

# NEWS WRAP

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The April 14<sup>th</sup> deadline to close the nuclear reactor at Yongbyon was missed by North Korea. Funds belonging to North Korea at a bank, Banco Delta Asia (BDA) in Macau, were frozen by USA in 2005, as the Americans believed that the accounts were used for money laundering and other illegal dealings. Earlier the North Koreans were insisting that the funds be released, before any progress on the Nuclear issue. On April 10<sup>th</sup>, the USA announced that North Korea was at liberty to withdraw about \$ 25 million deposits in the Macau bank account. North Korea does not appear to be in a hurry to gain access to the account. Under the agreement of February 06, between North Korea, USA, China, Japan, Russia and South Korea, 50,000 tonnes of fuel oil was to have been given as aid to North Korea. This "parallel aid" along with the closure of Yongbyon facilities, has also not occurred. The missed deadlines have not provoked any showdown.



Since 2003, when fighting broke out in the Darfur region of Sudan, about 2,00,000 have been killed and two million displaced in Darfur. The bulk of Sudan's oil is exported to China, which provides Sudan with most of its arms and much of the needed infrastructure investment. China has been accused of indirectly permitting the Darfur carnage to continue. It has now allowed pressure to be brought on Sudan after campaigns in USA linking next year's Beijing Olympic games to the genocide in Darfur. After protracted hesitation, Sudan's government has recently agreed to allow 3000 UN troops to supplement the 7000 troops already mobilized in the embattled Darfur region, under the supervision of the African Union. Sudan's president Omar Al-Bashir has not yet agreed to UN Secretary General Ban Ki-moon's proposal for raising the peace keeping mission to 22,000 soldiers under a UN and African Union "hybrid" command.



Moldova positioned between Ukraine and Romania, is split following a brief civil war in 1992. Industrialized Transdniestria, a strip of land, east of Dniester river, preserves an unrecognized independence, bolstered by Russia's cheap gas and a contingent of Russian "peace keepers". The breakaway strip manufactures weapons, varying from cheap machine guns to hightech missile parts. Smuggling of US chicken meat is also common. Local rulers have close ties with businessmen in Ukraine, Russia and Moldova proper.

President Vladimir Veronia of Moldova and Igor Smirnov, the Transdniestrian leader have recently agreed on a declaration that will for the first time recognize the government and leadership in Transdniestria as legitimate. A new Moldovan parliament will be elected by voters on both sides. A supreme Soviet will continue in Transdniestria, and the new entity will also have top deputy ministers in the National government. Unarmed international peace monitors will replace Russian troops by 2009. Moldova's economy survives from remittances from about 4,00,000 emigres out of a population of 4.4 million. Foreign donors have promised more than \$1.2 billion to Moldova, in the next three years.



Manufacturing, which represents 15% of India's economy, requires Foreign Direct Investment (FDI). During 2006-07, India benefited \$ 15 billion in FDI, considered to be three times of the previous year. Last year's FDI figures are about 1.5% of India's GDP, against China's average of 3% over a decade. Unfortunately, the increase in India's FDI, has been focused by investments in property development, rising from almost nil to about a third of the total, accelerated by highly inflated property prices in Mumbai and New Delhi. FDI is discouraged by an infrastructure in shambles, constrictive labour laws and administrative hurdles. Moreover, Vodafone's acquisition of 67% Hutchison Essar, India's fourth-biggest mobile operator, for \$11.1 billion is facing regulatory problems. The Reserve Bank of India has instructed the Foreign Investment Promotion Board (FIPB) to review the purchase, as there are suspicions that the deal would violate a 74% limit on foreign ownership of Telecom firms.

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Based on a groundwater classification of balance between recharge and extraction, the Central Ground Water Authority (CGWA) has after a groundwater survey (2004-05), identified "severely stressed" blocks in the country. Of the 5723 blocks surveyed, 838 were found to be "over-exploited" and 226 "critical". The union government plans to prohibit tubewells or wells in the "over exploited" blocks, without prior permission of a designated authority. Only in rare cases, permission will be given to schools or hospitals. The "over exploited" blocks extend to Punjab (75%), Delhi (78%), Rajasthan (59%), Haryana (49%), Karnataka (37%) and Tamil Nadu (37%). As water is on the state list, some of these states have raised objections; and are following a "go slow" mode in setting up a regulatory apparatus to manage groundwater.

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