Death of King Hussein and its Implication in the Region

by Barrister Harun ur Rashid

The relationship among the population of the kingdom between the Palestinian descendants and the Jordanians appear to be at times tenuous and strained and the stability of the kingdom could be affected adversely if outside pressures are brought to bear on the Palestinian populations against the existing policies of the government.

KING Hussein is no more with us. He passed away on 7 February in Amman. The people of Jordan are overwhelmed with inconsolable grief although they were prepared for the last six months for this sad eventuality while the King was battling with cancer. The grief is great because this generation in Jordan does not remember any monarch other than King Hussein. The people of Bangladesh are saddened by his death and extend their sincere condolences to the royal family and the people of Jordan and pray to Allah for the salvation of his soul.

King Hussein was a remarkable person. He ascended the throne at an young age of 16 in 1952 after the assassination of his grandfather, his father Prince Talal being ruled unfit for office. Many people believed at the time that he would not last long as the monarchy in Jordan was perceived to be a creation of the British political strategy and little indigenous roots were said to exist and support the monarchy. He survived several assassination attempts. The very fact that he ruled the country for the last 46 years demonstrated that the Jordanian monarchy was stable and respected by his people and this signals his unique contribution to the country and the region.

King Hussein can be called the creator of modern Jordan. Although he was tough and shrewd like any other leader in the region, he had compassion for his subjects. It is common knowledge that he knew personally almost every citizen of his country and the citizens have a personal story to tell about the kindness and generosity of their King.

A story runs that a woman was in need for a medicine for her son and it was broadcast in the radio. The King called the studio, found out the details and had the medicine flown in from abroad. It is this personal touch which is rare in a monarchical system and his passing away has hit them hard.

Jordan is a small country with practically no resources, no water or oil and without any coast lines. It has to depend on other countries for its sustenance. King Hussein was able to form alliance with different persons at different times for the national interest, and he made enemies. But that did not deter him to do when he perceived his actions would protect Jordan's interests.

King Hussein's regret appears to be that he could not redeem East Jerusalem and the West Bank which he lost to Israel during the six-day war in 1967. The loss seemed to haunt him all his life as it was his decision to involve Jordan in the war in 1967 against Israel. King Hussein invariably took an independent path changing his policies to suit the circumstances and making safety of his kingdom the top priority. Subsequently he stayed out of the November Yom Kippur war with Israel in 1973.

It was this pragmatism which guided him to conclude a peace treaty with Israel in 1994 on condition that Palestinian people would obtain full autonomy in their territories from Israel. Israel's obduracy in the peace for land deal by the present Netanyahu government saddened him and his presence during his illness to the Maryland Peace deal (Wye Agreement) between Israel and Palestine authorities was the testimony of his determination to ensure peace in the region.

Change in the Rule of the Succession

King Hussein changed the succession to the throne and removed his brother Prince Hassan from the position of the Crown Prince for his son Prince Abdullah. The question is : Why did he do that? There appears to be several reasons for the change.

Observers maintain that Prince Abdullah (a Major-General) commands enormous respect among the personnel of the armed forces and for the stability of the kingdom in the region military support was vital. Secondly Prince Abdullah married a Palestinian lady which is regarded a plus for Jordan's stability given the sizeable population of Palestine origin in the country. Third, the King perceived that the new millenium needs a young leader and Prince Abdullah (37) will remain in the throne as the elderly leaders in the region will eventually disappear as the time passes by. Although he was ill, King Hussein returned to Jordan from the US and changed the succession rule and demonstrated his imprint and authority of his personality.

Crown Prince Abdullah succeeded to the throne immediately after King Hussein's death and it was a smooth transition in terms of the Constitution. King Abdullah made a statement that he would continue to pursue his father's legacy and policies. But there would be immense pressures on the new King to change the *status quo*. It would not be incorrect to say that King Hussein was pro-West and was an Anglophile (The King married four times and one of his wives was a British national). The Arab nationalists were critical of his policies towards the West.

However when King Hussein decided to stand by with Saddam Hossein in 1990 in the Gulf War, he rehabilitated himself in the eyes of Arab nationalists.

Issues Facing the New King

The young King would appear to face a few issues immediately. One is the peace treaty with Israel. Although his father justified the deal, the Jordanians remain to be unconvinced of the usefulness of it because of the intransigence of Israel to comply with the Oslo Accord of 1993 with the Palestinians.

Second is the intended role of Syria in Jordan. Observers believe that Syria may put on pressure to negate the peace deal with Israel so long as Israel does not come to terms with Syria for exchanging Israeli occupied Golan Heights for peace. Syria maintains that peace in the region cannot be in a piecemeal fashion and Israel has to give up all the occupied Arab territories gained in the 1967 war. It was not prudent for Jordan to sign a peace deal with Israel till all the Arab territories were liberated. Libyan leader Gaddafi already suggested that the new King should annul the peace treaty with Israel.

Third is the relationship with Iraq's ruler Saddam Hossein. Although King Hussein stood by President Saddam Hossein in 1990, he subsequently turned against Iraqi leadership. Given the strained relationship of Iraq with the West on the inspection of weapons of mass destruction, it would be great challenge for Jordan to maintain a balance between Iraq and the West.

Finally, the relationship among the population of the kingdom between the Palestinian descendants and the Jordanians appear to be at times tenuous and strained and the stability of the kingdom could be affected adversely if outside pressures are brought to bear on the Palestinian populations against the existing policies of the government. Democratic institutions are not able to flourish in the country so long as residual resistance exists for the peace deal with Israel. Any push for establishment for full democratic rights by the people in Jordan may not be palatable to the government and this may create tension.

Conclusion

King Hussein was not a big person physically but his ideas were bigger than his kingdom he ruled. For the last 46 years Jordan has been virtually synonymous with King Hussein. The King navigated a course within the treacherous shifting alliances in the Middle East and kept his kingdom and his crown intact. The assassin's bullet never found the King but he died a noble death in the service of his people. The fact that about 40 world leaders including President Clinton are expected to attend his funeral is a testimony of King Hussein's standing as a great leader. We hope the new young King will be able to find a new paradigm for Jordan's place in the world as a peace-seeking nation.

The writer is Former Bangladesh Ambassador to the UN in Geneva.

LETTER FROM AMERICA

A Good Butler Serves His Master Well

Dr Fakhruddin Ahmed writes from Princeton

Mr Butler has mastered his trade. But what I don't understand is to whom the Arab League owes its allegiance. At a time when many decent Americans are chartering flights to Baghdad, and loading them with food and medicine for the Iraqi civilians, the Arab League in its recent meeting urged the continuance of the sanctions against Iraq!

ON January 7, 1999, *The New York Times* published the following front-page article titled, "US spied on Iraq under UN cover, officials now say:

"United States officials said today that American spies had worked under cover on teams of United Nations arms inspectors ferreting out secret Iraqi weapons programmes."

"Iraq had long condemned the inspectors as tools of American intelligence. In October it issued a statement saying it would never cooperate with United Nations teams riddled with "American spies and agents." United States officials said American intelligence agencies provided information and technology to the United Nations Special Commission known as Unscom. In turn, they said the United Nations and other nations received information on Iraqi weapons programmes from inspectors."

"Scientists, military officers, diplomats and other professionals serve on the commission. The United States included some intelligence officers, using diplomatic cover or other professional identities to gather intelligence independently, according to the officials."

"The disclosure that American spies had worked as inspectors came after *The Boston Globe* reported today (January 6) that such agents had used the team as a cover to spy on President Saddam Hussein. *The Washington Post* reported today that the commission had worked with American spy agencies to gain intelligence that was used to undermine the Iraqi leader."

In an editorial captioned, "A Spy Enigma in Iraq", *The New York Times* commented the same day: "Using UN activities in Iraq as a cover for American spy operations would be a sure way to undermine he international organization, embarrassing the United States and strengthen Mr. Hussein. Initial news account suggest that Washington may have taken advantage of its technical support for inspections to conduct electronic eavesdropping operations aimed at dislodging Mr Hussein. This was supposedly done with the approval of senior inspectors but without the knowledge of the Security Council or Secretary General Kofi Annan. While Washington has ample reason to oppose Mr. Hussein, using the UN to unseat him through covert means would crudely undermine the organization's autonomy."

The editorial concluded: "Washington did cross a line it should not have if it placed American agents on UN team with the intention of gathering information that could be used for military strikes against targets in Baghdad. The Senate Intelligence Committee or the House counterpart should look into the American intelligence in Iraq to determine whether Washington abused its relationship with the UN." The Senate and the House did not hold hearings on the issue.

According to the Israeli spy on Unscom, Scott Ritter, as quoted by *The New York Times*: " In April, the US went to Richard Butler and wanted to take over certain portion of the system...Butler will have to convince people that what the US did was for Unscom," the Israeli spy alleged.

Richard Butler, head of Unscom, replied: "Have we facilitated spying? Are we spies? Absolutely not." Puppet Butler has the same low opinion of the intelligence of the rest of the world as he justly has of himself.

More bad news followed for Mr Butler the following day. The US government undercut his denial, stressing that the Unscom was used as a spy agency by the US with Richard Butler's permission. On January 8, 1999 in another front page article entitled, "US used UN team to place spy device in Iraq, aides say," *The New York Times* reported:

"In March, 1998, in a last-ditch effort to uncover Saddam Hussein's weapons and intelligence networks, the United States used the United Nations inspection team to send an American spy into Baghdad to install a highly sophisticated electronic eavesdropping system. The spy entered Iraq in the guise of a United Nations weapons inspector and left behind the eavesdropping device."

"For nine months, the device let the United States and a select few within the United Nations inspection team monitor the cell phones, walkie-talkies and other communications instruments used by the military and intelligence officers who protect President Hussein and conceal Iraq's weapons. This operation, described today by United States officials, is at the centre of the current furor over the relationship between American intelligence agents and inspectors with the United Nations Special Commission, which is supposed to be independent, and not pursue the policy or intelligence goals of individual members."

"United States officials explained in some detail the origin of the operation, making clear how American intelligence came to dominate the inspections in the months before the United States bombed Iraq. The officials and others insisted that the eavesdropping operation was not a unilateral, covert American espionage gambit and that it had the blessing of Richard Butler, the chairman of the commission which is known as Unscom."

One can gauze the extent to which Iraq has been successfully demonized in the US that there was no condemnation whatsoever of Mr Butler or the US for these illegal acts, in the American media. *The New York Times*, in a follow-up editorial even suggested that the US should "resist" pressures to remove Mr Butler, the liar par excellence, even though he misused the services of the United Nations. There must be some logic in the *Time's* argument somewhere; unfortunately, it escapes the writer.

Some day when the United Nations is history, and it will be at this rate of misuse, people will point to the treachery of Richard Butler and Unscom as the exact moment the world organization began to unravel. In a way I can understand Richard Butler's servitude. After all, a good butler is expected to serve his master well, and Mr Butler has mastered his trade. But what I don't understand is to whom the Arab League owes its allegiance. At a time when many decent Americans are chartering flights to Baghdad, and loading them with food and medicine for the Iraqi civilians, the Arab League in its recent meeting urged the continuance of the sanctions against Iraq! With friends like the Arab League, the Iraqis do not need enemies.

India and the U.S: How the Sanctions Bite

Is India adequately prepared to extricate itself from the tangled skein of U.S.-imposed sanctions? asks R Ramachandra

AS part of the sanctions imposed on India and Pakistan in the wake of the nuclear tests in May 1998 the Bureau of Export Administration (BXA) of the United States Department of Commerce issued on November 19, 1998 a Federal Register Notification (No. 63 FR 64321-42), which placed export sanctions on a number of Indian agencies, institutions and companies - both government and private - deemed to be involved in nuclear research or missile development activities. Termed as the Entity List (EL), it covers more than 200 entities or organisations and their subordinates.

The notification is essentially a follow-up on the interim guidelines that were put in place soon after the Pokhhran-II tests and formally identifies entities that are perceived by the U.S. to be involved in nuclear and missile activities. As a supplementary to the above sanctions, a host of military entities such as ordnance factories and other defence production units have also been included. The notification implies that all items of control broadly termed dual-use under the Export Administration Regulations (EAR) would now require a licence of the BXA for export to these entities with a "strong" presumption of denial.

The concept of an EL is based on the Enhanced Proliferation Control Initiative (EPCI) begun in November 1990 under President George Bush. In implementing this, the EAR has incorporated an export restriction clause called "General Prohibition Five" under Part 736.2 of the regulations, which prohibits exports to certain end-users or end-uses without a licence. Pursuant to this, the BXA maintains in the form of Supplement 4 to Part 744 of the EAR an EL to inform exporters of "entities of concern" arising from the EPCI's aim "to stem the spread of missile technology as well as nuclear, chemical and biological weapons." In effect, the BXA can impose licensing requirements on exports and re-exports of normally uncontrolled goods and technology where there is an unacceptable risk of use in or diversion to activities related to nuclear, chemical or biological weapons or missile proliferation, even if the end-user is not primarily weapons-related.

Entities, named for the first time in February 1997, included the Bhabha Atomic Research Centre (BARC) and the Indira Gandhi Centre for Atomic Research (IGCAR) in Kalpakkam and some Russian and Israeli entities. The list was expanded in June 1997 to include Bharat Electronics Ltd (BEL) of the Ministry of Defence and Indian Rare Earths Ltd. (IREL) of the Department of Atomic Energy (DAE). In September 1997, following high-level inter-governmental talks, the EL was amended to include only the Hyderabad and Bangalore wings of BEL. However, in the post-Pokhran-II EL, sanctions have again been imposed on the entire operations of BEL. BEL had opened a trade office in the U.S. to facilitate imports, and this will new be rendered useless.

Besides all wings, laboratories and units under the DAE, the Defence Research and Development Organisation (DRDO) and the Indian Space Research Organisation (ISRO), the new EL includes about 40 companies (15 in the private sector), academic institutions under the DAE and ISRO such as the Tata Institute of Fundamental Research (TIFR), the Institute of Mathematical Sciences (IMSc) and the Physical Research Laboratory (PRL), the Departments of Aerospace Engineering and Space Technology of the Indian Institute of Science (IISc), the Indian Institutes of Technology in Chennai and Mumbai, the National Aerospace Laboratory (NAL) of the Council of Scientific and Industrial Research (CSIR), and research and development institutions such as the Centre for Development of Advanced Computing (C-DAC). The overarching nature of the EL also implies that the overall impact of the sanctions could be significant.

It is reasonable to assume that the BXA has a substantive basis for identifying most, if not all, of the entities that figure in the EL. That basis is likely to be the BXA's database of validated licences (VLs) issued for the export of EAR-controlled items to specific destinations and end-users over the years. In the immediate aftermath of the above sanctions, the first reaction of the Indian Government was that the notification of the EL was a unilateral action which violated the letter and spirit of the World Trade Organisation (WTO).

Invoking Articles I, XI and XIII of the General Agreement on Tariffs and Trade (GATT), the Indian Government complained to the WTO at the General Council meeting on December 11, 1998. However, after inter-ministerial discussions, particularly with the Defence Ministry, the Commerce Ministry decided not to take the case formally to the WTO's Dispute Settlement Body (DSB). For, the Commerce Ministry has only now realised that the complaint is not likely to hold because Article XXI of GATT permits unilateral national security-related trade restrictions and the U.S. can maintain that the export controls are related to its national security interests. In fact, India's own export controls on dual-use goods are based on national security considerations.

At an individual level, however, the entities had the option of filing an objection with the BXA against the notification by January 19, 1999. In fact any person or organisation could have sent in an objection. It appears that the Government has decided that it is not prudent for government agencies to lodge a protest with the BXA because it might necessitate revealing information, which may not be in the country's interest. At a Cabinet meeting held recently, the Indian Government, however, decided to take up the matter as a foreign policy issue rather than a commercial issue with the U.S. Government during the next round of the talks in New Delhi between External Affairs Minister Jaswant Singh and U.S. Deputy State Secretary Strobe Talbott.

Many companies have, however, reportedly lodged complaints with the BXA and a copy of one such complaint has been procured by Frontline. A flood of such individual objections, not only from Indian importers but from U.S. exporters - Indian business federations should lobby with their U.S. counterparts for such action - could help in bringing about an EL that includes only those entities that are directly involved in nuclear and missile programmes. But for any objection to have an effect, relevant quantitative information would be necessary.

From the perspective of evolving a long-term economic strategy too, a proper quantitative assessment of the impact of these sanctions is necessary. Opinions expressed on their likely impact have been vague, such as "the impact would be minimal"; or "this is nothing new; we have been under embargoes for long"; or "the U.S. interests will be hurt more than us"; or "this will give a boost to indigenous efforts". These opinions are not based on any sound analysis. The statement that the impact would not be severe should be substantiated with data on the value of imports of high-tech and dual-use goods from the U.S. The statement that the "U.S. interests will be hurt more" will be true only if the value of high-tech imports is high. If it is high, naturally Indian interests will also be hurt.

Sources in the Defence Ministry say that it has only now begun to analyse systematically the procurements of high-tech equipment, including computers, that would enable it to assess the impact on defence operations. Indeed, even conventional defence production could be affected in a major way because procuring sub-systems and components for their normal operations could become a problem, they say.

Similarly, to say that alternative sources can be found is facile unless such sources have been identified and are available at comparable costs. That may not be easy because of the harmonised controls on dual-use goods called the Wassenaar Arrangement between Europe and the U.S. and between the U.S. and Japan specifically on high performance computers (HPC). A high volume of imports in some cases could bring forth alternative sources, particularly France, but then one should be clear about the quantity of a given item that the country needs to be able to negotiate. Also, alternative hardware would result in intangible costs of redesigning, recalibrating and even reconfiguring a given product, besides time overruns.

It is true that export controls on dual-use items have been in place in one form or another for many years - on nuclear activities flowing from the U.S. Nuclear Non-Proliferation Act, 1978 after the first nuclear test at Pokhran; on the launch vehicle and missile activities of ISRO and the DRDO identified as "missile technology destinations" after the Agni test in 1992; and the tightening of controls through the EPCI in the wake of the Gulf War. The denial of an export licence to Kellogg for equipment meant to upgrade an ammonia plant in a fertilizer unit in 1993, because of its potential use in heavy water production, is an example of the fallout of the EPCI. EPCI controls have also resulted in BXA directives to exporters, such as the "catch all" clause and "know your customer", "red flag" and "post-shipment verifications". These put the onus on the exporter to ensure that the imported item did not in any way contribute to the proscribed nuclear and missile programmes and result in increased denials of applications for licence.

According to sources in Silicon Graphics, the high-end computer manufacturer, the company gets to the various linkages of a given customer through a questionnaire and, in case of doubt, goes back to the BXA. Apparently there have been occasions when even computers well below the limit of 2,000 million theoretical operations per second (MTOPS), which did not require a BXA licence until now, had been denied to organisations such as ISRO (marked as a "missile technology destination"). According to the company, the conventional defence sector is a major customer for its computer systems. It is feared that following the expanded EL this segment could be lost. To assess the impact of this move, it would be useful to have data on the value of such systems (say, 500-2,000 MTOPS) imported in the past. While it is true that the threshold limits of computer systems have been relaxed since 1995, Ashok Desai of Silicon Graphics says that there is also a significant unmet demand in the country for high-end systems above 2,000 MTOPS in the strategic sectors.

Unfortunately, India is a Tier 3 country and not Tier 2. In the latter category, countries (which include Bangladesh) are allowed to import systems above 2,000 MTOPS without licence. Given the above, it may well be true that over the years the import of dual-use goods may have declined and today it may indeed not be very high for sanctions to bite significantly. To make a proper assessment, however, hard data are needed. But despite the huge bureaucratic machinery, quantitative information on the import of high-tech and dual-use goods seems to be lacking.

Sources in the Defence Ministry say that it has only now begun to analyse systematically the procurements of high-tech equipment, including computers, that would enable it to assess the impact on defence operations. Indeed, even conventional defence production could be affected in a major way because procuring sub-systems and components for their normal operations could become a problem, they say. The Light Combat Aircraft (LCA) is a classic example. Not only has the collaboration with Lockheed-Martin meant to test the fly-by-wire system designed by the Aeronautical Development Agency (ADA) on aircraft platforms come to a halt, but the Indian-built hardware taken to the U.S. for testing cannot be brought back. This is because now the EAR prohibits re-export of goods to a listed entity. While hardware could be rebuilt, non-availability of test platforms could cause major software problems. Similarly, even the Light Transport Aircraft (LTA) of the National Aeronautics Limited (NAL), a civilian programme, could run into problems because NAL is on the list.

In principle, there is one way of knowing the extent of imports of controlled goods into India. The data on Import Certificates (I.Cs) - their value and the items - issued over the years under the Indo-U.S. Memorandum of Understanding (MOU) on technology transfer and dual-use goods of 1985 should be a good basis for an assessment. For example, a machine like the Cray-XMP for weather forecasting came as a result of the MOU. The MOU resulted in a greater degree of access to U.S. dual-use goods.

As per the formal procedures agreed upon in 1988 pursuant to the MOU, five government agencies, including the Indian Embassy in Washington, were designated to issue I.Cs to customers. Exporters submitted the I.C. to the BXA to obtain the VL for export. The I.C. served the purpose of the Indian Government giving specific non-nuclear end-use assurances on behalf of the Indian entities. The I.C. database - values and item details - would obviously be a good indicator of India's requirement of controlled dual-use goods and technologies, including software.

Unfortunately, while the U.S. Government has a good idea of Indian high-tech vulnerability through its database on the VL (issued and denied), an equivalent I.C. database does not seem to exist in an accessible form with the Indian Government. The U.S. wing in the Ministry of External Affairs (MEA) is supposed to be a central repository of all the I.C. issued. However, Alok Prasad, Joint Secretary (U.S.) in the MEA, told Frontline that the MEA did not maintain the database in a readily accessible form, but that the Commissioner (Exports) in the office of the Directorate-General of Foreign Trade (DGFT) in the Commerce Ministry, one of the five bodies issuing the I.C., maintained a computerised database.

The DGFT, however, was unaware of the MOU itself. The Commissioner (Exports) feigned ignorance first and later said that the database existed only with the MEA. Alok Prasad later agreed to compile it and make it available. After a couple of weeks Frontline was told that the data are classified and, therefore, could not be given. The same excuse was given by the DRDO, one of the nodal agencies that issues the I.C. Frontline was told: "This information is not in the public domain. Try to get it from U.S. sources." From this it can be inferred that the data have not been maintained systematically and the officials chose to hide behind the facade of "classified information". This inference is reinforced by the fact that both the Commerce Ministry and the DRDO despatched questionnaires in December 1998 to the listed entities in order to determine the extent of import of controlled goods.

Nor could organisations of industry provide any data. Apparently, the Confederation of Indian Industry (CII) has also sent off questionnaires to all listed companies; Ajay Khanna, a senior director at the CII, said that the response had been poor. Amit Mitra, Secretary-General of the Federation of Indian Chambers of Commerce and Industry (FICCI), said that the overall annual impact on the companies would be in the region of $200 million. This estimate, he said, was based on a rough projection from ballpark figures of high-tech imports provided by some listed companies. FICCI did not have any hard data on the import of controlled goods by companies. To make an independent assessment of the impact, Frontline sent out questionnaires twice over to over 40 entities - a fairly good sample - including the DAE, the DRDO and ISRO. Only three replied, and that too with not much quantitative information. In fact DAE Secretary R. Chidambaram said: "We will respond in our usual way. We will not answer. Why should we give any data? I can only say generally that sanctions will have no effect on us."

Even assuming that the Government does have some classified data on the I.C., that too may not give a true picture of the imports for the following reason. According to a 1994 paper by K. Santhanam and Rahul Singh of the DRDO, the U.S. had reneged on the MOU and circumvented procedures after the EPCI was put in place. Instead of the I.C. route, high-level end-use assurances were being sought directly from the end-user. This was confirmed by Ashok Desai, who said that the I.C. was not being used at all for the past four years or so. This meant that the U.S. has far better data than the Indian Government on the import of high-tech goods into India.

Controls of the BXA that are related to the EPCI have had adverse effects on Indian companies engaged in high-tech, which go in for joint ventures with U.S. firms. As the EAR restricts the activities of U.S. persons with "entities of concern", a U.S. firm has to get the deal or job vetted by the BXA before it can execute it. Apparently, if the Indian organisation belongs to any of the strategic sectors, the BXA rejects the deal. Amit Mitra confirmed that there have been such cases - apparently he intervened in one such case in Washington . A DRDO scientist said that India needs to enact a law such as the British Protection of Trading Interests Act, 1980, which was enacted to counter the increasing instances of extra-territorial application of U.S. law in the United Kingdom.

Another unfortunate development has come about as a result of the Gulf war, the EPCI and the U.S' increased preoccupation with nuclear proliferation even in bilateral discussions. Annual review meetings on MOUs were held earlier but were slowly done away with: these gave way to non-proliferation seminars and meetings. A senior bureaucrat said that these seminars had usurped the agenda of bilateral dialogue, and MOUs or technology transfers in general have never been part of their proceedings. If this had not happened, the official says, sanctions against ISRO for the cryogenic engine deal and the subsequent sanctions on missile destinations could have been avoided.

More disturbing is the attitude in the Commerce and Industry Ministries, which do not seem to be overly concerned about the issue. The point that is being missed is that besides the direct impact on technological and high-end industrial capability, there could be high indirect costs that may have to be borne because of technology denials, as experience in the nuclear field has shown. If the sanctions impinge upon defence production, it will have a direct impact on national security as well. There could be another indirect but serious fall-out. During the last few years, private companies have made significant contributions to the strategic sector. They suffer export embargoes, they may be keep away from such ventures.

In the bid to attract foreign investment, the Foreign Investment Promotion Board (FIPB) would not be too bothered about where the foreign equity comes from. With greater involvement of private companies in the strategic sector, there could be an increased in the extra-territorial application of U.S. laws in the operation of Indo-U.S. joint ventures. This could be true even for the public sector undertakings (PSUs). Remember the paradoxical joint venture of Electronics Corporation of India Ltd (ECIL), a PSU under the DAE, with Cyber Corp. to manufacture mainframe computers? The ECIL was prohibited from selling the machines to the various bodies under its own parent body, namely the DAE. The DRDO stepped in to buy the machines to avoid the major loss it would have suffered. In fact, the Exon-Florio Amendment, part of the Omnibus Trade and Competitiveness Act, 1988, provides the U.S. President authority to investigate and block or suspend new foreign acquisitions, investments or mergers that threaten to impair national security. There have been instances of the U.S. President invoking the law to effect divestiture following post-acquisition reviews from the national security angle - for example, the acquisition by the China Aero-Technology Import and Export Corp. (CATIC) of the U.S. aerospace parts-manufacturing firm MAMCO Manufacturing Inc.

A February 1990 order required CATIC, its subsidiaries and its affiliates to divest all their interest in MAMCO and its assets by May 1990. Will the Industry Ministry ever ask U.S. companies to vacate their equities in Indian companies for allowing extra-territorial applications of U.S. law on Indian soil? Or will it lay down rules so that Indian firms do not get into such binding arrangements with U.S. firms? This seems highly unlikely in the current regime of liberalisation.

Interestingly, Rakesh Mohan, former economic adviser in the Industry Ministry and a member of the newly formed National Security Advisory Board (NSAB), says that the problem of embargoes in high-tech areas "was in the back of our minds. But it was never felt necessary to assess quantitatively the extent of our need and the impact of export controls." From the perspective of the Commerce Ministry (in the absence of hard data), the problem does not exist at all because high-tech trade constitutes between 5 and 10 per cent of Indo-U.S. trade.

The upshot is that government agencies do not seem to have information on levels of high-tech import, industry organisations do not have a full picture even from the companies concerned, and strategic analysts seem to have no clue. So, who has a correct idea of India's import of dual-use goods? Only the BXA of the U.S. Government. Merely protesting against the EL is not going to help. If the Indian Government means business, some strong signals have to be sent. For example, India could declare that it will not buy aircraft from Boeing.

By arrangement with the Frontline *magazine of India*