

# NEWS WRAP

## AGD

At the end of 2008, the UN mandate expires in Iraq. According to a "secret" draft agreement between the US and Iraqi governments, of March 08, USA has been empowered to conduct military operations in Iraq, and detain individuals if required, for reasons of security, without any time limits. The absence of time limits or restrictions on US and other coalition forces, raises doubts on USA's desired objectives of not seeking permanent bases or a permanent military presence in Iraq. The agreements contain no limitations on the numbers of US forces and multi-national forces, the weapons which could be deployed, and their legal status and powers over the citizens of Iraq. USA desires the agreement to be finalized before end July 08. Besides recent fightings between Iraqi troops and Moqtada-al-Sadr's Mahdi army in Basra, have led to threats from the Iraqi government, to ban Moqtada-al-Sadr and his supporters from regional elections, due in October 08.

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Morgan Tsvangirai, Zimbabwe's opposition leader and head of the Movement for Democratic Change (MDC) party, claims to have won the Zimbabwe elections, capturing 50.3% of the votes. As in previous elections, President Robert Mugabe's ruling Zanu-PF party has plans to achieve a run-off victory from a first-round defeat, by a campaign of violence and intimidation. After Mugabe called for Zimbabweans to protect their land from former colonisers, Zanu-PF militias and war veterans invaded white-owned farms, in the first week of April 08. There are accusations from the Commercial Farmers Union that the Zimbabwe government is provoking an apartheid war against white farmers. In the provinces of Masvingo, Manicaland and Mashona-land a large number of rural voters had switched allegiance from Mugabe's Zanu-PF party to the MDC, in the recent elections. Around eighteen farms in these provinces were attacked by war veterans, a majority of whom did not fight in the liberation struggle against white rule. Over a decade, white farmers have declined from 4200 to present day 300 only, always remaining political targets.

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President Mwai Kibaki's controversial election victory in Kenya had propelled protests and ethnic violence earlier, causing 1200 fatal casualties. In the absence of economic means and security gurantees, thousands of displaced people are still in temporary homes. After several rounds of consultations, President Kibaki and Raila Odinga, leader of the opposition Orange Democratic Movement (ODM) were to have announced an enlarged power sharing cabinet of forty members, sometime in mid-April 08. The parties having circulated different lists of ministers to the media, the announcement has been can-celled. Political truce has broken down again in Kenya.

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In the 240 seats of Nepal's Constituent Assembly, decided on the basis of first past the post, the Maoists have won a clear majority. Another 335 seats would be decided under the proportional electoral system, on the basis of votes, given to

the political parties. Nepal is on course to become a Federal Republic of Nepal, if the Maoists work with mainstream-left Communist Party of Nepal (Unified Marxist-Leninist) and the Nepali Congress (NC). The Maoists having completing their revolutionery agenda, Nepal is expected to maintain good relations with India; and evolve an equal distance between India and China, at the political level.

While Nepali Maoists were fighting an armed struggle, they would take shelter in different parts of UP and Bihar, from time to time. Left wing extremists have a separate zone for the three states of UP, Uttarakhand and Bihar. Some villagers, in the Indian border districts, regard the Nepalese Maoists as anti-Madhesi. The Tharu tribals who inhabit the border districts, have a cultural affinity with their counter parts in Nepal, and support CPN (Maoists).

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The current level of inflation in India at 7.41% has driven the union government to a move that would ban exports of finished steel. In India, the total percentage of steel exports is not exceeding 6 to 8% of total domestic production. The price of domestic ex-works steel is around \$850 (FOB). The export price of finished steel is about \$1100 to \$1200 per ton. Current exports of steel is about 4.5 million tons per annum. The incremental \$200 to \$250 margin amounts to Rs 4000 crores of loss per million ton, on an annualized basis, with current export figures. Not exporting 4.5 million tons of steel, at an average price of \$1100 per ton, would lead to a Rs 20,000 crores loss in foreign exchange earnings. Besides, finished steel which is being exported, and does not have a domestic market or are surplus to domestic requirements, would become idle inventory. A ban on steel exports would render steel producing machinery idle and infructuous.

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Farmers in Asia, who produce rice, have remained at the small scale level and inefficient. There has been a lack of investment in agriculture, throughout Asia. The present rice crisis in Asia may continue on a long term, as the Asian populations have been increasing at a faster rate than rice production. Notwithstanding over 7% inflation in India, there is no constricted supply in India. The rice crops of 2003 were destroyed by a bad monsoon. India's rice production in 2008 should be around 94 million metric tons, an increase of 2 million metric tons, compared to 2007. The government operated distribution apparatus for rice feeds India's poor. This public distribution system remains unaffected by shortages. The public distribution system had purchased 20.6 million metric tons of rice in 2007. Procurement from farmers in India and importers is forecast at about 25 million metric tons in 2008.

Gradually the union government has eased price controls on the rice trade, over the past fifteen years of economic liberalization. Competing with world prices, India's rice trade is directly affected by global price fluctuations. Indian rice is being sold abroad for higher prices, leaving less for sale in domestic markets, which is causing higher rice prices within India. Recently the union government banned the exports of nonbasmati rice, and adjusted price controls to reduce exports of aromatic basmati rice. However, rice traders in India have been reluctant to sell rice stocks at a considerable lower price within India, than offered prices in the international market. Even without low production and low

procurement, there is less rice in india's domestic markets, and higher rice prices faced by India's consumers, consequent to hoarding by traders and government intervention. □□□