

a leading petrochemical company and one with an active R&D program. "SPIC ploughs all profits back into production." Biocon India's Suryanarayan echoes that view: "A tax credit would never be our driving force to do R&D."

The pending changes in patent law are viewed as another important ingredient in promoting R&D spending. Industrial leaders see it as a signal of India's commitment to a level playing field internationally, although Suryanarayan notes that "a person keen on patenting a product can always do so abroad." There is even a chance the patent bill will be taken up again in a prebudget session of Parliament that begins shortly, although the political agenda is limited be-

cause of general elections this spring.

However, legal reforms are only part of the problem. "Changing the patents act will harmonize policy in India with the rest of the world," says Unilever's Ganguli. "But we need an entire overhauling of our national infrastructure." The key features of such an overhaul, according to patent law experts, include a comprehensive information system to support patenting activities, a heightened professionalism among patent examiners, modernization of India's main patent office, and increased awareness of the value of obtaining a patent.

A recent conference in New Delhi gave government and business leaders a chance to promote that agenda. Effective enforcement

of existing and new laws is essential for progress, says DSIR's Parthasarathi, but more is needed: Indian boffins "also must realize the urgency to patent first and publish later."

Raghunath Mashelkar, secretary of DSIR, predicts that the increased ties with global R&D giants will lead to a permanent change in corporate attitudes toward R&D. "Indian researchers have tasted blood," he says, and will not easily forget the experience. He and others hope the next step is for Indian companies to move in for the kill.

—Pallava Bagla

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RUSSIA

Tax Law Casts Pall Over Research Aid

MOSCOW—Just before last month's general election, the upper house of Russia's Parliament, the Federation Council, scrapped a set of minor amendments to a new tax law. This action, which went largely unnoticed, may have a devastating effect on Russian science, because it overturns the ad hoc tax exemptions enjoyed by the foreign aid foundations that have played a key role in keeping research going since the collapse of the Soviet Union. The demise of the amendments means that foundations must pay taxes like any other organization operating in Russia—a requirement that may jeopardize the future of many of them, including the International Science Foundation (ISF), funded by the American financier George Soros.

The law was one of the last passed by the Duma (Parliament's lower house) before the election. The original draft presented to deputies required all recipients of grant money to pay taxes on it, regardless of which foundation it came from, revoking the tax exemptions enjoyed by the ISF and other aid organizations. But in mid-December, Nikolay Vorontsov, then-chair of the Duma subcommittee on science, proposed amendments guaranteeing the foundations certain tax exemptions, and these were duly adopted by the Duma.

Just a few days before Parliament was dissolved, however, the Federation Council vetoed the amendments. At the final meeting of the old Duma, Vorontsov made a last desperate attempt to persuade deputies to overturn the Council's veto, but the deputies were too busy making farewells to each other, and his pleas were ignored. Vorontsov, from the "Russia's Democratic Choice" party, subsequently lost his Duma seat in the election.

The Federation Council's action came as a surprise to most parliamentary officials, although many believe that the Ministry of Finance put pressure on representatives to

scrap the amendments to maximize tax revenue. Pavel Arsenyev, executive director of the Moscow office of the ISF, the most generous foreign supporter of Russian research over the past few years, told *Science* that the veto was completely unexpected, because just a few days earlier some of the Council representatives had reassured him that the amendments would definitely be approved by the upper house.

Many researchers now face the prospect of losing a substantial proportion of the meager funds they receive from the West—the new tax could swallow 50%, depending on the size of the grant—and the added complication of dealing with the Byzantine regu-

Imposing tax on foreign aid will "force people to resort to smuggling money in suitcases."

—Isaac Skelton

lations of Russia's tax authorities. The tax bite will be particularly painful for groups receiving the smaller grants of just a few thousand dollars. And under this new regime, Western foundations may not consider it worthwhile to fund Russian scientists—fulfilling a prediction Soros had made in 1992, when he requested tax-exempt status for the ISF from President Boris Yeltsin.

Lev Okun, executive committee member of INTAS, the European Union's (EU's) funding program for East European scientists, expects "many legal difficulties to arise from this matter." Although INTAS's first round of grants was announced in 1994, complications over the program's tax status

meant that no money was actually distributed until 1995. Last autumn, the EU decided to extend INTAS's work for another 3 years and provided more than \$60 million for more grants to East European researchers. Okun says that INTAS will not necessarily stop current projects because of the new tax laws, but it may reconsider whether to distribute any new grants.

As for the ISF, its main program of funding Russian researchers, which has already distributed \$125 million, is now winding down, although Soros is maintaining some others, such as his library program. One hundred twenty other organizations, however, have been exploiting the ISF's ready-made tax-exempt status and established networks for distributing funds by employing the ISF as an agent to handle their aid. Those activities are now in doubt. Isaac Skelton of ISF's Washington office says that Yeltsin's decree still gives the foundation a "special umbrella," and it was still "working on the assumption that we are exempt from taxes." But he adds, "Our office in Moscow is working hard to overturn the [veto]." Imposing tax on foreign aid, Skelton says, will "force people to resort to smuggling money in suitcases."

There may, however, be a bright spot on the horizon. Mikhail Glubokovsky, deputy chair of the committee on culture, education, and science in the old Duma (who held onto his Duma seat), told *Science* that the new Duma may come to the rescue of the foundations. Although the communists and nationalists who dominate the new Duma have in the past attacked foreign aid as an attempt by the West to hijack Russian science and military secrets, Glubokovsky thinks they may now be willing to restore the foundations' privileged status—as a show of concern for Russian scientists.

—Vladimir Pokrovsky

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