

# India's clout in question as regional troubles mount

AFP, New Delhi

India is a world power, so allies in the West would like to believe, but recent developments in its own backyard reveal the limits of the country's influence and still weak diplomatic force, said analysts.

Even in the historically favourable parts of its volatile neighbourhood, New Delhi has suffered reversals in recent weeks, particularly in a high-profile spat with the Maldives, a tiny nation of 300,000 people.

Earlier this month, the Maldives kicked out Indian infrastructure firm GMR and cancelled its \$511-million deal to run the airport, thumbing its nose at Indian threats to cut off aid.

"The Maldives deal collapse can be considered as an isolated event, but it does cast a shadow over India's ability to take care of its economic interests in the region," said Wilson John, who heads the Observer Research Foundation think-tank in New Delhi.

The alliance with Maldivian President Mohamed Waheed appears to be heading the way of ties with counterpart Mahinda Rajapakse in neighbouring Sri Lanka, a relationship which has deteriorated steadily over the last few years.

Clashes over Rajapakse's treatment of ethnic Tamils, a politically important group in India, as well as the arrests of Indian fishermen have raised tensions.

New Delhi has also been angered by huge duties imposed on imported cars. Leading



Indian Prime Minister Manmohan Singh (R) arrives with Human Resource Development Minister Kapil Sibal for the inauguration of the Telecom India conference in New Delhi on December 13.

Indian business group CII believes Sri Lankan tariffs of up to 200 percent could hit 15 percent of India's car exports.

In the Maldives and Sri Lanka, some see the hand of China, which has forged ties with the governments in Colombo and Male and now offers a richer and more generous alternative to India for investment and infrastructure funding.

India's new foreign minister, Salman Khurshid, acknowledged as much last week when he said that New Delhi would have to "accept the new reality of China's presence in many areas that we consider an exclu-

sive playground for India".

This signalled a more pragmatic approach than his predecessor, S.M. Krishna and others in the Indian security establishment, who are alarmed by China's maritime strength and growing influence in the Indian Ocean.

"We know how to resolve our disputes with all the countries in the region. It is a slow-moving process but we are moving in the right direction," Indian foreign ministry spokesman Syed Akbaruddin told AFP.

"You see, we cannot send our troops to resolve them."

In its northeastern neighbour Myanmar, India trails far behind

China as the army-ruled country opens up to investment, and critics say New Delhi has been slow to react to recent pro-democracy changes.

"India is still not sure how to deal with Myanmar," said Sujit Dutta, a professor of international conflict studies at Jamia Millia Islamia University in New Delhi.

"At one level India wants to do business with Myanmar, but (it) is also uneasy in dealing with the military regime."

Opposition leader Aung San Suu Kyi, who is poised to benefit from further pro-democracy moves, made the barbed comment in New Delhi last month

that she had been "saddened" by India's engagement with her country's ruling military junta.

Elsewhere in India's neighbourhood, once described by then US president Bill Clinton as "the most dangerous place in the world", the picture is bleak with the exception of Bangladesh, where previously poor relations have improved.

A peace dialogue between India and nuclear-armed Pakistan shows few signs of making real progress and despite a warming in rhetoric Indian Prime Minister Manmohan Singh recently declined an invitation to visit Islamabad.

In the deadlocked and dysfunctional politics of Nepal the ruling Maoists, who are closer to China and instinctively anti-Indian, still hold sway while even tiny Bhutan is starting to see the benefits of closer ties with Beijing.

"Small neighbouring countries find India's attitude to be very bossy," said analyst John. "They prefer China because it does not openly get involved in domestic affairs. Their tilt towards China cannot be denied."

Despite problems in the region and its tiny diplomatic service comparable in size to that of Singapore, India is looking to spread its commercial and diplomatic presence further afield with a "Look East" policy aimed at east Asia.

Such ambitions are being encouraged by the United States and other Western backers who see democratic India as a natural ally in Asia and a future counterweight to China.

## Renault taps Logan creator for \$5,500 India car

REUTERS, Paris

Renault's move into low-cost cars, which has kept the French automaker afloat as mass-market peers drown in European losses, may soon help it sink competitors beyond the old continent.

That is the long game for Gerard Detourbet, the man behind the no-frills Logan and other "Entry" models, who has a new mission: to devise an even cheaper vehicle programme for India that can compete with such champions of frugality as Maruti Suzuki and Hyundai.

If he pulls off the challenge set by Renault-Nissan boss Carlos Ghosn, it could then give his carmaking alliance a new weapon with which to undercut rivals in emerging markets around the globe.

Detourbet, 66, moved to Chennai early this year and has been quietly building an Indian supplier network and crack team of local executives, including several lured away from the competition.

"We don't set out to poach people, but it happens that they sometimes come to us from Suzuki and Hyundai," Detourbet said in a recent interview during a return visit to Paris.

"We've put together a new team, so of course there are people from all over."

Set firmly in Chief Executive Ghosn's sights is a major auto market combining the promise of breakneck growth with implausibly low prices.

Suzuki Motor Corp holds sway in India with models from its Maruti subsidiary starting below 250,000 rupees and accounting for 1 million registrations a year in a market of 2.6 million.

Hyundai has also made dramatic inroads of late with its Eon mini, priced closer to 300,000 rupees.

Renault's new "sub-entry" architecture will offer roomier cars for a similar price tag and spawn at least one additional model for Nissan, Detourbet said.

Renault and its 43.4 percent-owned Japanese affiliate, which share Ghosn as CEO, already make costlier vehicles such as the Pulse and Micra subcompacts at their Chennai factory, claiming a combined 3 percent Indian market share for April-November.

# Britain looks to Chinese tourists for Christmas cheer

AFP, London

With their shelves spilling over with festive goodies, London's department stores are working hard to attract Christmas shoppers -- but Chinese visitors are the particular target of a charm offensive.

Hotels, retailers and the government are stepping up efforts to woo big-spending Chinese visitors in a bid to bounce back from Britain's longest recession in half a century.

Congee and dumplings are on the breakfast menu at enterprising hotels, major London stores have installed Chinese bank card terminals, and Mandarin-speaking staff are on hand to help out with the Christmas shopping.

Britain is courting Chinese travellers not only because they are a rapidly growing market -- they made an estimated 70 million overseas trips in 2011, up 20 percent in just a year -- but because they are serious shoppers.

"My goodness, they spend," said Patricia Yates, director of strategy for the VisitBritain tourism authority.

"The average Chinese visitor spends about three times as much -- £1,600 (\$2,600, 2,000 euros) -- as the average visitor to Britain," she told AFP. "So they're very welcome by the retail industry at the moment, who have seen domestic demand soften."

Purveyors of luxury goods in particular have welcomed affluent Chinese visitors with open arms.

The renowned Harrods department store, in London's exclusive Knightsbridge district, now has 70 Mandarin-speaking staff and more than 100 China Union Pay terminals allowing direct payment from Chinese bank accounts.

A Harrods spokeswoman said jewellery and watches, fashion and fine wines were top of the shopping list for many Chinese customers.

"They seek out the very latest, limited edition and exclusive products," she told AFP.

Beneath the twinkling Christmas lights on London's central shopping artery Oxford Street, too, Chinese



Chinese tourists shop at Harrods department store in London on December 10, two weeks ahead of Christmas.

shoppers were on the lookout for designer items.

"We think London is the capital of fashion," said Harry Gao, a fashion student from the eastern Chinese city of Wenzhou, who was wrapped up against the drizzle in a fur coat and gold trainers.

"Lots of famous designers are from the UK. It's lots of fun." -- "Our European rivals do much better than us" --

A record 149,000 Chinese visitors came to Britain last year, bringing some £240 million to the struggling economy.

But Britain's share of the coveted Chinese market is poor compared to several competitors in mainland Europe including France, which welcomed nearly a million tourists from China last year.

"We know that our European rivals do much better than us," Yates admitted. "We really want to break the Chinese market."

The complex British visa system is frequently blamed for the shortfall.

While Chinese tourists can visit 26 European countries on a single "Schengen" visa, a trip to Britain requires a separate visa involving lengthy forms in English as well as additional costs.

Interior minister Theresa May confirmed Wednesday that the government is looking at expanding online applications and making some visa forms available in Mandarin, as well as introducing an express service for premium travellers.

Meanwhile, the government is throwing £8 million at luring an additional 233,000 Chinese visitors a year by 2020, and VisitBritain sent its biggest-ever delegation to Shanghai last month to drum up business.

Over a Chinese breakfast of congee (rice porridge), steamed buns and warm soya milk at London's Landmark Hotel, marketing manager Yan-Ping Mew said he has had "very good feedback" since the meal became available to guests earlier this year.

The hotel also recommends smartphone apps to help Chinese guests navigate London and allocates them room numbers traditionally seen as lucky, such as those on the third or eighth floor.

"The Chinese tend to be slightly more superstitious," Mew explained.

He added that while many Chinese guests come to London to shop, they also want to see the sights and, in some cases, visit prospective universities for their children.

## Small investors shun India's Bharti Infratel IPO

AFP, New Delhi

Small investors largely shunned an IPO by the tower arm of Indian telecom firm Bharti, aimed at raising \$845 million, but the issue was fully subscribed thanks to institutional buyers, data showed Saturday.

The initial public offer (IPO) marked Bharti Airtel's return to the capital market after a decade-long break, and was the biggest public issue since state-run Coal India raised \$3.4 billion in an IPO in late 2010.

The tower arm, Bharti Infratel, planned to sell 66.1 million shares, or more than 40 percent of its offering, to small investors and offered them a discount.

Individual small investors took just under 20 percent of their allocation but demand from institutional buyers ensured that total bids exceeded the shares on offer by 1.3 times, according to stock exchange figures.

Since the Coal India offer -- which had bids for more than 15 times the number of shares on offer -- India's IPO market had virtually dried up as the economy slowed, with over 50 firms pulling their offers since early 2011.

But in recent months, India's benchmark 30-share Sensex stock index has surged, led by optimism over a blitz of government reforms and overseas fund in-flows.

Bharti Infratel has over 34,000 transmission towers across 18 states covering 11 telecom circles, and also holds a 42 percent stake in Indus Towers -- the world's biggest tower firm -- which

# Crisis-hit Portuguese town holds 'solidarity bazaar'



Volunteers collect food donated for a solidarity bazaar in Benavente, Lisbon.

AFP, Benavente, Portugal

Packets of pasta and lentils, cartons of milk and other staples pile up at the entrance to the cultural centre in the Portuguese town of Benavente.

The food has been donated for the "solidarity bazaar" and is destined to help some of those who've been hardest hit by the country's gruelling financial crisis.

"Too many people are in need. We have to help them," says Jorge Almeida as he drops off three bags of food in the centre's theatre, decorated with garlands and children's drawings.

In exchange for the food, recipients are given coupons they can use to obtain all manner of donated jumble, including toys, cuddly animals, trinkets and books.

"It's a way of encouraging mutual aid. People meet up and together help those in need," says 40-year-old Eugenia Edviges.

Benavente is a town of about 10,000 people, about 60 kilometres (37 miles) north of Lisbon.

Edviges is happy to take part in the initiative to fight back against the crisis that has left nearly 16 percent of the workforce and 39 percent of young people unemployed.

Leonora Parracho, 53, a local council official who organised the bazaar, knows the effects of joblessness.

Her 58-year-old husband lost his construction job. Like many Portuguese, he is trying his luck overseas and has moved to Martinique to try to find work.

"Businesses and shops are closing.

People are moving to try to find cheaper homes. The young people have no work," says Parracho, who fears things will get even worse in the future.

In return for a debt rescue in May 2011, Portugal has undertaken a tough programme of budget correction and structural reform of the economy, including steep austerity cuts coupled with tax increases set for 2013.

"The measures will hit families who until now had been spared. The middle class will be affected," Parracho says. "The situation risks becoming unmanageable, so we must certainly increase this type of initiative," she adds.

Organised for the first time last month, the solidarity bazaar is now helping about 40 families who had been identified by the city as needing help.

In a couple of weeks, the struggling families will discreetly receive the donated food.

"Many are ashamed to admit needing help, so ask to remain anonymous," says 60-year-old pensioner Jorge Almeida.

With salaries dropping, taxes rising, indebtedness and bankruptcies, the crisis is pushing increasing numbers of Portuguese to help each other.

According to Eurostat, 2.6 million people, or 24.4 percent of the population, risked poverty or social exclusion in 2011.

In a sign of increasing solidarity, on the first weekend of the month, food banks received three tonnes of food at the end of a campaign involving 1,700 supermarkets and a dozen cities, including the capital.