



Billion dollar mystery

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With Washington patting its back, New Delhi has forgotten France stood by India when US imposed tough sanctions. Is that why it has cancelled the Eurocopter deal?

Have you heard of the Albanian syndrome? Perhaps not. Even though it is not yet catalogued officially by renowned psychologists, it has been in existence for a long time. The syndrome appeared towards the end of the 1990s when one wave of migrants after another arrived from Albania to seek refuge in Italy. *The New York Times* wrote in November 1998, "Italy is swamped by new waves of boat people." These *clandestini*, or illegal aliens, were fleeing the political unrest and economic starvation in Albania

It was thought that Italy was the entry point into the European Union. But when interrogated, the "boat-people" unanimously declared that they were not interested to stay in Italy or France, which had also offered political asylum; they all wanted to go to the US. This is what is referred to as the Albanian syndrome -- the idea that the US is the only El Dorado and if you can make it to its shores, your future is assured.

The syndrome is much more widespread than one might believe. Is it not true that many Indians would jump at the golden opportunity to land in the 'New World'? What is more serious is a Government getting

stuck with the syndrome. The India-US civil nuclear deal demonstrates how deeply the Manmohan Singh Government has been affected by this syndrome.

The Government is guided by the mantra that the US has to be pleased at any cost. Soon after the nuclear deal was announced, US President George W Bush called India a "responsible state with advanced nuclear technology", adding that the country "should acquire the same benefits and advantages as other such states". It pleased the egos of the leadership in New Delhi.

Something that may appear like a detail is nonetheless symptomatic. When the Prime Minister presented the *fait accompli* to Parliament, many MPs were not happy. But the unfortunate part is that Mr Manmohan Singh told Mr Bush during a meeting in New York that he was surprised by former Prime Minister Atal Bihari Vajpayee's criticism. BJP leader Yashwant Sinha was quick to point out: "Internal differences are not to be carried abroad." But how could anything be hidden from such a 'close' friend? This, despite the fact that US Under-secretary of State for Political Affairs Nicholas Burns had already made it clear that the US was out to squeeze India.

In any case, how was the Bush Administration doing a favour to India by signing a deal that would open huge business opportunities for the US? Being French, I find it strange that even though Paris stood by New Delhi, while the US slammed India with heavy sanctions, this was forgotten as soon as the Indian leadership received a pat on the shoulder from the American Administration.

The Albanian syndrome came to mind when the UPA Government announced its decision to cancel the process for purchasing 197 helicopters for the Army from the European consortium, Eurocopter. This was announced by a Defence Ministry communiqué.

The Defence Ministry gave no reason for the decision announced after years spent on tenders and trials during which Eurocopter emerged as the front-runner for the deal. The official statement merely said: "The Government has decided to cancel the ongoing request for proposal (RFP) for procurement of 197 helicopters for the Indian Army... A fresh RFP will be issued shortly." Sections of the media, quoting 'sources', said the negotiations were terminated because of "major deviations in the approved parameters of the helicopter and procedures".

Established in 1992, the Franco-German-Spanish Eurocopter Group is a division of European Aerospace and Defence Systems (EADS) -- a world leader in aerospace (of Airbus fame) and defence hardware. In 2006, Eurocopter was judged the world top helicopter manufacturer, with a turnover of 3.8 billion euros and a 52 per cent market share. The group's products account for 30 per cent of the total world helicopter fleet. More than 9,800 Eurocopter helicopters are currently in service in 140 countries. The company offers the largest civil and military helicopter range in the world.

The European consortium was selected after two years of field trials. The only competitor in the race for the deal was the American firm, Bell. It is now being said that Eurocopter was to offer an AS 550 C3 model with an Arriel 2B engine in their RFP, while they sent for testing another model -- an AS 350 B3 helicopter powered by an Arriel 2B1 engine. The permission for trials was apparently granted by the Defence Ministry for AS 550 C3 model with an Arriel 2B engine. Indian defence experts are not ready to speak freely about the compulsions which have dictated the decision of the Ministry. If 'deviations' were there, it is surprising -- and unprofessional of the Ministry -- that they were not detected earlier (at the time of the trials), which would have spared the France-based company loss of

time, effort and investment. Will the same thing happen during the selection of 126 multi-role combat aircraft?

More importantly for India, the Army will unnecessarily lose several years in its defence preparedness, especially at a time when India's northern neighbour becomes more and more aggressive. It is particularly frustrating when, according to some former Army officials, there is a process to approve such a deviation. The Defence Ministry can accept the 'deviations' after the file has gone through the Defence Procurement Board (DPB). As this was not done, it raises questions about the reasons behind the cancellation.

Whether the Albanian syndrome has struck the Defence Ministry or not, it is a sad year-end for India's defence forces. After all, it appeared to be a good deal for India: Sixty helicopters off the shelves and the rest to be manufactured by HAL under a transfer of technology agreement. One still remembers the mythic Allouette III, which metamorphosed into Cheetah and Chetak and served India so well, particularly in the world's highest battlefield -- the Siachen glacier. Forty-five years after the induction of the Allouettes, Eurocopter was also to be used in high altitude and in the most adverse weather conditions.

Experts say that the US, which for decades has been concentrating on supplying armaments to Pakistan, is shifting its priorities towards India. According to SIPRI Arms Transfers Database, the Soviet Union (and Russia) supplied India \$55,000 million worth of armaments between 1950 and 2006, Britain \$14,680 million, France \$4,027 million and the US \$623 million worth of armaments to India.

The Americans would like to make up for the lost time and business and its salesmen are usually more aggressive than their European counterparts. The biggest loser in the process is the Indian Army.

Scrapping this deal at the last stage means that the procurement of the urgently-needed light helicopters will take at least another four to five years.