

NEWS WRAP

AGD

Without legislative protection from large compensation claims, US companies are reluctant to build nuclear power stations in energy famished India. While India tries to increase its reliance on atomic power, the Bhopal gas disaster convictions have come at a time when the Indian parliament is considering a nuclear liability bill, which would cap compensation in case of an accident. The Union Government of India seeks to cap the liability of the operator at Rs 500 crore. It may now be increased to Rs 15000 crore. The Vienna convention does not set any maximum limit to operator liability. The Paris convention is restricted to the members of Organization for Economic Co-operation and Development (OECD) only. Therefore, keeping in line with international conventions on nuclear liability, the operator liability can be set at any level by India. Maximum liability cannot be less than the operator liability, and could be the same, without requiring any public subsidy. The proposed Civil Liability for Nuclear Damage Bill requires to take into account a situation, where the total compensation, exceeds the maximum liability. There could be situations where the total resources available with the operator are insufficient to discharge compensation obligations, i.e. the operator becomes insolvent. Where private insurers are not able, or willing to insure upto the limit of financial security, the Indian government may have to underwrite the shortfall charging the operator a premium for issuing such guarantees. International insurers may not be willing to underwrite insurance policies which have environmental liabilities.

NEWS PRINT HOLD UP

Customs authorities in Kolkata are delaying approval for release of newsprint, for Nepal's prestigious newspapers, 'Kantipur' and 'Kathmandu Post'. The newsprint consignments have been detained at Kolkata Port since 27 May 2010. The Indian Directorate of Revenue Intelligence states they need to "investigate" over one thousand tons of newsprint, imported from Canada and South Korea, in thirty nine containers. The newspaper publishers have not been provided clear explanations for the continued delay, which has led to heavy demurrage and the newsprint being exposed to damage. The unprecedented stoppage of newsprint is being viewed in Kathmandu as a pressure tactic on the two newspapers, for adopting a more unfavourable attitude to the Madhav Kumar Nepal Government. The pressure also extends to major Indian companies stopping advertising in both the Nepal newspapers. While customs examination of transit consignments may be a routine administrative measure, according to the Nepal-India transit treaty, "No consignment in transit, can be held without explanation". The 'Kantipur' editorials have been asking Mr Nepal to step down for a National Unity Government, a stand which the Indian authorities believe could further the agenda of the Maoists. The Nepal newspapers have prominently covered the killings of Nepalis in Meghalaya's recent ethnic clashes.

CHINA IN AFRICA

Western countries have never made public the resources they have grabbed in Africa, in the past four hundred years. Over the past one decade, China has recorded increased trade with the African continent to ten-fold-from \$10 billion to more than \$100 billion. It has overtaken USA and Europe, as the largest trading partner, in some of the important

African economies. Chinese investment, financing and commodity demand focus on a flurry of prospective mineral and infrastructure deals. Other emerging powers, including India, Brazil, South Korea and Malaysia are drawn to the African continent's huge mineral wealth and a billion-strong market of potential consumers. The competition is intense. Countering the political challenges, China presents itself as another developing country, rather than the next generation of colonial powers, who are eager to exploit Africa's natural resources.

China obtains about a third of its oil from Africa, specially from Angola and Sudan. Africa supplies China with copper, cobalt and iron ore. Metals and energy from Africa sustain China's Urbanization and the construction of cities. Beyond Chinese purchases of commodities, China exports light manufacturing goods to Africa. China's massive foreign currency reserves are now around \$2,400 billion. To reduce the need to keep buying US dollar assets that would inevitably fall in value, China is diversifying its foreign exchange reserves. China is establishing industrial zones in low-cost factories, in African countries, which include Nigeria, Egypt and Ethiopia.

KANDAHAR STRATEGY

The large scale operations by USA to secure Kandahar in the Afghan war, may drive more people into the arms of the insurgents. While Marjah, the Taliban stronghold in Central Helmand was cleared by western alliance troops in February 2010, additional NATO troops are causing more conflicts, in previously calm areas. While the Taliban and al-Qaeda are being tracked in Kandahar, the war in Afghanistan is far from protecting western countries from terrorism. The presence of foreign troops inflame anti-western sentiments amongst Muslim community domiciles in western countries. The western allies lack adherent approach for ending the conflict. The Taliban is unlikely to negotiate with President Hamid Karzai of Afghanistan, from a position of weakness. There are no indications for a political settlement, that would allow an exit for the 140,000 western troops, now in Afghanistan. Security is deteriorating in districts in east and south of Afghanistan, and on the western border, where Afghanistan insurgents trained in Iran, are returning to fight and smuggle in arms. □□□