

# China-India energy rivalry in spotlight as Modi visits Nepal

AFP, Kathmandu

Energy will be high on the agenda when India's new Prime Minister Narendra Modi visits Nepal on Sunday, eager to claw back lost ground in the race for resources with China.

A vast network of fast-flowing rivers through the Himalayas leaves huge untapped hydropower resources at Nepal's disposal, and New Delhi has spent years encouraging Indian investment with an eye on the country's water resources.

However, proposals to develop joint ventures between India and Nepal have stalled due to disagreements over perceived threats to Nepalese sovereignty, allowing rival China to step into the breach.

A recently leaked draft plan to develop the hydropower sector using Indian investment sparked a furore in Kathmandu, with politicians and commentators saying it would grant New Delhi exclusive rights to Nepal's water resources.

"Nepalese politicians want India to pay attention to them, but they are also fearful that given a chance, it will take over their resources, being a bigger, more powerful country," said Lok Raj Baral, former ambassador to New Delhi.

India has traditionally exerted huge influence in Kathmandu, leaving many in Nepal wary of New Delhi and eager to embrace Beijing, whose investment they do not see as politically motivated, Baral told AFP.

Stalled Indian projects include a hydropower agreement to develop Nepal's Karnali river signed by Kathmandu and Indian infrastructure giant GMR in 2008.

Meanwhile, Beijing is funding a 60-megawatt power plant on the Trishuli river, already under construction, and a \$1.6 billion, 750-megawatt joint venture on the Seti river, due to be completed by December 2019.

"Despite geographic proximity, cultural intimacy, economic interdependence and shared political values, India has stumbled in Nepal," wrote C. Raja Mohan, columnist for The Indian Express.

Citing a growing perception in Nepal that "India promises, China delivers", he wrote that "India's record of project implementation in Nepal is awful".

But India's new government has made clear its desire to refocus attention on its near neighbours. Modi's visit to Nepal follows a June trip to Bhutan, where he announced a new hydropower plant.

Nepal's Prime Minister Sushil Koirala said this weekend that hydropower cooperation would be a priority in his talks with Modi and he expected a "breakthrough".

"I am determined to push ahead on this agenda... I am convinced that in 8-10 years, Nepal can take a great leap," he told India's Hindustan Times daily.

Nepal's total installed power generation capacity is now just 750 megawatts -- less than two percent of its potential.



AFP

Second from left front row, Nepalese Prime Minister Sushil Koirala welcomes Indian Prime Minister Narendra Modi on his arrival at Tribhuvan International Airport in Kathmandu yesterday.

That is insufficient even to meet Nepal's own energy needs, forcing the country to endure power cuts of up to 12 hours a day and purchase fuel from India, itself an importer of petroleum products.

In addition to the proposed 900-megawatt joint venture on the Karnali river, Indian infrastructure company GMR also owns an 82 percent stake in a 600-megawatt project on the Marsyangdi river, which is expected to be completed in 2021.

According to GMR, 12 percent of the power generated by the Karnali project will be given to Kathmandu free of cost, with the remainder exported to India. Once the company has recouped its investment, it will transfer ownership of both projects to Nepal's government.

While India has sought to develop other energy sources at home and in the region, striking deals with Thimphu and Dhaka, Beijing has made forays into Sri Lanka and Nepal, leaving New Delhi anxious over the contest for resources.

Sujeey Shakyia, author of "Unleashing Nepal", told AFP: "It's time for India to let go of its Sinophobia."

"It makes more sense for Delhi and Beijing to work together -- whether it's a case of using Indian investment and Chinese turbines to build hydropower plants or transmitting electricity from Nepal to China via Calcutta or even installing a regional grid," Shakyia said.

A focus on cooperation rather than competition would give a bigger boost to trade and enable greater regional growth, he said.

"Growth in India and China will benefit the whole region -- of course the smaller countries can play them off against each other, but given the size of both markets, it's smarter to exploit synergies between them."

The change in India's leadership has opened a new window for regional engagement, Shakyia said.

"The more India and China engage with neighbours, including each other, the better it is for regional connectivity. This is not a time for anyone to be myopic."

# US woos Africa as rivals eye economic growth

AFP, Nairobi

African leaders head to Washington for a landmark US summit this week, with President Barack Obama hoping to boost trade, development and security ties amid growing competition from China on the continent.

China overtook the United States as Africa's largest trading partner five years ago, with Beijing's trade now worth more than \$200 billion (150 billion euros) a year, double that of Washington.

But while the US is playing catch-up, experts say it is wrong to view the situation as a direct competition between the two powers, since China's investments potentially boost US trade and their companies are focused on different sectors.

"The Obama administration has come under increasing pressure from the commercial sector to prioritise Africa policy. This US-Africa summit is more a response to this than a direct beauty contest with China," said Alex Vines, from Britain's Chatham House think tank. The International Monetary Fund says Africa is now growing faster than Asia.

"Africa now is a land of competition of Europe, America, China, and even some Arabian countries," Rene Kouassi, director of economic affairs at the African Union, told AFP.

The US has been keen to avoid any suggestion that the three-day summit opening Monday -- dubbed the "largest single engagement" by any American president with Africa -- is designed to challenge the role of other nations in the continent.

"We welcome the attention Africa is receiving from other countries like China, Brazil, India and Turkey," said Will Stevens, spokesman for the US State Department's Bureau of African Affairs.

Although 50 heads of state were due to take part in the summit, several, including Sierra Leone President Ernest Bai Koroma and Liberia President Ellen Johnson Sirleaf, have already said they are not planning to go because of the ongoing Ebola epidemic in their countries.

The US, the world's largest economy, is only Africa's third-largest trade partner after the European Union -- some of whose members



AFP

A shopper looks at football shoes displayed in Gikomba Market, East Africa's biggest second-hand clothing market in Nairobi.

have post-colonial ties with African nations -- and China, which is hungry for the continent's natural resources.

"We believe the more the merrier. But we also think that African countries should make sure that their relationships benefit their people -- and that they add value, not extract it," Stevens added.

Redefining relationships with the continent will be key, analysts say.

Africa is home to seven of the world's fastest-growing economies. Many hope to alter an image of a war-ravaged continent where foreign relationships are based on aid alone.

"The focus is no longer on aid, on humanitarian assistance... it's long overdue, that we move this relationship to the economic sphere, where it can be almost a partnership," Kenyan Foreign Minister Amina Mohamed told AFP.

"Africa still offers the best returns to any investor."

James Shikwati, director of Kenya-based economic think tank the Inter Region Economic Network, argues Washington is trying to "reframe" engagement with Africa given the "new competitor China" which has been "very visible" with large-scale infrastructure projects.

"China's massive infrastructure projects kind of dwarf the American effort," said Christopher Wood, from the South African Institute of International Affairs.

"I think we are seeing increasingly an effort by the US to try and get back

into that game, for example, attempts to develop energy capacity on the continent."

While past US engagement has focused on "talking about democracy and human rights," Shikwati said he expected Washington would now "temper that with some solid projects that a camera can capture... like some big dam that supplies power."

Others argue it is wrong to exaggerate economic competition between Washington and Beijing.

"This oft-repeated and inaccurate platitude misrepresents both current geopolitical realities and commercial opportunities," said Dane Erickson, from the University of Colorado, writing in The American Interest magazine.

The two nations often focus on different economic sectors, and it is in fact EU nations that offer the larger challenge.

"A more sober analysis of two areas of focus for the US-Africa Leaders Summit -- trade and investment, and security -- shows just how much how US, Chinese, and African interests align in key policy areas," Erickson added.

Indeed, he argues China's role may actually boost trade for the US.

"Chinese infrastructure investments -- on a continent in dire need of more roads, bridges, and ports to support growing economies and populations -- can benefit Africans, Americans, and other foreign investors," Erickson added.

## Chief of Indian bank arrested over bribery allegations

AFP, New Delhi

Indian police have arrested the chairman of the state-run Syndicate Bank over allegations he took bribes in exchange for loan extensions to private companies, a law enforcement official said Sunday.

The Central Bureau of Investigation (CBI) arrested Sudhir Kumar Jain in the southern city of Bangalore along with 11 others, including two directors of Delhi-based private firms, its spokeswoman said.

"We arrested him (Jain) late last night and he will be produced in court later today (Sunday)," the CBI's Kanchan Prasad told AFP.

The CBI, the country's top crime-fighting body, said it "laid a trap" and recovered five million rupees (\$82,200) allegedly paid to Jain through middlemen by companies to win extensions on their loans.

The companies had been defaulting on loan repayments to the mid-sized bank amounting to tens of millions of rupees, the CBI said, adding that its investigation was ongoing.

A CBI statement said it had found "incriminating documents" related to the case after searching 20 places in four cities and had recovered cash, jewellery and property papers at Jain's residence.

The statement released late Saturday alleged Jain had given "undue favour to private companies by granting sanction to various financial proposals," both directly and through middlemen.

Jain's representatives could not be contacted for comment. In a similar case late last year, the CBI investigated a senior executive of India's top lender State Bank of India for allegedly taking bribes to sanction loans to a company.

## Jailed Subrata Roy gets office to negotiate hotel sales

REUTERS, New Delhi

The Supreme Court has granted jailed business tycoon Subrata Roy an office, a phone, Internet connection and three secretaries in the Delhi prison that has been his home for five months so he can sell two of his company's iconic hotels to help pay bail.

Roy, head of the Sahara conglomerate, was jailed on March 4 for failing to appear in court in a legal battle with India's capital market's watchdog. He needs to raise 100 billion rupees (\$1.6 billion) to have a chance of release.

The Supreme Court gave him 10 working days from Monday to accomplish the sale of the Grosvenor House Hotel in London and the Plaza Hotel in New York.

So he can negotiate with potential bidders, Roy will get a conference room inside the jail complex, a mobile phone, laptop and desktop computers, Internet access and video conferencing facilities, as long as he pays for them.

Three of his company's secretaries will be allowed to join him to assist with the sale, the court said.

"This is a distress situation. It is a battle of nerves. And we need all the facilities and gadgets to negotiate the deal," Harish Salve, one of India's top lawyers who represented Sahara in the case, told the court on Friday.

If Roy raises the funds and deposits them with the regulator, the court will meet again to decide on any further conditions for his release.

Roy was jailed after he failed to appear at a contempt hearing in the long-running

dispute over the company's failure to repay billions of dollars to investors who were sold outlawed bonds. He has yet to be charged over the bonds dispute and denies any wrongdoing. Sahara said it had repaid most investors, but its claims have been contested by the regulator and the court.

Despite multiple pleas, Roy has been denied bail unless he can deposit the 100 billion rupees with the regulator. The court estimates Sahara's total liability to be between 330 and 350 billion rupees.

The sale of Roy's prized hotels abroad are seen as critical to raise the deposit. Sahara paid 470 million pounds (\$791 million) for Grosvenor House and about \$570 million for the Plaza in 2012. It also owns the Dream Hotel in New York.

Media reports have named billionaire Cyrus Poonawalla and US-based Madison Capital Holdings LLC as potential buyers.

Based in Lucknow, the capital of India's most populous state Uttar Pradesh, Roy calls himself "managing worker and chairman" of Sahara and chief guardian of the "world's biggest family", overseeing businesses with almost a million staff and agents.

He has often been described in media as a billionaire, although last year he said his personal assets were worth less than \$1 billion. In his heyday, the tycoon was often photographed with Bollywood stars and cricketers.

Sahara is worth \$11 billion and has more than 36,000 acres (15,000 hectares) of real estate, according to its website. One of its main businesses is the sale of financial products, largely to small investors in towns and rural areas.



REUTERS/FILE

Sahara Group Chairman Subrata Roy speaks during a press meet in Kolkata on November 29, 2013.