in the resource-rich but underdeveloped eastern region.

2) *Coal mining*. The agreement provides for the application of French expertise in improving the output of three coal complexes, in Bihar, Orissa and Assam as well as exploitation of a new field. Thick seam mining, where French expertise is proven, and the use of advanced technology in making heavy machinery are included; potential French purchases of coal were also discussed.

3) *Agriculture and rural development*. This envisages utilization of French experience in irrigating the semi-arid Sahelian region of Africa, in the development of the left bank of desert-region Rajasthan canal, development of a cattle-disease-free zone in Kerala, and pest control programs.

French sources stated that agriculture is one of the areas where they feel France can make a big contribution to Indian development. Within the protocol less specific but varied proposals for animal husbandry, forestry, food processing, and better agricultural implement utilization were included.

4) *Petrochemicals, fertilizers, and pharmaceuticals*. A working group to explore cooperation for development in this area was established.

5) *Oceanography*. France agreed to provide capital, design, and technology for construction and acquisition of a geo-technical ship for deep diving research and establishment of a hyperbolic research center in India.

6) *Renewable energies*. Joint workshops on solar energy development were agreed upon.

7) *Industrial and commercial cooperation*, a general protocol.

Nuclear accord awaits Paris talks

Also discussed were steel, telecommunications, audiovisual techniques, electronics, automobile and truck industries. In steel, France had been interested in assisting the development of an offshore steel plant, but it was decided to desist because of the heavy financial responsibility involved in the bauxite plant.

There had been expectation that an expanded accord would be signed on nuclear cooperation, particularly since Indian Atomic Energy Chairman Homi Sethna was directly involved in the talks. Sources report that one protocol already exists in this field and when the issue of enriched uranium for the fast breeder experimental reactor came up, it was decided that a high level Indian team should go to Paris for detailed discussions. A misunderstanding has reportedly developed on the pricing of some of the equipment and fuel for the Indian plant, but there is a commitment on both sides to resolve it and inaugurate the first experimental fast breeder in the developing sector in India.

Foreign Minister François-Poncet best summed up the talks by saying that only accords ready for implementation were finalized. Others will follow.

—Daniel Sneider



The Indo-French communique

The following joint statement was issued by the two leaders following their consultations in New Delhi:

At the invitation of the President of India, Mr. Neelam Sanjiva Reddy, the President of the Republic of France and Mrs. Valery Giscard d'Estaing paid a State visit to India from Jan. 25 to Jan. 29, 1980, during which they attended the Republic Day celebrations as guests of honour.

This visit which was the first State visit by a President of the Republic of France to India, took place in the warm and friendly atmosphere which has always characterized the relations between India and France.

The President of the Republic of France and the Prime Minister of India held extensive talks on the whole range of international issues. They also reviewed the relations between the two countries in all fields as well as ways to further develop them in consonance with the desire for cooperation which exists on both sides. These talks were held in an atmosphere of mutual cordiality, trust, and understanding. In these talks, the French side consisted of:

- Mr. Jean Francois-Poncet, Minister of Foreign Affairs;
- Mr. Jean-Francois Deniau, Minister of Foreign Trade;
- Mr. Jacques Dominati, State Secretary to the Prime Minister;
- Mr. Jacques Wahl, Secretary-General of the Presidency;
- Mr. Andre Ross, Ambassador of France to India.

The Indian side consisted of:

- Mr. P.V. Narasimha Rao, Minister of External Affairs;
- Mr. Pranab Mukherjee, Minister of Commerce;
- Mr. R.D. Sathe, Foreign Secretary;
- Mr. M. Rasootra, Ambassador of India to France.

The President of the Republic of France and the Prime Minister of India affirmed that a deeper and more comprehensive dialogue was highly desirable. To this end, they agreed on the need to increase consultations be-

tween the two countries at all levels. In order to keep each other informed of their respective viewpoints and to determine through such consultations the contribution that India and France could make to peace and international cooperation. Therefore, the President and the Prime Minister have agreed to hold periodic consultations alternately in France and India. These meetings will be arranged to suit mutual convenience.

They stressed the importance of democratic values which the peoples of both countries cherish. They believe that these values should find expression in the relations between nations and particularly in the scrupulous respect for the sovereignty of all countries and the right of all nations to determine their own destiny. This respect constitutes the very basis of peace and security among nations. Any other path can only lead to the aggravation of tensions and all the consequences which may follow.

The President of the Republic of France and the Prime Minister of India reviewed the international situation in the light of the developments which have occurred in the past year in different regions of the world, in particular, Asia. Concerned with these tensions, they have deemed it necessary to adopt the solemn declaration which they have signed in New Delhi on Jan. 27, 1980.

The President of the Republic of France and the Prime Minister of India reaffirmed that in West Asia only an overall settlement of the conflict with the participation of all interested parties is capable of establishing a just and lasting peace. This settlement implies the withdrawal of Israel from occupied territories, the recognition of the Palestinian people and, in particular, their right to a homeland and the right of all the countries of the region to live in peace within secure, recognized and guaranteed borders. These principles, which form an indissoluble entity, apply to all interested parties, including the Palestine Liberation Organization.

Situation in Africa

The situation in Africa was carefully examined. The President of France and the Prime Minister of India

reaffirm their abhorrence of the system of racial discrimination including apartheid and reiterated their adherence to the principle of self-determination of non-self-governing territories. In this respect, they noted with interest and hope the evolution initiated in Rhodesia-Zimbabwe. Mr. Valery Giscard d'Estaing recalled the main outlines of France's African policy and underlined the importance which he attaches to a close and continuing consultation with the Governments of Africa as witnessed by Franco-African conferences. The Indian side took notice of this useful exposition with interest.

Concerned by the intensification of the arms race in all its aspects, notably that of the most heavily armed powers, the President of the Republic of France and the Prime Minister of India confirmed their determination to pursue efforts to bring about effective and verifiable measures for disarmament. They consider that a realistic approach to disarmament must be founded on the recognition of the right of all countries to security as well as of regional conditions. They believe that the task of disarmament cannot remain the prerogative of some powers.

The Indian side recalled with appreciation the French President's personal interest in promoting the North-South dialogue. The President of the Republic of France and the Prime Minister of India noted that the present state of the world economy calls for a new effort of cooperation on the part of developing countries as well as industrialized countries. This would underscore their interdependence and ensure their solidarity. In such a spirit and recognizing that much remains to be done, they stressed their common determination to work for the success of the forthcoming special session of the U.N. General Assembly which could set the stage for a new and fruitful round of North-South global negotiations. Noting that UNIDO-III was currently in session in New Delhi, they expressed the hope that the conclusions reached there would fulfill its objectives. The President of the Republic of France and the Prime Minister of India recorded with satisfaction the intensification of Indo-French economic relations in the past few years. This is notable in the increase of trade, in the developing of industrial and technological cooperation, in the agreements between firms from the two countries, and in the implementation of joint projects in India.

With a view to furthering this positive trend they agreed to take appropriate measures so that the volume of trade would better reflect the economic importance of the two nations.

In this spirit, they reached agreement on the need to deepen economic cooperation in the several sectors corresponding to the priorities of India's economic development, where French industry, with its technological capacities, can make a sizable contribution.

They expressed satisfaction at the signing during the

President's visit of the following protocols and memoranda:

1. Protocol on Indo-French industrial and commercial cooperation.
2. Memorandum of understanding on coal mining.
3. Memorandum of understanding on the aluminum complex in Orissa.
4. Indo-French protocol for cooperation in the field of agriculture and rural development.
5. Protocol in the field of petrochemicals, fertilizers, drugs and chemicals.
6. Protocol in the field of renewable energies.
7. Protocol in the field of ocean science and technology.

In addition, the following sectors were given special attention:

Steel, industry, telecommunications, audio-visual techniques, electronics, automobile and truck industry.

The two sides decided to pursue with vigour the exploration of the acknowledged potential for joint collaboration in projects in third countries for the common benefit of all parties.

In order to implement this programme, Mr. Giscard d'Estaing and Mrs. Indira Gandhi noted that it would be appropriate to draw on the resources of the private sector, particularly on technological and financial arrangements between firms, as well as the facilities which the public sector could provide for project implementation. In this respect particular attention will be given to the possibility of promoting cooperation between small and medium scale enterprises of both countries.

In this spirit, the President of the Republic of France, having recorded the interest shown by the Indian Government in the implementation of various projects—and particularly the project for an aluminum plant in Orissa—indicated that the French Government would, as an exception, make available to India financial facilities (treasury loans and guaranteed commercial credits) for mutually agreed projects and import of commodities totalling one billion French francs, a part of which will constitute the first stage in France's participation in the Orissa project.

The President of the Republic of France and the Prime Minister of India stated that the development of cultural exchanges between two countries with great and ancient civilization such as India and France, is appropriate and natural. They agreed that an Indo-French university-institute of higher learning should be established. The two sides will hold further consultations to work out the details. They also noted with satisfaction the progress achieved in such areas as the teaching of languages and artistic events.



Francois-Poncet:

'Let the voice of peace be heard'

The following transcript of the press conference held by French Foreign Minister Jean Francois-Poncet in New Delhi Jan. 28 was made available to Executive Intelligence Review by the Indian newsweekly, New Wave.

Q: In yesterday's joint declaration it was decided to take necessary initiatives to defuse international tensions and create a climate of mutual trust. The government of India has taken quite a number of steps... Our foreign secretary is to visit Pakistan, etc. From your side what initiatives do you propose to take?

A: I will make one comment. I think our joint declaration is an initiative. I think it is a very important initiative and I think this is the first answer to that. Then I think obviously the Indian government has a number of contacts which are scheduled and which you just referred to and we have our own contacts, such as the Franco-German meeting which is going to take place in Paris next Monday and Tuesday, and which is for many obvious reasons an important meeting. The President himself declared yesterday that those questions would be discussed. And we have a certain number of other diplomatic reunions scheduled.

U.S. journalist: Could you spell out France's stand on U.S. aid to Pakistan.

A: I don't exactly know what it (U.S. aid) is frankly.

Q: The U.S. plans to give arms to Pakistan. ...

A: I don't know frankly what the American plans are, and I don't think it is up to me to comment on them. I have seen contradictory reports on this particular issue.

Q: One of India's concerns is that Pakistan has been continually a sick man and is creating all kinds of international problems. How do you think this state of affairs can be remedied? What is your assessment of this situation?

A: I will leave you to your appreciation of foreign states. I will just say that this is obviously a very decisive region

and it is an area in which India also plays a decisive role. This is one of the reasons why the president (Giscard) came to visit India. It also is obviously an area which is a developing area and some of the states in this area are developing extremely quickly. India is one of those. It has become an industrial power, it has become an agricultural power. The Southeast Asian nations are developing extremely quickly also; as far as we can see this is a part of the world where a lot more is going to happen than was formerly the case. This is of course one of the reasons why we think France ought to develop its relations with this part of the world, which we are doing. The EEC has developed relations with the ASEAN countries. There is an economic agreement between them. We have been very active in helping the refugees of the Indochina peninsula. There also are instabilities in the region. Whether you can label this or that state as being sick, I don't know. I wouldn't care to do so. I think we must work toward stabilization, which is very definitely what we want to do.

Q: How do you see the concept of military aid from a superpower to a country of this region; how would that fit into the joint initiatives that are envisaged?

A: I think the communique gives the answer to that in as much as it talks of "dangerous military buildups liable to threaten peace and stability in such a region..." which is exactly what we all have in mind. This does not mean I guess that the possibility of helping countries to ensure their own security should be excluded. Self-defense is something that anyone would recognize.

Q: One of the elements of destabilization in the region is the China factor. Your country was the first among the five security council members to recognize China. Are you in touch with China, and on what?

A: Yes. Of course, we are in touch with China, if I may just remind you as to why. Our view has always been that China is too large a country to be ignored and that it would probably be a big mistake to try to set China aside,

to ostracize China as some countries did of the Soviet Union after the 1917 revolution. We believe this is not the right way and that the best we can do with China is to develop relations and bring China into the international society. For instance, we are happy to see China develop an interest in disarmament talks going on in Geneva; although it has not yet taken up its seat, it is following informally the discussions. We believe this is the right way to develop relations with China.

Q: Do you think China is playing a constructive role in this region?

A: I think it is appearing as a power, a world power, and this raises a number of consequences, but I think the important element is to get various principal nations of this part of the world to develop as good, neighborly relations as possible. I think it would be harmful to the peace of the area if there were blocs to be established in the area, which is one of the things the communique says. This is one of our worries, that the situation of tension could lead to the building of blocs.

Q: What kind of blocs do you mean?

A: Alliances with very definite sets of relations. We believe in a multipolar world.

Q: Do you see any indication yet of the Soviet Union leaving Afghanistan to their own people.

A: I have not seen any at this stage. It is our position that this must take place. We voted in the U.N. that the Soviet Union must bring its troops back. We see no other alternative for the expression of free will of the Afghan people. I myself said so to the first vice foreign minister of the Soviet Union who came to Paris to see me.

U.S. journalist: Your British counterpart, Lord Carrington, was here last week and he went to great pains to stress that he felt that Pakistan's fear for its territorial integrity was legitimate, and that the kind of aid being proposed by the U.S. seemed reasonable and constituted a special case. Do you share this assessment?

A: I don't know. Frankly you are asking a question I don't want to answer because I don't know exactly what American plans toward Pakistan are. He (Carrington) may know more but I don't. He is coming to visit me in Paris next weekend, so he will tell me.

Q: The American response to the Afghan occupation by Russian troops seems to have shifted to a premature concern for Pakistan's security. Does it imply that America and its allies in Europe have given up Afghanistan?

A: No, let's say we have not.

Q: During your talks here, did the question of French supplies for the fast breeder at Kalpakkam come up?

A: Not to my knowledge. As you know, we've had discussions going on in various sectors but as far as I know, the answer to that is no.

Q: Anything on nuclear energy?

A: Yes. I have had general discussions on nuclear energy but not on any Franco-Indian problem.

U.S. journalist: In the interest of reducing superpower confrontation, do you see any possibility of India helping Pakistan with its security needs?

A: I don't know. You mean India helping Pakistan on security? I don't know. Anything that can develop good relations between India and Pakistan is certainly a very positive element for the peace of the area.

Q: Can I bring you back to the point you made earlier about important French-German meetings coming up. My question is the following. India's Prime Minister at the UNIDO Conference referenced tremendous monetary instability throughout the world affecting development plans of the entire Third World. I understand recently that France and Germany collaborated in setting up the European Monetary System (EMS). How do you see the EMS becoming a vehicle or base structure for a new monetary system that is capable of extending the kind of long term credits necessary for industrial development in the third world?

A: Well, I think you are putting a very good question. It is a little early. But you know we have set up a system to develop monetary stability amongst European countries. It is not as yet as much as you've said it was. This is what complicates the answer. We have set up a scheme that at this stage limits the variation of exchange rates and that creates a new monetary unit only to be used between central banks. It is very limited, so you cannot say that we have introduced a European Monetary System. We are on our way to doing that, but we have not done that yet. And what you are suggesting may be a thing of the future. It is not a thing of today. So I think it is too early to say how a monetary system of the future would look. Probably very different from what it is today, but how it should look and should this European system be an element of it, which is in fact the question you asked, frankly, I think it is a very difficult question to answer at this stage.

We made an effort to develop stability amongst European nations, most of which make approximately 500 percent of their trade with one another. So, monetary stability means a lot simply because it means 50 percent of your exchanges are done under conditions where better stability is preserved. But from that to unified monetary systems capable of extending such credits as you are asking to developing nations, this is something more ambitious. I will not say that we do not have this in

mind, but we are not there yet. And if I would be saying so I would be bragging to you and I would not want to do that.

Q: India has said in the past that it accepts Soviet assurances that it will pull its troops out of Afghanistan. Does your government also accept such word from the Soviet Union?

A: There are obvious differences you know. We have made a common declaration but we are in Europe and this is another part of the world. But there is a great measure of identity in the analysis and in the concern and I don't want to comment on anything said here. We said what we felt was necessary and that is that Soviet troops must pull out and some precision must be given as to when and how. I think we have done enough on the international situation. Let's speak about Franco-Indian relations.

Q: Do you believe some agreements will be signed tonight?

A: Yes. A number will be signed. One on aluminum, one on coal production, French technical help in coal production and maybe in commercialization. Maybe France will be interested in purchasing coal from India. Nothing precise on this. First, India must develop coal extraction, chemical and fertilizers, and a certain number of technical and technological agreements, oceanography. We have been talking about oil, but I don't think this agreement is ready. We are signing what is ready. Not everything we discussed is ready for signing. Seven will be ready.

Q: Will there be French assistance on steel?

A: This was discussed, but we have the means we have, and it seems difficult to launch financing for both an aluminum facility and steel and the choice was aluminum. In aluminum is the whole process, extracting and getting products going.

Q: There is a Soviet agreement on bauxite. Is this competitive?

A: I don't think these are competing projects. The projects are huge, so there is scope in the same field for various interested parties. But it is not a triangular agreement.

Q: Anything in the defense field?

A: Not at all. As you know we are not great defense suppliers of India. Not that we would not be interested in this.

Q: Your deputy chief of staff is here and meeting with people in the Defense Ministry...

A: Maybe later but nothing now as far as I know.

Q: What about the French airbus?

A: This is a commercial deal.

Q: You said that India is an industrial power. It was nice to hear that, but I think this is a double-edged thing. It is a compliment but it has repercussions. In international dialogue, you then say we have no problems...

A: Why, we never say that. How do you come to that conclusion? But I think there are appearing in the developing countries a certain number of powers. I don't think we are among the nations that say, 'Well, you are already out of difficulties,' that is not the way we reason. If you look around the world you will find in the developing world certain who have become industrially powerful and yet remain developing nations, and I think India belongs to that category. It is becoming very powerful and significant and yet it is a developing nation and regards itself as such.

U.S. journalist: Coming back to Afghanistan...

A: We were out of it and let's not go back into it...

Q: ... What is the strongest thing that France can do to get the Soviets out of Afghanistan? Or does France feel completely helpless and totally without diplomatic initiatives?

A: No, no I certainly wouldn't say so. Who has done something powerful enough to get them out? If you name it I will follow you.

Indian journalist: There is a lot of expectation around Gen. Zia that he will throw the Russians out...

A: Is that so.

U.S. journalist: Are you comparing an American military move or something like that—

A: What military move?

Q: Well, you know, moving aircraft carriers in the Indian Ocean...

A: Was this done for Afghanistan or for Iran?

Q: Well, what is the strongest thing we can do?

A: No, no we are doing what we think should be done. I think this is what we have done with our Indian friends, that is to see to it that the voice of peace be strongly heard. I think this is what we have achieved. Thank you very much, and on this voice of peace we shall end...

Q: Was there any discussion of restarting the North-South dialogue? Is France going to take any initiative?

A: I don't think we are there yet, but we discussed this in a very interesting way. You have very able people here and we shall see if we can meet and work on this subject again.