

Economics first, always

In Hong Kong, where money-making is of first import, the impact of India's nuclear tests seems attenuated: Rasheeda Bhagat.

THE reverberations of India's nuclear blasts in mid-May, preceded by the much-publicised statements of the Defence Minister, Mr. George Fernandes, painting China as India's enemy No. 1, have been felt quite clearly in Hong Kong, even though opinion is divided on their real impact in a society where "money-making is indeed the bottomline".

For Ms. Veena Sikri, who heads the sensitive Indian Consulate General in Hong Kong, the nuclear explosions and the resultant sanctions have meant "that we have had to work very hard to sensitise different segments of Hong Kong society on the background and the reasons why India did it".

The Consul General told *Business Line* that the Consulate had been explaining India's position to the investor companies, the Hong Kong government, the academic community and the media. "Hong Kong is actually in a very sensitive position because the sovereignty is that of China and, hence, defence and external affairs are being looked after by mainland China.

"So, in that sense, it has been a question of sensitising people more in the bigger sense of the economic situation following the sanctions and, of course, later, the Indian Budget."

Ms. Sikri says that with big CEOs of companies sitting in Hong Kong and "looking at their investments in India have naturally been asking: 'Okay, tell us what impact these sanctions are going to have on my business with India'."

According to Ms. Sikri, the assessment made three-four weeks ago by the business community and the legal experts interacting with it that the "impact of the sanctions is not going to be major has been borne out by subsequent developments, where we have seen that even the US government, in the implementation of the sanctions, has asked for flexibility and given so many exemptions in areas where loans will not be affected".

Ms. Sikri added that the major concern of investors is whether relations between India and Pakistan would become more volatile post-sanctions. "I have been telling them that earlier there was a lot of speculation — does India have the bomb, does Pakistan have the bomb — now it is all out in the open.

"India is now willing to talk about CTBT and we have offered the first non-use of nuclear weapons to Pakistan or any other country and this is a very sensible and positive across-the-board move". This explanation has been looked at positively by the Hong Kong community and the "Hong Kong media has shown a remarkable understanding of our position".

Confirming the investor community's concern about Indo-Pak relations following the blasts, Mr. Henry Strutt, group chairman and managing director of Jardine Fleming's operations in Asia told *Business Line*: "The economic effect of the sanctions on India is not yet clear but it is bound to have some effect on the economy."

"Clearly," there has been some effect on market sentiment so, in the short term, that will obviously affect our business because our operations are very much related to levels of market turnover, confidence and so on.

"But I think if people don't feel there is a sort of permanent rise in tension in the region, and politically India and Pakistan can now try and move forward to some sort of resolution of the issues between them, then in the longer term that will be a positive development.

"Of course, what international investors do not like is instability and uncertainty, so it is important that these two Governments try and set people's minds at rest on the issue".

That Hong Kong frowns on India's triggering a nuclear arms race in the region is apparent while talking to Mr. Martin Lee, President of the Democratic Party of Hong Kong, who told *Business Line*: "I suppose whenever a country arms itself or strengthens its armed forces compared to before, it will instill fear in the neighbouring countries who will ask: 'Hey, what are you doing? You are going to use all this against someone; if it's not him, it's me' — that sort of thing. That is why I am against it: it upsets the balance in the region: India tested, then Pakistan followed".

When told that the average Hong Kong citizen seemed unconcerned about the blasts, he said: "Invariably, people all over the world are looking more at their internal affairs rather than foreign affairs and Hong Kong people said 'well, India is so far away, there is no immediate threat'.

"Of course, China may look at it differently. But this is not a good idea... I think people should disarm rather than arm themselves doubly".

The chief economist of the Hong Kong General Chamber of Commerce, Mr. Ian K. Perkin, said that people in Hong Kong had looked at the blasts "in the context of being a part of China. China is concerned and I guess we're getting that kind of feeling here. Mr. George Fernandes also said that China is India's biggest threat, and that has certainly not gone down well in Hong Kong.

"The people of Hong Kong, though they have been Hong Kong-Chinese during 156

years of British rule, are still very patriotic, and when they hear such statements, followed by the blasts, they do get concerned".

An ethnic Indian, Dr. Venuvinod Patri, who heads the department of Manufacturing Engineering at the City University, Hong Kong, was in the US when India conducted the tests. But having lived 20 years on the island state, he "guesses that these people would not have been bothered.

"They are not political... they do not get into big arguments. They never argue: 'it does not affect my money, why should I talk about it' is their attitude."

But he does not take kindly to Mr. Fernandes' statement: "I don't like that statement. I have always felt that if only China and India had come together as one unit in international forums, nobody could have done anything to us. We would have been unbeatable. Maybe we have fallen prey to other powers which are putting us against each other".

He feels that instead of calling each other 'enemies', both countries should indulge in "some quiet diplomacy where economic issues take precedence over other things".

But he finds that the trouble with India, and perhaps many of these countries too, is that "we remember too much... we remember ancient things from the time of Ghauri and Rama... things going back to thousands of years. Yesterday, Mr. Bill Clinton told students at the Beijing University that most problems are ancient and not modern problems.

"So, in the modern dynamic world, it would be better if we did not remember these things, but look forward. Don't remember the past. The past may be true but if we keep working on that we can't adjust to the modern world.

"The beauty of Hong Kong is that it does not have a memory. If the handover had happened to India, I am sure all road names would have been changed. But such things do not change the economy of a country. Here, not a single name has changed.

"The name of Prince Edward Road... directly linked to the British monarchy, hasn't changed; Princess Margaret Street remains. Nobody is bothered because it is a trivial issue.

"Socio-cultural memory is counter-productive. The second thing about memory is that it remembers only the negative... how come we have forgotten the short but golden period of India-China *bhai-bhai*?