ECONOMIC DIPLOMACY

INDIA'S ASCENDANCY IN THE 21ST CENTURY

EDITED BY

PRADEEP S MEHTA | ANIL WADHWA
ADVAIYOT SHARMA

Economic Diplomacy

Published by
Academic Foundation | AF Press
in association with

CUTS International, Jaipur

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ACADEMIC FOUNDATION

INDIA

www.academicfoundation.org

First published in 2024
by

AF PRESS
Plot No. 35, Sector 7,
IMT Manesar, Gurugram - 122050, India.

Tel: +91-124-4215070 / 71.
E-mail: booksaf@gmail.com
www.academicfoundation.org

in association with:

CUTS International, Jaipur
www.cuts-international.org

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Economic Diplomacy: India's Ascendancy in the 21st Century
Edited by Pradeep S Mehta, Anil Wadhwa and Advaiyot Sharma

ISBN 9789332706361

Typeset, printed and bound at AF Press, Manesar, Gurugram, India.

CONTENTS

Commercial Diplomacy to Expand Indian Business Interests

Evolution of the Role of the Ministry of External Affairs

Economic Diplomacy for Development

Multilateral Economic Diplomacy

Strategic Economic Diplomacy

Editors and Contributors

Editors:

Pradeep S Mehta is the founder Secretary General of the Jaipur-based Consumer Unity & Trust Society (CUTS International), a leading economic policy research, advocacy and networking, non-governmental group in India, with offices in Nairobi, Lusaka, Hanoi, Accra, Geneva and Washington DC. CUTS was established in 1983 and has completed 40 years in 2023.

Currently, Mehta is a Member of the NGO Advisory Body of the Director General of the WTO (third time) and CII's International Trade Policy Council. He was also appointed a Member of the B20's Council for Africa's Economic Integration under the Indian G20 Presidency.

Mehta has previously served as: Member of the Board of Trade; Better Regulatory Advisory Group; and Steering Committee on Ecomark; Think Tank on "Framework for a National Policy on E-commerce" of the Government of India. Among several advisory positions, he has been and/or is honorary Adviser to the Commerce and Industries Minister of India, and Trade, Commerce & Industry Minister of Zambia.

A prolific writer, gifted speaker, skilled trainer and organiser in the social science field, Mehta has been named as one of the 30 most famous columnists in India by a leading newspaper in India. He has published/edited several books and papers on trade, investment, competition and development.

Anil Wadhwa was a member of the India Foreign Service from 1979-2017 and has served as the Indian Ambassador to Italy, Thailand, Oman and Poland. As Secretary (East) in the Ministry of External Affairs of India, he oversaw relations with South East Asia, Gulf and West Asia, Pacific and Australasia. He has served as the Indian Ambassador and Permanent Representative to FAO, IFAD, WFP, UNESCAP and worked with the Organisation for the Prohibition of Chemical Weapons (OPCW) in The Hague heading the Government Relations and Political Affairs and Media and Public Affairs Branches.

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Ajay Bisaria joined the Indian Foreign Service in 1987. He served as the High Commissioner of India to Canada from March 2020 to June 2022. Earlier, he served as the High Commissioner of India to Pakistan and Ambassador to Poland, and Lithuania. Prior to joining the diplomatic service, Bisaria worked briefly with the American Express Bank and Bharat Heavy Electricals Limited in Delhi.

KM Chandrasekhar is a retired Indian Administrative Service (IAS) officer from the 1970 batch who served as the Cabinet Secretary of India from 2007 to 2011. He was Vice Chairman, Kerala State Planning Board, and has also held the position of Secretary for Industries and Finance departments in the Kerala government. His autobiography, *As Good as My Word: A Memoir*, was published in 2022.

Bipul Chattopadhyay is the Executive Director of CUTS International - a global policy think and action tank based in Jaipur, India. He has been associated with CUTS over the last 26 years in varying capacities and has led various projects in the areas of International Trade, Trade Facilitation, Regional Integration and Connectivity in South Asia. He has represented the organisation at various fora, including presenting papers, conducting training workshops, particularly of CSOs on economic reforms. He has published/edited several books and papers on the political economy of trade and development. He was the co-editor of *Economic Diplomacy: India's Experience*, published by CUTS International in 2011.

Sujan R Chinoy joined the Indian Foreign Service in 1981. He was India's Ambassador to Japan and the Republic of the Marshall Islands from 2015-2018, and earlier, the Ambassador to Mexico and High Commissioner to Belize. A specialist with over 25 years of experience on China, East Asia and the Asia-Pacific, he served in Indian Missions in Hong Kong and Beijing and as Consul General in Shanghai and Sydney. On deputation for four years with the National Security Council Secretariat under the Prime Minister's Office, he worked on internal and external national security policy and anchored strategic dialogues with key interlocutors around the world.

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Banashri Bose Harrison joined the Indian Foreign Service in 1981 and superannuated in 2016 as Indian Ambassador to Sweden and Latvia. She has headed the commercial wings of the Indian Embassy in both Budapest and Washington DC. She also served as Joint Secretary, Central Europe Division in the Ministry of External Affairs.

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Satish C Mehta joined the Indian Foreign Service in 1983 and retired as Director General, Indian Council for Cultural Relations (ICCR) in September 2015. Earlier, after serving in France, Ivory Coast and Italy, he was Political Advisor to the UN Head of Mission in Haiti during UN Peace Keeping Operations in 1995-96. He served as Director to Prime Ministers Shri Atal Bihari Vajpayee and Shri IK Gujral in the Prime Minister's Office from 1997 to 1999 dealing with the strategic sector- External Affairs, Defence, Atomic Energy, Space, Information and Broadcasting and S&T. He was Indian Ambassador in Kuwait from July 2011 until November, 2013.

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Dammu Ravi joined the Indian Foreign Service in 1989 and is currently serving as Secretary, (Economic Relations), Ministry of External Affairs (MEA). He was Joint Secretary (Latin America and Caribbean) in the MEA from 2009 to 2013. He was deputed as Joint Secretary, Department of Commerce, handling WTO and trade policy matters, and was India's chief negotiator for the Regional Comprehensive Economic Partnership (RCEP). Before his elevation as Secretary, he served as the nodal coordinator for COVID-19 response in the MEA.

Mahesh Sachdev joined the Indian Foreign Service in 1978 and retired in October 2013. His 35-year-long diplomatic career included three Ambassadorial assignments spanning 11 years to Algeria, Norway and Nigeria – all major oil exporters. Nearly half of his diplomatic career was spent dealing with the Middle East. He has authored two well received "Business Manuals" on Nigeria (September 2014; second edition in October 2018) and the UAE (September 2016).

Ashok Sajjanhar joined the Indian Foreign Service in 1978 and retired as Ambassador of India to Sweden and Latvia in 2012. He has also served as Ambassador of India to Kazakhstan. He served as Deputy Chief of Mission and Deputy Permanent Representative of India to UN-ESCAP from 2000 to 2003, and Deputy Chief of Mission to the European Union, Belgium and Luxembourg from 2005 to 2007.

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Gurjit Singh joined the Indian Foreign Service in 1980. He has served as India's Ambassador to Germany, Indonesia, ASEAN, Timor-Leste, Ethiopia and the Republic of Djibouti. He has been a Representative of India to the African Union, UNECA and IGAD. He has authored *The Harambee Factor: India Africa Economic and Development Partnership*, published in 2022.

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Additional Secretary (Gulf) from March 2005 to March 2009. He was India's Ambassador to Iran from March 2009 to March 2011. He took over as Secretary (East) in the Ministry of External Affairs in March 2011 and retired in end of April 2013.

Sujatha Singh joined the Indian Foreign Service in 1976. She served as India's Foreign Secretary from August 2013 to January 2015. She has also served as India's High Commissioner to Australia (2007–2012) and Ambassador to Germany (2012–2013). She has served the Ministry's Economic Co-ordination Unit and dealt with Nepal, West Europe and the European Union (EU) as Director, Under Secretary and Joint Secretary.

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Anil Trigunayat joined the Indian Foreign Service in 1989. He served as Deputy Chief of Mission in the rank of Ambassador in the Embassy of India, Moscow. Prior to his superannuation in 2016, he served as Ambassador of India to Jordan and Libya and High Commissioner to Malta (June 2012–May 2016). He has edited *Evolving Security Dynamic in West Asia and India's Challenges*, published in 2022.

DB Venkatesh Varma joined the Indian Foreign Service in 1988. During his diplomatic career, he served as India's Ambassador to the Conference on Disarmament in Geneva, to the Kingdom of Spain and to the Russian Federation, until October 2021. Ambassador Varma was a key member of the Indian negotiating team involved in the Civil Nuclear Initiative with the US during his tenure as Director in the Prime Minister's Office during 2004-2007, and as a member of the Indian Delegation to Conference on Disarmament and as Joint Secretary in the Ministry of External Affairs.

Manpreet Vohra joined the Indian Foreign Service in 1988. Since April 2021, he has been serving as High Commissioner of India to Australia. Prior to this, he served as Ambassador of India to Mexico and High Commissioner to Belize (2019-21), Ambassador to Afghanistan (2016-18) and Ambassador to Peru and Bolivia (2011-15).

Foreword

It gives me great pleasure to write a Foreword for this book which documents multi-dimensional aspects of India's Economic Diplomacy.

I commend the editors for publishing this compendium of case studies, which present insider accounts of diplomats and give a glimpse of the efforts required for successful economic diplomacy to advance India's national interests on the global stage. The case studies offer valuable insights on the art of economic diplomacy, written by some of its most consummate practitioners.

Economic diplomacy is the foundation on which India's rise as a global economic superpower will be built in the coming years.

As we chart the course of India's foreign policy for the next 25 years of Amrit Kaal culminating in celebrations of the centenary of India's independence in 2047, we need to be guided by the experiences of our past to craft a better future.

Towards this end, the chapters in this book will serve as a ready reference and a repository of first-hand knowledge for diplomatic corps. The many valuable lessons, analyses and opinions expressed by experienced authors contained in these pages will help in enriching the public discourse on this important subject.

This volume is a timely publication, which will contribute to readers and practitioners who may be interested to know more about the nuts and bolts that lay the groundwork for India's economic engagement with the world.

I congratulate the editors, Shri Pradeep S Mehta and Ambassador Anil Wadhwa and Advaiyot Sharma for conceptualising and bringing this book into the public domain. I extend my wishes for the book's success.

V Muraleedharan
Minister of State for External Affairs and Parliamentary Affairs
Government of India

Preface

India's Economic Diplomacy between Continuity and Change

This book is a reminder of both the continuity and the changes in India's economic diplomacy since 2011 when CUTS International published *Economic Diplomacy: India's Experience*.[1] This book is also testimony to CUTS' unique work of sprinting to address just-in-time global economic challenges and still running marathons by following geopolitical and geoeconomic shifts across time and space.

I am honoured to write this preface by focussing on the interplay between continuity and change in economic diplomacy.

The continuity of economic diplomacy can be traced back to the very beginnings of diplomacy. Diplomacy and trade have always proceeded hand-in-hand. For example, in Ancient Greek mythology, diplomacy and trade had the same protector – the god Hermes. This interplay between the two fields has continued to our instant-internet time.

Continuity in economic diplomacy's core mission has always been accompanied by change, which follows new technologies and economic developments throughout history. The latest changes in economic diplomacy accelerated after the 2008 financial crisis and the subsequent slowing of globalisation. More recently, the

1. The 2011 edition of the book was co-authored by Ambassador Kishan Rana and Bipul Chatterjee, with whom I have had the honour to cooperate for decades. Ambassador Kishan Rana, a Diplo senior fellow, is a global authority in diplomatic research and training. He has contributed substantially to a better understanding of India and its diplomacy worldwide. Together with Ambassador Rana, two other Indian Ambassadors also helped me to learn more about India and its diplomacy: Ambassadors Ashoke Mukherjee and Amandeep Singh Gill.

COVID-19 pandemic and the war in Ukraine have significantly impacted economic diplomacy.

In this interplay between continuity and change, Indian economic diplomacy should be analysed around three axes:

- First, the geopolitical and geoeconomic environment in which economic diplomacy operates.
- Second, topics that economic diplomats negotiate.
- Third, the tools and methods used by economic diplomacy.

1. Geopolitical and Geoeconomic Environment

India maintains an excellent position on the chessboard of global geopolitics and geoeconomics. A unique mix of internal strengths and global developments open the country's economic diplomacy to many opportunities and poses some risks.

1.1. Internal Strengths

Demography

India's large population and big internal market provide a solid anchor for the uncertain storms of global economics. It also makes the country particularly attractive for foreign investment. Most importantly, India's young and dynamic population is critical for the country's future, especially in innovative and cutting-edge fields. With a median age well below that of other major economies, India has a uniquely important opportunity and responsibility to harness this youthful energy in digital and other frontier economic sectors. The realisation of the economic potential of India's young population requires the development of skills and the reduction of societal disparities.

Strategic Location

India stands at the crossroads of the Middle East, Central Asia, and Southeast Asia. In the ancient world, it was a hub of the essential spice trade; today, it makes India a key player in energy corridors, digital cables, and shipping routes. In particular, India has been trying to strengthen its maritime identity, which has been neglected by independent India. Its Indian Ocean SAGAR[2] policy from 2015 links its maritime strategy with trade, economics, and technology.

Digital Technology

India's information technology and software services have become its calling cards. Although Silicon Valley has its roots in American soil, Indian minds and talents at all levels of Big Tech have significantly influenced it. As of August 2023, Indians lead major tech companies: Alphabet's Google, Microsoft, YouTube, IBM, and Adobe.

Agricultural Sector

Agriculture has been at the nexus of Indian Valley civilisations for thousands of years. Agriculture sustained life on the sub-continent and preserved social stability. In this long history, India is entering a pivotal transition from modest private land holdings to rapidly expanding agribusiness. This shift will trigger massive rural-urban migrations and inevitable societal tensions. How India manages these agricultural changes will impact the country's future growth and societal stability. Thus, rules for trade in agricultural products will be high on the priority list of India's economic diplomats.

Service Industry

India is well-known for the 'Bangalore effect' of being the back office of many global businesses. But, the country has evolved to lead the way to more sophisticated AI services and other service fields such as finance, healthcare, and education. In keeping with the pace of growth of the service industry, India will face constraints in energy and uneven skill and knowledge development across the country.

Political Stability

In a time of global instability, political stability based on democracy and the rule of law is a critical geoeconomic advantage. With strong institutions and the rule of law, India's governance

2. SAGAR stands for Security and Growth for All in the Region.

model adds a layer of reliability to its economic policies. This is also an essential economic attraction for investors.

1.2. External Changes

The separation line between geopolitics and geoeconomics is blurring. Most commercial activities can have geopolitical relevance, especially in cutting-edge technology. For example, access to rare earth materials or semiconductor technologies is becoming more of a geopolitical than economic issue.

India's economic diplomacy will increasingly act in a fast-changing space characterised by strategic tectonic shifts. Globalisation, as we know, is in crisis. The tension between China and the USA is growing without an apparent compromise on the horizon. The pandemic crisis resurrected numerous problems that the world was moving closer to resolving, including hunger, poverty, and inequalities. The Ukraine war increased the possibility of the use of nuclear weapons. Old conflicts continue, including those in Afghanistan to India's west and Myanmar to India's east.

In this deteriorating global geopolitics, India has the highest partnership capacity among G20 members. As a country that cuts across many geopolitical divides, India is a bridge that can benefit its economy. In particular, India can play a vital role in South-to-South economic cooperation, as illustrated by the opening of 18 new Indian diplomatic missions in Africa in recent years. India's sustained orientation on development since the creation of G77 groupings in 1964 has gained new momentum with Agenda 2030.

1.3. Addressing the New Geopolitical and Geoeconomic Reality

As old concepts for international relations become insufficient to explain the current international reality, India could be among the countries that contribute to developing new narratives and framing for emerging geopolitics and geoeconomics. The first glimpse of this was noticeable during the G20 presidency in 2023, when India introduced a robust digital agenda beyond traditional approaches to digital developments.

New ideas should be developed, linking climate issues and digitalisation. India should prepare to deal with new risks triggered by weaponisation of economic and digital interdependence. For example, India must invest more in the technical and legal protection of international submarine cables, which are critically relevant to the country's economy. The first glimpse of the significance of cables for India's digital economy was shown in 2008 when two submarine cables were cut near Alexandria in Egypt. This incident immediately affected India's service-oriented digital economy, which depends on having continual internet links. In 2008, the world was much less digitally connected. Any significant interruption of the internet cables connecting India could trigger havoc in the economy and society. India's focus on maritime security in the western Indo-Pacific region, where most of the strategic digital cables pass, is vital to India's economic interest.

1.4. New Economic Diplomacy

As digitisation impacts all economic and social endeavours, India needs to use a whole-of-government approach to economic diplomacy by involving technological, economic, diplomatic, and other government sectors.

Economic diplomacy must involve a gestaltist approach as business adjusts to new changes. Business-as-usual will not work anymore, even within the companies themselves. According to the World Economic Forum's (WEF) report in January 2023 in Davos, geopolitics is the primary concern of most global business leaders. Thus, diplomatic and security considerations increase in relevance in discussions of business leadership, as highlighted by the B20 Communiqué from the G20 Business Summit held in New Delhi (August 25-27, 2023).[3]

Bringing all of these elements together is like playing a sitar's multiple strings, creating a unique melody, complex but harmonious, ancient yet modern.

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3. https://www.g20.org/content/dam/gtwenty/gtwenty_new/document/B20_Communique.pdf

2. Topics for Negotiations on the Economic Diplomacy Agenda

India's economic diplomacy should also deal with new topics on global and regional agendas, which requires it to design new rules with far-reaching consequences for the national economy, especially in the digital realm. This role is divided between core economic diplomacy, dealing with issues around the World Trade Organisation (WTO) and regional trade cooperation, and the extended role of dealing with digitalisation, which is increasingly becoming an economic issue as the modern economy is digitalised. There is a continuous interplay between core and extended economic diplomacy.

2.1. Core Economic Diplomacy

The task for Indian economic diplomats starts with core economic organisations such as the WTO and regional trade initiatives.

The WTO and its predecessor, the General Agreement on Tariffs and Trade (GATT), have been the main space for India's multilateral economic diplomacy since India's independence in 1947.[4] In addition to many cooperative solutions, the WTO has also been a venue for tensions and diplomatic battles around issues such as trade barriers during the Doha round, agricultural subsidies, trade facilitation, and, most recently, e-commerce negotiations. Setting India's approach to WTO negotiations often reflect the internal competition of different sectors, particularly agriculture and services, for higher priority in India's economic diplomacy. Such competing interests require constantly revisiting India's delicate trade-offs in WTO negotiations.

The South Asian Association for Regional Cooperation (SAARC) is India's strategic courtyard. India has pushed for regional connectivity and trade facilitation via SAARC cooperation. However, due to India-Pakistan tensions, India has been shifting its regional cooperation towards the east via the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

The Association of Southeast Asian Nations (ASEAN) is critical for India's 'looking East' policy and, lately, India's 'acting East'. This

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4. India became one of the 23 signatories of the GATT on October 30, 1947, merely a few months following its independence on August 15, 1947.

relationship is a mix of history and modern priorities. Whether it's textiles, machinery, or IT services, India has to create a diverse trade portfolio with Southeast Asia.

BRICS (Brazil, Russia, India, China, and South Africa) serves as a venue for India to diversify its partnerships, including economic ones. BRICS gained additional relevance with the new geopolitics triggered by the Ukraine war. In the economic field, BRICS supports some of India's key economic priorities, including changes in global economic governance. The first major diversification of India's exports after the 2008 financial crisis was directed towards BRICS countries.

EU-India Trade Relations are highly relevant given the importance of the EU for India's economy. The primary tension in these relations is between the agricultural and service sectors, where both sides have complex and sometimes conflicting positions. IPRs issues in relations with the EU came into sharper focus during the COVID-19 vaccine patent waiver process championed by India and South Africa in 2020–2022.

African Continental Free Trade Area (AfCFTA) is another important partner in India's South-South economic diplomacy.

2.2. Extended Economic Diplomacy and Digitalisation

The line between economic and digital negotiations is becoming less distinct. Data, the key ingredient of emerging economies, is increasingly a part of trade negotiations. Setting technical standards for the digital and AI economy is critical for the future growth and business models of Indian and other companies worldwide.

On the global level, India should play a more prominent role, especially in rules-shaping, including governance of AI, data, and digital technologies.

In negotiating, India can weave a commitment to multilateralism with its strategic national interests in the digital realm.

This approach took more evident shape during India's 2023 G20 presidency with the push for projects on digital public infrastructure and the missing foundation for digitalisation in many countries of the Global South. India's cutting-edge expertise developed for India's digital public infrastructure (e.g. Aadhaar and India Stack, touted by the IMF for its lessons in inclusive finance) is deployed internationally. Another similar project is the promotion of digital technologies for international payments in national currencies.

3. New Tools for Economic Diplomacy

In this trinity (AI, data, and digital) of economic diplomacy, we need new tools that assist diplomats in their daily work in embassies and ministries.

Traditional economic tools include promoting investment, organising technological fairs and exhibitions, and sending trade missions. As they are well-elaborated in this book, I will focus on a few new tools for economic diplomacy.

People-to-people cooperation is an indispensable tool of economic diplomacy, which is, for example, highlighted as one of the priorities for BRICS economic cooperation. People-to-people economic diplomacy could draw significant strength from India's diaspora.

The cultural economy centred around Bollywood has an enormous economic and cultural impact worldwide. Bollywood movies are enjoyed and celebrated beyond India's geographical confines, weaving India's narratives in a way that resonates with universal emotions.

The food industry is becoming a branch of India's economy (and diplomacy), with the visible presence of India's restaurants in cities worldwide. From the ubiquitous curry to regional delicacies, Indian food has found its way into kitchens worldwide, much like the spices of the East found their way to Europe in the Age of Exploration.

Yoga and wellness form another area of soft diplomacy that moves beyond the traditional economic realm. As a form of wellness and spirituality, yoga has found global acceptance. It emerges akin to the Socratic method, a way to know oneself and attain a balanced life. Economically speaking, it is a growing industry with coaches, publications, tutorials, and other activities. India catalysed this approach through its International Day of Yoga initiative in 2014.

Traditional Medicine, like Ayurveda, resonates with the current global trend to search for holistic medicine and wellness. This is another field of accelerated geoeconomic growth.

This is just a glimpse of new tools that India's economic diplomacy can use not only to promote the country's economic interests but also India's values, narratives, and way of life as a part of public diplomacy.

4. Parting Thoughts

India is certainly at the dawn of a new era in economic diplomacy. On the current geoeconomic and geopolitical chessboard, India has an excellent position with the highest partnership potential among the major economies worldwide. Major powers are trying to develop close strategic relations with India as the country has the world's largest population, a critical geostrategic location, cutting-edge scientific research, and a vibrant economy.

India is also earning renewed self-confidence, as seen during the successful moon landing of its space mission. India now has a greater stake in world affairs, and with that comes a great responsibility to work towards a more harmonious world and avoid the hubris of success that major powers have experienced throughout history.

If India turns its economic, scientific, and societal success into a force for new types of human-centred politics and diplomacy, it will be a major historical contribution to humanity. India may find inspiration from a yoga practitioner's wisdom as it learns to stretch into new geopolitical roles that will benefit the country and the rest of the world while balancing the weight of its past and its aspirations for the future.

While writing this preface, I kept thinking about the third edition of this book, which might come out in 2035. Is it going to be recognisable as a book at all? Will humans or AI write it? What will India and the world look like in 12 years?

There is one 'known' among the many 'unknowns' ahead of us: Both continuity and change will shape diplomacy and society. The human need to communicate and exchange goods and ideas through trade and diplomacy will persist. At the same time, changes in economic diplomacy will be profound and, for the most part, difficult to envisage.

Jovan Kurbalija
Executive Director, DiploFoundation and
Head, Geneva Internet Platform

Acknowledgment

This book documents how India's economic diplomacy has been instrumental in achieving its development objectives. It also seeks to contribute to the larger quest of charting a course for India's economic engagement with the world in the coming decades.

The focus of the book is on personal narratives and experiences of practitioners related to India's endeavours in economic diplomacy. These are presented in the form of case studies of successful diplomacy to secure a project for India, efforts to facilitate Indian commercial interests and negotiating internationally to get an Indian viewpoint accepted.

First and foremost, we express our deep gratitude to the essay authors: Ajay Bisaria, Amarendra Khatua, Amit Dasgupta, Anil Trigunayat, Arvind Mayaram, Ashok Sajjanhar, Banashri Bose Harrison, Bipul Chattopadhyay, DB Venkatesh Varma, Dammu Ravi, Gurjit Singh, Harsh Vardhan Shringla, Indra Mani Pandey, KM Chandrasekhar, Lakshmi Murdeshwar Puri, Mahesh Sachdev, Manpreet Vohra, Md. Noor Rahman Sheikh, Navdeep Suri, Rajiv Bhatia, Sanjaya Baru, Sanjay Singh, Satish C Mehta, Sujan R Chinoy, Sujatha Singh, Ravi Thapar, Thoralf Stenvold, and VS Seshadri.

We are indebted to V Muraleedharan, Hon'ble Minister of State, Ministry of External Affairs, Government of India, for writing an encouraging Foreword.

We extend thanks to Jovan Kurbalija, Executive Director, DiploFoundation and Head, Geneva Internet Platform for writing an insightful Preface.

Last but not least, this book would not have been possible without the selfless support from colleagues in the CUTS team, and we gratefully acknowledge their contribution. Special thanks to Akshay Sharma for his tireless efforts and efficiently managing this entire book project from start to finish.

Finally, we thank our publisher, *Academic Foundation*, and Rituraj Kapila for guiding us through the publication process.

All errors remain our own.

Pradeep S Mehta
Anil Wadhwa
Advaiyot Sharma

Endorsements and Reflections

Another significant landmark was reached when the African Continental Free Trade Area (AfCFTA) Agreement was signed in Kigali, Rwanda, on March 21, 2018. Moussa Faki Mahamat, chairperson of the AU Commission, described it as 'one of the most emblematic projects of the African Agenda,' and called it 'a dream, an old dream which is becoming a reality.'

— Rajiv Bhatia
Former Indian Ambassador to Myanmar and Mexico
and High Commissioner to Kenya, South Africa and Lesotho

Agriculture was an issue of great interest to all delegations at the WTO. While there were other interests at play, there were countries such as India which had defensive interests in agriculture as free import would have decimated our small and marginal farmers and there were countries with aggressive export interests.

— KM Chandrasekhar
Former Cabinet Secretary of India

These wide-ranging essays on economic diplomacy are a valuable addition to our policy discourse. Several are forward-looking – telling us what we must do. Many are interesting – telling us what happened behind the scenes that produced a headline. The book conveys a message that research and preparation, experience in international negotiation and sheer diplomatic skill can carry the national interest.

— Naushad Forbes
Co-chairman, Forbes Marshall

"India has today moved out of the defensive non-aligned posture, engaging multiple nations on a range of issues with equal confidence. It is also a greater contributor to solutions, regional or global. This marks its emergence as vishwa mitra, a partner of the world that is making a greater difference with each passing year".

— S Jaishankar
External Affairs Minister, Government of India

I commend the editors for publishing this compendium of case studies, which present insider accounts of diplomats and give a glimpse of the efforts required for successful economic diplomacy to advance India's national interests on the global stage.

— V Muraleedharan
Minister of State for External Affairs and Parliamentary Affairs
Government of India

In an ever-evolving global landscape, where economics and diplomacy intersect, this book offers a compelling exploration of the intricate dance between nations, interests, and individuals. As economic forces shape political dynamics and vice versa, this collection of essays and case studies provides invaluable insights into India's journey through the currents of economic diplomacy. With a changing world order, the fusion of sound economics and adept diplomacy becomes paramount for success. This book, a tapestry of experiences penned by diplomats and officials, illuminates the path for future generations to navigate the complexities of international relations in service of national prosperity.

— Suresh Prabhu
Founding Chancellor, Rishihood University
and former Union Minister, Government of India

Beginning with the 1990s, Indian Technical and Economic Cooperation (ITEC) blossomed into a multi-disciplinary, multi-sectoral technical cooperation programme that now involves over 20 courses with key focus areas ranging from rural economy and development, water supply and sanitation, entrepreneurship, technical and vocational education and *training, business, management, banking, insurance, renewable energy, ICT, entrepreneurship and administration.*

— Lakshmi Puri
Former Assistant Secretary-General, United Nations
and Former Deputy Executive Director, UN Women

This second edition on India's economic diplomacy meets a vital need, updating a role model for other developing states. More than ever, the diplomatic network is a vital contributor to national development. It motivates, guides home partners. It also sensitises foreign partners, creating new business opportunities. This book captures well the work ethos, plus motivation, reflecting also the evolving global environment. It will guide and inspire others, contributing to a vital global dialogue.

— Kishan S Rana
Former Indian Ambassador, Author and Teacher

Ironically, at the time of India's independence in 1947, 'The Jewel in the Crown' was one of the poorest, with less than 3 percent of the global GDP. In the next 50 years of post-independent India, the public sector dominated the Indian economy with overwhelming leadership responsibility to provide necessities to the people…At a time when India celebrates its centenary independence it is expected to be the second largest economy in real terms, after China and, in PPP terms, it may be the leading economy in the world.

In tune with Prime Minister Modi's clear direction to make Trade, Technology and Tourism (3T) a priority, MEA has created a dedicated 3T portal to facilitate a seamless flow of information from Missions to Ministries/Departments and vice versa.

Commercial representatives are expected to analyse market situations in their country of accreditation, especially on those products where India has strengths and how local barriers and deficiencies can be tackled. Mapping of tourist flows and tourism promotional activities of Missions are geared to make India an all-season destination. Missions will be required to explore sourcing of niche technologies to help India achieve higher economic growth rates: Green Hydrogen, 3D printing, Robotics, Artificial

Intelligence (AI) and Semi-conductors etc. are of significant interest for entering into collaborations under the Production Linked Incentive (PLI) scheme.

Missions are also exploring the possibility of introducing abroad the successfully tested Indian home-grown technologies, especially Aadhaar, Aatmanirbhar Bharat, Ayushman Bharat, Digital Public Goods, UPI etc. India's low-cost solutions can be a game changer in developing countries regarding revenue generation, job creation and empowerment of the common man. Our Missions' efforts, while remaining focussed on these changing dynamics, should go beyond mere facilitation to the incoming business delegation visits abroad by developing concrete action plans and diligently following up on them.

MEA will be at the forefront of pursuing our economic diplomacy objectives. It will work closely with relevant government Ministries/ Departments, industry and think tanks to ensure a whole of Government approach."

— **Dammu Ravi**
Secretary (Economic Relations), Ministry of External Affairs
Government of India

The imperative of contributing to our national goal of becoming Atmanirbhar has led to a sharper focus on the Ministry of External Affairs (MEA)'s efforts in the area of economic diplomacy. MEA has internalised the Prime Minister's call to promote the 3Ts – Trade, Tourism and Technology – and made this a high priority for our diplomatic outreach.

— **Harsh Vardhan Shringla**
Chief Coordinator for India's G20 Presidency in 2023
and Former Foreign Secretary of India

My second fond memory of a brilliant Indian diplomat is from a situation of even greater significance... With great satisfaction, American and Chinese diplomats came to Geneva to have the WTO members agree to their compromise by consensus. Vandana Aggarwal, a good friend and highly respected colleague, would have nothing of the US/China deal. With impressive eloquence, Vandana explained why India could not accept *the bilateral agreement between the US and China, as it would result in a fundamental revision of the multilateral WTO Agreement...Seasoned trade diplomats from all over the world were struck by shock and awe.*

— Thoralf Stenvold
Adviser, Ministry of Foreign Affairs, Norway

This is an excellent book that brings together the collective and institutional wisdom of the practitioners and thinkers in the Indian diplomatic and strategic pantheon. For India to transition from a low middle income country to a high middle income nation it needs to get it's economic diplomacy correct given that the challenge to the neo-liberal economic consensus by right wing populism has paved the way of the reemergence of economic nationalism especially in the wake of a debilitating pandemic. This volume is therefore an important addition in the body of knowledge that would serve as a lodestar for future diplomats and scholars of strategic affairs.

— Manish Tewari
Member of Parliament, Lok Sabha
and former Union Minister, Government of India

Economic Diplomacy: India's Ascendancy in the 21st Century is an encyclopaedic guide for the practitioners of India's economic diplomacy. With a multi-regional and multi-contextual focus, this volume highlights the crucial intersection of India's economic and strategic interests — a must-read for anyone seeking to understand India's evolving economic role in a rapidly changing world order.

— Shashi Tharoor
MP, Lok Sabha and
Former Union Minister, Government of India

An impressive collection of essays that link individuals, interests and institutions in the evolving story of India's economic diplomacy. This insiders' look at the diplomacy behind business tells the broader story of India's growing engagement with the global economy, how it is changing and the institutional challenges it presents. India's ambition to be a *leading power will ultimately turn on its economic performance. This book reinforces the conclusion that the Indian economy does best when it is most open domestically and internationally. As globalisation slows and supply chains are redesigned this lesson will be all the more crucial to India's future.*

— **Peter Varghese**
Former Australian Secretary of Foreign Affairs and Trade
and High Commissioner to India

Abbreviations

3T	Trade, Technology and Tourism
ACD	Asia Cooperation Dialogue
ACE	Africa Centres for Excellence
ACMA	Automotive Component Manufacturers Association of India
AD	Anti-Dumping
ADB	Asian Development Bank
ADNOC	Abu Dhabi National Oil Company
AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
AMCHAM	American Chamber of Commerce
ANLAB	National Administration of Laboratories, Argentina
ANMAT	*Adminstracion Nacional de Medicamentos, Alimentos y Tecnologia Medica* (National Administration of Drugs, Food Products and Medical Technology), Argentina
APEC	Asia-Pacific Economic Cooperation
APEDA	Agricultural and Processed Food Products Export Development Authority
ARF	ASEAN Regional Forum
AS	Additional Secretary
ASEAN	Association of Southeast Asian Nations
ASEM	Asia–Europe Meeting

ASSOCHAM	Associated Chambers of Commerce and Industry of India
ATC	Agreement on Textiles and Clothing
AU	African Union
AYUSH	Ayurveda, Yoga & Naturopathy, Unani, Siddha, and Homeopathy
B2B	Business-to-Business
BATNA	Best Alternative to a Negotiated Agreement
BBIN	Bangladesh, Bhutan, India and Nepal
BEPS	Base Erosion and Profit Shifting
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIT	Bilateral Investment Treaty
BJP	Bharatiya Janata Party
BMVSS	Bhagwan Mahaveer Viklang Sahayata Samiti
BPO	Business Process Outsourcing
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
BSM	Bangladesh, Sri Lanka, Maldives Division, Ministry of External Affairs, Government of India
BWI	Bretton Woods Institutions
CANPOTEX	Canadian Potash Exporters
CBIC	Chennai-Bengaluru Industrial Corridor
CDA	Chargé d’affaires
CDRI	Coalition for Disaster Resilient Infrastructure
CECA	Comprehensive Economic Cooperation Agreement
CEPA	Comprehensive Economic Partnership Agreement
CICA	Conference on Interaction and Confidence Building Measures in Asia

CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
CMIE	Centre for Monitoring Indian Economy
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSO	Civil Society Organisation
CVD	Countervailing Duty
DEA	Department of Economic Affairs, Ministry of Finance, Government of India
DFTP	Duty Free Tariff Preference
DGCIS	Directorate General of Commercial Intelligence and Statistics
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
EAC	East African Community
EAEU	Eurasian Economic Union
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECGC	Export Credit Guarantee Corporation of India
ECOWAS	Economic Community of West African States
ECU	Economic Co-ordination Unit, Ministry of External Affairs, Government of India
ED	Economic Diplomacy
EDTC	Entrepreneurship Development and Training Centre
EFTA	European Free Trade Association
EMDE	Emerging Market and Developing Economy

EoDB	Ease of Doing Business
ER	Economic Relations
ESG	Environmental, Social, and Governance
EU	European Union
EXIM	Export-Import
FAANG	Facebook, Apple, Amazon, Netflix, and Google
FAO	Food and Agriculture Organisation of the United Nations
FCFA	West African CFA franc
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce & Industry
FIEO	Federation of Indian Export Organisations
FIPB	Foreign Investment Promotion Board
FPI	Foreign Portfolio Investment
FTA	Free Trade Agreement
FTP	Foreign Trade Policy
G20	Group of 20
G2B	Government-to-Business
G2G	Government-to-Government
G77	Group of 77
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GIFT City	Gujarat International Finance Tec-City
GSP	Generalised Scheme of Preferences
GST	Goods and Services Tax
HADR	Humanitarian Assistance and Disaster Relief

HCI	High Commission of India
HMT	Hindustan Machine Tools Limited
HoG	Head of Government
HoM	Head of Mission
HoS	Head of State
I2U2	India-Israel-UAE-USA
IAFS	India–Africa Forum Summit
IAS	Indian Administrative Service
IBC	Insolvency and Bankruptcy Code
IBM	International Business Machines Corporation
IBRD	International Bank for Reconstruction and Development
IBSA	India, Brazil and South Africa
ICCR	Indian Council for Cultural Relations
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IDBI	Industrial Development Bank of India
IDSA	Institute for Defence Studies and Analyses
IES	Indian Economic Service
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFS	Indian Foreign Service
IFSCA	International Financial Services Centres Authority
IGAD	Intergovernmental Authority on Development
IIT	Indian Institute of Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
INCHAM	Indian Business Chamber in Vietnam

INR	Indian Rupee
INSTC	International North–South Transport Corridor
IOCL	Indian Oil Corporation Limited
IORA	Indian Ocean Rim Association
IoT	Internet of Things
IPEF	Indo-Pacific Economic Framework for Prosperity
IPRs	Intellectual Property Rights
IRCON	Indian Railway Construction International Limited
IRR	Internal Rate of Return
ISA	International Solar Alliance
ISDS	Investor-State Dispute Settlement
IT	Information Technology
ITEC	Indian Technical and Economic Cooperation
ITeS	Information Technology Enabled Services
ITPO	India Trade Promotion Organisation
JCPOA	Joint Comprehensive Plan of Action
JEC	Japanese Endowed Courses
JICA	Japan International Cooperation Agency
JIM	Japan-India Institutes for Manufacturing
JIT	Just-in-Time
JS	Joint Secretary
JV	Joint Venture
KABIL	Khanij Bidesh India Limited
KPO	Knowledge Process Outsourcing
L&T	Larsen and Toubro
LAC	Latin America & Caribbean Division, Ministry of External Affairs, Government of India
LDC	Least-Developed Country

LLDC	Landlocked Developing Countries
LoC	Line of Credit
MAHSR	Mumbai-Ahmedabad High Speed Rail
MAI	Multilateral Agreement on Investment
MDB	Multilateral Development Bank
MDL	Mazagon Dockyard Limited
MEA	Ministry of External Affairs
MER	Multilateral Economic Relations Division, Ministry of External Affairs, Government of India
MFN	Most Favoured Nation
MNC	Multi National Corporation
MoHFW	Ministry of Health and Family Welfare
MoPNG	Ministry of Petroleum and Natural Gas
MOS	Minister of State
MOU	Memorandum of Understanding
MP	Member of Parliament
MRA	Mutual Recognition Agreement
MSMEs	Micro, Small and Medium-sized Enterprises
NAFTA	North American Free Trade Agreement
NASSCOM	National Association of Software and Service Companies
NCAER	National Council of Applied Economic Research
NDA	National Democratic Alliance
NDCs	Nationally Determined Contributions
NEPAD	New Partnership for Africa's Development
NEST	New, Emerging & Strategic Technologies Division, Ministry of External Affairs, Government of India
NHS	National Health Service

NIMZ	National Investment and Manufacturing Zones
NPCI	National Payments Corporation of India
NSG	Nuclear Suppliers Group
NTM	Non-tariff Measures
OAU	Organisation of African Unity
ODA	Overseas Development Assistance
ODI	Outward Direct Investment
OECD	Organisation for Economic Cooperation and Development
OMEL	ONGC Mittal Energy Limited
OPCW	Organisation for the Prevention of Chemical Weapons
OPEC	Organisation of the Petroleum Exporting Countries
ORAN	Open Radio Access Networks
OVL	ONGC Videsh Limited
PAENP	Pan African E-network Project
PCA	Permanent Court of Arbitration
PEC	Projects and Equipment Corporation of India
Pharmexcil	Pharmaceuticals Export Promotion Council of India
PLI	Production Linked Incentive
PMO	Prime Minister's Office
PPP	Public Private Partnership
PTA	Preferential Trade Agreement
RAN	Radio Access Network
RBI	Reserve Bank of India
RCEP	Regional Comprehensive Economic Partnership
REC	Regional Economic Community
REM	Rare Earth Metals

RFE	Russian Far East
RITES	Rail India Technical and Economic Service
SAARC	South Asian Association for Regional Cooperation
SADC	Southern Africa Development Community
SAEU	South Asian Economic Union
SAFTA	South Asian Free Trade Agreement
SBI	State Bank of India
SCO	Shanghai Cooperation Organisation
SCRI	Supply Chain Resilience Initiative
SDG	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zones
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
SSA	Sub-Saharan Africa
SSW	Specified Skilled Worker
TBT	Technical Barriers to Trade
TEAM-9	Techno-Economic Approach for Africa–India Movement
TPP	Trans-Pacific Partnership
TRIMs	Trade-Related Investment Measures
TRIPs	Trade-Related Aspects of Intellectual Property Rights
TVET	Technical and Vocational Education and Training
UIDAI	Unique Identification Authority of India
UN	United Nations
UNCITRAL	United Nations Conference on International Trade Law

UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNSC	United Nations Security Council
UPA	United Progressive Alliance
UPI	Unified Payments Interface
USAID	United States Agency for International Development
USFDA	US Food and Drug Administration
USIBC	US-India Business Council
USINPAC	United States India Political Action Committee
USTR	United States Trade Representative
VGF	Viability Gap Funding
VTI	Vocational Training Institutions
WB	World Bank
WEF	World Economic Forum
WFP	World Food Programme
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation

WTO	World Trade Organisation
XP	External Publicity Division, Ministry of External Affairs, Government of India
Y2K	Year 2000
ZOPA	Zone of Possible Agreement

SETTING THE STAGE

1

PRADEEP S MEHTA, ANIL WADHWA
AND ADVAIYOT SHARMA

Sound Economics and Deft Diplomacy

Economic Diplomacy for an Ascendant India

Economic diplomacy is a complex interplay among the economic and the political, the domestic and the international, and state and non-state actors.[1] It may start with trade but can end with trade, investment and technology flows. In the modern context, the working of economic diplomacy covers the full range of activities that make trade, technology flows and investments not just possible, but make all of them happen.

For any successful economic diplomacy venture, there are at least three aspects which must align together cohesively – individuals, interests and institutions.

Therefore, at least three pertinent questions arise – First, what are the national interests that are sought to be secured through the vehicle of economic diplomacy, and how closely can they be aligned with the interests of the partner country? Second, how robust is the institutional framework that is supporting the economic diplomacy efforts? And finally, how driven are the individuals involved to lead these efforts, utilising the institutional support at their disposal along with their personal flair to ensure that the efforts materialise into outcomes in furtherance of national interest? This book seeks to investigate these questions through its chapters.

1. For a fuller coverage, see Nicholas Bayne and Stephen Woolcock, *What is Economic Diplomacy?* in Bayne and Woolcock (eds), *The New Economic Diplomacy – Decision-Making and Negotiation in International Economic Relations* (2007: Ashgate Publishing Limited).

Economic Diplomacy: India's Experience, published in 2011, focussed on similar aspects, to provide institutional memory of India's economic diplomacy endeavours from the eyes of some of its practitioners.[2]

With case studies on export promotion, investments and economic aid, managing networks and the regulatory environment, among others, the book has become a ready reference for those interested in understanding the role of external economic promotion in advancing a country's interests.

Since the first edition of this book was published, the world has undergone tectonic shifts. The aftershocks of the financial crisis fuelled economic turmoil and rising inequality gradually led to dissatisfaction with economic globalisation in the following years. Traditional flagbearers for Western neoliberal economics and free trade retreated, adopting more inward-looking economic policies. The international economic order has been grappling with trying to adjust to a rapidly rising China, which has been flexing its economic clout as leverage for enhancing its geopolitical footprint.

Global politics has also transformed. The rise of conservative politics around the world has been accompanied by a general backlash against the 'establishment' and liberal institutions of all hues, both national and international. The European integration project began to unravel when the United Kingdom voted to leave the bloc.

Parallelly, the explosion of social-media altered perceptions of reality, redefined facts and fed into the political upheavals underway globally. This was followed by the defining event of this era, the coronavirus pandemic, which, apart from exacting a huge human and economic toll, once again reshaped the global economic landscape in profound ways. The return of a major conflict in Europe with its repercussions in the continent and beyond was only the latest of a series of events contributing to the geopolitical and geoeconomic churn underway globally.

2. Kishan S Rana and Bipul Chatterjee (eds), *Economic Diplomacy: India's Experience* (2011: CUTS International).

India has not remained insulated from any of these shifts. While its own domestic policies have had to undergo repeated recalibrations over the years to meet these and other challenges, it has also charted out an independent course of economic, regulatory and governance reforms. These have had a significant impact on India's economic trajectory and corresponding global influence. Today, India is the fifth-largest economy in the world with a GDP of US$3.2tn and is on the cusp of becoming a global economic powerhouse.

Yet, the structural and episodic changes in the global economy have thrown up myriad new and emerging economic challenges. How can India enhance its participation in dispersed, resilient and sustainable global value chains? How can it attract greater investment inflows to spur innovation and competitiveness, in order to manufacture more and make for the world? How can India increase its share of world trade, invest in future-proofing and adapt to the demands of export markets, while at the same time promoting indigenisation and self-reliance?

There is no gainsaying that the first and foremost requirement for any country to achieve great power status is economic heft. It is indisputable that for this, India needs to integrate more proactively with the world economically and navigate the challenges identified above. India needs to turn the clock back on deglobalising trends and lead 'reglobalisation' from the front.

The extent to which India will succeed in this endeavour will be determined by our approach to economic diplomacy in the years to come. In his memoir, diplomat-politician K Natwar Singh presciently writes that "*In the modern world, economic policy takes precedence over foreign policy. This is a fundamental change in the way the world is moving today.*"[3] Our global economic footprint and the tangible and intangible gains which accrue from it will be an important chapter of India's growth story in the coming decades.

Fortunately, India has always had several leading lights in its diplomatic corps to help her deftly navigate the choppy waters of geoeconomics and geopolitics. Little wonder then, that **Thoralf**

3. K Natwar Singh, *One Life is Not Enough: An Autobiography* (2014: Rupa Publications) at pp. 223.

Stenvold, in his prefatory chapter (*The Supremacy of the Indian Diplomat*) writes that Indian diplomats have often been "among the best" and "often the most challenging colleagues" he has had to cross swords with in his diplomatic career!

This book brings together a collection of essays, case studies and anecdotal recollections, penned primarily by former and present diplomats and officials who have been first-hand participants in India's economic diplomacy endeavours. The authors cover a variety of themes, describing the challenges they faced and how they were able to navigate them. These pages contain a rich repository of experiences and are intended to serve as a guide to the next generation of our diplomats on how to steer the ship of state through turbulent economic tides in the years ahead.

Sound economics combined with deft diplomacy can make for brisk business, in the pursuit of national interest. Sanjaya Baru, one of the contributors to this book, titled his review of the first edition of this publication as *"The Business of Diplomacy"*.[4] The chapters in this book now present a fresh collection of writings bringing out the *diplomacy behind the business*.

Among the diverse areas addressed in the following chapters, *Amplifying and Reimagining India's Trade and Investment Interests* is a recurring theme. Economic diplomacy covers trade and investment promotion, technology flows and expansion, as well as international trade negotiations. India faces both challenges and opportunities in its quest to expand its share of world trade. It needs to enhance its competitiveness to better integrate with global value chains, while leveraging its traditional strength in the services sector.[5]

At the same time, as trade and investment rules continuously expand to cover trade-related behind-the-border issues, India may need to give careful thought to its stance towards such issues during negotiations. All these translate into the need for a whole-of-government approach to further India's trade and investment

4. Sanjaya Baru, *The business of diplomacy*, Business Standard, January 20, 2013, available at <https://www.business-standard.com/article/beyond-business/the-business-of-diplomacy-111042700031_1.html>.
5. Amita Batra, *India's Trade Policy in the 21st Century* (2022: Routledge).

interests via economic diplomacy, with Missions playing an ever more crucial role.

Harsh Vardhan Shringla (*Post-COVID-19 Economic Recovery and Recent Efforts in India's Economic Diplomacy*) brings out the challenges and opportunities which emerged for India during the pandemic. He highlights the reforms, economic stimulus and welfare initiatives that were undertaken by the government to ameliorate people's suffering during this extraordinary period.

In particular, he emphasises that the pandemic has underlined the need for a renewed focus on trade and investment promotion. This is reflected in the Ministry of External Affairs (MEA's) focus on the '3Ts' – Trade, Tourism and Technology – as the driving forces of diplomatic outreach. Notably, India has committed to setting up 18 new Indian Missions in Africa, which he points to as a step towards enhancing India's diplomatic footprint and economic activity in Africa.

In *Decoding Indian Economic Diplomacy*, **Dammu Ravi** mentions how improving the flow of information between Missions and Ministries/Departments has been a key focus area of the MEA in recent times. The author notes the expanding roles of Missions and commercial representatives - apart from traditional market analysis to help Indian businesses expand their commercial footprint, they have also been tasked with mapping tourist flows, sourcing of niche technologies, and exploring the introduction of home-grown Indian technological solutions abroad.

His call for India to play a more proactive role in rule shaping, and for India to be more willing to take on greater international commitments and responsibilities is welcome and must be heeded. The essay also recognises the importance of India putting forth more candidates for positions in international organisations, which has been a demand of both international relations and international law practitioners for a long time.

In *Role of Indian Missions in Relation to FTAs*, **VS Seshadri** methodically outlines the role of Indian Missions abroad in the conception, negotiation and implementation of FTAs with their host countries. He rightly emphasises the need for greater coordination, trust and coherence in approaches of MEA headquarters, relevant desks in the Commerce Ministry and the Mission in the context of FTA negotiations. This is both a timely and forward-looking piece, given the government's recalibration of its stance towards FTAs recently and the vigorous negotiations expected in the coming years.

Manpreet Vohra (*Countering the Backlash against Outsourcing in the UK*) presents a textbook example of multi-faceted and multitrack diplomacy, underpinned by sound business and economics, to achieve a challenging goal. He narrates his experience at HCI London in successfully convincing the UK government that outsourcing in the BPO/KPO and related sectors would ultimately translate into overall positive gains for the UK economy. His riveting account offers valuable lessons on the importance of quality research-backed advocacy, media management and building networks and partnerships.

Amarendra Khatua (*India's Access to the Pharmaceutical Market in Argentina*) narrates his experience of navigating the regulatory processes in Argentina to gain market access for India's pharmaceutical exports. The essay highlights how a concerted effort in engaging all relevant stakeholders, such as the private sector laboratories who did not wish to cede space to new market entrants and the Argentine authorities at platforms like the WHO, ultimately led to Indian pharmaceuticals being granted authorisation to enter the Argentine market.

In *India's Time for New-age Economic Diplomacy*, **Bipul Chattopadhyay** succinctly captures the need for better alignment of the thrust of India's economic diplomacy with an overarching goal of ensuring the country's economic security. He emphasises that apart from tactically approaching short-term challenges, India's economic diplomacy requires a coherent long-term strategy to achieve the goal of 'Viksit Bharat @ 2047' (A developed India at the centenary of India's independence). The author rightly calls for a reimagined, new-age economic diplomacy which places trade and investment concerns at the centre of India's strategic thinking.

The expansion of India's foreign trade and investment opportunities ultimately depend upon the active role of the private sector, which presents the second theme in this book - *Commercial*

Diplomacy to Expand Indian Business Interests. Government-to-government (G2G), business-to-business (B2B) and government-to-business (G2B) diplomacy all need to complement each other in order to expand the commercial footprint of the Indian private sector abroad.

Each host country offers its own unique challenges and opportunities for Indian businesses to navigate. The essays in this section highlight how Indian Missions can play a role both as facilitators to Indian businesses, as well as guide inward commercial investments.

In *Role of Indian Missions in Promoting Economic and Commercial Relations*, **Indra Mani Pandey** succinctly describes the role of different officials in a Mission in pursuit of India's commercial and economic engagements in the host country. He highlights some good practices in communication strategy and outreach activities undertaken by commercial representatives, such as communication in local language, informal sessions with businesspersons, special emphasis on MSMEs, etc. Importantly, the author highlights the crucial role played by the Indian diaspora in being brand ambassadors for India, acting as living bridges for boosting trade and investment flows between countries.

Ajay Bisaria (*Ten Trillion Dollar Diplomacy*) insightfully observes that economic diplomacy should seek to balance commercial outreach with strategic foreign policy goals. The author outlines three case studies from his stint in Canada to describe how the two can go hand in hand. The case studies cover efforts to revive talks for a bilateral trade deal, vaccine diplomacy, and a fertiliser deal. He rightly points out the imperative of Indian diplomats to be primed to "sense economic opportunities and leverage them for national benefit". Going forward, the author's clarion call for "the economic instincts" of diplomats to get sharper must be heeded.

In *Projecting Brand India through the 'India Unlimited' Platform in Sweden*, **Banashri Bose Harrison** highlights the need to promote two-way conversations between India and foreign markets to promote mutual understanding and expand commercial prospects. These outreach exercises should land, as she points out, at "the boardrooms of companies where major decisions are taken." The key message which emerges is that even in today's age of information onslaught, there are no real substitutes for free-flowing meetings with host country officials, private players and citizens to project a country's dynamism.

Sanjay Singh (*Establishing the Indian Business Chamber (INCHAM) in Vietnam*) narrates his experience with the setting up of INCHAM during his stint as the Consul General of India in Ho Chi Minh City. An important message in his essay is how general goodwill towards India and Indians abroad does not necessarily translate into more favourable commercial terms for Indian business. This can often be compounded by language and cultural differences. The essay highlights the catalytic and transformational role that diplomatic representation, together with strong support from business interests, can play in these areas.

Importantly, the essay underscores that diplomats need only be facilitators, with the business community often taking the right cues and taking initiatives forward. This was certainly the author's experience with INCHAM, which is a great example of a coordinated effort between the Consulate and the Indian business community towards greater economic engagement with the host country.

In his essay on **Economic Diplomacy:** *A Practitioner's Perspective*, **Anil Trigunayat** recounts several anecdotes of his brushes with economic diplomacy in diverse contexts in West Africa, USA and Europe. The tale of his negotiations for a greenfield infrastructure project in strife-torn Libya is eye-opening and unique, as is his takeaway that conflict zones can offer immense economic opportunities provided there is a genuine desire to work in the best interests of the host country and its people.

The author's overarching observation that trade, technology, innovation and market access have become essentially intertwined, and his corresponding recommendation of having a dedicated pool of diplomats equipped for 'technoplomacy' certainly has merit and must be considered. The same goes for his suggestion of employing motivated professionals as local marketing officers in Missions, instead of only advertising for run-of-the-mill positions.

All economic diplomacy endeavours, including trade promotion, commercial diplomacy and allied activities abroad, have their foundations in the role played by the Indian foreign ministry. Accordingly, many authors write about the *Evolution of the Role of the Ministry of External Affairs* over the years to enhance its role in economic diplomacy related work. In the Indian context, economic diplomacy is executed by diplomats and officials from various Ministries and Departments working in tandem. Yet, the MEA remains the nodal point for all government affairs with an international element.

With the increasing salience of economic considerations in global affairs, there has been a realisation that political economy concerns need to be at the front and centre of India's foreign policy. Correspondingly, the degree of the MEA's involvement in India's economic diplomacy endeavours has steadily increased over the years, as the essays in this section reveal.

Lakshmi Murdeshwar Puri (*The Pioneering Years of India's Economic Diplomacy*) narrates an insider's account and ringside view of some path-breaking efforts in India's economic diplomacy in the 1990s, particularly relating to the MEA's role. Such an historical account gains even more significance when seen in the context of the economic reforms then underway in the country, a point which the author introduces her essay with (and which necessitated a reformed role for the Ministry). She describes how, as Joint Secretary of the Economic Division and Multilateral Economic Relations Division, she was able to build on the nascent steps towards more robust economic diplomacy in the 1990s and consolidate them into, as she puts it, a 'reinvented role of the MEA'.

Her thrust on ensuring that the MEA considers geoeconomics to be as much a 'core foreign policy and diplomacy' issue as geopolitics marked a paradigm shift in thinking. Previously, the role of the MEA was considered to be limited to providing political direction to economic negotiations, without leading them. Her essay also brings out the extent to which individuals can shape institutions and their roles for times to come – the author credits the then Foreign

Secretary Muchkund Dubey and his successors for pioneering a vision which led "the MEA to assume the mantle of economic diplomacy".

In *Economic Diplomacy in the Years Immediately Following the 1991 Reforms*, **Sujatha Singh** describes the efforts taken by the MEA to promote inward foreign investments and project the economic dynamism of post-reform India. The author writes about the newly established Economic Co-ordination Unit (ECU) in the MEA, specifically tasked with promoting investment flows into India. The author's detailed account covers the organisation of investment promotion seminars, coordinating between Missions/Posts and Ministries, preparing publicity material on the economic reforms, undertaking extensive advertising campaigns and diverse other projects and initiatives related to investment promotion.

The longest chapter in this book, the origin story of the investment promotion efforts outlined herein present valuable insights on the sheer efforts that were required to draw in the first investments in the initial post-liberalisation years, and particularly to alter the doom and gloom sentiments that had been entrenched among investors in the previous decades.

In *Pursuit of Economic Diplomacy by Economic Diplomacy Division, MEA*, **Md. Noor Rahman Sheikh** gives an overview of the mandate and activities undertaken by the nodal Division in the MEA tasked with coordinating India's economic diplomacy endeavours. Promoting India's digital public infrastructure abroad, promoting the establishment of foreign campuses of flagship Indian educational institutions, and coordination of India's engagement with forums such as the United Nations Commission on International Trade Law (UNCITRAL) and the Permanent Court of Arbitration (PCA) are among the diverse responsibilities that the Division discharges. The author also gives an account of recent efforts and the multi-pronged approach that has gone behind achieving India's ambitious export targets, such as harnessing digital tools.

India's development cooperation and capacity building activities around the developing world are highly regarded for their people-centric approach, and the MEA's Indian Technical and Economic Cooperation (ITEC) programme has been a flagship initiative for almost sixty years now. India's endeavours towards leveraging **Economic Diplomacy for Development** therefore presents another important theme. Development cooperation is now also increasingly interlinked with both economic and security interests of both home and host countries.

Now, as developmental aspirations in the Global South evolve, so must the development partnership initiatives. The many successful programmes in the past years run by India can serve as the foundation for conceptualising modern development cooperation for economic development in the 21st century world. While the essays below present case studies of bilateral developmental cooperation and initiatives in furtherance of India's economic interests, the increasing prevalence today of triangular development cooperation initiatives must also be kept in mind.[6]

Gurjit Singh (*Establishing the Entrepreneurship Development and Training Centre in Dakar*) presents a case study of this successful training centre for technical courses in the Senegalese capital, fully funded by India, which became a hub for the development of SMEs in Senegal and other countries in West Africa. The importance of integration of foreign-funded development cooperation projects with the national development plans of the host country, and a sense of ownership and the professional management of the Centre by successive governments, are highlighted by the author as key factors contributing to its successful uptake.

In his essay on *Reaffirming India's Development Cooperation Credentials to restore a Proposal for a Project in Suriname*, **Ravi Thapar** describes his experience of navigating the power corridors of Suriname to restore a Line of Credit (LoC) assistance proposal for an electrical transmission line project. India had to ultimately match the terms of credit being extended for this project by a competing country. The author had to pull out all stops to expeditiously liaise with headquarters and the Finance Ministry back home, in order to get the requisite clearances which would enable him to convey to the

6. Sebastian Paulo, *India as a Partner in Triangular Development Cooperation*, in Sachin Chaturvedi, Heiner Janus et al (eds), *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda* (2021: Palgrave Macmillan).

Surinamese authorities India's willingness to modify the terms of its LoC. The essay also illustrates how crucial decisions flowing from economic diplomacy can impact the overall state of bilateral relations between countries.

Sujan R Chinoy (*the Anchoring Role of Japan in India's Transformation*) highlights both existing and future avenues for India-Japan economic cooperation, recognising their transformative nature. The author brings to the fore various illustrative examples, including lesser-known ones such as the establishment of a series of Japan-India Institutes for Manufacturing and Japanese Endowed Courses for skill development of Indians, and cooperation between the Sushi Zanmai chain of restaurants with the fisheries department in Tamil Nadu for the supply of Tuna for sushi and sashimi, among others. The essay also underscores the importance of appreciation of cultural nuances – a preeminent aspect in Japan – which can often be instrumental in achieving commercial breakthroughs and eventual success.

In his essay on *India-Africa Engagement in the 21st Century*, **Rajiv Bhatia** traces the trajectory of India's engagement with Africa over the first two decades of this century. The author argues that while India and Africa have fostered closer political relations over the years, much more needs to be done to strengthen the economic and people-to-people ties that underpin the bilateral relationship. He also points to the need to broaden the India-Africa agenda and expand cooperation on non-traditional areas of global significance.

Satish C Mehta (*The African Amputees' Challenge: The Jaipur Foot Response*) writes about the prosthetic limbs provided by the Jaipur-based Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS), which has gained currency all over the world as the 'Jaipur Foot'. Citizens from almost forty countries have been given a fresh lease of life, courtesy of this unique solution.

The author delves into the global pitch of Jaipur Foot, aided by the efforts of the Government of India. Initiatives like the Jaipur Foot have contributed immensely towards enhancing India's profile in the Global South. It has also lent credence to India's claim of being the preferred engagement partner for countries in the developing world.

The complexities of **Multilateral Economic Diplomacy** are captured by several authors in their essays. India has historically managed to weave together a commitment to multilateralism with its own strategic autonomy and national interest. It has also been the flagbearer of the voice of the developing world for decades, taking the lead during difficult international economic negotiations to ensure due representation of the Global South's viewpoint.

India is now well placed to simultaneously be a leading voice for the developing world, and also a bridge between the developed and developing world. Through a relook at traditional negotiating faultlines as well as a forward-looking agenda for the future, effective multilateral economic diplomacy in a multipolar world lesser constrained by historical binaries can be a powerful force for good.

In *Navigating Negotiations in National and Coalition Interests*, **KM Chandrasekhar** recollects the fraught negotiations at the WTO in its early years. Writing about the 2003 WTO Ministerial Conference held in Cancun, Mexico, the author describes the efforts undertaken by the Indian delegation to present a strong and united front on issues such as agricultural trade, spearheading the interests of the developing world.

Similarly, the Indian delegation was at the forefront of resisting efforts by the developed world to expand the mandate and scope of the WTO agreements to cover issues such as competition policy and investment. Interestingly, he credits his negotiating successes to his long stint as an administrator in the state of Kerala (prior to being posted as India's Ambassador to the WTO), which equipped him with the skillset to navigate international trade negotiations.

Arvind Mayaram (*G20 – How Effective is it in its Global Economic Leadership Role?*) writes about his experiences as finance deputy to the G-20's Finance Track, in his capacity as Finance Secretary of India from 2012-2014. In his view, while the highlight of the G-20 has been preventing a free fall of the global economy after the 2008 financial crisis, the fact that the grouping's agenda has been expanding and shifting ever since has made it unwieldy and ineffective. The author suggests that India must lead efforts to reorient the G-20 agenda back to a dedicated focus on finance, in line with the emerging global economic challenges in a post-COVID-19 world.

Apart from this, he points to climate financing, a green technology fund, institution building in emerging markets and developing economies (EMDEs), along with the reform of multilateral financial institutions as pressing priorities which the G-20 should take up. He emphasises that economic diplomacy should be a collaborative effort among different ministries with the Finance Ministry housing the G-20 Secretariat. In effect, India's presidency of the G-20 has seen the Ministry of External Affairs in the driving seat, coordinating efforts of all different Ministries.

Amit Dasgupta (*The SAARC Conundrum*) writes about SAARC, particularly in the context of economic and trade relations between India and Pakistan. He points out that while economic and trade relations are not necessarily affected by political disputes, it is certainly the case as far as trade ties between India and Pakistan are concerned. The author finds that the project of regional economic integration through the vehicle of SAARC, if not ground to a halt, has indeed broken down.

Mahesh Sachdev (*Charting the Historical Evolution of Indian Economic Diplomacy*) observes that just as money makes the world go round, economic diplomacy "makes the money go round". His essay emphasises the economic linkages of most global issues in the contemporary world. The author recognises a shift from India's stance of defensive economic diplomacy for around the first five decades after independence, to a more nimble and expansive pursuit in recent years.

Finally, some essays focus on **Strategic Economic Diplomacy**, outlining the extent to which economic and strategic interests are often inextricably intertwined. Economic diplomacy can often pave the way for the transformation of bilateral ties with the host country into strategic partnerships. This is especially true in cases of advanced cooperation in strategic sectors such as defence, critical minerals, nuclear energy, etc. Strategic economic diplomacy has gained significant attention in the past few years, as the world grapples with the attempts of some global actors who seek the increasing weaponisation of trade and investment.

In *A New Paradigm in India-Russia Economic Diplomacy*, **DB Venkatesh Varma** writes about the transformative potential of India's Act Far East Policy to bolster economic engagement with the Russian Far East. The author points to the government and leadership's collective faith that this initiative would herald a new era of economic diplomacy which would transcend G2G cooperation and involve the private sector, as well as expand its reaches beyond the capitals to cover other regions.

His detailed account touches upon the various prospective areas of cooperation including energy, agriculture and food processing, minerals, rare earths and strategic minerals, diamonds, timber, ceramics and various services such as healthcare, education and tourism, among others.

Overall, it highlights that the vast Russian Far East is as important economically as it is strategically, and it is in India's interests to bridge the distances and further enhance economic engagements with the region. The essay also brings out the importance of having a full buy-in from Indian states, taking forward the spirit of cooperative federalism, to be able to achieve our foreign policy goals.

Sanjaya Baru (*Business behind the India-US Nuclear Deal*) underlines the transactional interests that lay at the heart of the US' decision to enter into the India-US civil nuclear energy agreement. His essay highlights the pervasiveness of business and economic interests and how it is these that ultimately shape even 'strategic' relationships.

In his essay on *Transforming Energy Ties with the UAE*, **Navdeep Suri** narrates how a prevailing buyer-seller relationship between India and the UAE in the energy sector was transformed into a deep, strategic relationship to advance India's energy security. The essay vividly highlights how internal bureaucratic procedures can often stymie economic diplomacy endeavours, and how a coordinated and determined effort from diplomats and officials in line ministries, supported by top-level political backing, can mark the difference between success and failure.

Ashok Sajjanhar (*Perspectives on India-Kazakhstan Economic Relations*) writes on the growing bonhomie between India and Kazakhstan, including on economic engagements. The author presents an insider's perspective on the tedious preparations behind delegation level-visits to ensure the achievement of significant outcomes for both sides. He recounts the unforeseen events and last-minute protocol challenges in the run-up to a visit of President Nazarbayev to India, and how a coordinated diplomatic effort combined with political direction helped to manage them.

The essay, apart from bringing out the tumultuous period between planning and execution of diplomatic visits, also highlights particular successes in energy cooperation with Kazakhstan, including the first imports of foreign uranium after India received the Nuclear Suppliers Group (NSG) waiver in 2008. The author also highlights some key challenges preventing India-Kazakhstan economic ties from reaching their full potential, such as a huge information deficit.

Thus, the chapters presented under the six themes identified in this book reinforce that it is ultimately the degree of convergence between individuals, interests and institutions that marks the difference between the success and failure of economic diplomacy initiatives. It is also evident that the themes are all inter-related – for instance, commercial diplomacy to expand Indian business interests is the vehicle for amplifying and reimagining India's trade, investment and technology interests. The evolving role of the MEA also lies at the heart of India's economic diplomacy efforts.

2

THORALF STENVOLD

Economic Diplomacy

The Supremacy of the Indian Diplomat

During more than 25 years representing Norway as a diplomat, I have had the great privilege of getting to know thousands of people from all corners of the world; from Pyongyang via Paris to Port-au-Prince and from Copenhagen via Cairo to Canberra.

Most of the diplomats I know are strong in character and charisma. They have expertise and eloquence, as well as knowledge of the world and understanding of human nature – across borders, cultures and other divides.

While any diplomat's *raison d'etre* and job description is to protect and promote the national interests of his or her country, the modern diplomat must also acknowledge the power of interdependence which rules the world in the 21st Century.

In no other field of diplomacy is this more pronounced than in the economic field. While the questions of war and peace, disarmament and humanitarian affairs are fundamental for all people on this planet, they are rather distant from most people's daily lives.

Sustainable economic development and the diplomacy needed to set the world on the right track, are on the other hand fundamental to every human being, every day. Just think about it:

Agricultural subsidies directly affect the lives of farmers. Tariffs and quotas define supply and demand for goods, such as textiles and clothing. Regulation of trade in services has a strong impact on the competitiveness of every country in the global marketplace. Intellectual Property Rights (IPRs) define who and where people have access to life-saving medicine, most notably confirmed during the COVID-19 pandemic, which still plagues people, especially in developing countries.

And not to mention the most fundamental of all: the definition of like products for the sake of non-discrimination and most-favoured nation status in world trade. In other words, the crucial definition of the rules of the competitive game.

With minor exceptions, in trade policy a white cotton t-shirt is identical to another white cotton t-shirt, regardless of how the t-shirts are produced. This is not sustainable, as it provides incentives to those who abstain from internalising external costs, such as the negative impact of production on the environment and climate, labour standards and human rights.

What I have described here, explains why economic diplomacy is so complicated. Not only must diplomats deal with and negotiate for a compromise with colleagues from other countries, they must also deal with and make compromises among a number of conflicting interests and actors at home. Trade-offs are also necessary to arrive at a consensus on sticky issues where one may not see any gain but only loss.

A good example of this we find in developing countries accepting commitments on Trade in IPRs found in the WTO TRIPs Agreement, to obtain market access for textiles & clothing. Product patents were to be made operational in 2005 while the Agreement on Textiles & Clothing would come to an end in the same year. The agreed timing was such that if the rich countries reneged on their commitment to wean out quotas on exports of textiles & clothing, the poor countries would not offer product patents.

Let me illustrate the dilemma with an example from my own country Norway: When we negotiate a trade agreement at the bilateral, regional or global level, we must obviously negotiate the best possible market access for the exporters of our goods and services. But we must also help to protect our more vulnerable and less competitive domestic sectors. For Norway, this is our agricultural sector.

Anyone visiting Norway, especially during our long, dark and cold winter, will understand why this mountainous country with limited soil close to the North Pole, is not very competitive in the global food market. Except of course the food we harvest from the sea. Thus, a Norwegian trade negotiator must balance our demands and requests on the export of fish like salmon, with the need to protect our production of grain, fruit and vegetables, milk, cheese and meat. That is not an easy task, I promise.

While all the mentioned products are trade concerns, more recently under the United Nations Sustainable Development Agenda 2030 and the 17 Goals, we also have to deal with so-called Non-Trade Concerns.

These concerns are not as non-trade relevant as previously considered both within and outside the trade policy community. But nonetheless, for all practical purposes, they have been off the negotiating table for decades. Just to get them on the table, as relevant and now crucial for trade and investment policies, has taken a lot of diplomatic effort and compromise.

These efforts are now finally paying off. More and more countries are currently negotiating climate and environment, labour and human rights in the context of buying and selling goods and services. India is still hesitant to do so.

Yet, for most negotiators the ambitions are modest with regards to sustainable development paragraphs in trade agreements. These are usually limited to so-called preambular language. This is the language of the opening paragraphs, which define the context and overarching purpose of trade and investment, and the rules that decide how these flows will happen.

But preambular paragraphs in trade and investment agreements are not legally binding in the same way as the operational paragraphs which directly regulate production and market behaviour. In most trade agreements, including in the WTO, the respect for and adherence to the operational paragraphs is also subject to legal dispute settlement with an appellate body of neutral legal experts, who make final and binding decisions on every member country's trade policy and traders' behaviour.

As I write this, the appellate body is dysfunctional due to intransigence of the USA for appointment of members. The US claims that the appellate body has not been discharging its functions properly.

Finally the complications of economic diplomacy, for many if not most countries, any agreement on trade and investment policies reached by diplomats, and the executive branch of government they most directly represent, must be ratified by their national assemblies.

For India and Norway these are parliaments. While the Indian parliament does not have the power to ratify international agreements, parliament nonetheless must ratify laws which may need amendments or introduction for compliance with such treaties.

Anyone in the know would understand how complicated this can be. In parliament, a number of political parties and the interests and interest groups they represent, will fight for their rights as well as demands and commitments to be made. This is the way it should be. This is politics. At least in democracies like India and Norway, and as we know, democracy is the prevailing regime of government in most countries, at least for now.

The Diplomats

As stated in my opening remarks, most if not all diplomats I know have several qualities of crucial importance to their work of protecting and promoting the interests of their countries in the context of increasing global interdependence. Still, they differ greatly, both in terms of individual qualities and strengths as well as limitations.

A Norwegian diplomat, for instance, does not have English as a mother tongue. My own mother tongue Norwegian, is not an official language in any intergovernmental organisation, nor in any other country than my own. With a mere 6 million people, we understand and accept this fact. Nonetheless, it sets us back in negotiations with colleagues for whom English, Chinese, French, Arabic, Russian or Spanish is what they are born and raised with. These are the official languages of the United Nations. In trade forums like the WTO, the number of official languages is limited to English, French and Spanish. Language is therefore an important resource in diplomacy.

The size of a diplomat's home country is also very valuable. The bigger the country in population, economy and to a certain extent geography, the more power it will normally have in negotiations. Domestic markets for goods, services and labour supply are attractions for those wanting to buy from or sell to any country. Access to natural resources is likewise of great value in international economic relations.

And finally, the more homogenous and unitary a country is in terms of leadership and governance, the more effective it can be in diplomacy, including or perhaps in particular when it comes to economic diplomacy. This is true both with regards to input to negotiators and output of their achievements as negotiators.

Now, against all this background I am prepared to claim that Indian diplomats are certainly among the best and thus often the most challenging colleagues I have been facing. This is particularly true in multilateral diplomacy at the global level. Here the amount of detailed knowledge and homework to be done is usually immense. Indians are among the best in this regard. They also have the great advantage of immaculate command of "The Queen's English", often much better than their British colleagues, and certainly better than their linguistic peers from America and Downunder.

On top of this, Indian diplomats can very often dedicate most of their time to work. As opposed to me and other diplomats from the Nordic countries, for instance, they less frequently have to pick up their kids from school, then make dinner and do the dishes before they read their offspring to sleep. At least that is my impression. All this time on Non-Work Issues, which I personally value even more than my job, is less the norm among Indians, and diplomats from most other countries for that matter.

Now let me approach landing of this little essay by highlighting three immaculate examples of my dealings with Indian diplomats, in chronological order:

The first stalwart working for the Indian flag that I would highlight is Mohan Kumar. The episode happened at the WTO in

Geneva. It was in the aftermath of the Ministerial Conference in Seattle, also known as "The Battle in Seattle", which failed with fanfare, smoke and mirrors. During the two years leading up to the Doha Ministerial of 2001, I had many educational and rewarding encounters with Mohan. The one I remember with particular fondness, was of course the only one where I felt like "winning" our exchange of strikes. It concerned what trade experts refer to as Trade in Services Mode 4, on "temporary movement of natural persons".

In other words, short-term labour migration for service providers. This is very important to India, thus a prime priority of Indian trade diplomats. It is not unfair to others if I say that no other diplomat on the planet knew this subject better than Mohan Kumar, one of the stars on the WTO sky, which was then very clear.

I pointed out to Mohan that Mode 4 would represent a major political challenge to service importing countries, as their own service providers would face fierce competition from their numerous and very competitive Indian counterparts. Mohan, diplomatic as always, tried to calm my concerns by pointing out, rightly, that the movement was temporary.

My reply was short and simple: "While the movement is temporary for the individual, he or she will most likely be replaced by a colleague of the same origin once his or her temporary service provision comes to a regulated end. Thus, the impact, both on the sending and the receiving country would most likely be permanent." Mohan nodded, smiled and gave me credit: "You have a point". I smiled on my way home that day.

My second fond memory of a brilliant Indian diplomat is from a situation of even greater significance. It was the summer of 2001, again at the WTO. After almost a decade and a half of negotiations, the United States Trade Representative (USTR) at the time, Bob Zoellick, had taken a trip around the world to Shanghai, where he met with Prime Minister Zhu Rongji, by most considered the strongest and more capable of China's Prime Minsters over the past decades. The two agreed on a compromise on the issue which more than any other had hampered negotiations for years, the question of China's status as a developing country. In particular, whether China would have the same privilege as other developing countries, to subsidise their agricultural production at a maximum of 10 percent, as opposed to a mere five percent, which developed countries have to abide by.

After years of negotiations, the two giants agreed to a compromise where China accepted a departure from the 558 pages of legal text in the Marrakesh Agreement of 1994, which established the WTO as of January 01, 1995. China agreed to set maximum subsidies at 8.5 percent. With great satisfaction, American and Chinese diplomats came to Geneva to have the WTO members agree to their compromise by consensus.

After the big deal was presented, the room was filled with utter silence for more than a minute. The chairman of the Working Party, as the negotiating forum is called, Ambassador Pierre Louis Girard of Switzerland, was about to hit the gavel on his elevated Chairman's table, when the Indian flag was resolutely and with visible authority placed in a vertical position.

Vandana Aggarwal, a good friend and highly respected colleague, would have nothing of the US/China deal. With impressive eloquence Vandana explained why India could not accept the bilateral agreement between the US and China, as it would result in a fundamental revision of the multilateral WTO Agreement. Were the bilateral agreement adopted by WTO member states, any large developing country, including India, would forego the right to subsidise its farmers simply due to the size of the country's population. Seasoned trade diplomats from all over the world were struck by shock and awe.

We were all surprised, and many were also impressed, myself included. Remember, this was early in my career and before I had learned to know and appreciate India the way the world's largest democracy deserves. I will not go into details of the brilliant statement Vandana made. Suffice it to say that nobody spoke thereafter and Ambassador Girard gavelled for lunch. On our way out, I went straight to Vandana, complementing her on the forceful statement she had just made, and added I would have said the same, although not highlighting the concerns of large countries.

Vandana looked at me and said: "Thank you Thoralf. And what do you intend to do with that?"

I took her rather open hint. Together with my older and more experienced colleague, Evan Kittelsen, another brilliant trade expert from Oslo, I went straight to my boss Kåre Bryn, the Norwegian Ambassador to the WTO. I explained to Kåre what had taken place down by the lake and gave my view that it would be in Norway's national interest to support India, to avoid a hollowing out of the WTO Agreement's integrity. A small country with an open economy, Norway has a strong interest in maintaining a rules-based world order. This is certainly true also for global economic affairs.

Ambassador Bryn agreed. But he underscored that I had to keep in mind that Norway is a very small country in the company of China, the US and India. "Look for an opening without compromising our national interest in maintaining the best possible relations with all these great powers", was the instruction from the Ambassador. Arriving back at WTO headquarters, I had a chat with my counterpart from the EU Commission. He confirmed that the EU had similar concerns as India and Norway. So, when Ambassador Girard reconvened the members to continue discussions, the EU followed by Norway supported the main thrust of the concerns expressed by Vandana Aggarwal on behalf of India. The rest is history – in the true sense of the word.

For more than two weeks we negotiated a redraft of the text, in small informal meetings, so-called "green rooms". These intense negotiations of word by word, comma by comma, were of course driven and dominated by the four biggest players on the planet. Norway, as a small country outside the EU, was the mediator and facilitator of a compromise which made clear that the unprecedented agreement on China's accession to the WTO would explicitly only be for the People's Republic. Thus, the concerns of India had been resolved and the integrity of the WTO Agreement was maintained.

This was the proudest moment of my career. And will never be overshadowed. The accession of China to the World Trade Organisation has probably changed the world and the lives of more people than any political decision taken in my lifetime. I am 56 years old.

Finally, I cannot close this story without some words from New York City. As Minister Counsellor at Norway's Permanent Mission to the United Nations, I had the great privilege of being responsible for Gender Equality and the negotiations leading up to the establishment of UN Women. This is the still rather new agency to protect and promote the rights of women and gender equality. During these four years, from 2008 to 2012, the job gave me the opportunity to work closely with Lakshmi Puri. She was Assistant Secretary General of the UN and one of two deputies to the first head of UN Women, Michelle Bachelet, the former President of Chile who later became United Nations High Commissioner for Human Rights.

When I was given the assignment as Head of Political and Macroeconomic Affairs at Norway's Embassy in New York, I invited Lakshmi out for lunch. My purpose was to share my joy with this elegant and impressive lady of India, who also was the wife of Hardeep Puri, the Ambassador and Permanent Representative of India to the United Nations.

Lakshmi Puri turned down my invitation.

She would rather invite *me* for lunch. I was honoured. And no less so when I discovered that our tête-a-tête was to take place at her home, the residence of Mr and Mrs Ambassador Puri, at Trump World Tower, the huge corner apartment was facing the UN HQ at approximately the same floor as the United Secretary General's Office.

During our lunch, which lasted for close to three hours, Lakshmi Puri and I touched upon all thinkable issues. Most of them of professional relevance, others more of a personal character. I was taken away by this Indian woman's grace, wisdom and sharpness. Approaching the end of this unforgettable Indian feast, I could not leave without asking Lakshmi Puri one last question:

"Tell me, dear Lakshmi, if you were to give me *one* piece of advice to guide this still rather young Norwegian diplomat in your vast home country, what would that advise be?"

"Dear Thoralf, do not be a missionary! You Nordics, including you Norwegians, tend to be somewhat missionary in your diplomacy. That does not work with India".

I have tried to live according to Lakshmi Puri's advise, both in the world's largest democracy and after departure from Delhi, where I served for many years. You all can tell me if I have succeeded.

AMPLIFYING AND REIMAGINING INDIA'S TRADE INTERESTS

3

HARSH VARDHAN SHRINGLA

Post-COVID Economic Recovery in India

Recent Efforts in India's Economic Diplomacy

Over the past two years, the pandemic has had a devastating impact the world over. It has resulted in the loss of both lives and livelihoods.

In India, we were impacted by the pandemic over three waves. While the pandemic had an unprecedented impact, it also resulted in a whole of government and whole of society response not witnessed earlier in the country. The massive vaccination drive, one of the largest in the world, against COVID-19 is a prime example of this. Successful implementation of our vaccination campaign has allowed opening up and recovery of our economy. Another example was the Vande Bharat Mission undertaken to repatriate Indian nationals stranded abroad. This was the largest such evacuation operation ever carried out by the Government.

India also played a proactive and responsible role in the global fight against the pandemic. Even in the most difficult days of the pandemic, we were conscious of the fact that we were part of a greater global community. In the early days of the pandemic, India supplied critical medicines such as Hydroxychloroquine, Paracetamol and other medical items to over 150 countries.

We also shared our healthcare experience and expertise with partner countries, particularly in our neighbourhood and Africa. A number of medical supply missions were undertaken in the face of daunting logistical challenges. This was followed by Vaccine Maitri under which we have supplied over 178 million doses of made-in-India vaccines to 96 countries as well as to the United Nations. We have put the teaching of Vasudhaiva Kutumbkum or the 'World is One Family' into practice during the pandemic.

On the economic front, during the pandemic, the Government accelerated the ambitious reforms process that was already underway since 2014. This was done under the Atmanirbhar Bharat Abhiyaan launched by Prime Minister Shri Narendra Modi. Under the Abhiyaan, India rolled out a stimulus package for the economy of about US$270bn, about 10 percent of our GDP. It consisted of critical fiscal and monetary support for the economy, steps for improving the ease of doing business and implementation of key structural reforms. During the pandemic, the Government provided free food grains to 80 crore people under the Pradhan Mantri Garib Kalyan Yojana.

As the Prime Minister said in his 'State of the World' address at the World Economic Forum earlier in 2022, "during the Corona period, when the world was focussing on interventions like Quantitative Easing programme, India paved the way for reforms." The Prime Minister had further mentioned, "the biggest projects to modernise digital and physical infrastructure got unprecedented momentum during the pandemic."

The FDI regime has been further liberalised. Previously restricted sectors such as space, defence and atomic energy have been opened up to greater private participation. The Government has implemented Production Linked Incentive schemes worth US$26bn across 14 important sectors, including mobile and electronics, medical devices and pharmaceuticals. The government supports greater R&D in critical sectors such as Artificial Intelligence, Geospatial Systems and Drones, Semiconductors, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems.

A key priority for the Government has been augmenting the physical infrastructure as it will lay the foundation for economic growth through public investment as the economy emerges from a pandemic-induced slump. The Prime Minister's GatiShakti – National Master Plan for Multi-modal Connectivity - is bringing together all stakeholders for integrated planning, development and implementation of infrastructure projects. GatiShakti will have a transformative impact on promoting seamless connectivity and movement of goods, people and services across the country.

India has made significant investments in creating a robust digital infrastructure. This emerged as a strength for us during the pandemic. We quickly created landmark digital platforms such as Aarogya Setu for tracking infections and Co-Win portal for facilitating vaccination. These platforms have played an instrumental role in our fight against the pandemic.

The success of the reforms is evident in the fact that despite the unprecedented challenges posed by the pandemic, FDI inflows into India during this period was the highest ever. India received over US$81bn in FDI in the year 2020-21. India has today become home to one of the world's largest start-up ecosystems and hosts close to 100 unicorns, 40 of which have reached this status in 2021 alone.

Supported by widespread vaccine coverage, gains from reforms and easing of regulations, robust export growth and ramped up capital spending, the Indian economy is expected to witness a GDP growth of over 8 per cent in 2022-23. This would be amongst the highest in large economies.

India has also achieved the ambitious target set by our Prime Minister of US$400bn of goods exports in the year 2021-22. This represents an increase of around 37 percent over the previous year. This figure for exports has been reached for the first time ever. This is a key milestone in our journey towards an Atmanirbhar Bharat.

Our economy today is globally integrated. Any efforts towards economic revival must perforce involve efforts to enhance levels of our external trade and investments. The role of our economic diplomacy in this regard cannot be minimised. Indian Missions and Posts worked closely with other Government Ministries and our Chambers in promoting our economic interests abroad.

The pandemic has further underlined the need for a renewed push on trade and investment promotion work. The imperative of contributing to our national goal of becoming Atmanirbhar has led to a sharper focus on the Ministry of External Affairs (MEA)'s efforts in the area of economic diplomacy. MEA has internalised the Prime Minister's call for the promotion of the 3Ts - Trade, Tourism and Technology – and made this a high priority for our diplomatic outreach. Indian Missions abroad have been asked to mainstream the 3Ts in their work and their performance will be assessed on the basis of their ability to boost trade and tourist inflows and facilitate investments and technology transfer to India.

Our Missions have worked closely with the Department of Commerce to achieve the export target of US$400bn and have already commenced work on next year's target which has been set at US$470bn.

During the pandemic, the tourism sector was significantly affected. Lately, tourism flows, globally and within the country, have started to pick up. The Government announced measures to boost the tourism industry, including granting tourist visas free of charge to the first 500,000 travellers to India. Missions are working in close coordination with all stakeholders in the Government, including the Ministries of Tourism, Civil Aviation, AYUSH and Culture as well as Indian airlines operating in their countries.

The COVID-19 pandemic saw the need for sourcing various medical equipment and technologies from around the world. Our Missions are our ears and eyes abroad for getting inputs on the new and emerging technologies around the world. They have been tasked with providing inputs for obtaining the best possible technology for use in the country.

India has placed renewed emphasis on strengthening ties with its neighbouring countries as part of the 'Neighbourhood First' Policy. This applies not just to working in the political or strategic domains but also to deepen economic ties with our neighbours. With sustained focus on reducing barriers to trade and facilitating the seamless movement of goods and people, we have been able to see a significant enhancement in bilateral trade with some of our key partners in the neighbourhood. With economic growth in our neighbouring countries and our emphasis on improving trade infrastructure and cross-border connectivity, the neighbourhood will provide some of the greatest economic opportunities for Indian industry.

Bangladesh and Nepal have emerged as among the top ten export destinations for India with our total exports to these two countries amounting to over 16 billion dollars. Bangladesh has emerged as our largest trading partner in the neighbourhood and the fifth largest export destination globally. However, for a country that has been growing at an average annual growth rate of over six per cent for the last one decade, the potential for trade with Bangladesh is higher. Bangladesh is also undertaking rapid infrastructure development in the form of airports, seaports and highways. As Bangladesh's closest neighbour, the Indian business community has much to offer to Bangladesh in its transformation.

Bangladesh is also on track to graduate out of the Least Developed Country status in 2026. As many of the trading arrangements of Bangladesh would change when that happens, India is in discussions with Bangladesh for a Comprehensive Economic Partnership Agreement.

Nepal is a close neighbour and economic partner of India. It is India's ninth largest export market and an important destination for Indian investments. Indian firms account for over 30 percent of the total FDI stock in Nepal, worth nearly US$600mn There are about 150 Indian ventures operating in Nepal in manufacturing, services, power sector and tourism industry. A number of reforms have been undertaken in recent years in Nepal which are expected to improve the ease of doing business in that country. Some upcoming areas that may be attractive for the Indian industry include vehicle assembly, hydropower, medicinal and aromatic plants and pharmaceuticals.

India has also been funding connectivity and trade infrastructure projects to remove the bottlenecks in the trade flow with its neighbours. Connectivity can be a force multiplier for improving the flow of trade and people as well as promoting economic integration. As a recent World Bank study pointed out, India's exports to Bangladesh could grow by 172 percent through improved connectivity. Steps like revival of historic rail links – Haldibari-Chilahati being the most recent, establishment of a new rail link between Agartala-Akhaura, commencement of rail-based container freight movement and expansion of inland waterway routes have been facilitated in the last couple of years.

Now, a container cargo can be transported from Mumbai port to Dhaka using railways and from Patna to various business centres in Bangladesh using waterways. These developments also reduce our current overdependence on land ports like Petrapole. A series of cross-border connectivity projects like Integrated Checks Posts and cross-border rail links and roads have also been implemented with Nepal.

Another important focus area is Africa. Present mega-trends in Africa are supportive of India's trade and investments in the region. Africa's large working-age population, its growing middle class, and the significant share of services are crucial for value-adding trade and investment relationships. Consumer-driven goods related to agribusiness, apparel and clothing, pharmaceuticals, and automotive components are some of the opportunities that Indian industry can take advantage of. India's total trade with Africa has grown from just US$6.8bn in 2003 to over US$75bn in 2021. Indian investments in Africa have also grown rapidly in the last decade.

The Government has announced setting up of 18 new Indian Missions in Africa to expand India's diplomatic footprint in that continent. This will also enhance India's economic outreach in Africa and be of immense value to Indian industry interested in working in Africa.

Two regions that receive the highest development assistance from India are the neighbourhood and Africa. This is an important component of our engagement with our partners in these regions. Projects executed under India's development partnership cover varied sectors such as roads, railways, power, ports and shipping, telecom, health, education, aviation, energy, agriculture etc. We would like to encourage greater participation of Indian companies in these projects. Their participation in these projects provides an opportunity to showcase Indian expertise in project planning and implementation.

We have seen unprecedented uncertainty impact global markets during the pandemic. The emerging markets were hit particularly hard by the pandemic with large capital outflows occurring, that go well beyond what we have seen in past crises. However, the Indian economy has proven to be adaptable and resilient, and vaccine distribution and coverage have helped in this regard. As the world returns to normalcy, new opportunities will be generated. It is time for India to take advantage of these opportunities, expand its economic engagement, and drive inflows of foreign investment.

4

DAMMU RAVI

Decoding Indian Economic Diplomacy

Economic Diplomacy is all about securing the country's economic interests to sustain its economic growth for the betterment and welfare of the people. Today's Economic Diplomacy is no longer the prerogative of the Government. Amongst the many players in the game, in addition to Ministry of External Affairs (MEA) with its vast network of Missions abroad, other active players include industry, chambers of commerce, think tanks, media and even people.

Evolution of the Economy

India has always been outward looking when it comes to trade since ancient times. The renowned economist Angus Maddison in his seminal work 'The World Economy' published in 2001 substantiated this assertion with data underlining that about 2000 years ago, India was a global trading giant with a share of 35-40 percent of the global GDP in purchasing power parity (PPP) terms. This dominant position that India enjoyed till the Middle Ages, suffered immensely under the British colonial mercantilist policies for 300 years. Ironically, at the time of India's independence in 1947, 'The Jewel in the Crown' was one of the poorest, with less than 3 percent of the global GDP.

In the next 50 years of post-independent India, the public sector dominated the Indian economy with overwhelming responsibility of the leadership to provide basic necessities to the people. The 1991 economic reforms, necessitated by circumstances, propelled the Indian economy to higher growth trajectory in a short period. While it took 60 years for the Indian economy to achieve US$1tn GDP, the 2nd US$1tn came about in 10 years and it took 5 years to achieve the

3rd US$1tn. Going by this trend and at current growth rates, it should be possible for India to achieve US$5tn GDP by 2025-27, US$10tn GDP by 2030-32 and about US$30 trillion by 2047 in nominal terms.

At a time when India celebrates its centenary independence it is expected to be the second largest economy in real terms, after China and, in PPP terms, it may be the leading economy in the world. It is about time that India reclaimed its rightful place in the comity of nations as a strong economy with a stabilising force. Well-calibrated policies that allow the Indian economy to achieve higher growth rates, gradual and deeper integration into the world economy should form part of India's economic diplomacy strategy.

3Ts

In tune with Prime Minister Modi's clear direction to make Trade, Technology and Tourism (3T) a priority, MEA has created a dedicated 3T portal to facilitate a seamless flow of information from Missions to Ministries/Departments and vice versa. The performance of our officers in the Missions abroad is directly linked to demonstrating results in these areas. Commercial representatives are expected to analyse market situations in their country of accreditation, especially on those products where India has strengths and how local barriers and deficiencies can be tackled. Mapping of tourist flows and tourism promotional activities of Missions are geared to make India an all-season destination.

Missions will be required to explore sourcing of niche technologies to help India achieve higher economic growth rates: Green Hydrogen, 3D printing, Robotics, Artificial Intelligence (AI) and Semi-conductors etc. are of significant interest for entering into collaborations under the Production Linked Incentive (PLI) scheme.

Missions are also exploring the possibility of introducing abroad the successfully tested Indian home-grown technologies, especially Aadhaar, Atmanirbhar Bharat, Ayushman Bharat, Digital Public Goods, UPI etc. India's low-cost solutions can be a game changer in developing countries' terms of revenue generation, job creation and empowerment of common man. Our Missions' efforts, while remaining focussed on these changing dynamics, should go beyond mere facilitation to the incoming business delegation visits abroad by developing concrete action plans and diligently following up on them.

Reimagining Trade

India's exports in the last decade registered an annual average of US$300bn, with exports mostly in the traditional sectors such as engineering products, textiles and leather, pharmaceuticals, chemicals, gems and jewellery and refined petroleum products etc. This stagnation owes to low prioritisation of exports in our trade policy and low value addition.

Our industry was too comfortable in its thinking that domestic trade was good enough and that it needed to be protected from outside competition. This defensive approach to trade cost us precious foreign exchange earnings and our non-competitiveness in many sectors made imports dearer in critical sectors. However, after a prolonged period of stagnation, exports have begun to show an upward trend in 2021-22, registering a record US$418bn in value (DGCIS). But here too our exports are mainly in the traditional sectors with low value addition.

Value addition is a key factor in trade which is possible through infusion of investments, technology, skills, components, raw materials, standards etc. This enabling environment can be achieved through gradual opening and making industry competitive. Free Trade Agreements (FTAs) could allow that process in a gradual manner.

India has so far entered into 21 FTAs/PTAs, including the recent one with Australia and UAE, and is further negotiating trade deals with the UK, EU and Canada. FTAs enable participation in global supply chains which help products to become competitive and achieve quality at par with global standards. This is in tune with the PM's vision of 'zero defect, zero effect'. Such an approach will strengthen our Aatmanirbhar Bharat initiative of making India self-reliant.

Since the benefits of FTAs are long-term, a visionary approach is often needed to conclude them. Longer staging period, providing adjustment costs to industry would help to overcome the immediate pain. Most importantly, India's trade policy should begin to strategise exports as a priority and this orientation should percolate to all levels, both in industry and government.

Two-way Investments

Global uncertainties caused by the COVID-19 pandemic and now the Ukraine crisis are making multinationals look for alternative investment destinations. India must seize this opportunity to attract investments in manufacturing and develop India-led alternate supply chains. India's large market size, vast skills pool, and conducive infrastructure makes it an attractive investment destination, but these conditions do not automatically guarantee investments in the country unless India is able to demonstrate that it has a competitive environment that is able to yield best return on investments. Improving supply chain resilience through deeper economic integration with the outside world should form part of our strategy to be able to attract better FDI and niche technologies.

The launch of the Green Hydrogen Mission is expected to bring in a significant shift in our energy matrix with potential to make India a hub for Green Hydrogen. Increasingly, as India leans towards renewable energy sources, investments in manufacturing of solar energy equipment in India will assume greater importance. All these require a conscious policy push through appropriate incentives like the 'Production Linked Incentive' scheme with approximately US$26bn in support across 13 sectors.

Bilateral Investment Treaties (BITs) attract investments into a country as they assure investors that their investments are protected from unforeseen policy changes. Setting aside provisions relating to Investor State Dispute Settlement, which is troublesome and the reason for several disputes raised against India by foreign entities, there is room for bringing in appropriate provisions based on international best practices in arbitration and mediation in our BITs.

Such an approach is necessary also for India's Outward Direct Investments (ODI), which is sizeable at US$263bn, cumulative since 2000 till 2021, as compared to US$847bn Foreign Direct Investment (FDI) for the same period (DPIIT). Expanding ODIs is a natural corollary of Indian industry aspiring to move outwardly in sync with India's economic growth trajectory.

Indian entities are expected to be involved in greenfield/ brownfield investments, cross border mergers and acquisitions, as well as in setting up of Indian manufacturing zones abroad. Indian companies could be encouraged to undertake manufacturing at least in finished and semi-finished products outside India. This will help to penetrate local markets, overcome local regulatory and tariffs barriers. A conscious strategy needs to be framed for each of the manufacturing facilities, taking into consideration political stability and facilitation issues. This approach would be complimentary to Aatmanirbhar Bharat as raw materials and components will continue to feed from the domestic industry, especially from Micro, Small and Medium Enterprises (MSMEs).

Trade in INR

The domination of Dollar in the global trade, and to some extent Euro and Pound, constrained several developing countries to trade across borders. Re-imagining ways to do trade in national currencies or counter trade arrangements, wherever possible, can expand the scope for trade across the developing world. This presupposes that where stable currencies prevail it should be possible to establish bilateral mechanisms for trading in national currencies. The RBI notification of July 11, 2022 allows Indian Rupee to be used in international trade for invoicing of exports/imports in INRs. This measure has evoked considerable interest in many countries.

In India's immediate neighbourhood, especially Sri Lanka and Maldives that are facing foreign resources shortages, this mechanism can be introduced quickly and, in Nepal and Bhutan, where Rupee is already a legal tender, its scope can be further expanded. The possibility of trading in INR with countries in Africa, Latin America and Caribbean, Commonwealth of Independent States (CIS) etc. could open up immense opportunities to trade in natural resources, especially minerals, oil, agro-products, rare earth metals etc., all of which are of immense importance to our growing industry.

Those natural resources can be exported to India against rupee payments and, in turn, essential items can be imported from India on a bilateral basis. The balance of unspent INRs can be reinvested in treasury bonds, to take equity in a company, or even to fund infrastructure projects locally. Over time, trading in national currencies would have a multiplier effect on economic activity, revenue generation, job creation, technology transfers and strengthening the rupee.

If these mechanisms are implemented in earnest, India could achieve an export target of US$1tn by 2025 and US$2tn by 2030, in tune with the PM's visionary approach to trade. In the days ahead MEA, in close consultations with line Ministries, in particular, with Finance and Commerce, would be working on establishing bilateral mechanisms in national currencies wherever possible.

Development Cooperation

India's development cooperation predates its independence when our leadership assisted countries fighting colonialism with training and medical teams. Post-independence, as part of India's commitment to South-South Cooperation, our development assistance was enhanced under the Ministry of External Affairs' flagship programme - Indian Technical and Economic Cooperation (ITEC) - in 1964 with a focus on extensive capacity building training programmes for developing countries.

Since then, about 5 lakh foreign experts from more than 100 countries have been trained in India in diverse areas under ITEC on grant basis, including defence personnel. Annually, India provides 11000 ITEC scholarships to developing countries and even during the COVID-19 pandemic lockdown, the programme continued online as e-ITEC. India has also set up centres of excellence in the form of Vocational Training Institutions (VTIs) and Information Centre of Technologies (ICTs) in various countries and these are being upgraded to suit local requirements and make trainees employable.

The tele-education concept that has picked up in Africa under e-Vidya Bharti initiative since 2012 has opened up opportunities for India's private sector educational institutions to go global in online e-education in various disciplines at affordable costs. Indian missions abroad are building awareness about these facilities.

Similarly, foreign students who visit India for undertaking higher educational courses also need to be provided with appropriate visas so that they are able to successfully complete their courses and take the benefit of practical experiences back to their countries.

Upgrading our capacity-building initiatives to institution building abroad is the next logical step forward. Indian educational institutions are looking for opportunities to set up institutions abroad physically, including Indian Institutes of Technology (IITs), medical, nursing, engineering, agricultural institutes on commercial basis, and our Missions will assist them. Besides making lasting impact on the socio-economic development of a partner country, these educational institutions would remain iconic structures of goodwill abroad for India.

Innovative Financing

Under India's lines of credit (LoCs) and grants, several infrastructure projects are being undertaken in developing countries, modestly supporting their development aspirations. About 600 infrastructure projects of various scales have been committed so far under an overall budgetary commitment of US$32bn. So far, about 300 projects have been completed and an equal number are ongoing. India's LoC projects are highly appreciated as no conditions are attached to them.

Our approach has been well articulated by PM Modi during his address to the Ugandan Parliament in November 2018 when he reiterated that India's development assistance will be determined by the interests of the recipient country. LoCs have lent Indian businesses considerable experience in executing projects abroad and the foothold they gained will hold them in good stead to take up ambitious projects abroad on a commercial scale.

Supporting Indian businesses with necessary funding and partnerships for undertaking revenue generating projects should be the way forward. Concessional financing arrangements and linking projects with natural resources and commodities could enhance manifold the possibility for private/public sectors to execute projects abroad. MEA will work closely with relevant line Ministries to develop a workable model to support such ventures.

Part of Rule Making

The benign rise of India requires of it to play an active role in multilateral trade, economic and financial institutions, especially in WTO, IMF, WB etc. and in plurilateral groups such as G-20, BRICS, IBSA, SCO etc. Such an approach is important because developed countries see trade largely in binary terms as profit and loss, whereas nearly two-third members of UN are either developing countries or LDCs. For these group of countries, development issues such as poverty, income inequalities, regional disparities, unemployment, health, gender etc. are fundamental. Trade is a catalyst for development and, therefore, 'development' should remain central to multilateral trade rules. For the same reason, the effort to reform the WTO should consider the interests of developing countries by preserving the core principles, especially consensus-based decision making, special and differential treatment and a two-tiered Dispute Settlement mechanism.

In bodies such as UNCTAD, WIPO, ILO, and WHO, India needs to work towards forming credible coalitions to build the narrative from the developing countries' perspective. It is about time that India took an active interest in 'rule making' rather than merely 'rule following' and, to be able to do so, India should be willing to take commitments, at least in a deferred manner, if not immediately. Also, India should put forth its candidatures for elections to high posts in these institutions. This calls for a greater degree of coordination across ministries and departments.

MEA will be at the forefront to pursue our economic diplomacy objectives. It will work closely with relevant government Ministries/ Departments, industry and think tanks to ensure a whole of Government approach.

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VS SESHADRI

Role of Economic Diplomacy in Relation to FTAs

From Conception and Negotiation to Implementation

1. Introduction

Preferential trade agreements (PTAs) have come to acquire an important role in promoting trade, investment and closer economic relations with other trading partners. They could be deep and comprehensive free trade agreements (FTAs) as well as customs unions or be more limited preference-sharing agreements[1]. They could be with countries in the neighbouring region or be cross-regional in nature with a distant partner. They could also be plurilateral agreements comprising several countries or simply be a bilateral one involving just two trade partners. This chapter will discuss the role that economic diplomacy, in particular our missions abroad, can play in the conception, negotiation, implementation and reporting on such preferential trading arrangements.

The number of such PTAs that have come into force have soared globally and the notified number of such agreements to the World Trade Organisation (WTO) now exceeds 350. Every member country of the WTO is a member of at least one RTA. The European Union,

1. In the WTO parlance they are referred to as Regional Trade Agreements (RTAs) even though they may be between two countries that are not located in the same region. RTAs can be a limited PTA particularly involving developing countries concluded under the Enabling Clause of WTO or can be more comprehensive and substantially reciprocal which are normally referred to as FTAs. In the case of the latter, India has also been naming them as comprehensive economic cooperation or comprehensive economic partnership agreements (CECA or CEPA).

which is itself a customs union, tops the list being a party to 44 of them now, followed by, after Brexit, the United Kingdom which is a party to 37 of them and the European Free Trade Association (EFTA) group of countries with 32 agreements. Countries with greater export orientation like Chile (30), Singapore (27), Mexico (23), Turkey (23), Peru (20) and Korea (20) have relatively more RTAs in their portfolio. While India itself is a party to 19 of them, nine of them may fit more appropriately as only a limited preference sharing agreement than a comprehensive and reciprocal FTA[2].

These notified RTAs globally numbered only around 80 till the year 2000, after which there was a rapid increase. There are several reasons for this phenomenon that can be ascribed to political economy considerations, factors relating to the global trading environment and what can also be called competitive RTA dynamics. Lack of adequate progress on the multilateral trade negotiation front after the establishment of the WTO, in particular under the Doha Round, is often cited as a key factor. Regional integration, that got encouraged after the successes registered by the European Union, North American Free Trade Agreement (NAFTA) and other arrangements was also a pull factor. The opportunity seen by countries, particularly export-oriented economies, to grow further and faster with deeper trade liberalisation and enhanced market access was certainly another. This is also reflected in the number of FTAs entered into by export-oriented economies being generally more in number.

Further, a neighbouring country entering into an FTA with a third party exerts pressure on the country itself to also try and forge a similar agreement with the third party, particularly if the third party has substantial market access capacity. Otherwise, it risks being left out of competition. Similarly, the pressure to join an evolving regional or mega-regional FTA involving other countries in the region is also an enormous one.

2. While 17 of them have been notified to the WTO, two recent ones with the UAE and Australia remain still to be notified. See http://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?membercode=356

In this chapter, we shall dwell on the importance of India's Missions abroad to closely monitor the RTA policies of the host country, the implementation of its already existing FTAs and to make relevant suggestions and recommendations to the appropriate authorities in India towards further promoting India's trade and economic engagement with that host country in the context of the latter's FTA framework. This should form an essential feature of the Mission's economic and commercial work.

In Section 2, we look at what are the specific aspects that could be usefully covered by such reporting. This will also depend on whether India already has an FTA with the host country or is currently negotiating one or if it could be a potential candidate in the future. These possibilities are covered in Sections 3, 4 and 5. Section 6 covers other countries and a concluding note is contained in Section 7.

Section 2: What to Report on?

Every FTA, even if it does not involve India as a party, affects India in one way or another. The concessions given by a host country to a third-party exporting country does affect India's interests, to the extent its own access gets impaired. The concession in merchandise trade could be on tariffs or in respect of standards and certification (in which certain mutual recognitions or equivalence may have been agreed upon) or on trade facilitation involving expediting of customs clearance. Similarly, the extent of liberalisation in the services sector, regulatory easing and mutual recognition arrangements (MRAs) agreed upon in an FTA could make a significant difference and tilt the level playing field. All these aspects form essential features in newly concluded FTAs, and their impact on bilateral trade between India and the host country will have to be carefully examined and reported.

Secondly, each FTA has an architecture of its own catering to the interests of the parties to it. Here again, certain aspects like the rules of origin specified in the agreement, inclusion or otherwise of intellectual property aspects, environment and labour standards, provisions on investment and whether investor-state dispute settlement clauses are included would all be of considerable interest to the Ministries of Commerce and Industry and External Affairs, from the perspective of not only bilateral trade and investment with the host country, but also from the larger angle of evolution of FTAs globally.

However, for the Economic and Commercial wing of a mission to report on all these aspects it will be essential for the officer(s) concerned to have certain basic understanding of the rules and provisions normally included in an FTA. Some familiarity in this regard of examining and interpreting the provisions in an FTA, which is a legal text, would also be helpful. The textual length of a typical FTA these days, including its various Schedules and Annexes, often run into several hundred pages, and can look daunting. But once the basic framework of an FTA and its legal formulation get better understood, examining a new text and what are the typical elements to look for becomes easier.

Furthermore, in many cases, the trade or economic ministries of the signatory parties to an FTA themselves will make available on their respective websites highlights about each FTA. Some countries like Australia and New Zealand also conduct national interest analysis before the FTAs are taken up by their Parliaments for consideration and approval, and these documents are publicly available. Additionally, the WTO Secretariat itself, after a certain gap of time, brings out a factual presentation about each FTA analysing the key provisions and commitments[3]. Similarly, the WTO Secretariat's background document brought out on the occasion of each country's trade policy review[4] carries rich detail about a country's trade policy environment including the impact of its FTAs on the tariff structure etc. All these can be very useful material for the Mission to rely upon in assisting in their reporting.

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3. For example, a factual presentation by the WTO Secretariat on the provisions in the India-Japan CEPA may be seen in the document https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/REG/300-1R1.pdf&Open=True.

4. Such a WTO Secretariat background document on the occasion of India's trade policy review in 2021 may be seen at https://www.wto.org/english/tratop_e/tpr_e/s403_e.pdf.

Section 3: Additional Reporting if India Already has an FTA

If India has already entered into an FTA or into even a limited PTA with the host country, and there are several countries in this list, then the reporting will also have to focus on its implementation. Bilateral trade reviews drawn up by the mission should invariably also dwell on how the FTA was contributing towards the strengthening of trade and investment relations. Getting details about the utilisation rates from the local customs departments and reporting on them would be necessary in respect of seeking to improve utilisation.

Obtaining such information on a sectoral basis can help in identifying laggard sectors and assist in taking remedial action. Thirdly, if there are issues in implementation such as the host country regulators not according equivalence or mutual recognition as per the provisions of the agreement these will need to be quickly reported on with possible suggestions. Moreover, in the regular interactions that the mission may be having with local representatives of Indian companies, getting their feedback on improving the FTA implementation should form an important element.

The mission should also leverage the investment and other provisions in the FTA to secure greater foreign direct investment from potential investors in the host country to come and invest in India.

Should the host country proceed to conclude further FTAs with other countries (which could also include countries which are competitors to India in certain product and service sectors in the host country market), then reporting on them in detail including providing a comparative analysis of the provisions in those FTAs and the one involving India would be important.

As a result of the evolving FTA framework of the host country or because of inadequate implementation of the bilateral FTA or due to other factors there could also be situations when it may become necessary for the Mission to suggest a review of the provisions of the existing FTA involving India and the host country. If so, the suggestions by the Mission will have to be specific but detailed along with possible indications also regarding what the host country may put forward in terms of reciprocal concessions from India.

Section 4: If India is Currently Negotiating an FTA with the Host Country

The Mission can be an important source of information and advice to the government in successfully handling the negotiations. Based on bilateral trade trends in various products and services, the Mission could make useful suggestions regarding the market access concessions that India should be seeking. If the host country already has several FTAs in its portfolio, India's negotiating stance should be to get a better or at least a level playing field vis-a-vis other competitor countries in that market.

Similarly, if as a result of other FTAs with third countries those countries have favourable MRAs or equivalence arrangements in respect of standards, technical regulations and professional qualifications, the Mission should bring these details to the attention of the Indian negotiating team so that our own negotiators could seek similar arrangements. Also, available information about the efforts being made by the host government, its industry representatives and other interests towards strategising their negotiating positions *vis-a-vis* India would also be a very useful input for the Ministry of Commerce.

As a typical example, at a time when the negotiations to conclude the bilateral EU-India Trade and Investment Agreement have revived it would be very important to get a better understanding about possible EU expectations. The European Union has concluded an FTA with New Zealand on 30 June 2022, which is the first such agreement concluded after a gap of three years[5]. The deal with New Zealand apparently also includes unprecedented sustainability commitments[6], including in respect of the Paris Climate Agreement and core labour rights, which are enforceable through trade sanctions as a last resort. Apparently, it is also the first agreement to integrate the EU's new approach to trade and sustainable development announced in "*The power of trade partnerships: together for green and just economic growth*". Our Missions in the EU countries, particularly in Brussels,

5. https://www.ft.com/content/362c648b-d465-4cae-ba18-5ae48f84ef51
6. See https://ec.europa.eu/commission/presscorner/detail/en/ip_22_4158

would have to examine what implications they may have for our own negotiations and whether there could be flexibilities on what India itself regards as non-trade issues.

Apart from the EU, India is currently negotiating FTAs with the UK, Canada, Israel and the GCC, and the number could grow further. This is apart from Australia with which an interim deal has been concluded but a more comprehensive agreement is still under negotiation.

Section 5: If the Host Country could be a Potential Candidate for Negotiating an FTA

Should the mission consider that the host country is a suitable candidate for India to negotiate and conclude an FTA then it will need to submit detailed inputs with recommendations that can help the government take a considered decision. While political considerations could be a factor, the matter should essentially be guided by economic merits. The degree of economic complementarity between the two economies in respect of trade in goods and trade in services would certainly be a factor. How the absence of an FTA was impacting the strengthening of bilateral trade and investment could be another aspect to examine particularly if the absence was contributing towards not providing a level playing field to India's exporters. What could be possible expectations from the host country in such an FTA, including on sensitive products for India like agricultural products could be yet another. An examination of the nature and scope of the host country's existing FTAs, could also provide useful clues including about the record of the host country in implementing its commitments. If it is possible to get a very preliminary analysis done about the feasibility and cost benefit assessment locally, this would also be helpful.

Section 6: If the Host Country may not be a Suitable Candidate for an FTA, at Least for the Present

This could be the case for a variety of reasons ranging from political inadvisability to the extremely high expectations in respect of level of commitments that the host country may have, including on non-trade matters, in such an FTA. Even so, reporting about the country's FTA framework, its evolution and implementation, and how this may be impacting India's trade and investment relations with that country would be important.

Section 7: Concluding Note

This chapter has sought to highlight the key role of an Indian Mission overseas in contributing towards the conception, negotiation, implementation and review of PTAs, particularly FTAs, between India and the host country to which the Mission is accredited. One complaint often heard is that the Mission is not adequately kept in the loop particularly at the stage of FTA negotiations. This is a gap that certainly needs to be bridged. The concerned Commerce Ministry officials also need to recognise that keeping the Mission fully in the picture can be a source of receiving valuable inputs from the latter.

Equally, the Mission will also need to fully appreciate the delicate and confidential nature of these negotiations and will have to deal with this matter very carefully. That said, it is also the experience of this author, in the various commercial posts he has held in Missions abroad, that once the Ministry of Commerce begins receiving well analysed and specific information from the Mission, this will automatically result in a two-way engagement paving the way for a more successful team effort.

6

MANPREET VOHRA

Countering the Backlash Against Outsourcing in the UK

The Background

At the turn of the century, India's software industry had proved its competence by successfully eliminating the threat of the Y2K bug, globally and cost-effectively. Almost immediately, revolutionary advances in telecommunications technology coupled with the huge savings that it offered had allowed the outsourcing concept to take off, initially in call centres and remote help desks but rapidly expanding to BPO and higher value areas.

In a couple of years, India's software prowess as well as its appeal as an outsourcing destination had made waves. It had become an exciting sunrise industry for us, promising large-scale exports, FDI and new employment opportunities for the youth.

In 2002-03, 71 percent of our software and ITES exports went to the USA. It was overwhelmingly the country of focus for our IT companies. But the UK, a much smaller economy, also accounted for an important 14 percent, and growing. Rest of Europe was 9 percent, and Rest of the World a mere 6 percent.

It was in this setting that I arrived in London in August 2002 to take up my position as Counsellor (Economic) in the High Commission.

The Backlash

Very quickly, the profit opportunities that outsourcing to India offered were being painted as grave threats that it bore alongside. In the USA, trade unions, ill-informed politicians and a sensationalist media were shouting hoarse about job losses. Four states had passed legislation against outsourcing and thirty more were considering it. The next year (2003), even the US Congress had included a provision in its fiscal '04 omnibus spending bill, prohibiting outsourcing beyond national borders by federal agencies.

Things were panning out similarly in the UK - there were shrill calls for protectionism, the ruling Labour Party was under pressure from trade unions, particularly MPs from areas where call centres had earlier been encouraged to be set up in a big way by the British Government and which were now being downsized or closed, and the media was merrily lapping up the negativity that the stories offered. There were even attempts to paint the Indian call centres as sweatshops that provided poor service, unintelligible accents and doubtful data protection. The threat of the UK following the US lead and legislating against outsourcing, or off-shoring as they called it, and India losing its second-largest market, loomed large.

But they had not done it yet. The British maintain a hard-core belief in free trade and their politicians do not generally go for knee-jerk reactions, opting instead for more inquiry and consultations first. The Labour Party was also Tony Blair's New Labour that listened to capitalist leaders as well. We had a small window to act, to formulate a plan and execute it before our opponents could succeed with their lobbying to stop British off-shoring to India.

I am proud to say that we defeated them handsomely. The Government of India had largely stayed out of the IT industry, perhaps a major reason for its success, but we in the High Commission had to come in robustly now to save a promising market for our companies. By about end-2004, legislating against outsourcing was no longer on the mainstream political agenda of any British party and the media frenzy was dead. British outsourcing spend increased and many new verticals were added. Our companies kept winning major new contracts, including from official agencies like the NHS, and British companies increased the numbers and scale of their own

IT centres in India. Indeed, in this short span, British IT operations done in India had also already transited from low-value call centres and ITES to the higher-end BPO, KPO and R&D.

NASSCOM statistics show that, a decade later, UK's share of our total IT-BPO exports had increased to 18 percent and it had retained its position as our second-largest market.

Our Strategy

Our strategy had to be well-thought out and practical. It had to be multi-pronged and targeted at various stakeholders – government, parliamentarians, industry associations, individual businesses, trade unions, media and the public. Our arguments had to make sense, be rational and backed by strong research. We had to demonstrate that outsourcing to India made good business sense and benefited the UK national economy despite job losses for some. We had to have partners on our side. We had to have resources where needed. The campaign had to be sustained.

The strategy then had to be executed in a series of plans, activities, events and visits. Each of these had to be followed through.

How Did We Do It?

Building a Team

We were lucky in having outstanding officers in the Mission at the time – High Commissioner Ronen Sen, later High Commissioner Kamalesh Sharma, Deputy High Commissioner Satyabrata Pal, Minister (Press) Navdeep Suri and Counsellor (Political) Vikas Swarup. We borrowed a leaf from Tony Blair's concept of 'joined-up government'. Team members met regularly and exchanged notes and updates. Each one built the issue of outsourcing into his work, his Talking Points and his public and private meetings, lunches, dinners, interviews, speeches and interactions. London gets a steady stream of VIP and VVIP visitors from India, and we were able to get them also to talk about the issue at political levels and in their speeches and public addresses.

Securing Other Partners

NASSCOM was very keen about the large UK market and equally anxious to ensure that no barriers were erected. The sort of hard data, facts, figures and analyses that we needed were only available with a professional organisation like NASSCOM, or could be prepared by it on our behalf. There was a natural synergy between the Mission and NASSCOM and we teamed up in a different but fine example of Public-Private Partnership. In 2003, we also got NASSCOM to open its first Overseas Chapter in London.

For proper access into the editorial rooms of the large and vibrant British media, we hired a professional media relations firm, Financial Dynamics, at an annual retainership of some £50,000, if I remember correctly. Indeed, the push for this came from New Delhi, showing that government too was on board.

The Mission created an India Business Group with a specific sub-sector of IT companies based in the UK - Indian, British or international – but all doing business with or in India.

Understanding the Environment

We were able to use this to our advantage. The UK was enjoying one of its longest-ever periods of sustained growth. The IT industry was particularly robust. Unemployment was at an all-time low. The Sterling was at an all-time high. But as happens with economic growth, salaries had increased and business costs had gone up. Further, there were skill shortages in the IT sector. Some iconic British companies, like HSBC and Standard Chartered had already started outsourcing to India. India itself was buying more and more goods and services from the UK.

Our Actions

A lot of work was done by the team on a constant daily basis, we had to be well read, well-informed, know industry trends, be ready with quick reactions, and stay on top of the game at all times. The years 2003 and 2004 were the busiest for us. What follows is just a brief account of some of the initiatives and actions taken.

Disseminating the Right Information

As Counsellor (Economic), I drafted a briefing paper with a set of bullet points on the strengths of the Indian IT industry and the benefits to the UK economy from outsourcing to India. This was emailed out widely, even unsolicited, to MPs, ministers, politicians, officials, trade union leaders, associations, businesses, journalists etc. It was regularly updated with fresh facts and figures and emailed out yet again, sometimes on a fortnightly or even weekly basis.

The brief could not simply be well-written bumpf or waffle; the arguments had to be based on solid research. Fortunately, a lot of work was being done worldwide on the outsourcing phenomenon. Quoting independent empirical reports and surveys, some by official British agencies themselves, we were able to show, inter alia, that IT skill shortages indeed existed in Britain, and thus the choice before it was either to allow more immigration or to outsource. We also used appealing economic and free trade arguments, showing productivity and profit gains for British companies who outsourced to India, and that wealth was being created in the UK with £141 reinvested there for every £100 off-shored.

Countering the Outcry on Job Losses

Using independent research again, we demonstrated that overall contact centre jobs in Britain were still increasing, and that those who lost their jobs because of outsourcing were able to find re-employment within six months. Since Indian IT (and other) companies were investing and/or setting up offices in the UK itself, we also showed the significant job numbers that they were creating. HCL had set up a call centre in a depressed part of Belfast, employing hundreds of locals and growing rapidly. We held it up as a prime example.

To be fair, we did use an emotional appeal as well when we talked about the large new employment opportunities that were being created for our youth by the IT BPO wave in India, how their economic and aspirational needs were being met, how they were now purchasers of imported goods rather than remaining mired in poverty, and why the industry therefore should not be throttled. The photograph of an Indian call centre worker wearing a David Beckham T-shirt was picked up by many papers!

Publicising the Good Stories

In 2002, NASSCOM tied up with The Financial Times and launched an annual conference series in London on Outsourcing to India. These were huge events, well-attended and extensively written about. We worked on programming details with NASSCOM, ensuring that the majority of speakers extolling the virtues of our IT-BPO industry were white folks. We got IT managers of HSBC, Standard Chartered etc. to talk of the difference that outsourcing to India had made to their productivity, customer service, costs and hence profits. All this carried great credibility. We also launched books on outsourcing at The Nehru Centre.

Working the Media

With the assistance of Financial Dynamics, we targeted influential editors, journalists, columnists and opinion makers across the range of British media. An entire calendar of meetings was drawn up. Minister (Press) Navdeep Suri and I would meet up with different media persons almost every week and discuss with them all issues surrounding outsourcing. We gave them briefs, reports and data if they wanted. We encouraged them to meet others (that we would want them to meet) to get fresh perspectives. In many cases, we were able to convince them and change their narratives.

CNN was running a major campaign against outsourcing; we met Richard Quest who was based in London. After a 'hard talk' with him over lunch, he was certain that outsourcing was not bad after all and, indeed, that it was an inevitable requirement for global businesses. But, because of editorial policy, he could not plug this line himself. So, he invited me to come on his show and give the message. I agreed readily and we decided to set up a date for the following week. I guess his editors prevailed because he never called back; however, I do not recall Quest himself railing against outsourcing after that.

Sponsored Visits to India

By late-2003, the British House of Commons was looking at the issue of outsourcing in a formal way and the Committee on Trade & Industry had been charged to examine the matter. In early 2004, the Labour Friends of India organised a tour to India by a group of women MPs. The Liberal Democrats also sent out a group of their own MPs to India. Mission got MEA to pay for both the visits. Besides other business, we ensured that each group would visit a call centre in India. They were stunned by what they saw, and were disabused of all false notions and prejudices regarding the quality of Indian call centres, the work conditions, the problem of accents, firewalls for confidentiality and data protection, etc. We encouraged one Labour MP, Laura Moffatt, to write a very positive piece for the papers.

Direct Evidence to the Trade & Industry Committee

In response to a Public Inquiry started by the Trade & Industry Committee, we got NASSCOM to submit a formal memorandum. We ensured that this was a well-argued document with hard facts and figures and directly addressed some of the issues that were obviously on the politicians' minds. Sections of the submission were titled *'India: A Threat or an Asset to UK Competitiveness?'* and the entrantine *'The Benefits of Off-shoring for the UK Economy'*. On March 09, 2004, NASSCOM Secretary General Sunil Mehta and Convenor of their UK Chapter Senthil Kumar gave lengthy oral evidence to the Committee in the House of Commons. They were extremely well-prepared and did a splendid job in defending their memorandum and answering all questions cogently.

The Committee had received 18 written memoranda from the Department of Trade & Industry, businesses, trade associations and individuals. Besides NASSCOM, it took oral evidence from 14 organisations, including the trade unions UNIFI, CWU and Amicus who had been our bane throughout the battle. The Committee also visited the US to study the industry and outsourcing situation there.

The Culmination

In 2005, the Committee published its report. It is a long document but the crucial conclusion from our point of view appears on page 1 of the Summary itself. It reads:

> *"Inspite of the adverse publicity that it attracts, we found evidence of a positive benefit to the UK from outsourcing abroad (offshoring) services and functions, in that it can provide UK businesses with solutions to specific needs at an economic cost ... The Government has suggested that job losses in the services sector, particularly in customer contact centres, through offshoring will not be high and will be offset in the same way that lost manufacturing jobs have been made up by new service sector jobs."*

We had won.

Lessons

- ✓ Teamwork is essential
- ✓ Partners can be crucial
- ✓ No substitute for hard work
- ✓ Thorough knowledge is required
- ✓ Develop solid arguments and back up with research
- ✓ Demonstrate benefits
- ✓ Target all stakeholders
- ✓ Get others to speak on your behalf
- ✓ Split the opposition
- ✓ Be confident
- ✓ Stay focussed
- ✓ Remain sustained
- ✓ Enjoy the fight

7

AMARENDRA KHATUA

India's Access to the Pharmaceutical Market in Argentina

In today's global trading system, regulatory processes pose as much a challenge to accessing markets as tariff-related measures. Addressing some of these barriers is, therefore, sometimes dependent on the ability of the embassies of a country to make use of both its soft skills and extensive networks to arrive at mutually beneficial solutions. To do this often requires a significant amount of political astuteness, and, at times, pressure.

The following case study illustrates how the Indian Embassy in Buenos Aires, Argentina, under the author's leadership, through its extensive political know-how and do-how, played a key role in the opening up of the Argentinian market to India's pharmaceutical products.

For the past 30 years, Indian pharmaceutical products had very limited access to the Argentinian market. Only countries that were listed on the Presidential Annexes enjoyed access to the market. However, in spite of continued efforts, the Indian government had been unable to include India in these Annexes. In July 2012, this issue was resolved.

As the third largest pharmaceutical market in Latin America after Brazil and Mexico, India's limited access to the Argentinian market had been a major problem for India's pharmaceutical exporters. Including the import of fine chemicals and generics import, the annual market size of Argentina is valued at almost US$4.5bn. However, in spite of India's competitive advantage in many pharmaceutical products, India's share of this market stood negligible.

Given the size of this potential market, the Indian government, through the Indian Embassy in Argentina, had continuously raised this issue with the Argentinian government. The exclusion of India in the Annexes meant that the inspection of all Indian drugs and medicines had to be undertaken by the regulatory body, ANMAT (*Adminstracion Nacional de Medicamentos, Alimentos y Tecnologia Medica* – National Administration of Drugs, Food Products and Medical Technology), and this often resulted in lengthy processing times, sometimes spanning years. And even then, approval was not certain.

As a result, India's exports of pharmaceutical products to Argentina were limited to raw materials and fine chemicals for production of medicines by state and private sector laboratories. Very few specialised drugs were selected through inspection by ANMAT and these were often permitted on the basis of *ad-hoc* market demand. The limited generic drugs exporters included Lupin, Ranbaxy and a few vaccine manufacturers.

A number of factors contributed to the difficulties that India faced in accessing this market. First, the market itself was tightly controlled and dominated by the local distributors of multinationals from the US, European Union and Switzerland. These distributors included both state and private sector laboratories. Secondly, tenders were often awarded to non-producing suppliers due to the power of lobby groups that sought to keep out new entrants.

This system existed because many of the existing players benefitted from supply-constrained profit margins that were more lucrative than those that would have existed in an open market; however, the intransigent thinking by the Ministries and provincial authorities also proved to be a constraint.

In August 2012, the Indian Embassy in Buenos Aires decided to form an Advisory Committee to the Ambassador in order to find ways to address this issue. The committee comprised of a few ex-Health Ministers of Argentina and a few ex-Chiefs of ANMAT. In building this committee, the then Indian Ambassador met almost all the 30 state and private sector laboratories to convince them that imports from India would not cut down their profit margin, and that India was willing to produce locally with investment and technology through joint venture initiatives and as such would not supplant the local industry.

The consultations between Argentina and India were initiated at the World Health Organisation and the issue was further discussed in 2013 at the first Argentina-India Joint Commission Meeting, which was held in New Delhi after seven years, with the Argentine Foreign Minister. It was also raised with all the 23 Governors of Argentine states under the Indian Embassy's Regional Action Plan. In addition to this, the Indian Embassy also insisted that the Argentine Health Minister pay a visit to India which eventually resulted in softening of Argentina's stance towards Indian pharmaceuticals.

The then Indian Ambassador's personal relationships with the Presidency as well as other members of the Argentinian national leadership also helped in publicising this issue to people who worked in the media, think-tank bodies, non-governmental organisations and chambers of commerce and industry. Three export promotion events and buyer-seller meets by the Pharmaceutical Exports Promotion Council of India (Pharmexcil) were organised and attended by officials from the Department of Commerce, Government of India.

All this was done in an effort to request Argentina to consider including India to the Presidential Annexes on the basis of the quality and price of Indian pharmaceutical products as this could further foster goodwill between India and Argentina, and facilitate long-term cooperation in the sector.

Prior to August 2014, changes in a Presidential Decree in Argentina had been unheard of but the consolidated efforts of the Indian Embassy over the three-year period placed pressure on all the relevant stakeholders including the Ministry of Health, regulatory body ANMAT, the major laboratories in the private sector who are closely linked to multinational pharmaceutical companies as distributors, state governments and public sector laboratories. The final break-through occurred with the issuance of the Presidential Decree on August 08, 2014. The new Decree saw India's inclusion in

Annex II; thus, opening up the Argentine market for the export of Indian pharmaceuticals.

The Decree has allowed for a number of benefits to India's pharmaceutical companies. First, Indian companies with US Food and Drug Administration (USFDA) and EU certification can now export freely to Argentina.

Secondly, the ANMAT inspection procedure has become streamlined for Indian companies. India can now concentrate on registering those drugs that it does not export to the US, EU, etc. with ANMAT.

Thirdly, an assessment of the possibility of setting up joint ventures for local and regional sales and distribution can now be undertaken. Finally, adjacent markets such as Uruguay, Paraguay, Ecuador, Bolivia and Peru can also be accessed.

Following this Decree amending Annex II, the Argentinian Health Minister accompanied by a high-powered team visited India in September 2015 to hold talks with the Commerce and Industry Minister of India, Pharmexcil and pharma industry on a number of issues including:

- the immediate export of generic drugs, essential medicines, vaccines and latex products from India to bring down the rising price in the Argentine market;
- identifying and preparing a list of drugs and medicines for which India can participate in single tenders for urgent and immediate supply;
- working with ANLAB (National Administration of Laboratories), a body created by the Argentine Ministry for future Joint Venture manufacturing of medicines in Argentina, technology transfer and export of drugs and medicines to Argentina; and
- increasing collaboration between Indian pharmaceutical manufacturers and Argentine public and private sector laboratories.

Following this, in collaboration with the Ministry of Commerce & Industry of the Government of India and Pharmexcil, the Indian Embassy in Argentina brought 40 Indian pharmaceutical manufacturers and exporters for a road show, buyer-seller meet and market intervention event in September 2015. Indian participants had wide ranging talks with the Ministry of Health, public and private sector laboratories, regulatory body ANMAT, state governments, and importing and joint venture body ANLAB.

Based on these meetings, Argentina was in the process of submitting a list of 20 drugs for immediate import from India. The process and procedure to implement the exports was being worked out by the Ministry of Commerce & Industry, Government of India. ANLAB was planning visits to India to explore joint venture possibilities and acquire technology transfer and long-term raw material supply.

With proper coordination and existing goodwill, and as a result of this success, India's exports of pharmaceutical products to Argentina were expected to rise significantly in the coming years.

8

BIPUL CHATTOPADHYAY

India's Time for New-age Economic Diplomacy

As per the Foreign Trade Policy, 2023, India aims to increase its export from the present level of US$750bn to two trillion dollars by 2030, a four-fold increase in less than a decade. A number of thrust areas such as export promotion through collaboration, reduction in transaction cost and e-initiatives have been identified. However, they may be necessary but not sufficient for India to become a major power in a new and emerging world order where effective participation in global production and logistics network will act as a pivot. That calls for a better understanding on strategic aspects of trade and investment.

Given the domestic and external challenges that the country is facing and expected to face in future, while it is an imperative to enhance our negotiating capacity to secure existing markets and explore new ones for export as well as import, more importantly we have to place trade and investment at the centre of our strategic thinking for enhancing our security and achieving the goal 'Viksit Bharat @2047' (Developed India at the centenary of our independence). For that to happen, new-age economic diplomacy is an urgent and important requirement.

The history of economic diplomacy tells us that it starts with trade and ends with trade and investment. It is much more than just trade and investment negotiations. It is about ensuring and enhancing a country's economic security – be it food, raw materials, intermediate products, energy, and so on and so forth. However, this is old school thinking.

While old-age economic diplomacy makes trade and investment 'possible' and also make them 'happen' on the ground, more often than not it does not take into account flanking objectives, which may be equally important than just meeting immediate needs of a country.

This is the reason why a deep understanding of the functioning of 'domestic regulatory environment' and 'strategic interests' – internal as well as external – are essential requirements for economic diplomacy to be successful in this new-age. That's because they are holistically related to new and emerging issues and challenges emanating from strategic dimensions of trade and investment such as digital trade, that in critical commodities and components, its relationship with technology transfer, financial economy including debt management, etc.

Thus, while negotiating trade and investment agreements are a necessary condition for effective economic diplomacy, it is not sufficient. This calls for understanding the importance of new-age economic diplomacy whose elements go beyond trade and investment so that its effective implementation as per whole-of-government tenets further secures a country's future needs.

What's Happening in India?

Historically speaking, in India, economic diplomacy is largely confined to negotiations on trade in goods at multilateral, regional and bilateral levels. As evident from India's approach to negotiating multilateral and PTAs (also known as FTAs), this was true during the days of the General Agreement on Tariffs and Trade, then the World Trade Organisation, and even today, except that we are negotiating trade in services including movement of temporary workers.

For example, while it is understood that a major reason behind India's interest to join negotiations on the Supply Chain pillar of the Indo-Pacific Economic Framework for Prosperity (IPEF) is to ensure investment in critical minerals, our PTA/FTA negotiations are still focussing just on trade without looking at its relationship with investment.

This may be because our negotiators are yet to acquire a comprehensive understanding that trade is not just about cross-border movements of goods and services including people. Other than having a strong relationship with investment as evident in the functioning of global production network, trade should be more about securing our interest and that calls for strategies, not just tactics to buy time.

That could be a reason why the India-US Strategic Trade Dialogue has commenced at this critical juncture of geopolitical developments. Along with senior officials of the Ministry of External Affairs, this Dialogue is led by the Foreign Secretary of India and rightly so. However, such developments are to be looked at holistically and not as one-off matters in silos.

In this context, it is important to note that the Department of Commerce is engaged with the Office of the US Trade Representative negotiating bilateral trade enhancement in specific goods and services as well as that through the IPEF.

Evidently there is a link between all this but is there a strategy in place to align them with India's overall interest, which is about dynamically ensuring our economic security (along with military security) by aligning its requirements with the interests of our partners? Maybe but through our emphasis on strategic aspects of trade and investment we have to challenge a popularly held notion that, broadly speaking, in India absence of evidence is synonymous with evidence of absence.

Also importantly, unless a long-held practice that trade and investment negotiations and other intrinsically-related strategic aspects of economic diplomacy can be dealt with in a compartmentalised manner is challenged, there is a danger that one may falsely decipher possible reasons behind India's 'hesitancy' and 'inconsistency' in approaching new and emerging issues on trade and investment, which are necessary elements in the game of new-age economic diplomacy.

This is because all new generation economic diplomacy efforts such as the IPEF are deep with not just having social and environmental clauses as they impact production, trade and investment but also emerging and larger elements of a country's economic security such as cross-border data protection, and supply chain management. Their treatment in negotiations tells us how a country perceives its foreign policy of securing its overall interests, whether geopolitical, geo-economic or geo-strategic and their combinations.

However, it is not that India does not understand strategic aspects of economic diplomacy as it values digital trade, takes initiative to secure critical and emerging technologies, etc., perhaps some major reasons behind compartmentalisation of issues are our entrenched siloed approach and sub-optimal preparations in negotiations.

This is manifested at various levels. For example, while India is opposing the inclusion of social and environmental clauses in the WTO negotiations, they are discussed in its PTA/FTA negotiations including that on IPEF's supply chain pillar.

In this respect, one may argue that sum of parts can often be bigger than the whole but for that to happen there must be a strategy in place. For example, what is the role of and strategy behind our economic diplomacy efforts to achieve the vision of 'Viksit Bharat @2047.' Is there any policy paper?

Talking about our preparations to negotiate trade agreements, while senior officials of the Department of Commerce are busy with too many matters and in-house capacity is limited, research inputs are largely served by two semi-autonomous organisations promoted by this Department – the Centre for WTO Studies and the Centre for Trade and Investment Law – coupled with irregular and ad hoc support from research bodies and universities. Even their capacity is limited, mostly adhering to a reactive agenda and on many occasions their recommendations are not taken on board as effectively as they should be.

Also, it is imperative to develop the capacity of important line ministries such as agriculture, environment, labour to deal with new generation trade and investment issues having larger diplomatic interests and implications for the country. This is even more true for the Department of Revenue, Ministry of Finance, whose approach in respect to trade is just to generate as much revenue as possible. Is trade-related revenue a major component of government's income in an economy of India's size? In the financial year 2022-23, customs revenue was just four percent of overall income of the government.

More often than not when asked for inputs for trade negotiations, their focus is on protecting narrow, short-term interests of immediate stakeholders as against becoming more competitive through domestic regulatory reforms. This is over and above having negligible interest in the domestic regulatory environment of partner countries, which is an essential component for making diplomatic gains.

This calls for the need for conducting more in-depth, evidence-based stakeholder consultations. This is not to say that such consultations for enhancing the expected outcomes of India's trade-related diplomatic efforts are not done. As compared to what it was in the past, there is much improvement in that respect but more often than not they are still like ticking-the-boxes and perhaps more importantly, getting a sort of legitimacy to continue with short-term measures.

The net result is that we will keep reminding ourselves an immortal observation of Syed Mujtaba Ali, a 20th Century literary figure of India: 'That tradition is still continuing.' Is it because, after more than three decades of economic liberalisation (even if partial as factor market liberalisation is still to take place substantially), our negotiators are still not fully sure about the capability of our entrepreneurs and therefore not pushing enough within the system of our economic governance for domestic regulatory reforms for them to grow? Or, are our corporates still enamoured with just securing their turf? In short, both.

Therefore, it is time to break that proverbial 'stone' to (re) 'cast' ourselves for the 21st Century and beyond. That calls for new-age economic diplomacy, which is about understanding domestic regulatory environments of like-minded countries or groups of countries and their alignment with strategic aspects of trade and investment in new and emerging issues, which are critical to secure a country's overall security interests.

Way Forward

Before outlining necessary measures for conducting new-age economic diplomacy for 'Viksit Bharat @2047', we have to get out of 'exports are good, imports are bad' thinking and from treating trade and investment efforts of economic diplomacy compartmentalised from its other and often larger aspects.

Otherwise, we will keep expressing our intent to become a major player in global production and logistics network without fully understanding what it means and how critical it is for realising the objective of a 'Developed India'. Also, we need to have a deep understanding of geopolitical developments at various levels, which are impacting as well as getting impacted by geo-economic and geo-strategic means and moves.

With this understanding in place, first, the Prime Minister's Office should develop a Strategy Paper on Economic Diplomacy for 'Viksit Bharat @2047'. This should be done in a consultative manner by establishing an Economic Diplomacy Advisory Council of India at the PMO, consisting of the National Security Advisor, senior officials from foreign, trade, industry, agriculture and other important line ministries, heads of economic bodies such as Invest India and thought leaders of business and the civil society.

Assisted by a cutting-edge, evidence-oriented research unit (a Policy Coherence Unit) at the PMO, this body should undertake periodic scenario-building exercises to make our economic diplomacy efforts not just nimble-footed but multi-aligned with the objective of securing India's strategic interests.

Secondly, there should be further territorial re-organisation and orientation of the Department of Commerce. At present, there are too many over-lapping wings in it. All territorial divisions should come under its Trade Negotiations Wing. Multilateral trade negotiations should also be a part of this Wing so as to avoid inconsistency in our negotiating positions at various platforms.

The strength of this Division should be increased by having more middle-level officers from the Indian Trade Service and other such services, backed up by young graduates from international trade and international economic laws background with an intent to sharpen their knowledge on emerging issues and developments in new-age economic diplomacy. This should be over and above strengthening the research capacity of the Centre for WTO Studies and the Centre for Trade and Investment Law.

Also, officials and associates at all levels should undergo period capacity-building training, not just to gain new knowledge on what is to be negotiated for but, and perhaps more importantly, why they are to be negotiated and how. There should be a specific emphasis to understand the concept called 'Best Alternative to a Negotiated Agreement (BATNA)' and the path of arriving at the 'Zone of Possible Agreement (ZOPA)'.

Thirdly, in our new generation PTAs/FTAs, we should negotiate trade, investment and related regulatory issues together. We need to understand that today's economic diplomacy through trade and investment negotiations is much beyond devising offensive and defensive interests based on simple tariff analysis. Both trade through investment and investment through trade are necessary for penetrating into global production and logistics networks.

For example, an Indian investment in an African country can result in new trade opportunities because for that to be more effective intermediate products may be needed and exported from India. Similarly, future increase in the volume of our trade with South American countries will require new investment for us to further engage with global logistics network. Also, this calls for convergence between our trade and industrial policies so as to make our economy more competitive, and shifting of international investment negotiations from the Department of Economic Affairs, Ministry of Finance to the Department of Commerce.

Fourth, it is imperative for our line ministries, particularly those dealing with behind-the-border issues, to understand the importance of international cooperation for new-age economic diplomacy. For this purpose, the government may take a special initiative to appoint senior officials (additional and/or joint secretaries) having served in the Department of Commerce as secretaries and/or additional secretaries of those line ministries.

One of our food secretaries of the recent past earlier served as both joint and additional secretary in the Department of Commerce. Among other factors, his understanding of trade helped us ensure food security at the time of the global pandemic (followed by Russia-Ukraine conflict), particularly because of his timely inputs at inter-ministerial decision-making for securing fertilisers (and inputs for fertiliser production) on time amidst significant disruptions in their supply chains.

Moreover, such important line ministries, including the Department for Promotion of Industry and Internal Trade, should be institutionally linked with competent research organisations and universities in India so that they receive regular, evidence-based inputs for their economic diplomacy related work both for negotiations and strategic thinking.

Fifth, while negotiating trade and investment agreements, other than closely engaging with line ministries, there should be regular, high-level consultations between the Department of Commerce and the Ministry of External Affairs, including involving relevant Ambassadors. This will ensure better alignment among our trade, investment and strategic interests and greater involvement of economic and commercial sections of our embassies in such negotiations.

Among other activities, the Department of Commerce and Ministry of External Affairs should jointly set up a Challenge Fund to support and invigorate our embassies to explore new trade and investment opportunities including aligning them with strategic aspects of our economic diplomacy.

Sixth, there should be a States Wing at the Department of Commerce and it should work in close coordination with the States Division of the Ministry of External Affairs. Our states are becoming more and more interested in para-diplomacy and they should be supported to develop resources for this purpose. In each state, there should be a dedicated centre in a university to provide evidence-based research inputs on economic diplomacy to respective state governments. Such centres should be supported by industries in respective states.

Finally, our parliamentarians and legislatures should be encouraged to take a more active part in economic diplomacy efforts, particularly to highlight their importance for our security and for 'Viksit Bharat @2047' to the people at large.

Taken together, implementation of these suggestions will help create a holistic ecosystem for new-age economic diplomacy in India. Without that, while we will keep making incremental progress towards becoming a Developed India, we may not be in a position to exercise sufficient power at the high table of the world order that the nation deserves.

COMMERCIAL DIPLOMACY TO EXPAND INDIAN BUSINESS INTERESTS

9

INDRA MANI PANDEY

Role of Indian Missions and Posts in Promoting Economic and Commercial Relations

Indian Missions and Posts abroad are extended arms of the Ministry of External Affairs, Government of India, connecting India to the world. They are the principal instruments for building India's external relations, in pursuit of India's national interests abroad, contributing to India's security and sustainable and inclusive development. In line with the Government's emphasis on leveraging India's close relations with other countries and the growing global role of India for meeting our developmental priorities and needs, there has been a greater emphasis on economic and commercial diplomacy by our Missions. Our Missions and Posts have accorded a high priority to promoting economic and commercial relations with their host countries.

India has emerged as the fifth largest economy of the world on nominal GDP basis and the third largest economy on PPP basis. India's external trade has been growing at a fast pace, with India's exports exceeding US$422bn during April 2021-March 2022. As the fastest growing major economy in the world, India has been attracting huge investments both as FDI and FPI. Not surprisingly, Indian companies have also been making huge investments abroad.

During FY 2021-22, India attracted FDI of US$83.57bn. Indian investments abroad amounted to US$17.53bn. The presence of Indian companies abroad has been growing in every continent of the world. Indian businesspersons have been engaged in business activities globally and have been present in growing numbers in every corner of the world. Indian Missions and Posts abroad have played a catalytic and critical role in India's growing commercial and economic engagements with the world.

One of the key responsibilities of Indian diplomats posted at Indian Missions and Posts has been to support Indian businesses and industries in increasing their exports and promoting India as a preferred destination for investments, R&D and innovation. While Heads of Missions and Posts, Ambassadors/High Commissioners/Consul Generals, supervise the commercial and economic functions, the day-to-day work is carried out by Commercial Representatives.

Commercial Representatives act as a bridge between Indian businesses and industries and their foreign counterparts. Businesses in India may not be aware of the opportunities for exporting their goods and services available in various countries. They face other deterrents, including the lack of information of trade related legal and regulatory environment, local business culture, besides the language barrier. Commercial Representatives based in Indian Missions abroad are well placed to address these challenges. Their continuous presence in their host countries allows them to identify opportunities for exports, provide advice on local business environment, understand the needs of importers and acquire insights and useful business intelligence.

Commercial and Economic diplomacy involves a number of stakeholders. It needs close communication, consultation and coordination between the Missions and Posts and various Ministries, including the Ministry of External Affairs, Ministry of Commerce and Industry, trade and investment promotion organisations, both in public and private sectors, and individual companies, trade promotion organisations, investment promotion agencies, tourism promotion agencies, business chambers, import/export licensing departments, custom authorities, banking and credit agencies, start-ups and entrepreneurs.

In 2021, the Government of India had set out three priority areas for commercial diplomacy for Indian Missions and Posts: Trade, Technology and Tourism. The role of the Commercial Representatives thus comprises promoting India's exports of goods and services, promoting foreign investments into India, facilitating Indian investments abroad, promoting India as a tourism destination, expanding collaboration in R&D and innovation and identifying opportunities for sourcing natural resources, minerals, technologies, and inputs for supply chains.

With a view to promote Indian exports, Commercial Representatives are required to assist in organising trade missions, facilitate business-related engagements for visiting business delegations, identify new opportunities for exports, monitor and share information about major public procurements, provide tailored market research, maintain close contact with trade and exports promotion bodies like CII, FICCI, FIEO, Export Promotion Councils and their counterparts in host countries, facilitate participation of Indian companies and trade promotion bodies in trade fairs and exhibitions, organise buyer-seller meets, visits of buyers to India, organise and participate in seminars and business meetings for Indian exporters, identification of potential local partners for exporters, introduce exporters to key local organisations, including regulators, respond to trade enquiries from Indian businesses, assist in settlement of trade disputes, etc.

As regards the task of promoting foreign investments into India, the role of Commercial Representatives involves organising workshops and seminars to promote India to foreign investors, including institutional investors, highlighting India's investment friendly environment and initiatives, seeking out potential investors, helping Indian investment agencies prepare country specific investment-plans, organising visits to India by potential investors, planning and facilitating their engagements in India, in concert with Invest India and Start-up India, maintaining close contacts with the companies which have already invested in India, facilitating redressal of their grievances and resolution of any issues faced by them, etc.

As regards promotion of linkages in the domain of technology, Commercial Representatives are expected to highlight and find foreign markets for technologies and tech products developed in India and identify pioneering technologies being developed abroad which may be of interest and relevance to India. Mapping technological and innovation landscape of their host countries has emerged as a priority task. Indian Missions have also been mandated to identify availability of natural resources and minerals in their host country, which may be required by India for bridging the resource gaps and creating resilient supply chains in India.

Tourism promotion activities of Missions and Posts involve enabling India's participation in tourism expositions abroad, planning and organisation of promotional campaigns for tourism to India, identifying foreign travel agents/portals interested in establishing tourism linkages with India, facilitating tourism promotion missions undertaken by tourism promotion organisations, including tourism promotion boards of various States, and travel and tourism companies of India, providing insights on branding of India as a tourism destination, and rendering timely visa services, etc.

Commercial Representatives also contribute to development of bilateral economic and commercial relations by identifying and reporting trade barriers confronting Indian exporters, supporting information flows between businesses on potential trade agreements, participation in negotiation on FTAs, CEPAs etc., liaising with foreign governments on trade policy issues, providing commercial insight to Indian businesses.

In the age of social media and digital communication, Commercial Representatives are required to reach out to various stakeholders through both conventional and digital media. Organising "Chai par Charcha" type informal sessions among businesspersons who have the experience of doing business in India with new potential importers or investors has been found very useful. Communication in local language is very important for attracting buyers of Indian goods and services and potential investors. Developing a dedicated social-media plan for commercial diplomacy for publicising the conducive business environment in India through regular social media posts has emerged as the key to success in dealing with the contemporary challenges facing commercial and economic diplomacy.

It is often the case that large-scale, established business houses in India do not always need the support and services of Indian Missions and Posts abroad as they have resources of their own to reach out to foreign countries. But these services and support can be invaluable for medium and small-sized enterprises. Therefore, it is important for Commercial Representatives to be in tune with the needs and limitations of MSMEs. At times, these MSMEs may need product specific information, beyond the broad-based reports prepared by Commercial Representatives, which may contribute to success of their export plans.

Indian diaspora including Indian businesspersons and companies doing business abroad has emerged as one of the key contributors to India's success in enhancing its exports and attracting investments into India. Given the familiarity of Indian diaspora with both Indian as well as the local business environment, including opportunities for mutual trade and investments, Indian diaspora has been playing an important role in facilitating expansion of trade and investment linkages between India and the country of their residence.

Indian diaspora has emerged as extended arms of Indian Missions and Posts; they are also motivated to contribute to India's success story. India's Commercial Representatives are, therefore, mandated to maintain close linkages with the Indian business diaspora in order to leverage its strengths in trade and investment promotion activities undertaken by the Missions and Posts. Both HOMs and Commercial Representatives are mandated to visit/interact closely with Indian businessmen and professionals living and working in their host countries. They are also advised to visit Indian companies present and doing business in their host countries.

India's success in realising its goal of building a developed India, its emergence as a global hub for research & development and attractive destination for investments, its integration into global supply chains, its emergence as a preferred destination for tourism and its quest for securing natural resources, market for Indian goods and services and technologies relevant to Indian needs depends on the proactive role of Indian Missions in fulfilling their economic and commercial diplomacy obligations, which they have been doing with commitment and dedication.

10

AJAY BISARIA

Ten Trillion Dollar Diplomacy

Nimble Economic Footwork Overseas Will Help India Realise its Economic Aspirations

When I entered the Indian Foreign Service in the late 1980s, India's seminal economic reforms were still a few years away. Economic diplomacy was seen as a plain vanilla job of promoting India's exports, with the added mandate of seeking joint ventures and technology transfers from foreign lands. Political diplomacy, grappling with geopolitical twists, seemed sexier for diplomats, than the less intellectually stimulating path of playing 'box-wallahs' or salesmen for Indian goods. But soon came the revolutionary economic reforms of 1991. They led to changing mindsets, newer economic paradigms and altered structures within the Ministry of External Affairs. The imperative of leveraging the world for India's economic benefit became a legitimate and strong priority of foreign policy.

Given my academic training in economics, I opted for a deputation to an economic ministry, in 1992: in what seemed to be the dawn of an exciting era of economic reform. I witnessed the restructuring decisively unfold in the Commerce Ministry, as the EXIM policy was rewritten, tariffs slashed, exchange rates freed and the 'license permit raj' dismantled. I hoped to specialise as an economic diplomat and learn the tricks of the trade from the reformers.

I soon had the opportunity, as a commercial officer in Berlin in the mid-1990s, to represent a liberalising India. I did that in a unifying Germany that was integrating deeper into Europe and exploring stronger economic ties with India. I made several pitches and connections with German companies to project the story of India as a welcoming destination for investments. But all was not smooth; India's bureaucracy was shifting gears at glacial speed. We were often frustrated by the absence of coherent and focussed follow-up in India.

A 21st Century Update

As Ambassador of India in Poland two decades later, I could see dramatic changes not just in the nature of investment opportunities but also in India's ability to promote and nurture these investments. This evolution came with a changing mindset: global opportunities needed to be leveraged for India's economic benefit. And this could be done better with the creation of institutions like *Invest India*, that could rapidly and professionally follow up on investment leads.

I could now reach out to a large number of Polish and other companies from Europe, with confidence in the professional backend support and strong follow up from teams back home. We could coordinate effective trips by large business delegations to India, including for a flagship *Make in India* conference in Mumbai (in 2016) and a *Vibrant Gujarat Summit* in Gandhinagar (in 2017). Many first-time visitors in India soon became investing companies.

As the ease of doing business in India increased, an ecosystem to promote investment commensurately grew in sophistication and professionalism. India's embassies, particularly in advanced economies, became the front lines of an economic outreach to the world.

Creative Economic Diplomacy

India has in fact successfully deployed economic diplomacy in the post-reform era since the 1990s to enhance its global influence and expand its trade and investment relationships. Some instances stand out:

- Look East Policy: In the 1990s, India launched a "Look East" policy to enhance its engagement with Southeast Asia and East Asia. This policy that later evolved into an 'Act East" avatar, led to the signing of several trade agreements with ASEAN countries and the establishment of an FTA with Singapore. As a result, India's trade with these countries has grown significantly over the years.

- Strategic Partnership with Japan: India has built a strong economic partnership with Japan, driven by regular leader-level summits and based on a growing mutual trust. This has led to significant Japanese investment in India and the establishment of joint ventures in key sectors such as automobiles and electronics.
- BRICS: India has actively leveraged the BRICS group of emerging economies (Brazil, Russia, India, China, and South Africa) to promote its economic interests. For example, India has signed several trade agreements with other BRICS countries and has established a development bank with them to fund infrastructure projects.
- Make in India: In 2014, India launched the "Make in India" initiative to promote manufacturing in the country and attract foreign investment. This was a precursor to the newer paradigm of a self-reliant India (Atmanirbhar Bharat) that India embraced in 2020 as the COVID-19 pandemic unfolded. The purpose of these initiatives were to make India a manufacturing hub, to secure supply chains and to establish India as a reliable hub for global corporations to outsource both manufacturing and services. This initiative has resulted in several multinational companies investing in India and setting up manufacturing facilities, creating jobs and boosting the country's economy.
- Vaccine Diplomacy: During the COVID-19 pandemic, India emerged as a major supplier of vaccines to the world. This vaccine diplomacy has helped India build stronger relationships, especially in its neighbourhood, and enhance its global image as a responsible and reliable partner.

Diplomacy in an Era of De-Globalisation

Economic diplomacy at the end of the day is about diplomats leveraging opportunities overseas for the home country's economic benefit. More broadly, it is about countries managing their foreign economic relations - including trade, investment, tourism and access to technology - to benefit their domestic economies. Economic diplomacy, which flourished in the decades of globalisation when the world shrank into a smaller inter-dependent village, needed to adapt yet again: to an era of de-globalisation in the third decade of the 21st century. In fact, the larger framework for economic diplomacy should seek to balance commercial outreach with broader strategic foreign policy aims.

Diplomats have moved from promoting trade agreements to more innovative means of dealing with a world in flux. The traditional instruments of promoting investment, exports and tourism have to be supplemented with additional pathways for achieving the national interest. Diplomats of the times were witness to reforms in the 1990s that changed the business landscape for India. Examples abound of India securing economic benefits from geopolitical alignments or realignments. In the late 1990s, an astute Indian Ambassador in Moscow helped secured India's energy security by facilitating a major stake in an oil asset in the Russian east, called Sakhalin.

In recent times, India has approached the world with what could be described as strategic realism and economic pragmatism, rather than any rose-tinted idealism. In 2008, India secured a nuclear deal with the US, allowing for greater nuclear trade and technologies to boost India's nuclear energy ambitions. In 2022, as a tragic war unfolded in Europe, as costs of food, energy and fertilisers shot up sharply across the world, India could navigate the geopolitics to secure economic benefits. India's strong relations with both warring sides helped the country secure cheap energy and fertilisers to benefit its people and mitigate the impact of the European war. India's digital public infrastructure now presents opportunities for global digital diplomacy, allowing India to share pioneering digital innovations with the world: while the Cowin app for vaccinations is available as a free open-source resource for countries that wish to adopt it, India is even willing to provide new technologies like digital currency and open network digital commerce to its partners across the world. The UPI digital payments system has now interested a dozen countries including Singapore, and is available not just for the Indian diaspora but for other nationals in partner countries.

Economic Diplomacy in Canada

The opportunities to derive benefits for the Indian economy are particularly pronounced in the G7 advanced economies. Three examples from my own diplomatic assignment in Canada illustrate the use of creative economic diplomacy.

Trade Deal

Canada has been a reluctant trade partner for India. Protracted negotiations on a comprehensive trade agreement did not bear fruit through several rounds of discussion over a decade. Bilateral trade had been complementary and was growing but remained well below potential, primarily because of distance, the gravity effect of the US market, information gaps and the lack of preferential tariffs.

In 2010, India and Canada launched negotiations for an ambitious Comprehensive Economic Partnership Agreement (CEPA), but no substantial progress could be made since divergences remained on contentious issues, such as labour, environmental standards and services. While India tried to protect its agricultural market, Canada did the same for the services sector. After the visit of Canadian Prime Minister Justin Trudeau to India in February 2018, political relations between India and Canada also came under strain and the talks were effectively suspended.

When I joined as High Commissioner of India in Canada, just a few days before the COVID-19 pandemic hit, I saw an unrealised economic potential held hostage to a strained political relationship. We decided to empower the economic partnership to lead the political relationship. Both India's External Affairs Minister S Jaishankar and Commerce Minister Piyush Goyal reached out to Canadian counterparts with similar messages: the need for innovative trade diplomacy to overcome the hesitations of the past. I initiated multiple conversations at various levels of the Canadian government to reinforce this message and to press the Canadian side on the need for moving ahead with our bilateral trade agreement.

We adopted a two-fold diplomatic approach. First, with the Canadian bureaucracy, by engaging the Canadian chief trade negotiator and other senior officials from the Canadian foreign and trade ministry. We set up regular video conferences (given the pandemic restrictions on travel) between trade experts from June 2020, to get a better understanding of where the differences and commonalities lay. This exercise was carried through several comprehensive meetings between the Chief Negotiators of both countries. Because of the strong political directives in both India and Canada, the bureaucracy on both sides was more receptive, and soon an understanding began to emerge on the identification of the areas where we had less differences and which could be the basis for an early harvest agreement.

Second, we worked on creating wider political support for a trade deal. My Deputy and I met with members of the Canadian Parliamentary Standing Committee on International Trade and briefed them separately and collectively about the importance of concluding a trade agreement with India. We also engaged other external influencers and interlocutors in Canada including the leading business chambers, India-Canada business associations, influential business persons of Indian origin in Canada and other community leaders to convey the need for India and Canada to move ahead quickly with the trade negotiations.

Soon, we gained traction for a limited trade deal. Canada had never agreed to a partial trade agreement with any other partner. However, India already had the experience and had changed the paradigm to be more pragmatic about accepting limited bilateral trade agreements with countries or trading blocks. Agreements with the UAE and Australia were rapidly reached by 2022, while agreements with Europe and the UK remained actively discussed on the table. It was hard to persuade Canada to come to the discussion table, given its institutional scepticism of a limited trade deal and a fragile political relationship. However, active economic diplomacy helped by the larger geopolitical alignment and a more pragmatic political relationship made the change possible.

Vaccine Diplomacy

India's early success in indigenously manufacturing COVID-19 vaccines enabled it to roll out in 2021 a vaccine diplomacy programme, "Vaccine Maitri", to help countries in need that were grappling with the pandemic and unable to secure vaccines. Canada became the only G7 country that benefited from this unique initiative. Moreover, vaccine diplomacy with Canada helped India turn around a tricky political situation caused by a statement by Canada's prime minister commenting on an internal matter of India: a farmers' agitation. The peculiar dynamics of the pandemic helped shape Canadian views, especially the shock of discovering that local supply chains for essential items were not sacrosanct or as resilient as expected. The United States refused to permit export of even private sector Pfizer or Moderna vaccines to Canada before US domestic requirements were met. The political freeze in bilateral ties ended when Canada's prime minister requested his Indian counterpart to permit the import of the contracted vaccines from India. Emerging from the first COVID-19 wave, India decided to spare some domestic production, for supply of a limited amount of AstraZeneca vaccines to Canada. This for India was one of the major successes of vaccine diplomacy, which earned tremendous goodwill and changed perceptions in an important relationship.

Fertiliser Deal

Fertilisers are key to India's agriculture production and food security. India is particularly deficient in potash. Globally, potash has been available from Russia, Belarus and Canada. Given the geopolitical disturbances in Europe from 2021, the export of potash from Belarus dried up. India needed to activate imports from Canada. I spoke to several political leaders and the CEO of CANPOTEX (Canada's potash major) to work out a long-term potash import agreement with an Indian company IPL in order to create a resilient supply chain for fertilisers. India had a strong partnership with the Canadian province of Saskatchewan, which is rich in potash, lentils and uranium, important for India's food and energy security. With a little bit of timely and nimble economic diplomacy, we were able to secure a favourable deal for India at a time when the war in Ukraine had just begun. IPL secured a contract for 1.2 million metric tonnes of potash for a year at a favourable rate of under US$600 per metric tonne. The special deal of close to US$700mn promoted the national interest of food security at a crucial time and helped secure a long-term relationship. This happened at a time of great geopolitical flux.

Economic Diplomacy for Amrit Kaal

The foregoing case studies of economic diplomacy underline the need for India's diplomats to be strongly sensitive to the country's economic strengths and requirements, to constantly match those with their host country and to be able to help quickly stitch together the best economic deals within the political configuration. India today has a better story to tell and is telling it more persuasively. As the country tries to power its way over the next decade into a US$10tn economy, its diplomacy must become nimbler in creatively sensing economic opportunities and leveraging them for national benefit.

Diplomats on the frontlines will need to sniff beyond the traditional areas of trade, tourism and technology. They would need to creatively seek investments and critical inputs for India's energy security, for securing critical supply chains so that they are not affected by the vagaries of geopolitics. In particular, India would have to wean away from dependence on single point supply chains originating from China.

Economic diplomacy is at the end of the day about finding opportunities and leveraging these for promoting India's growth. The economic instincts in diplomats will need to get sharper as India takes off in its golden period, *Amrit Kaal*, to become a developed OECD economy by its hundredth anniversary of independence in 2047.

11

BANASHRI BOSE HARRISON

India Unlimited

Diplomats have practised economic/commercial diplomacy well before the term was coined and passed into common usage. They have always done whatever they could "to promote the growth of own country's economy by increasing trade, promoting investments and collaboration on bilateral/multilateral trade agreements and etc."[1] This includes not only expanding existing economic exchanges and partnerships but also keeping their eyes and ears open at all times to any new opportunities that may emerge or can be created. The remit, therefore, included all the measures that bring some economic benefit to India; be it, *inter alia,* through:

- Export promotion
- Sourcing of critical imports and technology
- Attracting investment and
- Facilitating the flow of manpower from India

In later years, finding opportunities for acquisition or investment by Indian companies which would strengthen them also got added to the list.

I certainly endeavoured to practice economic diplomacy not only in my two stints against commercial posts (as Counsellor in Budapest from 1991-94 and Minister in Washington DC from 2007-10) but in all my postings. It was a continuous learning curve with many lessons learnt on the way; of which three stand out. Before expanding on the last one that led to the creation of 'India Unlimited', an innovative,

1. Definition of Economic Diplomacy from www.diplomacy.edu/topics.

effective way of forging partnerships and projecting Brand India with all its USPs (Unique Selling Points), I will briefly touch on the first two lessons, which though seemingly obvious, are vital for successful economic diplomacy.

(i) Keep yourself abreast of the current strengths and weaknesses of the Indian economy and familiarise yourself with the various ministries, departments and agencies which have an economic role. For instance, you could look at the up-to-date statistics (far more easily available today than four decades ago) on India's major exports to the world and the imports of the country you are posted in to identify the opportunities which have not been explored or exploited.

In Budapest, I found that the most common reason for this was lack of knowledge about markets for their products/services and of contacts between relevant players. Moreover, language was a major barrier. So, the lesson I learnt was that the commercial wing must focus on enhancing mutual awareness of opportunities and capabilities and bringing together potential economic partners. One still may not succeed because of the hesitation of many entrepreneurs - Indian or Foreign - to enter a new market but one must bash on, regardless.

(ii) Recognise that one size does not fit all. The opportunities for economic partnership and the challenges that posed obstacles were very different in Hungary, South Africa (where I was Deputy High Commissioner from 2003-06), the United States and Sweden.

The backdrop of a constantly evolving Indian economy made the task of understanding how the distinctive features of each of these countries impacted the potential for commercial and economic ties even more challenging (and exciting!). The liberalisation that began in 1991, India's breakaway in 2006-07 from the trap of what Professor Raj Krishna called the "Hindu rate of growth" below 3 percent per annum, the slowdown forced by the global meltdown of 2008-09 and subsequently, post-2014, when I was in Sweden, the transformative energy of programmes like Make in India, Digital India, Smart Cities and Swachh Bharat.

What I had to do in Washington DC was vastly different from what Stockholm called for. So, in each country, one must start from scratch and try to understand what makes it tick - what are its real economic priorities, who can make things happen; what is the role of the press, who are the 'friends of India' one can count on. The learning process would be incomplete without developing an understanding of the obstacles to India's economic interests.

In Washington DC, the politicisation of H-1B visas for Indian IT professionals and the threat of withdrawal of the GSP benefits for carpets from India were two mention-worthy major issues that required the combined efforts of Indian companies and the entire Embassy (not just the Commerce Wing). Another serious obstacle that surfaced was the threat of the Federal Aviation Administration to downgrade India's aviation security rating from 1 to 2, which would have had untold adverse economic effects. Joint economic diplomacy of the commerce wing and the Directorate General of Civil Aviation averted this threat - at least till 2014. Without building up a comprehensive database as well as good contacts in different milieus in the country you are posted in, you can be blindsided.

(iii) Be ready to think (and more importantly, act) out of the box. If, based on your knowledge of what India offers and needs and having understood the nitty-gritty of the economy of the country you are posted in, you see a novel opportunity or identify a basic gap; don't hesitate to go for it. If required, be ready to forge new alliances, devise new solutions and use new tools.

How Ms Apoorva Srivastava succeeded in opening a chink in the exclusive French fashion market[2] illustrates this point perfectly. I think the issue is that when one works as a bureaucrat (and that is what we diplomats are in our home country), the importance of looking for and following precedents is dinned into us.

However, to project and promote the new India, we must be ready to set precedents. When I landed in Sweden in August 2012, it took me a while to grasp that the approach that was needed was what Ambassador KKS Rana calls 'Country promotion'. While in

2. Refer essay 10 entitled "Promotion of Indian fashion" by Ms Apoorva Srivastava (pp. 103-110) in *Economic Diplomacy – India's Experience*, (CUTS International: 2011).

certain circles in the polity, business and society, there was some understanding and appreciation of the complexities, challenges and opportunities that India presents, it was still very limited. I felt that we needed to do some 'big bang' things which would put India in the mind of the average person on the street and keep it there.

The problem I faced was that the funds that could be accessed from the Ministry of External Affairs and the Ministry of Commerce were limited, both in amount and on the items that one could use them for. One could get funds (after much effort!) for hiring a hall and equipment but not for getting the right speakers; for organising a fashion show but not for the models and so on.

I tried to get financial support and sponsorship from Indian companies present in Stockholm, which had been so easily forthcoming in the United States but perhaps Sweden was too unimportant a market or I was not able to touch the right note with the right person that very few agreed.

I was not ready to give up and with the help of a young Indian who had studied and worked in Sweden for many years and understood the Swedish mind, came up with the platform "India Unlimited", an informal public-private alliance of those willing to work to improve and lift the image of India in Sweden and vice-versa. The name was coined by me, I admit immodestly, and caught on because all the partners agreed that knowledge of India was limited, not just in the streets but also in the boardrooms of Swedish companies where major business decisions are taken.

The challenge was not only limited to promoting India in Sweden. I found that in India too there was little understanding of all that Sweden could offer, (apart from Gripen which is much talked about!) including management systems worthy of emulation and an innovative culture, which in partnership with India's human resources, could produce outcomes which could benefit not just the two countries but the whole world. The *Bindi*-shaped logo, which resembled a drop, was carefully designed to be a mix of Indian and Swedish flag colours and the message was that by joining this platform, you are promoting India in Sweden and vice-versa.

Not all, but most of the major Swedish companies which were present or had an interest in India joined the platform. We got funding but even better was that we got important Swedish business leaders to share their positive experiences in India. For the Swedish investors who were hesitating, what they had to say was more convincing than even what I could say to promote India! We invited a young Indian woman E-marketing entrepreneur who gave a strong message about the rapid evolution in the status of women in India just by being there.

We also brought Indian media - print and electronic - to Sweden, which got us mileage with the Swedish companies as well as the Swedish Embassy in India. Once they realised that the objective of 'India Unlimited' was to promote mutual awareness in both directions, they became our whole-hearted partners.

The events that were organised under the platform of 'India Unlimited' were diverse, as the targets were different. These included an annual business conference supported by the Confederation of Indian Industry; an Innovation Day with the involvement of Indian students in Swedish technical universities and 'Namaste Stockholm', an annual one-day celebration in the 'Hyde Park' of Stockholm, which presented the numerous USPs of India such as its food, culture, handicrafts, fashion. Even after I left in September 2016, sufficient momentum had been generated for the Innovation Day, Namaste Stockholm and the annual business conference to continue till COVID-19 ground everything to a halt. Innovation Day resumed in 2022 in a hybrid format.

The platform contributed to the launch of direct flights between the two capitals, the birth of the India-Sweden Business Leaders' Roundtable, and India being selected as the first non-European theme country for the annual Stockholm festival in 2017. An excellent byproduct of 'Namaste Stockholm' which India Unlimited institutionalised was that it brought together the dispersed Indian community; which revelled in this showcase for its diverse cultures and cuisines. We could not have organised a whole day of captivating cultural programmes and delectable regional cuisines without them.

The bottom line is that the opportunities and attractions offered by our country are vast to the point of being unlimited; particularly where Sweden and the Nordic states are concerned. Ergo, one has to look for a way that gets this message across - I believe that 'India Unlimited' platform did just that. It demonstrated new concepts of economic diplomacy such as catalytic diplomacy, network diplomacy and multistakeholder diplomacy.[3]

3. *Economic Diplomacy*, Donna Lee & Brian Hocking, International Studies Association and Oxford University Press.

12

SANJAY SINGH

Indian Business Chamber in Vietnam-INCHAM

The setting up of an Indian Business Chamber in Vietnam (INCHAM) in January 1999, when the author was the Consul General of India in Ho Chi Minh City (1997-2001), was a unique exercise. By then, Vietnam had embarked on the road to leaving the war far behind and getting on with economic development. The advertisements of global multinationals on the streets of its cities reflected its desire to re-engage with the world economically, welcome foreign business and investment, and promote trade. The focus of its leadership in any conversation was on economic engagement. The Vietnamese through their struggle had achieved autonomy in decision making. The independent choices they were making reflected a pragmatism aimed at promoting rapid economic development.

In the mid-eighties, taking a cue from China, Vietnam launched economic reforms called *Doi Moi* (economic rejuvenation), leading to a transition of the domestic economy to a form of controlled capitalism and an opening out to the world, seeking to enhance trade and inward investment. By the end of the nineties, these reforms had taken root, and Vietnam's global economic engagement was strengthening. Nevertheless, the challenge Vietnam continued to face was reconciling the objectives of a communist political structure and a market economy. The political structure impinged on every aspect of the functioning of business entities in terms of clearance and permits to be obtained for various activities and the layers of bureaucracy to be negotiated to implement any decision.

There was tremendous goodwill for India and Indians at various levels of the official hierarchy and among the general population. This goodwill translated into greater openings for Indian businessmen and Indians in general, but it must be added that this did not always translate into more favourable commercial terms for the Indian business community. Indian businesses had to compete against companies from the developed world that provided sophisticated products and technologies backed by soft loans. There was no getting away from the perception of India of being a developing country marked in part by poverty. There was an apprehension that India may not be able to provide goods incorporating the latest technologies, a requirement of a resurgent Vietnam.

Although there was recognition that India provided goods and services suitable and appropriate for Vietnam given the latter's absorptive capacity, convincing the Vietnamese buyers was quite a task. While the older generation of Vietnamese recognised the comparative advantage of seeking goods and technologies from India, this was not so for the younger generation.

The major challenge that India and Indian business faced was to project an image of Indian technologies and products that would dispel the lack of awareness, scepticism, and even prejudice that hindered Indian trading and business engagement with Vietnam as well as investment in Vietnam. This required regular interactions and public relations work among Party and Government functionaries, as well as with public and private sector companies. Given that the local socialist culture differed from that in India, there was a requirement of keeping Indian business informed about the local commercial practices, banking and legal requirements, guiding Indian exporters and investors and helping them when they encountered problems. In addition, a major inhibiting factor was the language barrier. To a large extent, communication in English did not help do business in Vietnam.

Indian success in the field of Information Technology did have a positive effect on helping to transform the perception in Vietnam of Indian goods and technologies. Vietnam exhibited great interest in learning from India and replicating the Indian success in the IT field. The Vietnamese were keen to attract Indian engagement in the software parks they were setting up. On their part, Indian IT companies visiting Vietnam, and Indian IT education companies began setting up software training institutes in Vietnam.

Indian exports to Vietnam were growing rapidly by the turn of the century. They had grown from Rs 91 crores in 1993-94 to Rs 451 crores in 1997-98, Rs 623 crores in 1999-2000, Rs 820 crores in 2000, and were projected at Rs 1060 crores in 2001, doubling in three years or so. Indian engagement itself had progressed from just providing developmental assistance to exporting ever larger quantities of goods to Vietnam, especially pharmaceuticals and industrial machinery, and investing in its primary and industrial sectors.

Consequently, the Indian business presence in Ho Chi Minh city, the commercial capital of Vietnam, was burgeoning. Indian diplomatic representation in Vietnam played an important role in promoting and introducing Indian companies to Vietnamese governmental and business organisations and providing the various kinds of support that were required. Every visiting businessman or delegation required considerable hand-holding, from assisting with visas, hotels, and accommodations to hiring transportation and interpreting services, setting up meetings and following-up.

Arranging participation in trade fairs and organising them also threw up their own challenges. Assisting Indian companies in participating in tenders was another service that was provided. While there was a growing recognition that Vietnam offered economic opportunities that should be grasped, there were several difficulties as well.

Against this background, the idea of setting up an Indian Business Chamber in Vietnam (INCHAM) to assist in the process was conceived and executed. A number of representative offices of Indian companies had been set up in Ho Chi Minh City, mainly those of pharmaceutical companies but also those of engineering, textiles, and other products. However, they worked in their individual capacities, and their ability to take up issues that the community was collectively facing with the Vietnamese authorities was limited. Any joint cultural or business activity required permission, and this required the Consulate General of India in Ho Chi Minh City to step in and make the request on their behalf. Furthermore, all these events had to be held under the umbrella of the Consulate General.

In contrast, the US business community, under the auspices of the American Chamber of Commerce (AMCHAM), was entertained by the local authorities; under AMCHAM's auspices, the US business community could take up issues collectively and get permission to organise events. At one such event, the annual Christmas Bazaar, held in late 1997, a number of Indian businessmen were present. They subsequently discussed the advantages that could accrue to them if they could form a similar association.

A formal meeting of the Indian business community was organised at the Consulate in August 1998. Among those present were the representatives of the companies Ishaan International, Ranbaxy, Cadilla, Raptakos Brett, Nagarjuna, ITC, Thakral, and a number of others. They were representing Indian manufacturers of pharmaceutical and pharmaceutical raw materials, agrochemicals and textile machines. The main areas of interest of the members were pharmaceuticals, agricultural machinery and plants, and investment.

The meeting concluded that it was desirable to set up a business association along the lines of AMCHAM. Some members who were familiar with the workings of AMCHAM, briefed the gathering about its rules and regulations, the articles of its constitution, the rights and responsibilities of its membership, and their activities. With this background, it was decided to try and set up a similar Chamber for the Indian business community. A resolution was accordingly passed at the meeting. The name agreed upon was the Indian Business Chamber in Vietnam, INCHAM in short.

It was agreed that there would be three kinds of memberships: individual, corporate and lifetime corporate whose subscriptions would be US$100 per annum, US$1000 per annum and US$5000 (one time) respectively. A number of those present committed to pay the subscription and become members. The meeting also decided to elect Shri Shantanu Srivastava of Ishaan International as INCHAM's first Acting Chairman. He was tasked with putting together the articles of association for INCHAM in accordance with local rules and regulations and obtaining the formal permission of the local authorities to set it up.

Given that AMCHAM was the only such organisation in Vietnam, a considerable amount of research and thought had to be put into drafting INCHAM's constitution. Shri Srivastava, in consultation with the Consulate and other members of the business community, prepared a draft constitution for the Chamber as well as its rules and regulations. The Consulate informally consulted the local authorities and gave its input and advice. Shri Srivastava also sounded out the local Indian business community and put together a list of business representatives who had agreed to become members. This included ONGC Videsh Limited who were working a gas block in Vietnam and this gave the initiative considerable fillip.

A meeting of the Indian Business community was held at the consulate in late 1998, which formally approved the constitution and the rules and regulations drafted for INCHAM. It also gave the go ahead for permission to be sought from the concerned authorities to set up the Chamber. With the assistance of the Consulate, a formal request was made to the authorities in the province to obtain permission to establish INCHAM. The India-Vietnam Friendship Association, an influential association headed by the Chairman of the Province's Fatherland Front, was briefed on the initiative. On being requested, it too put in a word with the concerned authorities, and this helped.

Finally, in January 1999, permission was received to set up INCHAM. A number of representatives from the Indian business immediately became its members. A few companies registered as corporate members and a few more as life members. The funds collected were considerable and were deposited in a bank after opening an account in the name of INCHAM. INCHAM was ready to roll. As the Chamber did not have its own premises, the Consulate became the venue for its deliberations. A meeting was held, which confirmed Shri Srivastava as the Chairman and selected a list of office bearers. A programme of action was discussed and finalised.

An important initiative was to reach out to the Departments of the central and local government with which the Indian business community had to interact regularly. The Chief of Customs was invited and came and addressed the Chamber, as did the Vice Minister of Health. Similar interactions were organised with senior officials from the Departments of Immigration, Police, the Service of Trade, leading public sector companies, and the leaders of the adjoining provinces in the Mekong Delta.

The Chamber also joined the Consulate in celebrating Indian festivals, starting with Holi. The Indian community participated in the celebrations with great enthusiasm. A special Diwali Mela was organised in late 1999, at which local officials, members of Foreign Consulates, and both Vietnamese and foreign business communities were invited. Funds were collected through entry tickets. A number of stalls were set up to sell Indian handicrafts, textiles, garments, and food items. The money raised through these efforts was earmarked for charity. This enabled INCHAM to reach out to poorer parts of the province, which had been devastated by storms. Free pharmaceuticals were provided to the villagers there, and in one or two villages, buffaloes, to enable them to recoup their losses. This was greatly appreciated by the local authorities. The Chamber also sponsored a tennis tournament in which local officials and members of the diplomatic corps participated with enthusiasm, along with members of the Indian community. These programmes became a staple for INCHAM and were carried out every year.

The Chamber partnered with the Consulate in a number of promotional activities, and its members participated in them. These included organising participation in trade fairs, especially in a standalone Indian products and technology exhibition called "The Pride of India", which was held in December 1999 and February 2001 in Ho Chi Minh City. Other activities in which the INCHAM assisted the Consulate was in organising buyer-seller meets, catalogue exhibitions and assisting with the visit of business delegations from major Indian Chambers.

Soon after permission was obtained to set up INCHAM, it applied for permission to publish a Newsletter. It published its first issue in May 1999. The newsletter covered the activities of the Chamber, those of the Indian community, information about its membership with special mention of new arrivals, and information about activities to be taken up in the near future.

An office of INCHAM was opened in 1999 in a prominent building situated along the Saigon river called 'Riverside'. The Chamber appointed a secretary to run the office. This office was specially of great assistance to visiting businessmen and delegations and assisted them in booking accommodation, hiring interpreters and transport, setting up appointments, and briefing them on local customs and laws. INCHAM established contact with the major Business Associations in India–FICCI, ASSOCHAM, CII, Indian Business Chamber, etc. It introduced itself and informed them of the services it could provide. Its services were regularly available.

Every now and then, Indian businessmen had a run-in with the local authorities, and every once in a while, some business representative was detained by the authorities. While the person was given consular assistance from the Consulate, the Chamber also helped out as best as it could.

In December 1999, INCHAM applied and got approval to open a chapter in Hanoi. Thereafter, this chapter took over the task of looking after and promoting Indian business interests in the capital and Northern Vietnam. The original chapter in Ho Chi Minh City concentrated on the commercial capital where it was located and the Southern provinces.

This narrative encapsulates the process that led to the establishment of INCHAM and the role it played thereafter in assisting Indian businesses in enhancing their economic engagement with Vietnam. Its establishment and smooth functioning were not a straightforward affair as a number of bureaucratic obstacles had to be surmounted. The cooperation between the Consulate and the Indian Business Community was important in achieving success. INCHAM, once it got going, was a partner of the Indian diplomatic representation in Vietnam in enhancing the image of India and contributing to promoting Indian Brand Equity.

13

ANIL TRIGUNAYAT

Economic Diplomacy

A Practitioner's Perspective

The Context and Premises

COVID-19 has created an unprecedented uncertainty and recession in the global economy and exposed the inefficacy of the healthcare systems across the world which will have a devastating twinning impact on the overall health of the nations. India is no exception. It has also shown that overdependence on foreign supplies and value chains can hold you hostage and helpless and hence it is essential that we try to regain the inner strength and self-sufficiency, at least in the core areas or where we have a comparative and competitive advantage. Of course, in today's time and age when the world has already embarked on an AI-driven Industrial Revolution 4.0, interdependencies in global supply and value chains are a prerequisite and India simply can't think of isolating itself. Hence PM Modi spoke of Atmanirbhar Bharat which does entail self-reliance but to be competitive partner and stakeholder in supply chains.

India has to acquire that competitive edge on the global stage for which the Indian economic diplomacy will have to play a crucial role, which we have all done over the years, at least during the past three decades since the onset of far-reaching economic reforms that aimed to privatise, liberalise and globalise the Indian economy. Of course, this was a rational choice that was engineered due to external factors like the Iraq war and the oil crisis. As such we had gone a bit too far with the old model. I was posted in New York around 1993 and saw the Indian attractiveness grow for the US industry and the financial sector veer towards India. We seem to have come a full circle. Now, we are in stage II of Self Reliance 2.0 and Atmanirbhar really embodies 'Self-reliance plus'. Converting COVID-19 into a commercial opportunity is a real but achievable challenge.

Today, Economic Diplomacy is conducted at the highest level from Heads of State/Government down to Ambassadors and Commercial Representatives. It is a bread-and-butter issue. Challenges faced by foreign service officers are immense but they look out for them. PM Modi recently said "India invites you to invest in healthcare. The healthcare sector in India is growing faster than 22 percent every year. Our companies are also progressing in production of medical-technology, tele-medicine and diagnostics." There are many sectors where we can excel even now. As such growing to be the 3rd largest and fastest growing major economy at 7-8 percent and traversing from US$5tn to even US$10tn GDP would require a paradigm shift in the way we approach the whole gamut of structural issues from polity to economy to diplomacy, especially as the global transitional disorder is posing new threats and challenges.

The Sino-US trade war was not limited to the two of them and had global impacts. Twitter diplomacy ('Twiplomacy') by a prominent leader like Trump could send you off guard in no time despite good relations. Such unpredictability is a big challenge especially between strategic and large trading partners. We had some sanctions imposed and were called "King of Tariffs" and had our GSP (Generalised System of Preferences) benefits withdrawn. Henceforth, e-commerce and digital and data domains will be the main battlegrounds of future as we resolve the trade and market access issues with the US Arbitrary sanctions and anti-dumping/countervailing duties (AD/CVDs) and technical barriers to trade (TBTs) are more in play, which cause a major challenge for our diplomats as the multilateral institutions are under stress and heading to irrelevance.

So, a quick identification of business opportunities and SWOT analysis can help. It requires an advance assessment, timely intervention and agility of choices in an effective and mutually beneficial manner. Advantageous comprehensive FTAs/CEPA/PTAs need to be tailored to suit our industry's requirements and to secure the geoeconomic space in the fast changing and challenging global scenario. Happily, this is being done at an unprecedented speed as we witness the conclusion of CEPA with UAE, FTA with Australia and negotiations at an advanced stage with UK, Canada, Israel and EU among others.

In any case after the RCEP reservations India has also become far more active on the multilateral front be it at the WTO, WHO or at the UN while becoming part of alternate economic arrangements like I2U2 (the West Asian QUAD where Israel, USA and UAE are all our strategic partners) and the recently launched Indo-Pacific Economic Framework for Prosperity (IPEF), contextualising the geo-politics with geo-economics in the Indo-Pacific region and which may offer greater opportunities for Indian businesses. On the domestic front, the government is pursuing an array of economic reforms and incentives with 'Red Tape vs Red Carpet' for the investors and a mantra of reform, perform and transform for the Indian policy and industry.

In my view, Indian diplomats have acquitted themselves creditably. Increasing protectionism, unemployment, movement of personnel and professionals, inward polices, reduced weight of multilateral institutions and ineffective grievance redressal mechanisms may be further accentuated as the world grapples with the after effects of COVID-19 and the Russia-Ukraine conflict, sanctions regimes and unilateralism which consequently lead to demand and supply contraction and economic downturn, recession and more protectionism at least in the short to medium term.

The Russia-Ukraine war has added a far more serious and damaging dimension to the global economy and India is adversely affected as well but our diplomacy and strategic autonomy to secure energy supplies and critical interests have shown positive results. But the challenges from the Cold War mindset will continue to confront us as the weaponisation of financial institutions, energy, food and vaccines will demand quick diplomatic reflexes and a dynamic policy evolution where diplomatic inputs will be crucial.

There is no guarantee that the protectionist mindset of our major trading partners will not deviously design and reflect negative vectors despite them being our strategic partners. Former US President Trump, for example, predicated almost all his so-called acerbic demarches on economic issues, be it sanctions regime and trade wars against China, Russia, EU, India, Iran or for that matter dumping or reviewing of Joint Comprehensive Plan of Action (JCPOA), Trans-Pacific Partnership (TPP) or NAFTA, or threatening to quit WTO or for that matter his stance towards Brexit.

Trump has taken credit for slowing down other economies for an interim growth of the US economy that arguably showed good numbers. One fine day he divested India of GSP benefits and even called for sanctions and higher tariffs on Indian goods. These are extreme steps by the biggest economy as they will eventually hurt the liberal global trading regime irreparably. India will also have to brace for such eventualities which directly impact its crucial economic interests. Let us not forget there are no permanent friends or enemies only permanent interests.

Pandit Nehru, who mostly acted as his own Foreign Minister, had charged the Ministry of External Affairs with the task of economic diplomacy so that the newly independent country could get the requisite capital, technology and assistance for laying the foundations of a modern and strong industrial India. The trend continues. PM Modi placed a great emphasis on it by reaching out globally to "Make in India' and several other initiatives while working to improve competitive parameters through economic reforms, changing archaic rules and converting "Red Tape into Red Carpet".

Consequently, India has emerged as a favourite FDI destination. Ranking in "Ease of Doing business" has significantly improved. Moreover, India's stellar renewable energy initiative in the form of the International Solar Alliance, leadership on climate change and adoption of International Day of Yoga by the UN with largest support for India's soft power projection required tremendous diplomatic outreach and persistence with the other interlocutors.

Consistent follow up plays a great role in ensuring deliverables. This is the priority for diplomats nowadays even if the economic diplomacy is conducted at the highest political levels. I have wondered if Trump could pressure us to reduce duties on his Harley Davidsons and other products, why should India be shy of promoting Indian companies abroad. The political fracas and fallout in the Rafale case attests to the point. We must get out of this shell of suspicion and recriminations just for myopic political gains and ends and institute mechanisms that should take care of the implicit ulterior motives, if any.

Africa: The Land of Opportunity

I have been fortunate to have been part of economic and commercial diplomacy from the very beginning, which gave me sufficient opportunity to do my bit for promoting India's economic interests abroad during over three decades in diverse geographies, from Africa to Asia to America to Europe, while also being one of the first to actually help make the Economic Division functional in the Ministry under the guidance of remarkable seniors despite other line ministries not being very cooperative or forthcoming to collaborate.

During the early 1980s, I was posted to Ivory Coast (Cote d'Ivoire) in francophone West Africa where not much was known about India, as it was totally within the ambit of the French advisers and influence. The only thing they seemed to know about us was Sathya Sai Baba, Indira Gandhi and of course Indian black magic. I also became chargé d'affaires (CDA) in just three months of arrival, until the following two and half years. Since Ivorians focussed on agriculture, I thought of exploring exports of Indian agricultural implements. I met Minister Henri Konan Bedie, who later became the President, who told me that 'why don't you try to bring some tractors and other implements so that the Ivorians could have an idea of your expertise, as seeing is believing'.

I took it up with all concerned to at least gift one tractor to begin with but to no avail. We even organised a large 'Made in India' exhibition in Abidjan by the TFAI/ITPO, under the aegis of the maverick Mohammed Yunus. While, I was still trying to persuade the less than appreciative Indian authorities to have greater presence in the country, I saw a news item that the "New South Korean Ambassador had gifted 100 tractors" even before he presented his credentials! I was intrigued and met him. He said "Yes, but we are also opening service centres cum spares shops and hopefully within a short time they would be able to recover the total cost". That was a farsighted and practical approach while we were still enmeshed in the bureaucratic labyrinth. A lesson learnt for life.

Fortunately, we were able to break into supply of cycle parts and became the biggest exporter as well as, for some strange reason, of Renault car parts of some models. India also began to import raw cashews from this country that was known for its coffee and cashews. In later years several big companies from India took advantage of opportunities in this "show window of the French". It was extremely difficult to break into this market where a French Chef du Cabinet would literally control the decisions. Hence, the trick lay in finding the crevice and following the lead and keeping the French decision-maker on the right side.

My second brush with Africa was years later in Nigeria, which is well endowed with natural and human resources and hence immense opportunities, and potential existed despite several negatives including "419 Scams". Nigeria is yet another example where Indian origin enterprise has done well across industries and sectors. President Obasanjo appreciated the fact that Indians were the second largest employers of Nigerians after the federal government. In fact, within a week of my arrival in 2005 in Lagos, I had to find a way to meet President Obasanjo to address a patently adverse ruling against HMT Ltd. which had invested in Nigerian Machine Tools as a joint venture partner. With the help of an Indian industrialist (and way out of protocol), I was able to have a memorable meeting with the President who overturned the contested decision right then and there much to the dismay of his ministers.

Fortunately, President Obasanjo held India in high esteem from his training days. He always used to mention whenever I met him "I know India better than you". India had been instrumental in early years in the Nigerian telecom and railways and infrastructure sector. Hence one evening I got a call from the Adviser to the President that he wanted to meet us next morning. I was wondering what it will be about since Presidents don't have time to waste. Next morning, we called on President Obasanjo at the Aso Rock and he invited Indian companies to upgrade and revive the railway networks in the country.

He asked us to revert in maximum of two months. We immediately took up with all concerned in the Government and with the Rail India Technical and Economic Service (RITES) and Indian Railway Construction International Limited (IRCON), who were supposedly the key drivers in the sector. But to our dismay, despite several reminders no response was forthcoming. Finally, a lame communication was received after three weeks asking for more details of the project rather than immediately sending the experts. On the other hand, the Chinese had already gained ground and were camping in a make shift container office in the compound of the Nigerian Railway Corporation's offices before the arrival of their President, who obviously came with a lucrative package. We lost in the bargain.

Nigeria is important for our energy security too as we import about 12 percent of our crude requirements from it. Hence securing oil blocs and concessions as well as assured long-term supply became a major initiative. We were somehow also lacking in high level visits. After PM Nehru in 1962, we did not have any bilateral Prime Ministerial visits. Fortunately, we were able to persuade PM Manmohan Singh to make a visit in 2007 that paved the way for closer collaboration and the 'Abuja Declaration' and we even offered a US$100mn Line of Credit. Happily, the present Government has an Africa Focus which includes periodic and frequent high-level visits and interactions within the ambit of PM Modi's '10 Point Guiding Principles' expounded during his address to the Ugandan Parliament.

The American Odyssey

Pursuant to India's momentous economic reforms in 1991, I served as Consul (Trade) in the Indian Consulate in New York. To my utter dismay, we were thoroughly ill equipped with just one outdated computer and still providing telex numbers to the prospective commercial queries. But this was also a great opportunity to build up a system more professionally and responsively that helped us a great deal over time. The focus was on attracting US investment and technology, especially in the infrastructure sector.

Although the Finance Ministry was keen on arranging meetings for Finance Minister Dr. Manmohan Singh with CEOs of major multinational companies (MNCs) through a PR agency (lobbying firm), I took on the challenge and arranged a first-ever luncheon interaction at Trump Plaza with 26 CEOs of the biggest American companies, which also led to the formation of an India Interest Group at the Capitol. In the US, lobbying is legal and securing one's interests without it is virtually impossible. Hence, it is imperative to judiciously use the resources for politico-economic objectives.

Overtime, Indian diaspora has emerged as a great and a reliable asset for us. They have become highly influential politically and successful professionally. Yet, they had carried their Indian regional identities a bit too far resulting in mushroomed associations. To get them on a single platform was a challenging task. I used to quote the Jewish example that even though they had plenty of organisations and divisions, but on the question of Israel they all came together. Of course, we also competed effectively with them in the diamond trade. But they virtually controlled the Wall Street. Hence, to get the Foreign Institutional Investors (FIIs) to look at the Indian opportunity, I reached out to well-placed Indian-origin professionals in those organisations who helped steer these financial giants to seriously consider India as an option. The same was the case with IT and the power sector.

I recall one late evening in 1994 an Indian American IT consultant friend Prasad Nuli called me to ask if he could bring some Americans to meet me who were interested in investing. When I met them, they were almost ready to go to Mexico due to the recently signed NAFTA, with their second option being South Korea. I urged them to also give a serious look at India, while providing most of the relevant material in time. Eventually, they invested majorly in India.

Explaining the Indian opportunity was a great task which I took up with a missionary zeal across the East Coast and several of them worked out in useful tie-ups, including the failed Enron. This was also one of the most protectionist markets. One had to be vigilant and on the toes to keep track of what rules and regulations could adversely impact and how could it be corrected in time and which lobby was working against our interests.

As a Commercial Representative, among several others, I was also looking after the Tea Board in a coffee drinking country. But that challenge to let Americans enjoy a sip of Darjeeling or Assam Tea, or for that matter Oolongs and flavoured teas, got combined into the idea of an iced tea which they preferred rather than British style tea drinking as a ceremony of sorts. Happily, through a combination of consistent market outreach activities, frequent tea sampling and help of the American Tea Association and industry connoisseurs, we cracked the code and got good market share over the years.

The European Dilemma

Although, EU has emerged as our second largest trading partner and biggest investor, it remains a difficult, bureaucratic, and challenging regulatory environment to deal with. Protectionism is the hallmark of western liberal trading order as they permit some leeway to the developing countries through GSP scheme, which is also used as a political tool. India has benefited from the GSP access, but as it has stood for the developing world and special and differentiated treatment for developing and least developing countries, it has a much bigger role to play on the global stage which was clearly evident during the 2022 WTO ministerial in Geneva. These issues and technical and non-tariff barriers (such as Environment, Social & Governance (ESG) issues) applied to trade have always been a hindrance for accessing those markets.

My stints in Sweden, Russia (twice) and Malta were instructive in several ways. The Swedes imposed sanctions after India's nuclear tests and had virtually written us off, although their companies from Swedish Match to Atlas Copco, Electrolux to Ericsson to Volvo continued to secure significant market share. But they soon realised that they were probably the last man standing as most other Western countries had begun to reach out to partake in the Indian business opportunity with a vengeance. Sweden is a country full of research, innovation and enterprise despite a small population or for that matter the whole of the Nordic belt which has now begun to get a greater focus from Indian industry and government. Our consistent outreach from Swedish SMEs to the giant MNCs to research and educational institutions and industry bodies paid off dividends. We created an important Swedish India Business Council with the participation of major Swedish MNCs.

I recall an interesting episode when we tried to introduce Indian wines and Indian mangoes in the local market. For wines, especially for Europeans, India was not in the reckoning so we thought of organising a wine tasting event at the Nobel Museum along with an Indian Fest helped by the "Indiska' chain of stores. An Italian businessman agreed to give it a shot provided I helped him get a franchise of Indian Cobra and Kingfisher beer. To the hundreds of distinguished invitees and visitors, it was not mentioned that they were sampling Indian wines to avert any prejudice. It was only when they were leaving and had passed nice comments that they came to know of its origin.

Likewise, for introducing mangoes, the line ministry was not so forthcoming since our side often dismissed it as being a small market. But I found a Pakistani businessman who was willing to take the risk if we made his trips and meetings with Indian exporters smooth and logistics and transportation seamless, which we were able to do and even arranged the permission for the charter flights to bring it as cargo as a special case. Of course, passing through the technical and phytosanitary conditions and prescribed clearances from the US Food and Drug Administration (FDA) is another saga of sorts.

We were able to break into a very major Coop Consommé chain to sample and eventually sell Indian mangoes. They became popular in a short time. But all's well that ends well. The only regret was that despite my repeated meetings with senior IKEA officials and even the Chairman, we were not able to get them in India during our tenure even though they increased their sourcing from India significantly. The good news is they are here two decades later.

Malta, again, though small, was an important European country for Libya and other north African markets. Trade and technology cooperation has increased, and we now even have a mission but at that time it was treated as R&R. I thought of promoting it as a destination for Bollywood movies like in Sweden, Russia and even Jordan which boast of beautiful locations. This became quite a hit with our film industry. Moreover, Indian pharma companies are also doing well and Aurobindo has become a unique standard bearer in pharma sector. R&D and innovation remain the USP for Malta, apart from its history and beauty.

The Conflict Zones

In my diplomatic journey one of the most difficult and interesting postings was in an unsafe and unstable Libya in the aftermath of Gadhafi in 2012. At the grassroots level, there was disappointment and hatred for India and Indians due to our UNSC vote against NATO intervention, which I was not aware of when I reached on June 07 – which ironically happened to be the birthday of Gadhafi. Hence my primary objective was to neutralise the negativity in public perception against India and to secure our economic interests, since Indian companies in the infrastructure sector had lost billions of dollars during the revolution.

Cultivating extensive media and interpersonal relationships helped overcome the inherent deficit. As for securing businesses for India, Punj Lloyd approached me and said that they were bidding for a Zlitan infrastructure project amounting to over US$680mn, which was the first greenfield project. My interactions with the Libyan ministers indicated that due to our stance and pressure from the Western countries, they were not in favour of giving it to India. I argued that my companies have returned to Libya despite the precarious security situation on the ground just to complete the projects for reconstruction of New Libya and to assist them in their reconstruction efforts, while no other country had done so.

Finally, I met Prime Minister Ali Zeidan, who was my friend from JNU days in India, and asked him not to favour but to give my companies a fair and level playing field and if they are able to compete, so be it. After initial hesitation he understood the merit and instructed the concerned to let the Indian company bid and negotiate. Fortunately, the first ever greenfield Zlitan project was won but unfortunately due to the deteriorating situation and the intra and inter-militia wars, the project was grounded. One thing I have always maintained is that the conflict zones offer immense economic opportunity, provided one is focussed and believes in the host country and the people. No risk no gain is the fundamental principle.

In Passing

In my view, the most important work in a mission is commercial and economic diplomacy that entails a unique strategic characteristic that is durable and often mutually beneficial. It also provides an immediate job satisfaction while serving the national interests and pride associated with it. But the nature of economic diplomacy is also changing as the world moves into AI and green technology-driven Industrial Revolution 4.0. It may be useful to upgrade the economic diplomacy to ‘Technoplomacy’. This has to be done and can be done even from within the existing resources by creating a 10X10 or 25X25 matrix with target countries and technologies. The following steps may perhaps be considered.

- A number of our officers have technical backgrounds who could be used for tech diplomacy in key missions. It is time to create specialisation other than language and to create a pool of such diplomats who could be deployed in the important target mission. Things have changed a great deal but then the fundamental question of specialist versus generalist will always stare us in the face, hence a good mix of the two is essential. Besides this, our missions can employ high quality, well-paid local marketing officers instead of poorly paid clerks and interpreters who do multiple jobs and are constantly looking for better opportunities.
- Proactive approach and use of professional agencies for preparing investigative reports on promising sectors in accordance with the expectations and participation of Indian industry and organisations would be immensely useful.

- Perhaps the S&T and Agriculture and Technical Counsellors and diplomats could become part of the Economic Wings of the Mission under the senior-most officer to execute a spectrum of requirements by holistically harvesting the synergies.
- Although MEA has established a New, Emerging and Strategic Technologies (NEST) Division, a technology bank may still be created. Companies, industries and academia should be encouraged to plug into it through government support and incentives. This can be an integral part of Stand up, Start up and Innovate India matrix. Of course, 'Indovation' must continue apace in critical technology areas.

Although many of the challenges I faced may no longer exist, but modern Diplomacy 5.0 will be needed to meet the demands of an Industrial and Advanced India 4.0.

EVOLUTION OF THE ROLE OF THE MINISTRY OF EXTERNAL AFFAIRS

14

LAKSHMI MURDESHWAR PURI

The Pioneering Years of India's Economic Diplomacy

Discovering its Potential

> *"The footsteps of a pioneer become ultimately the highway of a nation".*
>
> —Ameen Rihani

In the history of Indian diplomacy and foreign policy, the 1990s could be retrospectively seen as the 'Novelty Nineties'! Certainly, in the area of economic diplomacy, this was true, and the stories of choices made and actions taken changed the history of the Indian economy and its foreign policy. I had the privilege of contributing to the conceptualisation and implementation of those pioneering policies and thus, in some measure of becoming one of the 'designers of change'!

One goes into the unknown, new territory carrying many myths of pioneering and conquering heroism. In reality, it is often a slow, unedifying process, full of pitfalls and setbacks with no instant results. No wonder then, that it is said, "You can always spot a pioneer by the arrows in their backs." But equally, if one is fortunate to live long enough to see the seeds sown bear fruit years later, then it is truly a conquest of imagination and faith over cynicism, of sustained efforts over inertia and obstacles.

Where the Personal is Political

I had the privilege of being Joint Secretary of Economic Division and Multilateral Economic Relations in the Ministry of External

Affairs (MEA) for nearly six years from 1993. It was a relatively recently imagined role then, just as India was awakening to the great potential - even the necessity of a newly minted, robust economic diplomacy. To make it more potent, not just add sugar and spice to the traditional brew of political and security-driven foreign policy agenda, but to make it an essential ingredient, outcome and benchmark of foreign policy success. To have a deliberate foreign economic policy, see it as a means of ensuring economic security - food, energy security, for example, and use it to become an agricultural, manufacturing and services powerhouse. This would then in turn be leveraged to gain the full extent of its global heft and influence.

Economic Diplomacy made for India

Economic diplomacy, in its comprehensive sense, is the promotion of the growth of a country's economy by increasing trade, especially the export of goods, services and people. It is about promoting inward investments and acquisition of assets abroad through outward investments and collaboration on trade, taxation, and technology, along with investment agreements to set equitable and favourable global and regional rules of the game and expand opportunities for Indian economic operators.

It is overcoming the low-income-developing country status, which restricts foreign and domestic policy choices. It is also about leveraging both the potential strength and attraction of the economy - its natural, human, knowledge, talent and capital resources and assets to exponentially increase the size, scope and strength of the national economy and to make complementary political and security gains as well. To use the size and increasing purchasing power of its market with greater elasticity of demand than other developing economies.

Before and After 1992

Before 1992, Indian diplomacy half-heartedly addressed some of these goals, some of the times, without any systematic plan or intent. The lethargy, lack of risk-taking and dynamism of our industry, bureaucracy and political leadership in the 1980s was famously described by the then Commerce Secretary Abid Hussain thus, "In the East and South East Asian Tigers, they plan and act with the philosophy of export or perish. In India, alas, it is the reverse - 'perish rather than export!'".

1992 onwards, India's historical shift from an inward-looking, closed economy to one that sought to, in its own way and at its own pace and style, imitate and replicate the East and South East Asian economic miracle. It signalled, a new dawn of economic diplomacy. It impacted foreign policy, making the way we looked at geo-economics as much as geopolitics. In other words, we made a conscious decision that we would no longer be a prisoner of the past but be a pioneer of a transformational economic future for India.

The old "Mainstream Mindset"

But the change of mindset in the MEA was slow to come. To the orthodox foreign policy establishment, the MEA, economic diplomacy was not the core and stuff of which Foreign Policy (FP) and Diplomacy were made. Most senior colleagues, with some honourable exceptions, believed in and acted with this philosophy. I had an amusing showdown with a senior colleague who did not include me in a strategic policy planning meeting because he felt economic and multilateral economic relations related work was not mainstream and that only the so-called territorial divisions dealing with bilateral, basically political relations were core foreign policy making and conducting units! I had to openly challenge him on such an attitude and muscle my way into these inner policy-making circles; and force a churning around in such outdated thinking with support from the senior leadership.

The Institutional Struggle

MEA's role in economic and multilateral economic diplomacy before 1992 was circumscribed by its own disinclination to take on the gauntlet on one hand and the resistance from the Indian Economic Service (IES) and Indian Administrative Service (IAS) services, to cede any commercial and economic diplomacy space or ground to the Indian Foreign Service (IFS) on the other hand. There was not much integration or coordination between the two streams. While MEA had a presence in bilateral or plurilateral joint commissions with countries as economic diplomacy, it was limited to politically overseeing or modulating the dialogue, not driving it.

Most commercial representatives in missions were manned by the IAS or the IES personnel who reported to relevant ministries, and even within Indian missions, sought to work in silos. The key nodal ministries engaged with relevant economic and technical specialised global and regional institutions, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Food and Agriculture Organisation (FAO), World Intellectual Property Organisation (WIPO), General Agreement on Tariffs and Trade (GATT) or the World Trade Organisation (WTO), International Monetary Fund (IMF), and International Bank for Reconstruction and Development (IBRD), with scarcely any inputs or insights from MEA or feedback to or coordination with it.

On sensitive countries and regions, the MEA kept an eye - like Pakistan and the SAARC, and the territorial divisions like the Northern division or the Bangladesh, Sri Lanka, Maldives and Myanmar (BSM) division etc. had their own bilateral Economic Cooperation budget and projects without reference to the Economic Division of MEA.

New Winds Blowing in MEA

Muchkund Dubey, as Foreign Secretary, opened four windows, if not doors, for MEA to assume the mantle of economic diplomacy - something that was taken forward by Foreign Secretary JN Dixit and successive Additional Secretary ER/Secretary ERs Preet Malik, AN Ram and Sudhir Devare with whom I had the privilege of working in these six years.

MEA was to more actively weigh in on bilateral economic relations, drive it symbiotically with political and cultural diplomacy and build its own capacity at headquarters and in missions abroad.

Secondly, we would strengthen the linkage between the Indian Technical and Economic Cooperation (ITEC) programme: the largest

South-South technical and economic cooperation (ECDC/TCDC) programme in the world at that time; and India's push for greater trade and investment with the Global South, in Asia, Africa and Latin America.

Thirdly, MEA would engage in the political economy of India's policy formulation on multilateral economic issues and, use these as bargaining chips in bilateral relations and vice versa. Finally, the MEA would engage actively in designing, convening and negotiating regional, sub regional, and interregional South-South and North-South, economic cooperation groupings or agreements or join those that were there or on the anvil.

The Reform Within

By the time I took over as the Joint Secretary of Economic Division (JS ED) and Multilateral Economic Relations (JS MER) division, the ground had been laid for this reinvented role of the MEA, but the actual transformation happened from 1993 onwards, mothered by the necessity of an economic crisis. It was realised that influence flows as much from the barrel of a gun or diplomatic chess games well played as from the power of the wealth creation potential of a nation. It was around this time that the narrative of India as a big emerging economic power started to gain currency on the wave of the economic policy actions taken domestically. The calibrated but unprecedented liberalisation of the economy under Prime Minister PV Narasimha Rao and Finance Minister Manmohan Singh's direction, and the conscious projection of it in the world as an economic powerhouse ready to explore new avenues of trade, transfer of technology and FDI, gave it the necessary ballast.

As has been noted by commentators, India, as an emerging power, was seeking to navigate and position itself best within an existing West-led state-centric, liberal, capitalist world economic order, trying to mimic their trajectory and accepting many of the underlying assumptions and values of the order. But the way it adapted to it, was determined by its own historical trajectory: by the developmental, socio-economic and geopolitical context, constraints and opportunities of India's emergence.

Bilateral Commercial Relations

Bilateral economic diplomacy was taken to a new level by treating Indian business actors as active subjects and stakeholders and engaging businesses from both sides during Head of State (HoS) or Head of Government (HoG) or External Affairs Minister's visits - both incoming and outgoing.

The MEA got inextricably involved in that and worked closely with the Ministry of Industry and Commerce (MOIC), encouraged chamber to chamber, sectoral and professional body tie-ups and Ambassadors were made to prioritise and set targets for trade and investment growth between India and their countries of accreditation.

The Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industries (CII) and the Associated Chambers of Commerce and Industry (ASSOCHAM), and other Chambers were now getting to work closely with MEA and the missions. The MEA was represented on the board of the Export-Import (EXIM) Bank, The Export Credit Guarantee Corporation of India (ECGC), Overseas Investment Clearance Committee, Foreign Investment Board, India Brand Equity, Export promotion bodies, export-oriented Public Sector Undertakings (PSUs) etc.

The ITEC – South-South Cooperation Thrust

Beginning with the 1990s ITEC blossomed into a multi-disciplinary, multi-sectoral technical cooperation programme that now involves over 20 courses with key focus areas ranging from rural economy and development, water supply and sanitation, entrepreneurship, technical and vocational education and training, business, management, banking, insurance, renewable energy, ICT, entrepreneurship and administration. Around 100 premier institutes conduct various short, medium and long-term courses. From training over thousand nominees from developing countries, India now offers 14000 scholarships every year. So far, more than two hundred thousand beneficiaries in 160 partner countries have taken advantage of various programmes offered by India under the ITEC programme.

A number of courses focussing particularly on women beneficiaries since 2016 have engendered the ITEC programme.

This period also saw ITEC expansion and diversification of the programme - most importantly in skilling and projects for job creation, physical and social infrastructure including health and education, energy projects, especially solar energy or renewables, and training in areas ranging from banking to IT where India was beginning to show its strength.

Influencing the Economic Rules of the Game

The MEA started playing a major role in substantive policy-making and positions that India took on the reigning global political - economy and public goods and rules of the game issues of the times. This was especially relevant in the context of the Uruguay Round of Trade Negotiations under the GATT, which ended in 1994 and led to the creation of the WTO in 1995. Among them were the so-called new issues on which the developed countries were the demandeurs viz Trade-Related Investment Measures (TRIMs); Trade-Related Aspects of Intellectual Property Rights (TRIPs); and Trade in Services, Trade and Environment and Climate Change.

Controversial issues relating to the labour clause in trade were also beginning to be raised. Proposals for a Multilateral Agreement on Investment (MAI) were being mooted in North-North groupings such as the Organisation for Economic Co-operation and Development (OECD), the European Union (EU), and in the WTO too. In a departure from the past, MEA interacted with inter-governmental institutions such as OECD as an engagement partner, UN agencies such as WIPO, the International Labour Organisation (ILO) and the United Nations Conference on Trade and Development (UNCTAD), the Bretton Woods Institutions (BWI) – the World Bank and Regional Development Banks, IMF, and the International Finance Corporation (IFC) and contributed to the evolution of the discourse in terms of safeguarding and advancing our economic interests.

India had traditionally been the guardian of developing country interests and advocated on behalf of G77 countries on these matters from the early days of UNCTAD's formation since the late 1960s.

In keeping with Raul Presbisch's theory of core and periphery, a geo-economic conception, India viewed the rules of the game in international trade and investment, technology, money, and finance from the perspective of seeking an equitable, rule-based, multilateral trading, financial and technology related system.

This included special and differential treatment for developing countries in terms of concessional and privileged market access for them in developed countries and flexibility or phase-in periods to undertake higher obligations or accept obligations in new areas for developing countries till they become competitive enough to play on a level playing field. In the IMF and in the IBRD, India, as part of Group-24 (G24), pushed for reform, like revising of vote share allocation with at least five percentage point shift from advanced economies to Emerging Markets and Developing Countries (EMDCs); moving beyond G7 for consultations on the financial architecture; and broadening the decision-making process in terms of governance, representation, and accountability, among many others.

A Web of Economic Pacts

The most spectacular, innovative and lasting contribution to economic diplomacy was made when a number of plurilateral South-South, North-South, regional and interregional economic cooperation and investment liberalisation initiatives were launched or strengthened. The most notable and pivotal umbrella initiative was the adoption of the 'Look East Policy'. The policy was with an eye on rediscovering the historical, geographical, and cultural affinity with the Association of Southeast Asian Nations (ASEAN) and other East and South East Asian countries. Hence, the ambition to locate India as a regional economic and trade dynamo in the vision of the Asian century, which was beginning to be propounded.

I had the privilege of contributing to key negotiations for India's Sectoral Dialogue Partnership in 1993; and its upgradation to Full Dialogue Partnership with ASEAN; and India's participation in ASEAN Summits and other meetings. Along with the founding of the transcontinental Indian Ocean Rim Association (IORA), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation

(BIMSTEC), and India-Nepal-Sri Lanka-Bhutan cooperation grouping, among others. We were thus able to rise above the limitations of SAARC and the floundering South Asian economic space against the rock of the Indo-Pak deadlock and become a credible Global South actor and leader in Asia, Africa, Latin America, and the Caribbean.

We began the process of establishing that we were as much an Asia-Pacific power as an Indian Ocean one, claiming that we had a geographical footprint there in the form of the Andaman & Nicobar Islands. We therefore, sought a dialogue with the then ascendant grouping – Asia-Pacific Economic Community (APEC) and Asia-Europe Meeting (ASEM), which at the time did not find India to be an open enough economy to be included, claiming that we were not in the Asia-Pacific. Now, with the propounding of the Indo-Pacific Economic Framework concept by the US and the Quadrilateral Security Dialogue (Quad), things have come full circle.

Lessons Learnt

This pioneering phase of economic diplomacy spawned not only many successes, but also some failures or aborted ventures. It is important to draw lessons from the energising of what the Americans as part of the then-current Reagan economics called, the "government means business approach" for India.

The external projection of India's economic, trade, and investment potential, including through economic diplomacy, must be matched by multi-sectoral, productive and export capacity building, competitiveness and ease of doing business in India for both domestic and foreign investors. The external environment, the goal posts and the rules of the game keep changing. Economic diplomacy has to deliver to influence India's own external sector. But a domestic sector has to imbibe the competitiveness and outward orientation needed and rise to meet trade and investment-led GDP targets; increased share of world trade; investments and technology generation.

During such periods of unprecedented but still calibrated liberalisation, economic actors and diplomacy have to scale up, get together, synchronise and adapt their acts. The extent of domestic reform and structural adjustment of the industry, agriculture, and services undertaken were not enough to propel India to significantly increase its trade share or its attractiveness as a foreign direct investment (FDI) destination, nor did we become the fastest growing economy. That shift was to only happen 2000 onwards.

India's GDP growth rate in 1990-91 was 1.06 percent, and it increased up to 8.2 percent by 2003-04. During the last 25 years, Indian exports increased by 17 times and imports by 19 times. India's share in global merchandise exports rose from 0.6 percent in early 1990s to 1.7 percent in 2016, and the share of imports rose from 0.6 percent to 2.4 percent during the same period.

The positive side was the solid groundwork laid in goods, services, commodities, technology transfer, trade and investment promotion and facilitation. We did manage to change the global narrative on the promise and the prospect of the Indian economy as a regional, if not global, growth pole of trade and development and prepared the ground for becoming one of the fastest growing economies. The increase in trade, in terms of trade to GDP ratio, is evidence of the prospect of the rise of India as an economic player. From 16.99 percent in 1991, it grew to 24.82 percent by 1999. While India's FDI inflows over a period of nine years went from US$0.04bn to US$2.17bn in 1999 and went up to US$3.45bn in 2002.

India's position in these seminal times of international economic rule-making evolved over time but was largely seen by the developed countries' governments and industry lobbies - the demand side - as a defensive, even negative agenda. At the same time, there was the realisation that in some areas of relative competitiveness such as services, Mode 4, Non-Tariff Measures (NTMs) and Sanitary and Phytosanitary Measures (SPS) or Technical Barriers to Trade (TBT), TRIPs and TRIMs and competition policy, India could put forward a positive agenda. That applies to our present dilemmas in the WTO and bilateral FTAs.

The 'Look East Policy' has since been transformed into Act East Policy under Prime Minister Modi's leadership. Some partnerships or cooperation groupings of the 1990s evolved into PTAs or FTAs. For instance, ASEAN-India FTA was signed in 2003. While the

BIMSTEC has evolved from its founding in 1997 and a Framework Agreement to sign an FTA has since been concluded and negotiations are underway. Similarly, the SAARC Preferential Agreement of 1993 was formed into a South Asian Free Trade Area (SAFTA), although it has not taken off because of Indo-Pak political gridlock. Some evolved into consultation and cooperation groupings, such as the IORA.

Our economic cooperation with Africa was largely driven by our ITEC programme based technical assistance and pilot projects on the ground as well as credits and grant assistance to African countries to buy Indian goods and services. A movement towards Pan-African and Sub-Regional groupings approach was started in the 1990s, including our engagement and contribution to the African Development Bank. Today, with the Delhi Declaration and the 3 Africa-India Summits, India-Africa relations have been put on a stronger and sustainable footing. Outreach was also made to Latin American and Caribbean economic cooperation groupings and these have been intensified in the recent times. Major economies of the Global South also formed compact and cohesive economic cooperation groupings with India such as India, Brazil, South Africa (IBSA) and Brazil, Russia, India, China and South Africa (BRICS).

Some inter-regional groupings, like the G15 faded away. This was despite the strenuous efforts made by India to fashion it into a robust Southern counterpart to and interlocutor with the G7. However, the glue of common interest, a critical mass of intra-G15 trade and investment, and political congruity were insufficient, nor was its uncontrolled expansion conducive to cohesion, concerted policies and actions. Not one economy could act as a lodestone regionally and inter-regionally.

In 1999 therefore, the G20, an inter-governmental grouping of major Northern and Southern Economies was established at the initiative of G7 industrialised countries in the aftermath of the financial crisis of 1997-1998. This grouping had revealed the vulnerability of the international financial system in context of economic globalisation and showed that key developing countries needed to be involved in discussions and decisions concerning global economic issues. India is to host the G20 Summit in 2023.

Today, the landscape of global and regional economic power is becoming bipolar, with China rivalling, if not outpacing the USA, the EU and Japan. It is important and heartening to note that our economic diplomacy and our world is one family. *Atmanirbharta* of globalism with self-reliance, is making India a leading driver of multipolarity and towards not just an emerging but emerged powerhouse of economic growth, trade, investment, technology and sustainable development.

Today, when I see the fruition of the seeds of what had been sown in the 1990s in terms of our economic diplomacy, I am pleased that we made a magnificent start and breakthrough. But it will always remain one of the 'What ifs'- of history that had Indian trade and investment liberalisation and Indian business, and industry transformation moved faster in the 1990s, and if the external environment had been more favourable - could we have attained even greater dividends from our economic diplomacy and could we have metamorphosed into our Asian Tiger mode rather than become a faster-moving but proverbial Indian Elephant in the Asian and global economic jungles!

15

SUJATHA SINGH

Economic Diplomacy in the Years Immediately Following the 1991 Reforms

1991-1994

Introduction

This chapter examines the role played by the Ministry of External Affairs (MEA), by way of economic diplomacy in promoting India as an investment destination in the four years immediately following India's economic reforms, viz. the period 1991 to 1994. It lays out the series of steps that MEA took to promote foreign investments into India and how it formulated and projected the messages regarding the new, changing India.

Perhaps a good point to start is the challenge that confronted India in the years immediately after she implemented economic reforms – the challenge of changing her image - of a country ruled by the "License Raj", unfriendly to the private sector in general and to foreign investment in particular; addressing the question of India being a difficult and problematic country to set up operations in, of political hiccups and whether the reforms were permanent or would be reversed. These perceptions tended to persist in the years immediately after reforms. In fact, there was a high level of ignorance, even among those whom one would normally regard as well informed.

In a day and age when developments in India are covered almost routinely by the international media, it is perhaps difficult to remember a time, over thirty years ago, when the Indian economy rarely made the headlines, and then mostly for the wrong reasons

- the all-pervasive requirement of licenses; low economic growth rates; the unceremonious exit of the International Business Machines (IBM) Corporation and Coca Cola from India, (just about a year before China started her economic reforms in 1978); our poor economic performance as compared to the high growth economies of the Four Asian Tigers in South East Asia - Singapore, Hong Kong, South Korea and Taiwan, and later, the other "Flying Geese" economies of South East Asia, and the rapidly growing Chinese economy.

Then came the economic crisis in 1991, when pressures on our balance of payments saw our foreign exchange reserves come down to a point where they could barely finance three weeks of imports. India came close to defaulting on her debt obligations, and airlifted the country's gold reserves out to the Bank of England and the UBS (formerly, the Union Bank of Switzerland) to pledge as collateral to an IMF loan of US$2.2bn.

A new government, headed by Prime Minister Narasimha Rao, assumed office on June 02, 1991. Ten days later, it took the courageous step of devaluing the Rupee. A few days thereafter, it announced a structural adjustment programme to carry out far reaching changes in key sectors of the economy - in trade, industry, foreign investment, finance and the public sector.

In recognition of the fact that international trade was a key driving force of economic activity, serving as the bedrock for an increasingly global network of technology, investment and production, the government of India abolished 90 percent of licensing controls on trade, dismantled the system of industrial licensing except in a few strategic areas, and allowed private enterprise a greater and more substantive role in the Indian economy. The State would now concern itself primarily with social infrastructure in pursuit of our development objectives, the growth and diversification of agriculture and infrastructural development with special emphasis on irrigation, power, transport and communications.

These economic reforms in 1991 that saw the opening up of the Indian economy, the deregulation of the business environment, and welcoming of foreign investment, also saw the beginning of an exciting and eventful time for "economic diplomacy".

The Mandate

The newly set up Foreign Investment Promotion Board (FIPB), (located in the PMO at that point of time) was directed to draw up a strategy for investment promotion for the next six months, with a calendar of major promotional events requiring the presence of Ministers and senior officials. It was simultaneously decided that FIPB and MEA would work together towards this end; and that the actual organisation of the promotional events would be the responsibility of MEA, with full inputs and participation of the concerned Ministries.

It was also decided that basic publication material and documentation needed to be revamped and updated following the policy changes announced in the 1992-93 budget. This responsibility was given to the Department of Economic Affairs (DEA) - an organisation such as the Industrial Development Bank of India (IDBI) would be tasked with producing the basic material, with inputs from an inter-ministerial group and the assistance of specialised marketing and publicity companies.

MEA's Response

Traditionally, the spokesperson for all matters relating to India's external engagements through its External Publicity (XP) Division, MEA was quick off the mark in implementing its mandate and meeting its new responsibilities – it charged a newly set up Unit, the Economic Co-ordination Unit (ECU), with the task.

At that point, MEA already had an Economic Division (ED), which liaised with Missions and Posts in promoting our exports, and oversaw our economic and technical assistance under ITEC. The MEA also had a Multilateral Economic Relations Division (MER) that dealt with the multilateral aspects of economic diplomacy.

The Economic Co-ordination Unit, in contrast, was charged with the specific mandate of promoting investment flows, liaising with all concerned Ministries towards this end, and projecting India to international corporate audiences as a growing economic force that needed to be taken into account in formulating their future investment plans.

The Unit was thinly staffed. It had one Director and two Under Secretaries or Deputy Secretaries at any given point of time, and an officer-under-training attached to it for some of the time. It also had no allocated budget – all the funding for its activities came from the budgets of ED and XP Divisions.

Be that as it may, MEA now had a greatly expanded role to play in projecting the "new" India to foreign audiences and promoting trade, investment and technology flows - at Headquarters and through its Missions and Posts across the world. And most importantly, an explicitly given mandate to do it.

At this point, it is worthwhile to remember three important aspects.

One is that we were transitioning from decades of being a 'License Raj' that did not welcome foreign, private investment (and had indeed kicked out two major multi-nationals, just about fifteen years earlier) to an economy where licenses were steadily being done away with, and foreign investment was proactively welcomed.

Two, that the mindset of the Indian bureaucracy took not just its own time to adjust to the new messages being sought to be conveyed, (and perhaps never completely will?) but was actually reluctant to move from a default mode of command and control, to one of expediting and getting things moving as fast as possible.

Three, the reform measures that were announced were then put out in the form of Gazette Notifications by the concerned economic ministries - Finance, Industry, Commerce, etc. They were, as they perforce needed to be, dense with technical terms and took a significant amount of deciphering to understand the exact nature of the changes being introduced, and their various nuances.

Thus, before projecting India's new economic policies to the world, it was necessary for the newly set up ECU to have a thorough understanding of the policies and issues involved, as well as the ability to translate dense bureaucratese into concise, easily comprehensible language, in a user-friendly format. Thereafter, to ensure that they reached the widest possible target audiences in key countries, in messages that were specifically addressed to their specific strengths and concerns.

This called for a diversity of approaches, keeping in mind the varied nature of the audiences targeted - the geographical spread being looked at in the initial months was fairly wide - from the USA and Germany to Japan and Singapore, UAE and Oman. This involved close co-ordination with all the economic ministries concerned as well as with Territorial Divisions in MEA with respect to the countries that came under their charge.

It was critical to identify and to lay out India's unique strengths – political as well as economic, capabilities and comparative advantages of India as an investment destination, as compared to other investment destinations competing for capital.

The challenge before us was how to formulate all these messages and get them across to target audiences, in what was already a very contested space.

Here, it is perhaps important to note that investment promotion exercises do not by themselves achieve much by way of promoting FDI inflows: what really matters is the position on the ground: political stability, the law and order situation, liberal investment policies on par with that of other countries competing for capital, speed and transparency in giving clearances, the time factor in setting up operations, the ease of doing business, general as well as industrial infrastructure, profitability and the general business environment.

However, in those early years following the introduction of our new investor friendly policies, it was undoubtedly the image building exercise that was more important, of driving home the point that India had indeed changed, the Indian mindset had changed, the Indian economy was changing, and there were significant positive aspects and opportunities that needed to be appreciated, explored and taken advantage of.

This called for simultaneous action by the government of India on three fronts:

1. Of ensuring that the business-friendly policies that were announced were actually implemented at the ground level and that there was positive change on the ground in terms of improving the general business environment and welcoming foreign investment.

2. Of generating a more positive image of India overall, while countering negative perceptions.
3. Of following a strategy for investment promotion, both in terms of concentrating on key countries in their areas of specific strength, as well as on specific key sectors.

The first front, arguably the most important, was where the concerned Ministries - Industry, Finance, Commerce, as well as the sector specific Ministries (Power, Telecommunications, I.T., Roads and Ports, etc.) needed to deliver.

The second and third fronts were what MEA worked on, and did deliver.

MEA Takes the Lead

There were battles over turf, with some of the economic ministries, notably Ministries of Finance, Industry, and Commerce, questioning why MEA was being entrusted with the task of projecting India's economic reforms. However, it was clear to us in MEA, that with our long-standing experience with External Publicity, our credentials for doing External Economic Publicity and all the work that went with it were not to be found anywhere else in the government.

Further, MEA had a global network of Ambassadors, High Commissioners and Commercial Representatives in place, to deliver the message the world over, with contacts and experience in dealing with business communities. We were also ideally placed to receive feedback through our Missions and Posts, of the specific concerns that needed to be addressed, the messages that needed to be put across, and as importantly, the nuances to be kept in mind while projecting these messages to diverse audiences.

The turf issues never quite got fully resolved. There were compromises arrived at, by way of decisions taken in cryptic terms, that gave a piece of the action to each of the players involved. Some decisions regarding allocation of responsibilities left various Ministries scratching their collective heads, and ultimately free to interpret and implement them in manners that they deemed appropriate. Under the circumstances, it was clear that it would be the ministry that was the most ready, willing and efficient to commence and take forward the work and co-ordination called for, that would do it. It was the MEA that did. And it did so in a whole of Government approach, a Team India approach, liaising closely and continuously with FIPB and all the other concerned Ministries in doing so.

It will be no surprise to anyone familiar with how the system works to say that a fair amount of personal networking was called for. A good deal depended on individual personal equations, rather than systematic institutional arrangements. I believe that this is an issue that continues to affect the manner in which ministries work together, and why it has been so difficult to get past the silo mentality that comes in the way of optimal coordination and implementation. This is not just confined to economic issues, but can possibly be found across a much wider gamut of issues.

Investment Promotion: Conferences, Seminars, and other Targeted Meetings

The first Investment Promotion Seminar, organised by MEA within three months of the new economic policies being announced, was in Singapore in October 1991. It was addressed both by then Finance Minister Dr Manmohan Singh and then MOS (Commerce), P Chidambaram.

This was followed in quick succession by a series of conferences after the presentation of the 1992-93 budget: New York (April 1992); Los Angeles (April, 1992, in partnership with Bank of America and L.A. Times); Seoul (May 1992); Tokyo (June 1992); Cologne (May 1992); Taipei (December 1992). These were nearly all addressed by Ministerial and/or senior official delegations. Minister of State for External Affairs, Eduardo Faleiro led one such delegation to Oman, UAE, Bahrain and Qatar to apprise them of our new economic policies and invite them to invest in India.

A promotional event of special satisfaction was a working lunch that ECU co-ordinated for the Finance Minister in New York in October 1993; only the CEOs of thirteen leading US companies such as General Electric, IBM, AIG and Morgan Stanley were invited.

The idea was to have an exclusive interaction between the Finance Minister and the seniormost rung of American corporate leadership, where they could be briefed about the progress of our reform process and their queries answered. It was an approach quite different from the general investment promotion seminars that we normally held, and was successful in reaching out to a carefully chosen US corporate audience.

PM's visits in 1994, to Davos and Germany in February, to the UK in March, and to the USA in June, accompanied by the Finance Minister and a delegation of senior Indian CEOs, were among some of the most notable interactions, inter alia, on the economic front.

We had indeed come a long way from Prime Minister Narasimha Rao's brief interaction with French CEOs in Paris in late 1991, when in response to a rather aggressive intervention by one particular CEO on further reforms that India needed to undertake if French companies were to consider investing in India, the PM drily remarked that yes, we were aware that it was an investors market and they could choose where they wanted to invest.

Following the Reforms in 1991, it was also the practice of nearly every incoming Head of Government to be accompanied by a high-level business delegation of CEOs of leading companies. MEA co-ordinated Round Table interactions for such visiting delegations with panels of Secretaries from all the concerned economic Ministries. This particular format, in which foreign VVIPs and business delegations were given the opportunity to interact at one point with many of the most important decision makers in the government were found to be useful, as well as productive. Such roundtables were repeatedly organised for most high-level visits. Among the most notable were those organised for British Prime Minister John Major in January 1993, German Chancellor Helmut Kohl in February 1993 and Singaporean Prime Minister Goh Chok Tong in January 1994.

Role of Missions and Posts

Missions and Posts played a key role in reaching out to target audiences with the message that India was now open for business, and was implementing new economic policies that opened up a slew of opportunities for mutually beneficial economic interaction. Our Ambassadors and Commercial Representatives made it a point to call on CEOs of important national and transnational companies as well as SMEs, to apprise them of our new economic policies, and maintain regular contact thereafter.

Business delegations, as well as State-level delegations were encouraged and given full support to visit India and look at economic opportunities; there were delegations, for example, from the important states of Bavaria and Baden Wuertemberg in Germany, and Kansai prefecture in Japan, all powerhouses in their respective economies. Their visits were meticulously planned and co-ordinated with our own state governments and concerned Ministries.

ECU devoted considerable time and attention to providing much needed back up support to the Economic and Commercial Wings of our Missions and Posts. Any queries raised were promptly attended to and followed up; responses were sought and sent from concerned Ministries. Important economic news/information was regularly transmitted to Missions, eliciting a lively exchange of views as well as good value to our Missions and Posts.

A recurring problem, in which ECU had to repeatedly intervene, was the fact that Missions and Posts queries seeking clarification from certain ministries were not even acknowledged, let alone answered. It soon became Standard Operating Procedure for Missions and Posts to endorse copies of all such communications to ECU and to request us to follow up when answers were not forthcoming from the ministries concerned.

Brochures and Publicity Material

The ECU was a pioneer in producing world class publicity material on the economic reforms. It was realised very early on, that we lacked such publicity material, and that this was a gap that we needed to fill. This was a constant and recurring complaint from our Missions and Posts overseas, who keenly felt its absence, especially when organising Investment Promotion events. There were various aspects of India that investors wanted to have accurate and detailed information on. ECU had, willy-nilly, to fill this gap. It was MEA that brought out the first user friendly brochures on reforms, as well as what was revolutionary in India for that time - a floppy diskette covering the entire gamut of our new policies. The first such brochure with floppy diskette was produced as early as 1991, for the first Investment Promotion Conference held in Singapore in October that year. It was entitled “Doing Business with India”.

As the reforms proceeded and foreign investor interest grew in India, feedback received from Missions and Posts indicated that the next set of publicity material, besides covering the latest updates on the reform front, required further research and analysis and also needed to be presented in more detail.

Towards this end, a good amount of time was invested in studying the investment promotional material sent in by our Missions and Posts, of other countries that were important investment destinations, as also the particular areas of interest, or concern, to foreign investors and the sectors that needed special attention. The following were among the key sectors identified: Power, Telecommunication, Electronics, Hydrocarbons, Food Processing, Roads and Highways, Ports and Shipping, Drugs and Pharmaceuticals.

Besides liaising continuously, almost on a day-to-day basis, with the ministries concerned, we also liaised with our apex Chambers of Commerce and sector specific associations such as APEDA, ACMA and NASSCOM.

MEA also partnered with a fair number of PR agencies, investment firms, banks and economic research institutions in producing our brochures and publicity material – Tara Sinha, McCann Erickson, ULKA, Arthur Andersen, ICICI, Exim Bank, NCAER, CMIE.

While the private sector agencies helped MEA to fine tune the final messages, the basic facts and substance of the new policies was collected by ECU itself, from twenty different Ministries of the government of India, including the Ministry of Home Affairs (for information relating to visas and stay permits for foreign investors), important players such as RBI and SEBI, and think tanks and research institutions. They covered fifteen different sectors.

Finally, over the course of 1994, a new series of dockets and brochures was produced. A docket of six brochures – India, an Economic Profile; Investment; Trade; The Financial sector; Size of the Markets; and Opportunities in Specific Sectors. A composite brochure – India: Business Perspectives, and also a 12-page flyer on India's strengths as an economic entity.

Thus, we now had a set of more finely tuned publicity material, focussing for the first time on key issues such as India's comparative advantages, the nature and size of our markets, and policies and opportunities relating to key sectors. The fact that these were produced by MEA, despite several odds, said a great deal about MEA's commitment to the economic aspects of its diplomacy.

The new material served a useful purpose not just for MEA and our Missions and Posts abroad, but was also liberally utilised by our economic Ministries, Chambers of Commerce and Industry, and corporate sector as well.

Supplements and Advertisements: Interactions with Foreign Journalists

In the first two years after reforms, MEA took out several two-page supplements in important publications, spelling out the government's liberalised economic policies and providing detailed write-ups on the new business opportunities that had opened up. While they did serve a useful purpose, they tended to be dense, as well as complex in their messaging.

With a view to making a more effective projection of our new economic policies and what India had to offer to a foreign investor, MEA invited leading Ad and PR agencies in the country to submit concepts and make detailed presentations on the subject. The ideas thrown up in the course of the presentations were interesting, by and large useful, and in some cases quite intriguingly different, presenting a marketing/advertising approach, so to speak, on the Indian brand-image and how to "sell"/"position" it *vis-a-vis* its competitors; of perception *vis-a-vis* realities.

After a detailed examination of the various concepts presented, ECU and XP Divisions together selected the Ad agency ULKA, whose ideas had the closest fit with the messages that we wanted to be conveyed.

A presentation on the draft advertisements proposed to be published was made at a meeting where FIPB, Ministries of Finance, Commerce, and Industry, and NCAER were all present. A lively and constructive discussion followed.

At the end of the discussion, it was agreed that MEA would give due consideration to all the comments made while finalising the content of the Ads and the key messages to be conveyed. Many of these inputs were taken on board and incorporated into the content of the messages as well as our publicity brochures.

The four key advertisements that were finalised thereafter, communicated the following core ideas:

Rediscover India

Opportunity India

Professional India

Consumer India

Each of the advertisements carried the basic message: "India Means Business"; and the tag line: For more details, call the nearest Indian Embassy or Consulate.

As indicated earlier, the key messages under the four titles above were arrived at after careful deliberation and inputs from FIPB and the key economic Ministries. They may perhaps be of interest to our young diplomats who wish to study how India was promoted in the early days of economic liberalisation. They are to be found in the Appendix 1 to this chapter.

It's probably worth mentioning an interesting detail here - despite our best efforts, it was not easy, in 1994, to get pictures of slick departmental stores or gleaming urban architecture to illustrate the publicity material. We made extensive use of photographs of the first multi-storey to come up in Gurgaon - the DLF tower and finally ended up hiring models to portray idealised urban families, and having the photo shoot for the "skilled labour force" in an office setting, in the offices of an apex Chamber of Commerce.

Two of these advertisements were used on the occasion of PM Narasimha Rao's visit to Singapore in September 1994, in double page spreads in the Far Eastern Economic Review. On the advice of our High Commission, they were also translated into Chinese and published in a Singapore based Chinese language newspaper.

Subsequently, these advertisements were also used in other key business and financial publications, along with supplements produced by the journals themselves. The placing of these advertisements were timed to coincide with key economic and investment promotion events, such the annual meetings at Davos of the World Economic Forum, and the PM's visits to Germany and the USA. The MEA also gave special attention to visiting journalists from major business and financial newspapers and magazines, such as Financial Times and The Economist, in order to encourage articles being regularly written and supplements produced on ongoing developments in the Indian economy.

Slowly, and steadily, the tenor of coverage changed, with more attention being given to the positives of India's changing business environment.

This is not to say or to claim that MEA, was solely, or even majorly responsible for the positive coverage. However, it did give a significant push, in the years immediately following economic reform. Over the years that followed, foreign investors themselves came to have a fairly good idea of the pluses and minuses of investing in India. There were several success stories and as noted earlier, these were by themselves, more important than any publicity effort could be in promoting India as an investment destination. There were also disappointments along the way, but these are possibly inevitable, given the complexity of our economic environment. This chapter is basically, to place on record, the part that MEA, and within MEA, ECU played in the process of investment promotion, especially in the initial years following liberalisation, when a good deal of work needed to be done in changing perceptions and investor sentiment around.

The headlines and articles from leading financial and business journals make for fascinating reading nearly three decades after they were published. They indicate the hope and the exuberance unleashed by the economic reforms of 1991. Read after thirty years, they are perhaps also interesting in indicating the hopes that were realised and the ones that were not. For those who are interested, a selection of these may be found at Annexure 2.

Other Projects Related to Investment Promotion

There were several other important Investment promotion projects in this period, as well, where ECU played the necessary co-ordination role.

For instance, there were a few countries that were particularly quick off the mark after the new economic policies were announced, in partnering with the government of India in looking for investment and trade opportunities in India.

Japan: It was among the first countries to send a delegation, post 1991 reforms, to explore the possibilities. They gave a list of areas where Japanese companies faced difficulties in operating in India as well as suggestions for improving the business environment that would make it easier for the Japanese companies to invest in India. These ranged from labour laws, to the need for improved infrastructure, to townships with Japanese style facilities, to assured import permits for items of Japanese cuisine. There was a follow up visit two years later, by the Yamashita delegation, to study the progress of our economic reforms and further opportunities for investment.

Singapore: Singapore, led by then Prime Minister Goh Chok Tong, took a major interest in India's economic reforms and was also quick off the mark in sending high level delegations to explore the opportunities created. For instance, the Singapore Government expressed its interest in partnering with a state Government to set up an Industrial Park. There was fierce competition between four of our states to get this project. Eventually, it came up in Whitefield, Bengaluru, the first such project in the country with foreign investment.

The Kohl Memorandum: Another project was the co-ordination of India's responses to the "Kohl Memorandum" - a list of 54 detailed proposals from German industry to the government of India on our economic policies and procedures, which was handed over in advance of Chancellor Kohl's visit in February 1993; these again related, *inter alia*, to our labour laws and to our infrastructure as well as the difficulties encountered at interstate borders by trucks carrying goods from one place to the other, and the desirability of a single window for clearances.

Taiwan: Following the identification of Taiwan as a target country for promoting foreign investment inflows, ECU, being an economic rather than territorial division, co-ordinated our economic opening to that country. A delegation from Taiwan visited India in May 1992, at the invitation of RBI, headed by its Director General of Foreign Trade. In follow up to the visit, ECU organised a major Investment seminar in Taipei in October the same year, attended by a hybrid delegation of senior businessmen from the three apex Chambers of Commerce. It was a path breaking visit and led ultimately, to the setting up of the Taipei Economic and Culture Centre in New Delhi as well as a similar Indian presence in Taiwan.

UAE, Oman: Another project, in close consultation with our apex chambers of commerce and industry, business enterprises and concerned Ministries, was the compilation of a shelf of projects for consideration by the UAE, following the visit of UAE President Sheikh Zayed in April 1992, when the UAE expressed interest in exploring the possibilities of investment in India. This was a first-time exercise on the part of MEA. A similar compilation of project profiles in the case of Oman was successful in eliciting investment in two oil refineries.

China Watch: As India's foremost competitor for foreign investment, China's process of economic reform and liberalisation was the subject of detailed and careful study to see what we could learn from the process. We also kept an eye on other countries that were competing with India for foreign investment, and what they were doing towards this end.

Keeping Track: The ECU kept track, by way of weekly reports to PMO, of trends and perceptions in international media relating to India's economic reforms and business environment, as also the visits of foreign delegations looking for investment opportunities. These reports were also shared with concerned territorial divisions in the MEA, as well as other ministries. They included figures from the Secretariat of Industrial Approvals (SIA) of FDI coming into India, and the main sectors that they were coming into; also figures from RBI of foreign portfolio investment.

The Annual Budget: This was often used in those days to announce important policy changes, and was of special interest to foreign investors and governments. It was then also generally presented in the evening. At the request of our Missions and Posts, ECU ensured that the salient points and new policies were conveyed to them that same night. This involved long hours into the night on Budget presentation day, but was important to do, in order to stay ahead of the media cycle. I also think it was indicative of the enthusiastic "Can-do" spirit which the entire ECU team, small and under resourced as it was, brought to its mandate, in what was hitherto new territory.

We have come a long way since 1992 when we could beat our drum about FDI going up from US$72mn in 1990, to US$2.8bn in 1993. Today, we attract FDI of US$83.6bn (2021-2022).

Many of the investment promotion measures taken in those early years seem rather quaint with the passage of time; many have now been overtaken by events, and by facts on the ground. More importantly, the international business community has drawn a fairly accurate picture over the years, based on its own experience as well as that of other investors, of the advantages and the disadvantages of doing business in and with India. Facts, experience and word of mouth speak louder than any promotional messages could. The distance, alas, is often painfully clear between promise and reality.

Yes, we could possibly have grown faster as an economy, we could definitely also have done more to avail of the myriad opportunities thrown up by globalisation. Even so, in spite of India being India, or perhaps because India is India, – the largest democracy in the world, subject to the pulls and pressures of its various political processes and often raucous debates, there is no doubt that we have come a long, long way since 1991. We have, in fact, been one of the main beneficiaries of the process of globalisation.

Our opening up to the world and the foreign investment that has flowed in since our reforms, have had a significant role to play in the growth of our economy - in various sectors and on several indices. I believe that in order for us to achieve our development objectives, it is important for us to continue with our integration into the global economy, even while striving for self-sufficiency and Make in India. If anything, our need for cutting-edge technology as well as being an integral part of resilient Global Value Chains has only risen in recent years.

Clearly, our investment promotion efforts need to continue, even if in different form, more suited to today's changed circumstances. More importantly, we need to address the areas of concern, not just to foreign investors, but to our own people and our private sector as well, of political, social and economic stability, predictability in policy, of transparency in decision making, a level playing field and improvements in infrastructure, including social infrastructure, to name a few. Over and above all these, we need a strong institutional framework that promotes our economic development with equity, and safeguards our identity as the largest democracy in the world.

(It was my privilege to serve as Director in charge of ECU for three years, from 1992 to 1994, reporting first to Additional Secretary, Economic Relations AS(ER), Arundhati Ghose, and after she left, to AS(ER), later, Secretary (ER), PMS Malik. I headed a team of talented and committed Under Secretaries/Deputy Secretaries, who succeeded each other singly, or in pairs or - Navdeep Suri, Bhagwant Bishnoi, Venu Rajamony, Rahul Chhabra, and one officer in training - Jawed Ashraf, all of whom went on to occupy positions of importance in the course of their careers.)

Appendix 1

Key Messages used in Ads Promoting India as an Investment Destination: 1994

With a view to making a more effective projection of our new economic policies and what India had to offer to a foreign investor, MEA invited leading Ad and PR agencies in the country to submit concepts and make detailed presentations on the subject. The ideas thrown up in the course of the presentations were interesting, by and large useful, and in some cases quite intriguingly different, presenting a marketing/advertising approach, so to speak, on the Indian brand-image and how to "sell" /"position" it vis-a-vis its competitors; of perception vis-a-vis realities.

After a detailed examination of the various concepts presented, ECU and XP Divisions together selected the Ad agency ULKA, whose ideas had the closest fit with the messages that needed to be conveyed.

A presentation on the draft Ads proposed to be published was made at a meeting where representatives of FIPB, Ministries of Finance, Commerce, and Industry, and NCAER were all present. A lively and constructive discussion followed. Some of the comments from the participants were as follows:

- What was the target audience for the Ads?
- Were they for the purpose of enticing foreign investment or for educating a foreign investor?
- Would it pause and make them look at India?
- The information in the Ads was inadequate to entice SMEs
- A greater level of detail required, without getting into editorials
- The text was too detailed and over-elaborate
- The sharp change in policy since liberalisation was not coming through. This needed to be highlighted and focussed on
- The focus should be on simple key messages; for e.g., the fact that the largest amount of detergent sold in the world was in India. Facts such as these would indicate the huge size of the marker
- The Ads should avoid hype
- The Ads should focus on the opportunities that had opened up
- The Ads should focus on the success stories, and not on the sectors which were performing poorly, such as power or telecom

- The important link between investment and investment driven trade needed to be kept in mind
- The situation on the ground was rapidly changing in several sectors; the focus needed to be on these
- For those countries which already knew India, like Singapore, it was important to assure them that the changes were permanent and not going to be reversed
- Was it possible to have a global campaign? The Ads would need to work on diverse foreign audiences
- The bottom line needed to be to "Rethink India"
- The visual and aesthetic impact would be of crucial importance and should be eye-catching; it was important to have high quality photographs in the advertisements

In response to these comments, MEA noted that the basic message was indeed to "Rethink India. You are already looking at India. Now, look a little deeper. Look at us with an open mind."

ULKA had the following to say:

- Yes, we want to say a lot and we also have a lot to say
- In advertising, one started with a simple message, as a trigger to make the audience think; this was the thinking behind the simple messages and ideas, without getting into complex editorials
- The idea was to keep the Ads simple in the beginning, and not let them get too complex
- The Ads needed to get readers interested and get them to keep on reading. They should not switch off because of a credibility problem
- The very fact that GOI was advertising in order to promote India as an investment destination was different, and a break from the past
- True, the changes in economic policy were phenomenal as seen from our side, but the question was how would it be seen from a foreign investors' side? They were used to seeing other countries already implementing such policies

At the end of the discussion, it was agreed that MEA would give due consideration to these suggestions while finalising the content of the Ads and the key messages to be conveyed.

As one can see from the comments made in response to the presentation, there were contradictory views on various issues – the level of detail, the level of hype, the manner in which India should be presented. The fact that the comments gave opposing points of view convinced us that the Ads were more or less on the right lines! As will be seen from the text of the Ads, these inputs were taken on board and incorporated into the content of the messages as well as our publicity brochures.

The four key advertisements that were finalised thereafter, communicated the following core ideas:

Rediscover India

Opportunity India

Professional India

Consumer India

Each of the advertisements also carried the basic message **"India Means Business''**, and the tag line: For more details, **Call the nearest Indian Embassy or Consulate.**

Each of these advertisements was a "stand alone" advertisement that could be placed by itself. While each emphasised a particular aspect, they also combined the other key messages within themselves as can be seen below.

The text under the titles, as well as the four titles above, were, thus, carefully thought out and put together, in a joint exercise by GoI. The reason that one has gone into some detail into the inter-ministerial process that led to the refining and finalisation of the key messages that were felt needed to be conveyed to foreign investors in 1994, is to give an indication of the thought process that went into it, as well as the level of complexity involved.

They may perhaps be of interest to our young practitioners of economic diplomacy, who wish to look at the key messages that were used in promoting India as an investment destination in the early years following our economic liberalisation.

The following is the complete text, under the four key messages:

Rediscover India

The eyes of the world see many Indias. India the traditional. India the beautiful. India the large. Each of these signifies boundless promise. But today, international focus is shifting. To the facet of India which has so far eluded the spotlight. India's enormous economic potential.

Seen in this new light, the world's biggest democracy takes on a new meaning. New forces are stirring, in the wake of sweeping economic reforms. Propelling India into the forefront of the Asia-Pacific region, growth arena of the world.

Equipped for the world.

India has many factors that help make it one of the world's most exciting markets. The sheer size of the market is an obvious attraction, coupled as it is with aggregate purchasing power that is the fifth largest in the world.

The infrastructure for doing business is firmly rooted in India. It has all the skills, systems, and processes associated with a Western-style market. Extensive distribution and trade channels. A comprehensive network of airlines, railways, roadways, waterways, courier networks, postal and telecom systems.

Sustaining and monitoring the market forces is a comprehensive and professional accounting system, backed by a legal system that protects the security of long-term investments.

Professional India.

Skilled managerial and technical manpower make it possible (as the companies leading the flood of investment have discovered) to run an operation completely with Indians, whose professional competence is recognised the world over.

These are just some of the advantages which India holds for the foreign investor. Coupled with ease of entry and friendly policy implementation, they should give you plenty of reason to find out more and embark on a rediscovery. Of the Opportunity that is India.

Opportunity India

For centuries, India has beckoned the world. And for centuries, the world has responded, drawn by gems, spices, exotic destinations, and a variety of riches.

Today the beacon is different. But the gains are no less attractive. Economic reforms and changing policies have opened up the vast potential of the Indian market, stimulating foreign investment and propelling India into the frontrunners of the region.

Rediscover India.

With 80 percent of its GDP coming from the private sector, India is no stranger to private investment. Now, as the world of business converges on India, the greatest opportunities will lie in the critical areas of Power, Roads, Ports and Telecommunications.

The basic infrastructure for doing business has long been a working reality in India. So has a thriving entrepreneurial class, with the skills to keep this running. Together, these have led to the growth of a burgeoning consumer market of over 500 million. With a cumulative buying power that is the fifth largest in the world.

Sustaining and monitoring these market forces is a comprehensive and professional accounting system, backed by a legal system that helps guarantee the security of long-term investments.

The world responds.

Since the current phase of liberalisation began, foreign direct investment has snowballed. Some of the key areas of activity have been Petroleum, Power, Food Processing, Metallurgy, Electronics and Electrical Engineering. In these, and many others, some of the world's largest corporations have already made an entry.

But that is really the tip of the iceberg. India is ready for much more. Are you? It could be the biggest opportunity you've handled.

Professional India

Across the world, in the boardrooms and laboratories of the world's premier corporations, you'll find one of the key business resources of today's world. The Indian Professional.

You could find him (or her) playing a key role in the information industry worldwide. Or steering a complex pan-Asian marketing operation. Or simply demonstrating the entrepreneurial skills that the world has come to respect.

3 million technical minds.

Hardly surprising, when you consider that India offers a choice of 150 recognised business schools, whose alumni compare (and compete) with the world's best. 148 universities, which have created a pool of over 3 million engineers and scientists. Plus, over 85,000 chartered accountants, company secretaries, and cost accountants.

This is India. A vast pool of untapped potential that is now coming into its own with the impetus of liberalisation.

Rediscover India.

The companies leading the flood of foreign investment in India have discovered that they can run an operation in India completely with Indian personnel. And skilled professionals are on hand to man the entire supporting infrastructure - the banking network, the stock market, the transport network of airlines, roadways, railways, ports - in short, everything that keeps an economy running.

With a commitment to economic reform that spans the country's huge resource pool, India is reaching out to the world. It's time you took a second look. Who knows, you might even find the Vice President (Technical) you've been looking for.

Consumer India

This year, six out of ten Indian homes will buy and use, goods manufactured in a factory. Unremarkable in itself. Except that on Indian scales, that amounts to 95 million homes. And a staggering 533 million consumers. Who collectively wield purchasing power that is the 5th largest in the world.

In the market, this translates into absolute volumes that are often higher than most western countries. For example, the total market for detergents will soon exceed 2 million tonnes per annum. Not a single country in the world can match that kind of consumption.

Rediscover India.

India's middle class, over 200 million at last count and growing by 20 million a year, is a key part of this force. But that represents just part of India's potential. There are also the huge, relatively untapped markets of rural India, where over 70 percent of India lives. But that's not the only reason you should come and invest in India.

Not only has the ongoing liberalisation process in the country opened up new avenues, but the existing structures are well geared to cope. Through one of the most comprehensive trade and distribution networks in the region, products regularly reach the remotest villages, where rural households are buying them in increasing numbers.

Fully equipped to do business.

With all the skills, systems, and processes associated with a Western-style market, India offers enormous market potential. Business enterprises entering India are pleasantly surprised to find a working infrastructure. A huge banking network, a flourishing stock market, a complete communications and transportation network - all facilitate the conduct of business.

Over the last 10 years, private consumption expenditure in India has been growing at an annual average of 13. This figure shows every sign of accelerating further. The world is already converging on this opportunity. Can you afford to miss out?

In addition to the above Ads, the following content was finalised as an introduction to the more detailed flyers that were brought out in 1994, in advance of Prime Minister Narasimha Rao's visit to the USA in 1994.

(These flyers were finalised with Tara Sinha McCann Erickson. The content was also used in the new dockets of economic brochures that were brought out around the same time, in co-ordination with Arthur Andersen.)

A New India

One of the largest and most diverse countries in the world, India has long been considered a country of unrealised potential.

A new spirit of economic freedom is now stirring in India, bringing in its wake sweeping changes throughout the country. Far reaching reforms aimed at deregulating the economy and stimulating foreign investment have moved India firmly into the front ranks of the rapidly growing Asia Pacific region, unleashing the latent strengths of a rapidly changing nation.

Today, India is one of the most exciting emerging markets in the world. Skilled managerial and technical manpower that match the best available in the world and a middle class whose size exceeds the population of the USA or the European Union provide India with a distinct cutting edge in global competition.

India's economic reforms are firmly rooted in a political consensus that spans her diverse political parties. Her democracy is a known and stable factor, having sunk deep roots over nearly half a century. Importantly, India has no conflict between its political and economic systems.

India's time-tested institutions offer foreign investors a transparent environment guaranteeing the security of long-term investments. A dynamic private sector, a free and vibrant press, a judiciary which can, and does overrule the Government, a sophisticated legal and accounting system and a user-friendly intellectual infrastructure with the widespread use of English as the principal language of commerce and administration, are favourable and positive features.

APPENDIX 2

Headlines from Some Leading Financial and Business Journals: 1992-1994

The headlines and articles from leading financial and business journals make for fascinating reading nearly three decades after they were published. They indicate the hope and the exuberance unleashed by the economic reforms of 1991. Read after thirty years, they are perhaps also interesting in indicating the hopes that were realised and the ones that were not.

- June 1992: BusinessWeek: *India Now: What a liberated economy means for investors*
- August 1992: FORTUNE: *India opens for Business. The world's biggest middle class beckons investors*
- November 1992: Far Eastern Economic Review: *"India opens up"*
- December 1992: Business Today: *Redefining the Middle Class Market. Companies are discovering that the middle class is in reality an aggregation of many smaller markets*
- January/February 1993: World Link: *India; the impact of Reforms; India's open door; Opportunity sectors*
- March 1993: Far Eastern Economic Review: *Rupee Free At Last. India joins the Trading World*
- July 1993: The Economist Intelligence Unit: *India. Reforms only skin deep*
- October 1993: The Economist: *A Survey of Asia. A billion consumers*
- November 1993: BusinessWeek: *CEO Jack Welch sees the future: It's in China, India and Mexico*
- November 1993: The Economist: *Measuring up the giants; China first, India next, in the growth race: each completely different and both utterly unignorable*
- December 1993: Newsweek: *India: Open for Business*
- January/February 1994: World Link: *India; Economic Overview; Reform plans; Foreign investment; Manmohan Singh; Growth states*
- February 1994: Asian Business: *India Raises The Tempo; How investors can cash in*
- February 1994: Asian Business: *India's Power Unleashed. The world's second most populous country is open for Business*

- February 1994: The Nikkei Weekly: *Rao cuts red tape; economy takes off. Western multinationals up investment in India; Japanese companies play catch-up*
- March 1994: Far Eastern Economic Review: *INDIA. Another Asian Giant on the Move*
- April 1994: Salomon Brothers, Emerging Markets Research: *India's Virtuous Circle: 1987 - 1994; 1.Equilibrium - 2.Shock/Crisis Internal/ External - 3.Economic Pressured Criticism - 4.Political Crisis - 5.Reform - 6.Public Acceptance/Positive Feedback - 7.Consolidation of Reform - 8.Equilibrium*
- May 1994: Forbes: *"Now we are our own masters" Were you late on China and Latin America? India may be the best emerging market of all*
- January 1995: The Economist: *"The tiger steps out"*

16

MD. NOOR RAHMAN SHEIKH

Pursuit of Economic Diplomacy by Economic Diplomacy Division, MEA

Pursued at different levels, economic diplomacy is one of the strategic tools used by India to enhance its economic strength.

Being a nation of more than 1.3 billion people, there is a requirement to enhance the economic parameters to provide for the needs of the nation. It, therefore, becomes imperative to harness economic diplomacy through international outreach and get access to goods, boost trade, attract investment, and ensure national security.

In 2014, India's diplomatic phase took a new turn with the election of Shri Narendra Modi as the PM of India. The country saw a paradigm shift including in its foreign policy. It was his vision and steering force that Look East Policy was then moved to its further phase of Act East Policy. Giving a strong face to the nation, Modi's leadership strengthened the power of India's economic diplomacy.

The challenges thrown by the COVID-19 pandemic including disruptions in global supply chain, geo-political conflicts including the Ukraine conflict, tensions due to concentration of semiconductor and critical minerals in one region of the world, have led countries to develop a strategy on furthering economic diplomacy by harnessing the manufacturing sector, and focussing on food, fuel and fertiliser security. In India, advantages for investments and setting up manufacturing facilities range from being a supplier of raw materials, availability of skilled manpower and policy structure to ensure ease of doing business.

In January 2020, it was widely reported that "the PM has mooted three 'T's - trade, tourism and technology - to boost Indian economic diplomacy. The proposal aims to use India's overseas Missions as tools to increase exports from the country. The functioning of Indian Missions could be judged from their ability to boost trade, tourist inflows and facilitating technology transfer to Indian companies".

In July 2020, when I joined the Economic Diplomacy Division of Ministry of External Affairs (MEA), after my previous posting as Consul General in Jeddah, there was already a lot of focus on 3Ts strategy.

Later, in August 2021, when Prime Minister launched a target of US$400bn of merchandise exports to be achieved for the year 2021-22, which would be the highest export target till then and an increase from US$297bn in the preceding year 2020-21, all the Indian Missions abroad were actively involved in achieving this target. Each country was mapped with top 30 or so items for export from India.

The efforts for achieving this export target went hand in hand with harnessing our digital tools including MEA's website on Economic Diplomacy – www.indbiz.gov.in - which acted as a one-stop source of business information on India for foreign enterprises and businesses, Indian business houses looking to expand their global footprint and support to the State Governments for choosing their partners abroad for investment, trade and tourism cooperation. This website was earlier launched by External Affairs Minister Dr S Jaishankar in December 2020.

Indian Missions abroad had been working very hard and on March 21, 2022, we finally achieved the milestone target of US$400bn of merchandise exports before our deadline. Needless to say, it was the Indian business - both large and SMEs which also worked spectacularly to achieve the export target.

To take the 3Ts strategy forward, based on inputs from relevant Ministries particularly, Department of Commerce, Ministry of Tourism and Ministry of Electronics & IT, we also set up a 3Ts dashboard to enable Missions to provide the data and progress related to trade, technology and tourism as well as the activities undertaken by Missions in pursuance of the 3Ts objectives.

MEA and its Missions abroad have also been working closely with the Ministry of Health & Family Welfare (MoHFW) for promotion of Medical Value Travel in India with its components of Heal in India and Heal by India. In this endeavour, the relevant stakeholders including healthcare service providers have also been onboarded.

For promotion of export of India's digital initiatives including Unified Payments Interface (UPI), Aadhaar, e-Health System etc. in other countries, MEA and its Missions abroad work closely with bodies like National Payments Corporation of India (NPCI), Unique Identification Authority of India (UIDAI), MoHFW etc. to assist countries, who are keen to have such digital infrastructure. Success of UPI with 8 billion transactions in a month has been a matter of awe by many countries. On February 16, 2023, PM Modi and PM of Singapore launched the linkage of India's UPI with Singapore's Pay Now. Such linkages ease the transfer of remittances and also for businesses to take place.

MEA and its Missions abroad also work closely with International Financial Services Centre Authority (IFSCA) for promotion of Gujarat International Fin-Tech City (GIFT City) as an International Financial Services Centre (IFSC) by attracting global banks, financial institutions, universities, investors to have their presence in the City. Since the setting up of IFSCA in 2019, they have also had discussions with about 30 overseas regulators for the promotion of GIFT City by signing of MOUs etc. Budget 2023-24 has an announcement on "Data Embassy for countries looking for digital continuity solutions", where the government will facilitate setting up these countries' Data Embassies in GIFT IFSC.

PM's Vision of Atmanirbhar Bharat and Amrit Kaal: Vision@2047: PM's Vision of Atmanirbhar Bharat of making India a US$5tn economy over the coming years has the vision also to provide good governance, enabling grassroots empowerment through participation and technology, and achieving sustainable and inclusive development. This journey from our current US$3tn economy to the US$5tn economy and then, to become US$30tn economy by 2047 when India achieves Amrit Kaal - a developed country status: is envisaged to create capacities and demands which will open significant opportunities for our close partner countries to engage in our growth story and benefit from it.

It is now time for the world to recognise the strong complementarities based on India's large domestic market, vision of self-reliance along with growing economic vitality. The capabilities of partner countries will constantly upgrade the economic engagement by facilitating long-term investments in each other's economies, promoting joint ventures, and establishing new global value chains. We, at Economic Diplomacy Division, have been closely following various aspects towards achieving this vision.

Several significant initiatives have also been undertaken. India and UAE are working closely to have joint development in healthcare ecosystem in Africa. Relevant players including many reputed hospital chains from India, along with their UAE partners are in discussions with Kenya and Tanzania to explore the possibilities of engagement. Many more are likely to follow.

We also coordinated with the Ministry of Education on the idea of setting up of Indian Institutes of Technology (IITs) abroad as part of India's New Education Policy. Putting this across through our Missions, we received interest from about 30 countries. This ultimately resulted in concrete partnership discussions by IIT Delhi with UAE, IIT Madras in Tanzania, IIT Kanpur in Bahrain and IIT Kharagpur in Malaysia. Many others will likely follow.

A major part of economic diplomacy at MEA deals with energy security. As PM Narendra Modi launched the International Solar Alliance (ISA) along with the French President Francois Hollande during COP21 in Paris on November 30, 2015, ED Division became the Depository of ISA Framework Agreement. The COP26 announcement by PM Modi in Glasgow in November 2021 for a Panchamrit Strategy including India achieving a Net Zero status by 2070 and non-fossil fuel renewable energy of 500 GW by 2030 have been significant strides in India's climate change and energy security strategy.

While ISA was originally open only for countries within tropics, after concerted efforts by MEA and its Missions abroad, on January 08, 2021, we were able to get the majority of the 2/3rd initially signed countries to amend the framework agreement to allow all UN member countries to join ISA. Subsequently, in December 2021, we were also able to get a resolution adopted in the General Assembly's Sixth Committee to invite the International Solar Alliance as UN 'Observer'.

India's leadership role for this international organisation is well recognised by its member countries as India has been unanimously elected to hold the Presidency for the third consecutive term, since 2018 and also Director Generalship. Minister for New and Renewable Energy and Power RK Singh is the President of ISA Assembly and Dr Ajay Mathur is the DG. So far, ISA has a remarkable number of 114 signatory countries and 92 member countries. ISA undertakes various solar energy projects in many countries around the world particularly in Asia, Africa, Latin America and Small Island States.

The Coalition for Disaster Resilient Infrastructure (CDRI), another one of India's key initiatives for disaster resilient infrastructure was launched by PM Modi at the UN Climate Action Summit in New York on September 23, 2019.

Dr PK Mishra, Principal Secretary to PM is the co-Chair of the Governing Council along with Ms Samantha Power, Administrator, United States Agency for International Development (USAID) as the other co-chair.

Established as a platform for generating and exchanging knowledge, CDRI conducts country-specific and global activities. They run a very successful fellowship programme by involving scientists and specialists in the member countries to carry out studies for building a disaster resilient infrastructure system. The coalition aims to have a threefold impact of achieving considerable changes in member countries' policy frameworks, future infrastructure investments and high reduction in economic losses from climate-related events and natural disasters across sectors.

With India holding the Presidency of G20 in 2022-23, both these organisations are invitee organisations during India's G20 Presidency.

India has also actively participated in various other initiatives like Indo-Pacific Economic Framework (IPEF) comprising of 14 countries. The aim of the framework is to advance resilience, sustainability, inclusiveness, economic growth, fairness, and competitiveness for all 14 economies. There are 4 pillars in the framework (1) Trade; (2) Supply Chains; (3) Clean Energy, Decarbonisation, and Infrastructure; and (4) Tax and Anti-Corruption. Except for Pillar 1, India is member of the three other Pillars.

I2U2 (India-Israel-UAE-USA) Grouping is another grouping which was launched in October 2021 when Foreign Ministers of these four countries met. The first Summit-level meeting was held (virtual mode) on July 14, 2022 and was attended by PM Narendra Modi, US President Joe Biden, Israel PM Yair Lapid and UAE President Mohammed bin Zayed Al Nahyan. I2U2 focusses on six priority areas of food security, energy, water, health, space and transport. Two projects are currently being undertaken - a food corridor project in India (Gujarat and MP) and a hybrid solar-wind energy cum battery storage project in Dwarka, Gujarat.

International Trade Settlement in INR: Based on discussions with various stakeholders including MEA, RBI issued a Circular in July 2022 for a mechanism where International Trade Settlement could take place in INR. As this concept was shared with other countries, many in Asia, Africa and Latin America gave an encouraging response expressing their desire to have settlement in their local currencies. This arrangement which involves opening of Nostro and Vostro accounts in local currencies can go a long way to strengthen Indian currency.

We also handle matters pertaining to investment treaties which require deft handling of economic issues coupled with legal issues. As part of the core team negotiating investment treaties, we at the ED Division provide requisite inputs from the perspective of international law and contemporary economic issues. These include legal issues pertaining to arbitration proceedings arising out of investment treaties and the relevant court proceedings in various jurisdictions.

We also coordinate the various aspects pertaining to UNCITRAL (United Nations Commission on International Trade Law). The UNCITRAL's primary objective is to identify and harmonise the current and emerging issues of international trade law at the global level by preparing uniform legal texts thereby reducing legal obstacles to the flow of international trade. India hosted the 50 years celebration of UNCITRAL in 2016 and played a crucial role in Working Group – III of UNCITRAL adopting the topic of ISDS (Investor-State Dispute Settlement) Reforms as its mandate.

We also closely interact with the Permanent Court of Arbitration and have co-organised conferences on international arbitration and capacity building workshops for Government of India personnel. Through these capacity building workshops, we had the opportunity to reach out to some of the leading practitioners world-over and interact with them and understand their thoughts on the subject. This also provided a platform where Government personnel could gain from the experience and expertise of some renowned jurists.

Economic diplomacy has emerged as a multi-pronged approach covering various areas of trade, investment, food-fuel-fertiliser-energy security, local currency arrangement, promotion of medical value travel and tourism, transfer of technology, promotion of India stack and digital tools etc. Economic diplomacy is closely intertwined with the geo-political underpinnings of the rapidly changing world. All efforts point towards achieving Amrit Kaal: Vision@2047 whence India will become a developed country.

ECONOMIC DIPLOMACY FOR DEVELOPMENT

17

GURJIT SINGH

The Entrepreneurship Development and Training Centre (EDTC)

A Success Story of an Indian Project in Senegal

India's development cooperation with Africa has evolved in a determined manner. Soon after independence, India offered political support for the decolonisation of Africa and their place in the international order. The Bandung Conference of Afro-Asian nations in 1955 and subsequently, the nonaligned movement manifested this by providing independent countries an identity.

Technical cooperation was taking place initially through Indian efforts largely with countries in East and Southern Africa and the English-speaking countries in West Africa, like Nigeria and Ghana. The 1978 Buenos Aires Plan of Action was as much a reiteration of what India had already been doing in Africa besides the absorption of aid that it dealt with.

India's development and economic exchanges with Africa are the subject of my recent book, *The Harambee Factor: India-Africa Economic and Development Partnership*. According to this book, India's development partnership with Africa was consultative, it was for the benefit of African governments and people. It followed their lead without imposing unnecessary conditions.

This was a good breather for many African countries, who soon after their independence, felt the pangs of neo-colonialism as they sought assistance for development and investment programmes from the traditional donors.

India's development partnership has five main prongs in Africa. The earliest and most sustainable is the capacity building and human resource development aspect. This essentially consisted of the Indian Technical and Economic Cooperation (ITEC) programme, whose biggest beneficiaries are now from Africa. The programme has also grown in size and due to the pandemic, quickly converted itself into an e-ITEC programme.

This programme has had the widest variety, diversity and responsiveness to African requests for training. Its flexibility, particularly after a review a few years ago, enhanced the programme's impact. A survey of African respondents carried in *The Harambee Factor* reveals that HRD cooperation is the most valuable part of India's development compact with Africa, with 66 percent choosing it. Further, the ITEC had the best recall of all Indian programmes in Africa.

This approach shows that India values Africa's human resources much more than its natural resources, which is the main difference between India as a development partner and the more exploitative nature of some of Africa's other partnerships. This is what is now referred to as the Harambee Factor - the idea of working together rather than a donor-donee relationship.

This HRD aspect had several facets. The ITEC programme was supplemented by the special programmes for Africa, created by the India Africa Summits (IAFS). These were like ITEC but more focussed on Africa and its requirements. The ITEC programme initially also covered the dispatch of civilian and military experts.

The second aspect of India's development partnership with Africa consisted of the lines of credit. This became, volume wise, the largest part of India's development partnership and extended about US$12bn to 41 African countries before the scheme started to ebb around 2020. This was for reasons of its administration, its rates and the debt stress in Africa.

Three other aspects of Indian development cooperation are humanitarian assistance and disaster relief (HADR), small development projects and technical cooperation which included despatch of experts and conduct of feasibility studies and project reports.

When the India Africa summits were launched, in 2008, their main thrust was on capacity building and lines of credit. The IAFS attempted to merge some of the 5 facets of development cooperation and create a new paradigm of building capacity through institutions in Africa itself.

Where lines of credit (LOC) are concerned, Senegal has borrowed about US$320mn for 14 projects since 2004. It was a core member of the TEAM 9 initiative that year. The largest LOC was for rice sufficiency programme. The 350 Tata buses supplied to Dakar city bus services under an LOC of US$18 million gave the transport system a boost.

Senegal was the host of the Pan-African E-network Project (PAENP) hub as the project operated from 2009 to 2019. The hub in Dakar provided the support to the PAENP in 47 countries, but that project was implemented under the African Union's auspices and not only with Senegal.

India is Senegal's important trading partner. A major joint venture in Senegal uses its rich deposits of rock phosphates to provide phosphoric acid for India's fertiliser industry. Due to the language barrier and the distance, Senegal did not use the scholarships and agricultural fellowships offered by India. Of the 50 scholarships awarded to Senegal annually between 2014 and 2019, according to an Indian Council for Cultural Relations (ICCR) report, it used only four! Neighbouring Gambia gets 10 scholarships per annum and uses 60 percent of them. This lack of utilisation of scholarships and fellowships perhaps indicates the language barrier.

Senegal did send nine researchers under the Raman fellowships for Science & Technology (S&T) to India and there is the possibility of cooperation through the DST Africa Initiative which is collaborating with the World Bank to strengthen S&T institutions in Africa. These Africa Centres for Excellence (ACEs) were to promote regional specialisation among participating universities in areas that addressed specific common regional development challenges. The Gaston Berger University in Senegal is under the ACEs, which is specialising in mathematics.

In this background, to have a success story of an Indian development project in a French speaking country like Senegal, makes for interesting reading.

The Entrepreneurship Development and Training Centre (EDTC) was offered through the G15 process as a South-South development assistance. Hindustan Machine Tools (HMT) international implemented the EDTC project on a turnkey basis as it was fully funded by the Government of India.

The project was completed in June 2001 and was formally inaugurated on March 23, 2002, by the then Minister of State for External Affairs, Shri Omar Abdullah during a visit to Senegal. Mr Pape Diouf, Minister for Agriculture & Animal Husbandry and the Minister for Commerce and SMEs, Ms Aicha Agne Pouye was present on the occasion, showing the functional importance they attached to this project. The G15 Cooperation Programme followed the signing of a Memorandum of Understanding by the Prime Ministers of India and Senegal during the G15 Summit at Harare, Zimbabwe in November 1996.

The Centre, based in Dakar, is meant for the countries of the West African region and for the French speaking countries of Africa. The Centre became a nucleus for the development of small and medium enterprises in Senegal and other countries of the region.

This project needs a closer study because it is located in a distant country like Senegal, which is French speaking and where the project has succeeded, when similar projects in other countries failed to take off.

The EDTC in Dakar is a training centre for six technical courses. These include:

- Mechanical maintenance including sheet metal welding
- Electronics
- Refrigeration and air conditioning
- Metallic structures
- Civil Engineering including building construction
- Geomatics

It prepares trainees for the BTS (higher technician certificate) diploma. The admission criteria require candidates to:

- hold a baccalaureate, an industrial technician certificate (BTI) or an equivalent diploma
- be 23 years old on December 31 of the admission year

Eligibility tests in mathematics and French are mandatory while optional tests in mechanical analysis, electrical engineering or physical sciences are prescribed. Psychotechnical tests or an interview with a panel to conclude the admission process.

The centre provides initial training for young holders of a scientific or technical baccalaureate or an industrial technician certificate (BTI) in order to prepare them for the tasks of higher technicians.

This fitted perfectly with the Ten-Year Programme on Education and Training (Programme decennial de l'éducation et de la formation) (PDEF 2000-2011) which had the following objectives for technical, vocational education and training:

- To develop a qualified workforce in accordance with the needs of the labour market, developing workers, employees, technicians, supervisors and senior technical staff;
- To promote the development of knowledge, employability, and creativity among youth and prepare them to become actors in the workforce; and
- To increase the number of people with professional and technical qualifications.

In the initial years, the EDTC had 96 students annually to be trained in the six technical areas. It soon expanded to cover as many as 300 students per year attending courses in three shifts per day. Senegal saw a growing domestic demand for the facility of the EDTC. It also attracted pupils from Gabon, Mali, Togo, Chad, Congo and Guinea Bissau in the region, besides Comoros and Djibouti. By December 2018, the EDTC trained 5837 students, of which they had records of employment generated for 3186 of them. A success of this project was that it attracted students from across several French speaking countries. It was seen as a truly regional project.

According to statistics maintained by the EDTC since 2000, the number of enrolled foreigners started to rise. From 44 of 204 (22.5 percent) in 2001, it rose to a high of 140 of 441(31.75 percent) in 2005. Since 2011, Senegalese trainees have been over 900, with 1228 in 2022. Consequently, the number of foreign students have diminished as Senegal uses the renovated facilities to expand its trained youth power.

Employment statistics at the EDTC reveal that the largest number of graduates are in design or control offices; power and cement works is the next highest employer followed by the IT sector. Mechanical engineering, food processing and cold chains and shipyards are also significant employers. 53 graduates are self-employed entrepreneurs.

This was a standalone project and supported the G15 effort for South-South cooperation. The dedication with which Senegal approached and implemented it showed that they had a determination to encourage their youth to acquire technical and vocational education and training (TVET) skills. At the India Africa Forum Summits, India offered 100 training institutions to Africa, which included vocational training institutions and entrepreneurship development institutes. However, Senegal did not want one of those new institutions as much as it wanted an upgradation of the EDTC. Thus, it was decided to modernise this institution and an MOU for this was signed in February 2018.

With a budget of Rs 23 crores, the initial project was completed in June 2001. At that time, it was approximately US$4.49mn. It was seen as a concrete proof of India's close and abiding friendship with Senegal and a proud symbol of South-South cooperation. At the inauguration in 2002, the Senegal Minister for Agriculture, Mr Pape Diouf, termed the EDTC a shining symbol of India's partnership with Senegal and the emblem of successful cooperation.

When the IAFS took place, Senegal was a consistent participant as it was a permanent invitee. Yet, it showed little interest in any of the pan African or regional institutions which India offered to Africa. Senegal did not bid for any of them. An Entrepreneurship Development Institute through EDI Ahmedabad was allotted to them but the EDI team made no headway in pursuing it. Senegal in turn said given the success of the EDTC, the expansion and modernisation of the centre was important.

Accordingly, instead of awarding Senegal a further institution under the IAFS programmes, the upgradation of EDTC was approved. The first phase of this modernisation process was completed in June 2019 and handed over to Senegal by November during which a further training of trainers took place. Of the budget of Rs 23 crores, Rs 14 crores had been spent. The further expansion process for Rs 9 crores will take place in phase II, which has been delayed through the impact of COVID-19. The Vice President of India during his visit to Senegal in May 2022 reassured them that this would happen for sure.

According to the Programme to Improve the Quality, Equity and the Transparency of the Education and Training Sector (*Programme amelioration de la Qualité, de l'Équité et de la Transparence du secteur de l'Éducation et de la Formation*) (PAQUET) (2013-2025), TVET in Senegal faces the following challenges:

- improvement of links between TVET and the economy and potential areas of development;
- development of a public-private partnership and between professional organisations;
- increasing the number of students enrolled in TVET programmes (by 2025 at least 30 percent of basic education leavers to TVET);
- improving and integrating, in collaboration with chambers of commerce and professional organisations, the traditional apprenticeship system into the TVET system (allow 300,000 young people present in the informal sector to validate their practical skills and obtain qualifications);
- enhancing access and retention of girls in industrial sectors;
- strengthening the qualification of trainers and implementing quality controls for technical and vocational training; and
- supporting the integration of TVET graduates in the labour market.

In many Indian led projects in Africa, success could not be achieved because the local governments could not provide the necessary wherewithal for their part of the project. This included land, building and a budget to sustain the centre after the initial period. They also had to be passionate and interested to integrate these facilities into their development plans for the country. This is where Senegal seems to have succeeded.

The professional management that successive Senegalese governments encouraged to manage the centre has been a boon. Annual enrolments have crossed 700 students per annum with the modernisation. New equipment has been installed and capacity enhancement undertaken since 2019. Thus, a larger number of people can be accommodated and this will reach a higher figure once the impact of COVID-19 diminishes. In 2020-2021, the annual training availability has been increased to 966 from that academic year. In 2021, new programmes were introduced using the latest equipment and these included electromagnetic mechanics, networks and telecommunications as well as energy engineering and sustainable energy.

Another important aspect is that alumni of the EDTC often become entrepreneurs rather than seek jobs. This is one of the important gains of the EDTC, since not only was it meant to impart technical training, but also to build entrepreneurship skills.

Training provides a ready human resource for absorption and backward integration into local public sector and private sector industries. But entrepreneurship ensures that those skills go into creating private enterprise, which in turn becomes an employment generator. According to the records of the EDTC, its alumni have set up their own businesses in construction, industrial electricity, instrumentation and related control. Several have joined multinationals and large public sector undertakings as well. It is due to this easy absorption of their skills and the opportunity for entrepreneurship that the centre has become popular.

This has led to its expansion and enhancement of enrolment. It is also important to note that the Senegal government was prompt in having the land, building and appropriate budget allocated for running the centre and this has been consolidated over a period of time. India is providing the grant for the establishment and expansion as well as training of trainers, but thereafter it is the Senegalese interest in maintaining and utilising the institution which is giving it its success. This was used as a base model for other such institutions offered to African countries, but did not always succeed.

The EDTC trainers are trained in India and have developed their programmes given to them for their national benefit. This is an ideal situation which needs replication. They have overcome the language barrier by partnering with India to build an institution of excellence where they can teach in their own cultural ethos and for their development requirements.

Papa Ngom, the director of the EDTC, has headed the institution since September 2014, giving it a rare continuity of management. They have relentlessly pursued the expansion process under which seven master trainers were sent to India. They were trained in the different fields that they were going to teach for a period of three months by HMT. Once the training was completed, the new equipment was installed to create the Department of Mechanical Maintenance and Electrical Engineering. Administration of the centre was also supported through computerisation and the like. In an interview, he said '*from what is already done, we are very satisfied*'. Senegalese administrators of the Centre are grateful to India for its dynamism to train the young people, which is extremely important for the development of Senegal. Papa is proud that the EDTC is the best professional training centre in Senegal. This is important as there are other centres supported by OECD partners as well.

In the second phase, the reconstruction for departments of electronics and industry, metallic structures, civil engineering and air conditioning would be upgraded. While India has supplied the new machines and the training, the ministry of the government of Senegal rehabilitated the buildings in two stages. In the first stage, the workshops were renovated and in the second stage eight classrooms were built. They shared the costs by providing 10 percent of the capital budget towards building renovation.

Their capital budget of 2.28 billion West African CFA franc (FCFA), has the 2 billion financed by India which constitutes the equipment, supervision of trainers and monitoring of the project. 280 million FCFA is from the Senegalese side for the rehabilitation of the buildings.

By 2050, 75 percent of the global increase in working age people will be in Africa. With 12 million graduates annually, 200 million jobs are required in Africa in the next decade. During the pandemic, 22 million jobs were lost. Therefore, it is imperative that the youth factor in Africa is supported. After all, with a median age of 19 and 40 percent of African youth under the age of 15, there is a much greater demand for training in vocational aptitudes, in technical trades, and in entrepreneurship.

This is what India set out to do through the India Africa Summits and the offers of up to 100 institutions in Africa. Not often could there have been a success and it is in Senegal that there is a success story, the EDTC, of which India must justifiably be proud.

The EDTC overcame the language barrier that stymied Indian development efforts. It reached out to the French speaking countries. The Senegal government showed dedicated support to it. They assumed ownership over it and gave it eminence in their national development plans. They provided a budget for recurrent expenditure and had a business plan for running the EDTC. They seek periodic support from India to upgrade the centre. The EDTC brings to Dakar the efforts of the ITEC approach, development partnership and integration to national objectives altogether. Thus, its success is noteworthy and should be a model for further efforts.

18

RAVI THAPAR

Economic and Commercial Diplomacy as a Tool for Enhancing India's Economic, Trade and Strategic Footprint Abroad

During recent decades, the tools of diplomacy have undergone a sea change. Responsible in historical times for representing the King or Nation-State abroad, often only for political or ceremonial reasons and sometimes also for furthering trade prospects, an envoy's charter of duties today, has been considerably broadened and extended.[1] For, besides representing various sections of the government abroad, a diplomat is now actively also espousing the strategic and long-term interests of a vast eco-system of stakeholders in different domains – be they related to trade and industry; finance, banking and capital; science and technology; research and innovation; healthcare and medical sciences; education and skills development or any other area which might have an impact on the future economic development and prosperity of his country and its citizens, in India or abroad.

Similarly, owing to the world being now seamlessly connected on a 24x7 basis through ICT networks, new diplomatic duties pertaining

1. As defined by Diplo, which is an internationally-reputed Swiss-Maltese NGO which specialises in capacity development in the field of Internet Governance and Digital policy, states that *"Economic Diplomacy is concerned with 'international economic issues' to 'enhance prosperity', which has been 'the main priority for states in most regions of the world.' In a broad sense, economic diplomacy can be defined as any diplomatic activity that promotes the state's economic interests. It also includes diplomacy that uses economic resources to achieve a specific foreign policy objective. In a narrow sense, economic diplomacy is about export promotion and inward investment. This is sometimes called Commercial Diplomacy." [https://www.diplomacy.edu/topics/economic-diplomacy/#geopolitics]*

to Public Diplomacy - where not only domestic, but also foreign audiences are to be constantly monitored and addressed, need to be discharged. All such functions, coupled with the increasing impact of multilateral decision-making on domestic interests, imbue modern Diplomacy with demanding duties, which are quite different from the ceremony and glamour with which classical Diplomacy has often been associated in earlier times.

As Technology and E-commerce have now taken centre-stage in international business, new opportunities are unfolding for all developing countries. Endowed with vast natural and mineral resources during pre-industrial times, the colonial era witnessed massive erosion and depletion in the wealth and assets of many developing countries.[2] However, in the current era of economic interdependence and globalisation, the preferred multi-vendor supply chain model - which relies on sourcing various components and services from different economies for ensuring optimal and most competitive rates - offers new opportunities for all developing countries.[3] In the big, wide global market out there, where all countries are fighting for more influence and market space – including at government, multilateral or other fora - the pursuit of effective Commercial and Economic Diplomacy is an inevitable concomitant in a nation's quest for economic development and prosperity.

Although the practise of this skill has been a fond passion and interest during my entire diplomatic career, my efforts as Counsellor - (also Charge d'Affairs for part of my tenure) – at the Embassy

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2. Prof Jason Hickel, in his bestseller, 'The Divide' [Penguin Random House Group, 2017] at Chapter 3, 'Where did Poverty come from? A creation Story', remarks that *"But if we rewind to about 1500, a very different story emerges. At that time, there was little difference between Europe and the rest of the world when it came to the living standards of ordinary people. In fact, people living in South America, India and Asia were in many ways better off than Europeans. And in terms of the balance of global power, Europe in 1500 – just emerging from the Dark Ages – was little more than a backwater, accounting for only 15 percent of global GDP. By contrast, China and India together controlled 65 percent of the world economy."*

3. *"In the modern supply chain, global procurement of raw materials, components and manufacturing is the norm rather than the exception. Over the last few decades, businesses have increasingly cultivated relationships with third-party suppliers outside of their own country. The production of goods integral to international trade is spread across a global supply chain that involves multiple factories in multiple countries." [https://supplychainmanagement.utk.edu/blog/global-procurement-risks-benefits-to-supply-chain/]* University of Tennessee, Knoxville, Global Supply Chain Institute.

of India, Paramaribo, Suriname from January 2001 – June 2004, deserve special mention because of the lasting impact which my forays in economic diplomacy had on bilateral ties between both countries. After gaining independence from its colonial ruler, The Netherlands, in 1975, Suriname still relies heavily on revenues from agriculture, natural resources, mining of bauxite for the aluminium and gold industry – now also gold and timber, eco-tourism and other such sectors.[4] The fact that almost 30 percent of the Surinamese population was of Indian origin, resonated very well with our Government's outreach efforts for fostering closer linkages with the overseas Indian community abroad.

After establishing contact with key officials and other opinion makers, I commenced my tenure by soliciting participation of more Surinamese candidates, wishing to avail of Indian scholarships for honing their skills through short to medium-term training at various Centres/Institutions of Excellence empanelled by the Government of India under its highly popular ITEC programme for providing expertise and insights in varied disciplines - whether accounts or finance, agriculture, IT and computing, forensics, English language or other such areas. On a similar note, also under the ITEC programme, the services of a Vice-Chancellor-level agricultural expert were requisitioned by our Mission for studying prospects of undertaking cashew-farming operations in Suriname.

A successful demarche was thereafter made with the Ministry of Agriculture in Suriname for facilitating use of heavy-duty Indian centrifugal water pumps in irrigation and other operations under

4. As per the World Bank Overview *"The Suriname economy is driven by its abundant natural resources, with mining accounting for nearly half of public sector revenue and gold representing more than 80 percent of total exports. This makes Suriname extremely vulnerable to external shocks. Strong economic growth, averaging 4.4 percent, was recorded from 2001 to 2014, mainly due to favourable commodity prices. Beginning 2015, Suriname's economy contracted, and the budget and balance of payments came under severe distress. Government revenue from mining fell sharply, foreign reserves were drained, and GDP growth contracted. By 2020, a severe fiscal and balance of payments crisis began to unfold in Suriname, which continued into 2021. Domestic vulnerabilities were exacerbated by the COVID-19 pandemic, leading to a sharp GDP contraction (15.9 percent in 2020) and increasing unemployment and poverty. In 2021, Suriname had a GDP per capita of US$5,166, below its peak of US$9,350 in 2014 and well below the LAC regional average of US$15,092. About one in four people in Suriname (26 percent of the population) live on less than US$5.50 a day."*

India's ongoing Line of Credit bilateral assistance programme. Intensive efforts were also commenced for stepping up contacts with senior representatives of the Suriname Chamber of Commerce and Industry at Paramaribo. As Suriname had a modest market and total population of about half a million people[5] and Indian companies were reluctant to travel from India to Paramaribo, contacts with representatives of Indian companies based in USA, Brazil or located in neighbouring parts of Latin and Central America, were also initiated.

All these efforts prepared the ground for my organising – while functioning as Charge d'Affaires at our Mission - a highly successful State Visit by the then President of Suriname, RR Venetiaan to India in March 2003, who was accompanied by four Cabinet Ministers and a senior business delegation, held a bilateral dialogue with the then PM of India, Shri Atal Bihari Vajpayee and also interacted with the then President of India, Dr Abdul Kalam.[6] From the Surinamese point of view, the visit was very productive because outstanding dues from previous Lines of Credit projects were unconditionally waived[7] as a courtesy gesture by the Government and arrangements for allocating fresh Lines of Credit to the tune of US$10mn were initiated.

The Surinamese State Visit to India gave new traction to ongoing India-Suriname bilateral relations. It was therefore an abrupt surprise, when in February 2004, during a Press interaction prior to undertaking of an official visit by President Venetiaan to

5. Suriname is a small, natural-resource rich, upper-middle income country in South America with a population of approximately 586,634, *World Bank Overview on Suriname.*

6. *"Cordial Relations between India and Suriname received a fresh impetus with the State Visit of Mr Ronaldo Ronald Venetiaan, President of Suriname to India from March 15-20, 2003. President Venetiaan's delegation included Ministers of Foreign Affairs, Finance, Agriculture and Planning besides senior officials and representatives of business and media. A Joint Press Statement was issued at the end of the visit. Agreements signed during the visit included US$10 million Government of India Line of Credit to Suriname, an agreement on cooperation in the field of agriculture and a cultural exchange programme. A gift of Indian medicines worth US$100,00/- and doubling of ITEC slots from 15 to 30 per year were also announced. At the private sector level, an agreement to set up a Joint Business Council was signed between the Federation of Indian Chambers of Commerce & Industry (FICCI) and the Suriname Chamber of Commerce & Industry (KKF)"* [Page 100, Annual Report of Ministry of External Affairs, Government of India, 2003-2004].

7. Processed and notified much later after the Surinamese State Visit after mutual reconciliation and processing by both sides.

a country in India's neighbourhood, the Suriname Government suddenly backtracked and announced that a Line of Credit project for construction of a 55-km electrical transmission line from Parmaribo to Paranam, which had already been previously assigned to India, was now being allocated to another, competing country.

Two Indian companies, namely Larsen & Toubro (L&T) and the Projects and Equipment Corporation of India (PEC) were to execute the project. An MoU in this regard had already been signed during the visit of a senior delegation of the Suriname Electricity Authority to India. Needless to mention, all stakeholders in India were deeply disappointed at the sudden reversal of the contract by Suriname, especially after a very fruitful State Visit by the President of Suriname to India. When the Suriname Electricity Authority was contacted for an explanation about the re-think on their part, a proforma response was offered that the MoU previously signed in favour of India was invalid, as in the absence of the MD and Chairman of the Surinamese Electricity Authority, the Directors/Representatives visiting India without him, could not presume that the authority to sign such an MoU had been vested in them.

By this time, owing to the Seventh World Hindi Conference being scheduled to be held in Paramaribo in June 2003, a full-time Head of Mission/Ambassador had already been appointed at Paramaribo. After our Ambassador's attention was flagged in this regard, our mission sent an urgent diplomatic note to the Surinamese Foreign Office expressing surprise and disappointment at the turn of events. However, the Ambassador was quite pre-occupied with his upcoming visit to Barbados for presentation of his credentials. It was during his ongoing visit to Barbados, I got a telephone call from the then Joint Secretary, Latin American & Caribbean (LAC) in MEA who instructed me to use all the contacts and goodwill I had forged during my handling of President Venetiaan's State Visit to India for getting status quo restored for India's Line of Credit assistance proposal for Suriname's Electrical Transmission line project.

My reservations, that the incumbent Head of Mission might object and prefer to pursue the matter himself, were overruled. I was also informed that a demarche by me had been authorised by the then Secretary (Economic Relations), MEA while also keeping Foreign Secretary informed.

Armed with this mandate, I immediately sought a call on the then Political Secretary to President Venetiaan, with whom I had worked closely as Cd'A in organising the highly fruitful State Visit by President Venetiaan to India. The President's Political Secretary was kind enough to see me that very afternoon and listened sympathetically to the deep disappointment voiced by Delhi at the latest turn of events. She also appreciated the fact that reneging on an MoU previously signed with India could seriously impact on bilateral relations, which had been significantly enhanced after the State Visit of President Venetiaan to India.

As she was leaving for a forthcoming official visit by her President to a country in India's neighbourhood, she informed me that she would hold urgent internal consultations within the Suriname government and revert at the earliest. Keeping her word, the very next afternoon, during a hurried telephone call before leaving for the airport, she informed me that an urgent meeting had been scheduled that very evening with senior Suriname Government representatives, which included the then Suriname Minister of Natural Resources and Power, Minister of Finance, Foreign Secretary, MD and Chief of the Suriname Electricity Authority.

In my extended discussions with these representatives, I repeatedly highlighted concerns voiced by Delhi about the perceived damage which the latest decision of the Suriname Government would cause to ongoing bilateral ties. Even otherwise, reneging on such an MoU would be completely at variance with 'Best Business' practices followed in the diplomatic world.

Here, it would not be out of place to mention that India has always pursued a benign model of development cooperation. Being a populous country with scarce financial resources, it might not be well-placed to disburse large funds for infrastructure-related projects. However, being endowed with one of the largest reservoirs of technical manpower in the world, it is certainly well-poised to share perceptive insights and knowledge of its experts in various fields with other partner countries.

This model of development cooperation pursued by India assumes unique significance for various developing countries as empowerment of their experts in various sectors such as S&T, agriculture, meteorology and disaster management, outer space and satellites, telecommunications, ICT, medical research and pharmaceuticals and other such areas, as contrary to creation of mere physical infrastructure, has a lasting impact on a recipient country's efforts to secure economic development and prosperity for its masses. Here, it would also be relevant to point out, that unlike business entities from other countries who transport hundreds/thousands of their labour force to other countries while executing infrastructural projects, Indian companies generally prefer to depute their senior managers and engineers to supervise and manage indigenous workers and labourers in the recipient country.

My strong defence of India's development cooperation credentials, fetched the close attention of my Surinamese interlocutors. However, one issue which was raised was as to whether India would be willing to match the terms of credit being extended by the competing neighbouring country which was willing to extend larger assistance for the project (i.e., US$3mn more than that being initially offered by India).

It was by then already late Saturday evening in Suriname and Sunday morning in India (IST is eight and a half hours ahead of Suriname time). Upon getting back from the President's Office, I urgently sought contact with the concerned Joint Secretary (JS/Director General) in the Department of Economic Affairs (DEA), Ministry of Finance, Government of India in this regard. Being unable to retrieve his residential telephone details at that late hour, but knowing fully well that waiting until Monday morning might jeopardise India's efforts to revive the contract, I instead reached out to his Private Secretary (PS). I was informed by his wife that he was in the shower. But on my repeated insistence and request that the office of the President of a foreign country required an immediate and urgent response, she very kindly interrupted her husband's morning ablutions and got him to share the residential landline details of the concerned JS in the Government of India.

I was fortunate that I managed to speak to the JS as he was just about to step out of his house for a long, Sunday morning walk. Had this transpired, the urgent clarification required by the Government of Suriname in the matter would have been delayed. In such an exigency, the Surinamese President would have then continued with his pre-scheduled official visit to the neighbouring country where subsequent bilateral talks would have fortified and reinforced the MoU signed in favour of the country even further. In the circumstances, India would have probably permanently lost the contract it was seeking to earnestly revive.

Upon learning that a decision was required before the President of Suriname proceeded abroad for his official visit to the competing country, the JS DEA verbally confirmed that India would be willing to upgrade our Line of Credit Assistance to Suriname for the project. He also conveyed that I would get an email confirmation in this regard, when the Embassy re-opened on Monday morning after the week-end, an aspect which was made possible because of the considerable difference in the time zones between both countries.

Though it is usual in such bilateral assistance projects for our authorities to meticulously examine all details pertaining to the Line of Credit arrangements, in view of the emergency, as an exceptional measure, JS DEA did send the much-awaited email after the week-end, not only confirming that MEA/Government of India would match the offer being made by the competing country's government, but also that the extra US$3mn being allocated - owing to India's cost projections being cheaper by this amount as compared to the neighbouring competing country's estimates - could be used by Suriname for purchase of spares and equipment for the project.

By that time, our Ambassador had also returned from Barbados. I informed him of the ongoing demarche. He seemed sceptical as to whether such an important decision would be taken in the short window of time available before the Suriname President proceeded abroad on an official visit. Much to everyone's surprise, I did get a call from the President's office late in the afternoon, informing that a final review would be held at 9 pm in the office of the Suriname President that very evening.

Armed with the new information I had received from Delhi - being the sole negotiator from the Indian side – I ventured to commence negotiations with the Surinamese authorities, this time led himself by the Minister of Finance, Government of Suriname. During those tense discussions, the Surinamese Finance Minister would occasionally withdraw, presumably to brief the President.

Eventually, both sides did manage to sort out all outstanding issues. However, I insisted that India would like a written confirmation of Suriname's decision in this regard. The Surinamese Minister of Finance asked me to suggest a draft letter which could be issued in this regard. I hurriedly dictated the required letter, addressed by the Finance Minister of Suriname to the Indian Embassy, Paramaribo and marked to my 'kind attention' as the Ambassador of India himself, was not present in the negotiations. After internal consultations, the draft was approved.

Signed by the Finance Minister of Suriname on his official letterhead, the communication unequivocally reinstated the Suriname Electricity Authority back to India. The only request made by the Suriname Government was that any press or media release in this regard should be kept pending in India and abroad until the President of Suriname had returned to Paramaribo, Suriname from this official visit to the competing neighbouring country.

By the time the negotiations ended and the official letter in India's favour was issued by the Government of Suriname, it was past 1:10 am in Paramaribo. Not knowing if the President was in his office, I expressed a strong desire to meet him. My request was granted and indeed, the President agreed to see me in his office after the conclusion of all discussions. He very graciously thanked me for the hard work and interest taken by me in the matter. When I eventually returned to my residence and placed a call to MEA Delhi, it was well past 4 in the morning. Joint Secretary (LAC), who was away for a meeting called me at around 7:30 am and was delighted to hear the news.

The friendships and contacts made by me in Suriname endured. Although I was not the Ambassador, the President of Suriname received me in his office during a farewell call I requested from his

Political Secretary upon being posted from Suriname as Consul General of India, Milan. During this meeting, I was presented with a coffee table book and a cultural artefact by the President. Later, while I was serving as Consul General in Milan, and when the Electrical Transmission line project had been successfully executed, a special function and ceremony was held in Suriname, in which *inter alia*, a trophy with a citation recognising my contribution to the project was handed over to my colleagues at the Indian Embassy, Paramaribo and eventually sent over by diplomatic pouch to Milan.

Earlier, after the conclusion of his State Visit, President Venetiaan wrote out and issued a Letter of Appreciation to the then Prime Minister, Shri AB Vajpayee, appreciating the efforts put in by me in my capacity as CdA for ensuring successful outcomes during the State Visit. A Letter of Appreciation was also issued by the CMD of Projects and Equipment Corporation of India, commending the efforts made by JS (LAC) and me in putting the project back on track for India.

In conclusion, the biggest takeaway from my tenure in Suriname was the significant impact and influence which the active and vigorous pursuit of Economic Diplomacy can have on the state of bilateral relations between various countries. Before reaching Paramaribo, Suriname in January 2001, I had no contact or connection with any person or entity in Suriname.

By the time I left for my onward diplomatic posting in Milan in June 2004, I had – through my forays in Economic Diplomacy – endeared myself not only to the top echelons in the Suriname Government but also to other influential representatives in the business, official, academic and other sections of the Surinamese population. More than any other aspect of course, was the overwhelming satisfaction that pursuant to these diplomatic efforts, India’s bilateral ties with Suriname had been upgraded onto a new and promising upward trajectory.

19

SUJAN R CHINOY

Japan

An Anchor in India's Economic Transformation

India and Japan have undergone a major transformation in the strategic and economic levels since 2014, with Prime Ministers Narendra Modi and Shinzo Abe investing personal capital in deepening bilateral ties.

In the words of Prime Minister Modi, "India and Japan will play a major role in Asia's emergence. The growing convergence between India and Japan on strategic and economic issues has the capacity to stimulate the global economy". Prime Minister Abe and his successors have considered robust relations between Japan and India to be a public good.

The Special Strategic and Global Partnership with Japan is now a cornerstone of India's Act East Policy, which dovetails in terms of intent and purpose with Japan's Enhanced Partnership for Quality Infrastructure. The bilateral Act East Forum seeks to provide a connecting tissue by developing India's North-east.

The interface between India and Japan at the strategic level has also increased due to dialogue and cooperation in the context of the Quadrilateral Security Dialogue (QUAD) and the desire to work together to realise the goal of a free and open Indo-Pacific region.

As two of Asia's largest democracies, India and Japan have shared values that emphasise openness and transparency, rule of law, freedom of navigation and commerce in the Indo-Pacific region. Japan is one of the few countries with which India has an Annual Summit at the level of the two heads of government.

Japan: An Anchor in India's Economic Transformation

Although the India-Japan economic partnership has always been important, it has begun to achieve its true potential only in recent years.

Today, Japan is an indispensable anchor in India's economic transformation. At the last annual summit held in March 2022 between Prime Minister Modi and Prime Minister Fumio Kishida, both sides expressed their shared intention to realise JPY 5 trillion of public and private investment and financing from Japan to India over the next five years, to finance appropriate public and private projects of mutual interest.

Japan has now emerged as a very important player in the infrastructure sector in India. It is part of major projects, whether roads, metros, or high-speed railways. In the decade between 2008 and 2018, approximately 64 percent of Japan International Cooperation Agency's (JICA) soft loans have been in the transport sector.

During the author's term as Ambassador of India to Japan, some unique developments gave a new thrust to the economic partnership.

High-Speed Railway

The Mumbai Ahmedabad High-Speed Rail (MAHSR) Project is an iconic example of Japanese technology as well as a symbol of strategic partnership and mutual trust. As Prime Minister Modi said, the first "Bullet Train" project will act as a catalyst for rapid economic progress and technological growth, and innovation in India. Japan's presence in the MAHSR is expected to revolutionise the vast Indian railway sector, just as Suzuki Motors' entry into India 35 years ago fundamentally altered the Indian automotive sector and led to the presence of Japanese vendors, SMEs and supply chains in India. It will also create new avenues for employment, economic advancement and entrepreneurial activity.

The "Bullet Train" can be the future answer to "Smart Cities". By linking the heart of an urban centre to that of another city, it will result in savings in terms of commute and land costs. Besides high speech rail, Japanese technology under Technical Corporation

(TC) Project helps India in 'Capacity Development on Railway Safety', focussing on Track Maintenance, Rail Welding, Rolling Stock Maintenance and Metro Projects. The emergence of high-speed railways in India will complement the Delhi-Mumbai Industrial Corridor (DMIC), the Chennai-Bengaluru Industrial Corridor (CBIC), and the Western Dedicated Freight Corridor, all being built with Japanese assistance.

Overseas Development Assistance (ODA)

India is Japan's largest ODA partner while Japan is the 5th largest investor in India with cumulative FDI inflows of US$36.2bn since 2000, which make up 7.13 percent of India's total FDI inflows during the same period. Bilateral trade in 2020-21 stood at US$18.5bn. Although the trade balance is in Japan's favour, it is Japanese Foreign Direct Investment (FDI) that is of greater relevance to India's economic ambitions.

The number of Japanese companies registered in India is on the rise. More than half of these are manufacturing firms. Every year, approximately 100 new Japanese companies are establishing their presence in India, including through joint ventures and acquisition of Indian companies. Of late, Japanese investments have made their presence felt in not only manufacturing but also in logistics and the services sectors. India's capital markets have also been attracting Japanese funds.

During Prime Minister Kishida's visit to India in March 2022, the two sides renewed the US$75bn Currency Swap Agreement which had been concluded during Prime Minister Modi's visit to Japan in October 2018. This will deepen financial cooperation, strengthen financial safety nets and contribute to regional and global financial stability.

India's Flagship Projects

Japan has a significant presence in virtually every flagship initiative of the Government of India, including Digital India, Smart Cities, Start-Up India, Ayushman Bharat, and others. Both sides have been working together to build stronger ties in new areas such as Healthcare, Disaster Risk Reduction, Food Processing, Digital Technology, Waste-to-Energy and Waste Management.

India and Japan have sought to deepen their cooperation in the field of Agriculture and Food sectors. In May 2018, the Japan-India Food Business Council was established, to facilitate investments and joint ventures, especially in *'Make in India'* in the food processing sector and in cold chains, distribution and mega food parks.

The Suzuki-Toshiba-Denso joint venture for automotive lithium-ion battery packs for the domestic and global markets, as well as the exports of made-in-India Baleno cars are seen as success stories of Japanese assistance in the *'Make in India'* programme.

A significant step forward during the author's term in Japan was the establishment of a series of Japan-India Institutes for Manufacturing (JIMs) and the Japanese Endowed Courses (JEC) in regional colleges under which Japanese companies in India could participate in skills development programmes. Maruti Suzuki India Limited, for example, has trained students in Japanese manufacturing practices and processes at the JIM in Mehsana, Gujarat. Some JIMs offer special courses for female students, like in the Uncha Majra JIM in Gurugram, launched by Maruti Suzuki in 2019. Similarly, Daikin Airconditioning India Pvt Ltd established a JIM in Neemrana in 2017 to provide equal opportunities to female students. Today, about a dozen JIMs have been successfully launched around the country. More than 3,700 Indians were trained in JIMs and JECs in 2021 alone.

Similarly, Japan Industrial Townships (JIT) provide investment incentives, commensurate with the principal policy framework, for instance Special Economic Zones (SEZ) and National Investment and Manufacturing Zones (NIMZ). At present, there are 114 Japanese companies across the JITs. Japan is the world's only country that currently has 12 dedicated country-focussed industrial townships in 9 states across India. The India-Japan Industrial Competitiveness Partnership Roadmap that came out of the Modi-Kishida summit will further advance industrial and manufacturing standards in India in the MSME sector.

Healthcare

Japan has many strengths in the healthcare sector. There is a great deal that India and Japan can do together in this sector, especially in medical devices, trauma and geriatric care.

Our cooperation in healthcare is a new initiative launched in 2018, aimed at building synergies between Japan's Asia Health and Wellness Initiative (AHWIN), and India's *'Ayushman Bharat'* healthcare scheme, which aims to provide quality and affordable healthcare to all citizens. The project envisages the creation of more than 1,50,000 primary healthcare centres dealing primarily with trauma and geriatric care. There is growing interest in Japan with regard to Ayurveda, India's ancient traditional medicine system. In fact, the author succeeded in getting the first-ever Memorandum of Cooperation (MOC) concluded between AYUSH and the Kanagawa Prefecture on Ayurveda and Yoga during the visit of PM Modi to Japan in October 2018.

Resilient Supply Chains

Today, there is unprecedented emphasis on de-coupling and creating alternative resilient supply chains, as seen at the QUAD Summit Meeting in March 2021. Within the Quad, the India-Japan-Australia Resilient Supply Chain Initiative launched in April 2021 is focussed on diversification of supply chains.

Strategic supply chains, especially semiconductors, pharmaceuticals and telecommunications must be restructured, away from an undue dependence on China. Japan has earmarked US$2.2bn to enable its manufacturers to shift production from China to Japan or to relocate to other economies. Although only two companies relocated to India in the first round, namely, Sumida Corporation (auto components) and Toyota Tsusho Co. Ltd. (rare earths), there is great scope to attract more Japanese companies as they seek to reduce the over-dependence on China-based supply chains. India will, no doubt, have to compete with Southeast Asian economies and provide equally good incentives to Japanese companies in order to succeed. Infrastructure, connectivity, logistical support, cost-effective warehousing, high-skilled yet cheap labour and a suitable legal framework are some of the core areas that need to be addressed. The Production Linked Incentive (PLI) scheme of India is expected to attract Japanese investments as well.

Science and Technology

Japan is at the cutting edge of technological advancement, including in Artificial Intelligence (AI), Big Data and the Internet of Things (IoT). There is a great scope in our bilateral partnership to find the right points of intersection between Society 5.0 of Japan and Digital India and Startup India. There is enormous potential for creating institutional mechanisms for cooperation in the areas of Artificial Intelligence, Big Data and Internet of Things. The India-Japan Digital Partnership" (I-JDP) launched in October 2018 is aimed at propelling cooperation in the Digital ICT (Information and Communications Technology) Technologies. An MoU has been signed to enhance cooperation in ICT in January 2021. This will promote cooperation in 5G technologies, telecom security, and submarine optical fibre cable. Connecting Chennai and Andaman and Nicobar Islands with submarine optical fibre cable is a successful example of India-Japan cooperation.

Japanese companies have invested billions of dollars in Indian start-ups. The Japan-India Startup Hub was launched in October 2018. It serves as an interface between respective start-ups and firms, facilitating collaboration with Japanese markets and investors. Startup-India (under Invest India) and Japan Innovation Network (JIN) have signed an MoU on innovation collaboration with a focus on Sustainable Development Goals (SDGs) connecting two start-up ecosystems in June 2018. The Japan-India IT Corridor in Hiroshima has enormous potential in promoting B2B cooperation, attracting highly skilled labour and establishing collaboration between respective industries and institutions. While Hiroshima offers cutting-edge manufacturing technology, it lacks in the IT and software industry, where India can step in.

Movement of Professionals

Another major area of progress is regarding the movement of professionals. In January 2021, India and Japan signed a Memorandum of Cooperation (MoC) on a basic partnership framework for the operation of the 'specified skilled worker' (SSW) system under which the Japanese government will accept Indian nationals who have a certain level of expertise and skill (professionals and IT talent). This will enable us to develop a robust digital partnership. Japanese companies have begun recruiting young IT professionals from India through job fairs, in order to improve their own global competitiveness. Given the demographic landscape, Japan will also require skilled health workers such as caregivers and nurses.

The SSW system is founded on an earlier path-breaking agreement concluded during the author's term as Ambassador to Japan. It relates to the participation of Indian technical workers in the Japanese job market under the Technical Intern Training Programme (TITP) for on-the-job training and working for a period of three to five years. This is an ideal platform through which the relative strengths of India and Japan can be leveraged for mutual benefit. Indian workers are trained in Japanese culture and shop-floor practices before being sent to Japan for productive periods of employment. When they return to India, they become the nuclei for further change in the Indian economy by spreading Japanese best practices.

The launch of collaboration between Indian and Japanese universities as well as Japanese Language Teachers' Training Centres in India will promote avenues for cutting-edge research and collaboration and deepen people-to-people ties, respectively.

Given its history, Japan is a natural partner for India when it comes to the development of India's north-east region. An India-Japan Coordination Forum on Development of Northeast was instituted in August 2017. In June 2019, Japan committed to invest ¥205.784bn (approximately Rs 13,000 crores) in the Northeast region in projects ranging from sustainable agriculture and forestry, to biodiversity and environmental conservation. Japan also initiated the IRIS Programme in 2017 under which youth from Manipur and Nagaland are periodically selected to visit Japan.

Development of India's Northeast

The Act East Forum, established in 2017, seeks to build robust infrastructure within the states of Northeast India and connect them to the emerging markets of Southeast Asia via the India–Myanmar–Thailand Trilateral Highway, Kaladan Multi-Modal Transit Transport, Asian Highway Network and the South Asia Sub-regional Economic Cooperation (SASEC) Road Connectivity Investment Programme. Japan has also provided considerable ODA loans for the Northeast Road Network Connectivity Improvement Project and improvement of NH-54 in Mizoram, NH-51 and NH-40 in Meghalaya, and NH-208 (Kailashahar–Khowai) in Tripura.

Forest management projects in Sikkim, Nagaland and Tripura are in the pipeline. Oxygen generation plants are being set-up in the Northeast with Japan's assistance through the United Nations Development Programme (UNDP). The Miyawaki Forest technology of Japan has become hugely popular around India.

Tackling Natural Disasters

It is in the area of Disaster Risk Reduction that Japan can truly play an important role. India also looks to Japan for partnerships in the development of Smart Islands. Fisheries and Cold Chain in the Andaman and Nicobar (A&N) Islands or elsewhere along India's long coastline is also of interest. A Japanese grant is being used for a project to improve power supply in the A&N Islands, including grid stabilisation.

During the author's term as Ambassador in Tokyo, the CEO of the Sushi Zanmai chain of restaurants, Mr Kiyoshi Kimura had expressed interest in collaborating with India on the depleting Tuna reserves around Japan. This collaboration of Sushi Zanmai with the fisheries department in the State of Tamil Nadu in India is very advantageous since it will equip the local fishermen with Japanese fishing equipment and preservation technologies, to augment their Tuna catch for consumption in Japan. This is an example of creating resilient supply chains for Japanese consumers for *Sushi* and *Sashimi*.

Defence Manufacturing

Cooperation in Defence Manufacturing can grow under the Government of India's Atmanirbhar Bharat (Make in India) initiatives. There are many opportunities for Japanese companies to enter into Joint Ventures (JVs) and tie-ups with reputed Indian defence manufacturers, provided Japanese companies think big. The key question is whether Japanese companies are ready to risk entering into JVs or 100 percent investments in India in this sector, without any guarantee of contracts beforehand. They also need to compete with other global manufacturers who are more familiar with the Indian market. They cannot be in this space if they always expect G2G contracts of the type they are used to in the protected Japanese environment.

Most Indian majors in the defence sector would be open to the idea of collaborating with Japanese companies provided the costs of technology and production in India are competitive. One particular area of interest for Japan is the drone market in India.

5G Technology

The security risks inherent in Chinese 5G network equipment are compelling. India and Japan can work together in 5G/RAN technology. Japanese companies are gearing up for the 5G race, which is at present dominated by Huawei, Ericsson, Nokia and others. NTT and NEC of Japan have joined forces to expand their footprint in the global market.

Rakuten of Japan is launching the 5G network based on open Radio Access Network (RAN) technology in Tokyo, Nagoya, and Osaka. It has enlisted help of Indian tech companies. Rakuten is collaborating with Indian companies such as Sterlite Technologies for hardware and HCL, Wipro, and Tech Mahindra for software. Meanwhile, India's Reliance Jio has designed and developed a 5G solution. It is likely to be ready for trials as soon as the 5G spectrum is available. It is reported that both Jio and Rakuten rely upon the "open" RAN technology.

Liberalised Visa Regime

Before the pandemic disrupted travel, India had extended 'Visa-on-arrival', e-Tourist visas and ten-year business visas to eligible Japanese travellers in order to facilitate business and people-to-people exchanges. There are growing links between Japan's prefectures and states in India. An MoU between Gujarat state and Hyogo Prefecture and a Partner City Agreement between Kyoto and Varanasi are some of the notable examples. Recently, the Indo-Japan Friendship Association of Gujarat, of which the author is the Honorary Advisory Patron, worked with Hyogo Prefecture and the Ahmedabad Management Association to create the first-ever Zen-Kaizen Garden in Ahmedabad, inaugurated virtually by Prime Minister Modi.

The list of stakeholders in our deepening engagement is growing. There is every reason to believe that the India-Japan economic partnership is set to grow. Rationalised taxation, amended labour laws and free flow of data by rescinding regulations on data localisation are some of the areas of concern for Japanese companies in India. A focussed attempt to resolve the concerns of Japanese investors on logistics, customs clearance, export procedures and quality issues will help.

Indian industry also needs to understand the cultural nuances. Japan commands international repute for its management practices, production methods, quality control and management. The Japanese standards of Kaizen or its Just-in-Time (JIT) efficient inventory control along with their punctuality define their national character. India on its part will have to adapt to Japanese standards and best practices in order to enhance mutual confidence with Japanese counterparts. This, in turn, will provide a fillip to trade and business ties in the 21st century.

20

RAJIV BHATIA[1]

India-Africa Engagement in the 21st Century

Introduction

The first two decades of the 21st century witnessed major developments in the African continent, indicating that the African Renaissance that scholars and leaders talked about was beginning to take shape. The very first indication came as Africa decided to transit from its first model of Pan-African integration – the Organisation of African Unity (OAU) – to its new avatar – the African Union (AU) in July 2002.

This period saw the roots of democracy becoming stronger in Africa; its economic growth gained traction[2]; its progress towards peace and security was consolidated; and it scored tangible success in regional and continental cooperation and integration. The AU caught the imagination of Africans, with much of the world wishing to be engaged with Africa. The continent developed a comprehensive vision of its future, embodied in Agenda 2063. It was the blueprint and master plan for transforming Africa into the global powerhouse of the future. Through a solemn declaration issued to mark the golden jubilee celebrations of the formation of OAU/AU in May 2013, Africa's leaders showcased their Pan-African vision – 'An

1. Abridged and republished with author's and publisher's permission from "India-Africa Relations: Changing Horizons" (2022: Routledge).
2. Elizabeth Sidiropoulos, 'Lions and Tigers: Africa and India', Ruchita Beri (ed.), India and Africa: Enhancing Mutual Engagement, Pentagon Press, New Delhi, 2014, pp. 78–80. The author explains that the confidence in Africa 'as the next frontier of growth' stemmed from at least four socio-economic factors or trends, namely its demographic trajectory, urbanisation, the life of the Africa middle class and the convergence between banking and mobile telephony that improved financial inclusion of the poor.

integrated, prosperous and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena.'[3]

This historic declaration was followed by the AU launching a major initiative to identify its shortcomings and agreeing on a set of reforms to strengthen and rejuvenate itself.[4] Another significant landmark was reached when the African Continental Free Trade Area (AfCFTA) Agreement was signed in Kigali, Rwanda, on March 21, 2018. At the 12th Extraordinary Summit of the AU at Niamey, Niger, the FTA was formally launched on July 17, 2019.[5] By then, the number of African countries which had ratified it reached 27, and the number of countries which signed it was 54, thus leaving only one country – Eritrea – out of it. Moussa Faki Mahamat, chairperson of the AU Commission, described it as 'one of the most emblematic projects of the African Agenda,' and called it 'a dream, an old dream which is becoming a reality.'[6]

The two decades showed that the international community began to display much greater interest in forging close ties with Africa through new institutional mechanisms.

India – The First Seven Years

During 2000-07, that is, before India structured its summit partnership with Africa in 2008, the nation was governed first by Atal Bihari Vajpayee who was PM from March 1998 to 2004 and then by Manmohan Singh who succeeded him in May 2004. These years were broadly notable for 'business as usual' in the political-diplomatic domain of India-Africa relations, although several important initiatives were taken to inject new dynamism into the economic

3. Agenda 2063: The Africa We Want, African Union. https://au.int/en/agenda2063/overview
4. Overview of Institutional Reforms, African Union. https://au.int/en/aureforms/overview
5. For further details, see Rajiv Bhatia, 'Africa's ambitious path to trade growth', Gateway House, August 08, 2019. https://www.gatewayhouse.in/africas-tradegrowth/
6. Statement by HE Moussa Faki Mahamat, AU Commission Chairperson, delivered at the 12th Extraordinary Summit for the launch of the operational phase of the AfCFTA, African Union, July 07, 2019. https://au.int/en/speeches/20190707/statement-he-moussa-faki-mahamat-au-commission-chairperson-delivered-12th-extra

relationship. In this backdrop, the following developments merit a close look.

Perceptions

The creation of the AU was viewed in India as a momentous development which had the potential to bring about a noticeable transformation of the continent. 'With the formal take off of the African Union,' the Ministry of External Affairs (MEA) stated, 'we are hopeful that the new body will serve the needs of the African countries in a meaningful way in their efforts towards economic development and peace.'[7] Intuitively, a conclusion was drawn that Africa would have a higher place in India's diplomatic strategy. The new challenge, it was assessed, was to give 'even greater economic context to this historical relationship taking into account new and emerging economic opportunities.'[8]

With India taking new strides in governance and economic progress, her confidence grew as well as her acceptance within the African constituency. 'There is universal recognition in Africa,' reported the MEA, 'that India has now become a major power in every sense of the word.'[9] This sounded infused with hubris, but a more calibrated evaluation appeared two years later when the government noted that there was 'a growing recognition in the region that India can be an ideal partner for Africa in economic development.'[10]

Visits

The number and frequency of high-level visits increased but an imbalance marked them: most visitors – presidents, prime ministers, ministers – came from Africa to India. Top Indian leaders appeared preoccupied with other policy issues and regions. Whenever they found time for Africa, they could at best visit just a handful of

7. MEA's Annual Report 2001–02, p. 49. https://mealib.nic.in/?pdf2530?000
8. Ibid., p.44
9. MEA's Annual Report 2004–05, p. 62. https://mealib.nic.in/?pdf2532?000
10. MEA's Annual Report 2006–07, p. 11. https://mealib.nic.in/?pdf2534?000

countries such as Mauritius, South Africa and Nigeria. Africa was not yet a favourite destination.

Focus Africa Programme

On March 31, 2002, India's Ministry of Commerce and Industry announced the Focus Africa Programme as applicable to seven countries: South Africa, Nigeria, Mauritius, Tanzania, Kenya, Ghana and Ethiopia as well as the EXIM Policy for the period 2002-07. The essential purpose was to promote and increase India's exports to Africa, especially in select sectors like textiles, pharmaceuticals, machinery and instrumentation, transportation and telecom equipment and services. Subsequently, the geographical reach of this programme was extended, with effect from April 01, 2003, to the other sub-Saharan African countries that hosted India's diplomatic missions and also six north African countries – Egypt, Libya, Tunisia, Sudan, Morocco and Algeria.

In 2000-01, India's total trade with sub-Saharan Africa (SSA) stood at US$3.3bn, composed of US$1.8bn as India's exports and US$1.5bn as India's imports. The rising trajectory of India-Africa trade in the following years was a testimony to the success of this programme. The notion of Africa as part of India's extended neighbourhood was 'at the heart of this programme.'[11]

Projects

Another key trend of this period was India's acumen in designing special projects to cater to the needs of African countries desirous of absorbing Indian capital and technology. Three examples should be cited here.

First, the Techno-Economic Approach for Africa-India Movement (TEAM-9) was launched at the ministerial meeting in New Delhi on March 01, 2004, to expand economic and technological cooperation

11. C Raja Mohan, 'India's new focus on Africa', The Hindu, May 12, 2003. https://www. mea.gov.in/articles-in-indian-media.htm?dtl/13870/Indias+new+focus+on+Africa

with eight oil and mineral-rich countries in West Africa.[12] This involved India pledging US$500mn for bilateral and regional projects in economic and social sectors. TEAM-9 was portrayed as 'Indian diplomacy's concrete and unique initiative.'[13] It scored significant gains.

Second, the Pan-African e-Network was conceived to bridge the digital divide in Africa. It would use Indian expertise in IT, education and healthcare to deliver affordable distance education and medical services in remote locations. Besides, it would also create a network of facilities for secure videoconferencing for use by heads of state and government in Africa. This project was announced by President Dr APJ Abdul Kalam during his address to the Pan-African Parliament in Midrand, South Africa, in September 2004. Its implementation was initiated after an MoU was signed between the AU and the government of India in October 2005. It proved a considerable success in subsequent years.[14]

Third, India and its African partners cooperated to forge new links through the New Partnership for Africa's Development (NEPAD). Under it, India extended many Lines of Credit (LOCs) to countries ranging from the DRC to Senegal and Mali to The Gambia and Niger. Loans worth US$200mn were extended under the NEPAD in 2002. Another tranche of US$300mn was announced in 2008 at the first India-Africa Forum Summit (IAFS).[15]

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12. The eight countries were Burkina Faso, Chad, Cote d'Ivoire, Equatorial Guinea, Ghana, Guinea Bissau, Mali and Senegal. India was the ninth country. Later the tenth country – Niger – was added.
13. MEA's Annual Report 2003–04, p. 6. https://mealib.nic.in/?pdf2531?000
14. Manish Chand, 'Power of an Idea: Connecting India and Africa via e-network', Public Diplomacy, Ministry of External Affairs, August 17, 2014. https://mea.gov.in/in-focus-article.htm?23935/Power+of+an+Idea+Connecting+India+and+Africa+via+enetwork
15. 'Statement by MOS (ST) on 'New Partnership for Africa's Development: progress in implementation and international support' at the 64th Session of the UN General Assembly', Ministry of External Affairs, October 20, 2009. https://mea.gov.in/Speeches-Statements.htm?dtl/1254/Statement+by+MOS+ST+on+New+Partnership+for+Africas+Development+progress+in+implementation+and+international+support+at+the+64th+Session+of+the+UN+General+Assembly

Regional Groupings

This period also saw India investing considerable attention and resources in nurturing its cooperative ties with at least four Regional Economic Communities (RECs), namely the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC).

African Union

India was formally accredited to the AU in March 2005. This triggered a series of developments. In December 2006, Professor Alpha Oumar Konaré, Chairman of the AU Commission, visited India. During discussions with the Indian authorities, he conveyed the AU's desire to increase India-Africa cooperation and proposed an India-Africa summit. This visit laid 'the foundation of developing an institutional relationship with the AU and Africa.'[16] The two meetings of India-AU Working Group, held in March and May 2007, prepared the ground further. In July 2007 External Affairs Minister Pranab Mukherjee visited Addis Ababa and held extensive discussions with the AU on the desired expansion of cooperation between India and Africa and the proposal to hold an India-Africa summit in India. The stage was thus set for opening a new chapter in 2008.

Moulding Factors

In India's case, a new policy response was necessitated and shaped by the developments in the early years of the century. Realisation dawned that an exclusively bilateral approach to dealing and interacting with African countries was neither enough nor effective. A more innovative and contemporary arrangement had to be conceived. A multiplicity of factors drove India to begin according greater attention and priority to its African policy. *Inter alia* they were the emergence of the AU as a replacement for the OAU, equipped with a new vision for Africa's progress and ambition for an increased global role; the dramatic success China achieved in enhancing its

16. MEA's Annual Report 2006–07, p. 78. https://mealib.nic.in/?pdf2534?000

cooperation with Africa under the FOCAC strategy; the imperative need of India Inc. for greater political commitment that could enable it to expand its footprint in Africa; and the widening recognition of leaders in both regions that stronger cooperation would promote their interests better.

The above list indicates that China's success in creating FOCAC was an important – but not the only – factor behind India's decision to forge new institutional links with Africa.

The next period under discussion, 2008-19, merits a closer examination. It may be divided into two separate segments: one, the United Progressive Alliance (UPA) era with Dr Manmohan Singh as the prime minister until 2014 and two, the National Democratic Alliance (NDA) era with Narendra Modi as the prime minister from May 2014 onwards.

Manmohan Singh as PM

Elaborate internal consultations within the government and with its diplomatic representation in Africa (through a select heads of mission conference chaired by External Affairs Minister Pranab Mukherjee in Addis Ababa in July 2007, with this author as a participant) took place.[17] These were followed by preparatory discussions with the AU Commission. New Delhi was then ready to host the first India-Africa Forum Summit (IAFS) in April 2008. A special formula to determine the African participation was suggested – and indeed insisted upon – by the AU. The idea of all African states meeting a single partner-state as interlocutor was found unacceptable by the AU, after China had compelled them to follow that model.

The 'Banjul Formula,' adopted by the AU, stipulated that Africa's representation would comprise the following 16 leaders: chairperson of the AU; previous chairperson of the AU; chairperson of the AU Commission; five founding members of the NEPAD, that is, Algeria,

17. From the author's notes: 'The conference took place on July 04, 2007 in Addis Ababa. The minister spent ten hours with us. He educated us about Delhi's thinking and policy approach towards Africa. We sensitised him about our impressions and assessments of trends and issues in bilateral relations between India and the countries of our accreditation as well as developments in the region.'

Egypt, Nigeria, Senegal and South Africa; and the countries holding chairs of eight RECs.

An atmosphere stamped by a blend of excitement, energy and sense of history prevailed as the Indian PM and his special guests from Africa took their seats on the stage in the main, cavernous auditorium, filled to the brim, of Vigyan Bhawan in New Delhi on April 08, 2008. As India's high commissioner to South Africa and Lesotho, I formed part of the enthusiastic and privileged audience, keenly listening and savouring the impact of words chosen by the VVIPs for this special occasion.

At the opening plenary, Manmohan Singh hailed Africa as 'our Mother Continent' – to thunderous applause. He referred to the time millions of years ago when Africa and India formed a single land mass. 'The dynamics of geology,' he noted, 'may have led our land to drift apart, but history, culture and the process of post-colonial development has brought us together once again'. He was convinced that the people of 'a new Africa and new India' would come even closer in the 21st century. The two sides were ready to create a new architecture for their engagement and its purpose for India would be to become 'a close partner in Africa's resurgence'. He then went on to make an observation that would reverberate for long:

The 21st century is often described as the Asian century. India wishes to see the 21st century as the Century of Asia and Africa with the people of the two continents working together to promote inclusive globalisation.[18]

Speaking at the summit, JA Kufuor, president of Ghana, underlined a simple fact, 'Africa sees India as a strategic partner'. He referred to India's success in the Green Revolution, proficiency in ICT and general engineering, and success in the promotion of small and medium enterprises, noting that they all carried 'useful lessons for Africa'. Concluding on 'a prophetic note', he stressed that the success

18. Opening Address by Dr Manmohan Singh, Prime Minister of India, at the Plenary Session-I of India-Africa Forum Summit Vigyan Bhawan, New Delhi, April 08, 2008. https://www.mea.gov.in/Speeches-Statements.htm?dtl/1523/Opening_Address_by_Dr_Manmohan_Singh_Prime_Minister_of_India_At_the_Plenary_SessionI_of_IndiaAfrica_Forum_Summit_Vigyan_Bhawan_New_Delhi

of the India-Africa summit 'should galvanise and accelerate growth and stability on the continent of Africa and India.'[19]

In a message read by his special envoy, Abdelaziz Bouteflika, President of Algeria, conveyed that India's experience in the field of development was of great interest to African countries and bore relevance to their endeavours for economic reconstruction. He viewed the summit as a historic opportunity to launch 'a permanent dialogue between India and Africa.'[20] Speaking on April 10, 2018, Yoweri Kaguta Museveni, President of Uganda, called the summit 'a God-given opportunity' for Africa and India 'to revive and redefine' their relationship. With refreshing candour, he identified several 'bottlenecks' in Africa's development such as an anti-private sector bias, lack of access to international markets and massive value loss due to export of semi-processed goods. He called upon India to partner with Africa 'in building industries, modernising services, modernising agriculture, expanding infrastructure, capacity building and ICTs.' Above all, he urged the Indian government 'to encourage Indian companies to invest in Africa.'[21]

The Indian PM announced a slew of specific measures aimed at deepening India-Africa cooperation.

First, the Duty Free Tariff Preference (DFTP) Scheme[22] for the Least Developed Countries (LDCs) was launched at the summit in 2008. This would cover 94 percent of India's total tariffs and provide

19. Speech delivered by HE JA Kufuor, President of the Republic of Ghana at the India-Africa Forum, April 08, 2008. http://www.mea.gov.in/Uploads/PublicationDocs/1518_Speech-H-E-J-A-Kufuor-President-Republic-GhanaIndia-Africa-Forum-New-Delhi.pdf

20. Discours de Son Excellence Abdelaziz Bouteflika, Président de la République Algérienne Démocratique et Populaire au Sommet Inde – Afrique, April 08, 2008. http://www.mea.gov.in/Uploads/PublicationDocs/1516_Speech-PresidentAlgeria-H-E-Abdelaziz-Bouteflika-India-Africa-Forum-Summit.pdf

21. Statement by HE Yoweri Kaguta Museveni, President of the Republic of Uganda at the India/Africa Partnership Summit Forum, April 10, 2008. http://www.mea.gov.in/Uploads/PublicationDocs/1520_8th-april-2008-speeches.pdf

22. India's Duty-Free Tariff Preference (DFTP) Scheme for Least Developed Countries (LDCs). https://commerce.gov.in/writereaddata/UploadedFile/MOC_636434269763910839_international_tpp_DFTP.pdf

preferential market access on tariff lines that comprised 92.5 percent of global exports by all LDCs.[23]

Second, India would extend, over the next five years, new LOCs amounting to US$5.4bn for development projects in Africa.[24]

Third, India planned to undertake human development projects in Africa, to be financed out of US$500mn grant budget for the next five to six years. Fourth, the number of long-term scholarships for university courses would be doubled and the number of training slots under various technical assistance programmes would be increased from 1100 to 1600 every year. Fifth, a proposal to establish 'an India-Africa Volunteer Corps' to assist in executing pilot projects in the areas of public health, informal education and women's empowerment was also announced.[25]

The summit's deliberations produced two important outcome documents, namely the *Delhi Declaration and the Africa-India Framework for Cooperation*.

Between 2008 and 2011, much happened to the relationship, but two trends were particularly noticeable. The pace and range of implementation of the summit decisions seemed suboptimal. Besides, although there were many ministerial level visits from India to Africa, the country's top leaders – the president, vice president and prime minister – 'managed to visit only a handful of African countries.' This was perceived as 'a glaring deficiency which needs to be corrected.'[26]

The second India-Africa Summit was held in Addis Ababa, Ethiopia, from May 24-25, 2011. African participation was still governed by the Banjul Formula.

In his address at the plenary session, Manmohan Singh portrayed the India-Africa partnership as 'unique', which owed its origins to

23. According to the UN, among 47 LDCs, there were 33 countries from Africa in March 2018. https://www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html

24. This represented more than doubling the amount of US$2.15bn given by India under the LOCs during the period from 2003–04 to 2008–09.

25. These facts have been culled from the prime minister's opening address.

26. Rajiv Bhatia, 'India's hour in Africa', The Hindu, May 17, 2011.

'history and our common struggle against colonialism, apartheid, poverty, disease, illiteracy and hunger.' He spoke of 'a new economic growth story emerging from Africa' as well as India's resolve 'to work with Africa to realise its vast potential.' Referring to the implementation of decisions announced at the first summit, he expressed customary satisfaction, while adding meaningfully, 'But our people expect much more and we have to work hard to deliver on these expectations.'[27]

The package of measures announced by PM Singh at the summit included US$5bn as LOCs for the next three years; US$700mn to establish new institutions and training programmes; and US$300mn to support the development of Ethiopia-Djibouti railway line.

Besides announcing 10,000 new scholarships under the scheme of a proposed 'India-Africa Virtual University,' the prime minister indicated a commitment to provide 22,000 scholarships to students from Africa for the next three years. Further, an ambitious list of new institutions to be set up to promote Africa's human development resource was also disclosed.

The organisers of the summit in Ethiopia managed to engage not only political leaders, officials and diplomats with the summit deliberations but they also succeeded in organising 'a series of productive interactions with other segments of the target constituency – entrepreneurs, CEOs, media figures, academics, civil society, artistes and craftsmen.' Thus, business-to-business and people-to-people exchanges 'touched new heights.'[28]

Between 2011 and 2014, the relationship gradually blossomed further, but two significant trends came to public notice. First, the pace of progress achieved in following up the previous summits' decisions was unsatisfactory. Second, many African countries were deeply unhappy with the use of the Banjul Formula as a basis to determine Africa's participation in the summits with India. Across the board, most African Ambassadors stationed in New Delhi made it

27. Address by PM at the Plenary Session of the second Africa-India Forum Summit, May 24, 2011. https://www.mea.gov.in/SpeechesStatements.htm?dtl/347/Address_by_PM_at_the_Plenary_Session_of_the_2nd_AfricaIndia_Forum_Summit

28. Rajiv Bhatia, 'India-Africa summit: from agreement to action', The Hindu, June 09, 2011.

clear that all African countries, not just a handful, should be invited to participate in the third summit.[29]

Narendra Modi as PM

In May 2014, a single political party – Bharatiya Janata Party (BJP) – secured a clear majority in the Lok Sabha, the lower house of the parliament, a first in three decades. This party scored another impressive victory in May 2019, securing an even bigger majority in the Lok Sabha. The government headed by Prime Minister Narendra Modi, in its first as well as second tenure, adopted and executed a dynamic and activist foreign policy, which had an unprecedented and sustained focus on Africa.

Yet, at the commencement of its innings in May 2014, critics did not spare the Modi government, raising questions as to where Africa fits into its scheme of priorities. Initially, even African diplomats in Delhi were critical, pointing out that the president's first traditional address to the parliament contained no reference to Africa at all. Clearly, the critics ignored the fact that the Prime Minister visited Mauritius and Seychelles in March 2015, received several African leaders in India and held numerous meetings with them at international summits in Fortaleza, Brazil and New York. In August 2015, Modi observed that Africa and the Indian Ocean were 'among the highest priorities for our foreign policy.'[30]

During the build up to the third India-Africa Forum Summit, officials in India realised the futility of the Banjul formula. They noted that as Africa's other partners – Japan, the EU, China and the US – had not adhered to it, there was no reason for India to follow it. Thus, a considered view was conveyed to the AU Commission which agreed that the invitation to the next summit should be extended to all African states.

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29. This perspective was conveyed by several African heads of the mission during their meeting hosted by me as Director General, Indian Council of World Affairs (ICWA) in June 2014.

30. 'Media Statement by Prime Minister during the visit of President of Mozambique to India', August 05, 2015. http://www.mea.gov.in/SpeechesStatements.htm?dtl/25573/Media_Statement_by_Prime_Minister_during_the_visit_of_President_of_Mozambique_to_India_August_5_2015

The third summit was due to be held in December 2014, but because of the spread of Ebola in parts of West Africa, it had to be postponed by a year. Eventually, it took place in New Delhi from October 26-29, 2015. It was a historic landmark, a conference where all 54 African countries were represented, 41 of them at the level of the head of state or government. It was the largest gathering of Africa's senior leaders in India. 'Their presence under one roof at Indira Gandhi Stadium in Delhi on October 29, 2015 was a message.'[31]

Delivering an astutely crafted address at the opening session, Modi showcased the core of the relationship:

India is honoured to be a development partner for Africa. It is a partnership beyond strategic concerns and economic benefits. It is formed from the emotional bonds we share and the solidarity we feel for each other.[32]

He recalled that India and Africa were once 'united by geography'; they were now 'linked by the Indian Ocean' as well as by 'our youth.' His reasoning was razor-sharp: 'And, if the future belongs to the youth, then this century is ours to shape and build.' His tone was marked by candour as he explained why Africa was valuable to India. 'African energy helps run the engine of the Indian economy, its resources are powering industries and African prosperity offers a growing market for Indian products.' The prime minister was certain that 'technology will be a strong foundation of our partnership.' While making a case for UN reforms, including the Security Council, he urged India and Africa 'to speak in one voice.'[33]

The other main speakers at the opening session were President Robert Mugabe of Zimbabwe as chairperson of the AU and Nkosazana Dlamini Zuma, chairperson of the AU Commission. They, as well as other African leaders, shed light on the important facets of the multi-layered ties binding the two sides. Uhuru Kenyatta, president of Kenya, recalled that the monsoon brought India to East Africa

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31. Rajiv Bhatia, 'Third India-Africa Forum Summit: A Critical Evaluation', Indian Foreign Affairs Journal, 10(4), p. 368, 2015 October–December

32. Speech by Prime Minister at the Inaugural Ceremony of the Third India-Africa Forum Summit in New Delhi (October 29, 2015).

33. Ibid

and that his country remained 'the gateway to Africa.' Hailemariam Desalegn, prime minister of Ethiopia, observed that his nation was 'keen to boost its multi-faceted cooperation with India through active promotion of trade and investment.'[34]

Dr Hage G Geingob, President of Namibia, pointed to a painful truth, 'Africa consumes what it does not produce and produces what it does not consume,' suggesting an Indian role in changing the situation. South African President Jacob Zuma argued that those who suffered from 'poverty in Africa and India often are women and youth, who should be taking a more active path in the development of Africa and India.' Prime Minister of Lesotho, Dr Pakalitha Mosisili, observed that it was 'truly befitting that we are gathered here today, representing the peoples of Africa and India, during October, the month in which Mahatma Gandhi was born.'[35]

PM Modi announced a package of measures to further strengthen and expand India-Africa cooperation. This included a new concessional credit of US$10bn for 2016-20 and an assistance grant of US$600mn. The latter would include US$100mn for India-Africa Development Fund, US$10mn for the India-Africa Health Fund, the financing of 50,000 scholarships in India for the next five years, funds for the expansion of the Pan-African e-network and of institutions of skilling and training across Africa.[36]

Modi made two significant observations in his closing address. First, India would take into account the 'special circumstances' of various African countries; improve further the scholarship programme; create a 'more supportive environment to live, study and train in India'; give 'high priority' to increasing trade and investment

34. The extracts from statements by African leaders were taken from the IAFS-III website.

35. Ibid

36. Modi also noted that India had helped Africa through US$7.5bn in concessional credit and US$1.2bn in grant since 2008; training of 25,000 young Africans in India in the past three years; the process of creating 100 capacity-building institutions; and developing infrastructure, public transport, clean energy, irrigation, agriculture and manufacturing across Africa. The author's note: This section is based on my article 'Third India-Africa Forum Summit: A Critical Evaluation,' in Indian Foreign Affairs Journal, 10(4), pp. 368–82, 2015 October–December.

flows, and make the trade 'more balanced'; and facilitate Africa's access to the Indian market.[37]

Second, he acknowledged widespread criticism over slow and inadequate implementation of previous agreements and commitments. 'There are times when we have not done as well as you have wanted us to.' He frankly conceded: 'We are conscious of the shadow that falls between the idea and action, between intention and implementation.' He promised to strengthen India's 'monitoring system' which would include a 'Joint Monitoring Mechanism with the African Union.'[38]

This summit too led to the finalisation of two outcome documents: *Delhi Declaration 2015 and India-Africa Framework for Strategic Cooperation*. They are analysed in the next chapter. The key takeaways of the third summit were put across by the Indian authorities in a special, reader-friendly publication.[39]

Other Developments

To all those who assumed that, following the third summit, Africa would slip off the radar of the Modi government, the next four years were filled with surprise. A consistent approach to develop and diversify cooperation with African countries emerged. The government's actions showed that it listened to critics who had argued that the engagement with Africa deserved higher and focussed attention through i) a wide and regular exchange of visits and interactions at the highest political levels, and ii) an earnest, sustained follow-up and delivery concerning the decisions taken and assurances given.

As a result, the period between March 2015 and October 2019 recorded a total of 34 outgoing visits to Africa from India by the latter's top leaders – the President, Vice President and the Prime Minister. These are counted by the number of the countries visited.

37. Prime Minister's Closing Remarks at India-Africa Forum Summit 2015 in New Delhi (October 29, 2015).

38. Ibid

39. India-Africa Forum Summit-III: New Hopes, New Horizons, MEA. https://www.orfonline.org/expert-speak/kigali-global-dialogue-only-the-beginning-ofafrica-india-engagement-54866/

India hosted nearly 100 African leaders from Africa for various 'bilateral and multilateral engagements' during 2014-19.[40]

As if responding to criticism in some quarters that India's Africa policy lacked clarity, the government utilised the occasion of PM Modi's visit to Uganda to present an important policy statement. While addressing the parliament of Uganda on July 25, 2018 in Kampala, Modi articulated '10 principles' that would continue to guide India's engagement with Africa. 'Africa will be at the top of our priorities,' he stressed.[41]

In an incisive analysis of the ten guiding principles, two experts at the Observer Research Foundation (ORF), HHS Viswanathan and Abhishek Mishra, suggested plausibly that India should set out to develop an action plan for each of the principles.[42]

In the backdrop of previous three summits, the exchange of visits at the VVIP level and other related developments, it may be worthwhile to present, as below, a holistic but succinct picture of the state of India-Africa cooperation at the end of 2019.[43]

First, an unprecedented degree of intensification in India-Africa engagement at three levels – continental, regional and bilateral – as well through the multilateral fora, became an overarching reality.

Second, bilateral trade touched the peak of US$78bn in 2014-15 before falling to US$69.7bn in 2018-19 and then to US$66.7bn in 2019-20. India emerged as the third largest export destination

40. 'Speech by MOS at the 15th CII-EXIM Bank India-Africa Project Partnership Conclave', Ministry of External Affairs, September 24, 2020. mea.gov.in/Speeches-Statements.htm?dtl/33052/Speech_by_MOS_at_the_15th_CIIEXIM_Bank_IndiaAfrica_Project_Partnership_Conclave

41. Prime Minister's address at Parliament of Uganda during his State Visit to Uganda, July 25, 2018. https://mea.gov.in/Speeches-Statements.htm?dtl/30152/Prime_Ministers_address_at_Parliament_of_Uganda_during_his_State_Visit_to_Uganda

42. HHS Viswanathan and Abhishek Mishra, 'The ten guiding principles for India-Africa engagement: Finding coherence in India's Africa policy', ORF Occasional Paper, June 25, 2019. https://www.orfonline.org/research/the-tenguiding-principles-for-india-africa-engagement-finding-coherence-in-indiasafrica-policy/

43. Some of the key facts mentioned in the succeeding section are from Remarks by TS Tirumurti, Secretary (ER), MEA at Africa Day round-table discussion in IDSA on May 29, 2019: 'India-Africa Partnership in a changing world'. https://idsa.in/keyspeeches/remarks-shri-ts-tirumurti-india-africa-partnership

for Africa. It sourced nearly 18 percent of its crude oil and gas requirements, mostly from West Africa.[44]

Third, DFTP Scheme for LDCs was revised twice – in 2014 and 2017 – to raise duty free access eventually to 98.2 percent of India's total tariff lines.

Fourth, with cumulative investments by Indian companies valued at US$64.5bn for the period April 1996-March 2019, India became the fifth largest investor in Africa.[45] India's investments covered diverse sectors such as oil and gas, mining, banking, pharmaceutical and textile. Africa's investments in India touched US$2bn in the period 2013-18.

Fifth, with assistance for human resource development in Africa assuming salience, India offered 50,000 scholarships under various schemes. Over 2,300 training slots under the Indian Technical and Economic Cooperation (ITEC) Programme were allotted to African countries for the year 2018-19.

Sixth, development cooperation, especially through the provision of LOCs, gained traction. A total of 141 LOCs were extended to 41 African countries for an amount of US$11bn.

Seventh, the launch of the International Solar Alliance (ISA) by India, together with France, in March 2018 became a notable achievement. The idea was first articulated by the Indian and French leaders at the Conference of Parties (COP) 21 in Paris in November 2015. The alliance was designed to help the parties utilise solar energy, decrease their dependence on fossil fuels and reduce emissions that cause global warming.[46] The ISA was joined by 77 signatory nations, of which 40 were from Africa.[47] India set aside

44. 'An Analysis of Africa and India's Trade and Investment'. https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication-Resources/SpecialPublications/Deepening-South-South-Collaboration_An-Analysis-of-Africa-and-IndiasTrade-and-Investment.pdf

45. '15th CII-Exim Bank Digital Conclave on India-Africa Project Partnership' Background Paper, September 22-24, 2020. https://www.ciieximafricaconclave.com/Document/Reports/Background%20Paper%20CII%20Exim%20Bank%20Digital%20Conclave.pdf

46. For details, see a complete set of relevant documents. 'ISA Founding Conference', Ministry of External Affairs. ISA

47. ISA Prospective Member Countries. http://isolaralliance.org/MemberCont.aspx

US$1bn as LOCs for solar projects in Africa. Later, the number of signatory countries rose to 87 as the membership of the ISA was thrown open to all members of the UN, 'including those beyond the Tropics.'[48]

Eighth, India announced through PM Modi's address a new initiative, the launch of a global Coalition for Disaster Resilient Infrastructure (CDRI) at the UN Climate Action Summit in New York in September 2019. Crafted after extensive consultations with interested countries, it aimed to promote resilience of new and existing infrastructures to climate and disaster risks, thus ensuring sustainable development. As a platform for generating and exchanging knowledge and forging international cooperation, CDRI would focus on 'developing resilience in ecological infrastructure, social infrastructure with a concerted emphasis on both education, and economic infrastructure with special attention to transport, telecommunications, energy and water.'[49]

Ninth, India was on course to open 18 new embassies and high commissions in Africa during the four-year period, 2018-2021. Five diplomatic missions were opened during 2018-19, namely in Rwanda, Djibouti, Equatorial Guinea, Republic of Guinea and Burkina Faso. Four more missions were due to be opened during 2019-20. When the programme of opening new missions is completed in 2021 or a little later, India would have increased the number of its missions in Africa from 29 to 47.[50]

Tenth, the participation by India in the peacekeeping operations in various African countries has been consistently successful. Current operations in Congo, Sudan, Ivory Coast and Liberia continued to win laurels for our security forces. Besides, the Indian Navy's stellar

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48. 'Universalisation of the Membership of the International Solar Alliance (ISA)', Ministry of External Affairs, July 31, 2020. https://www.mea.gov.in/pressreleases.htm?dtl/32866/Universalisation+of+the+Membership+of+the+International+Solar+Alliance+ISA

49. 'Press Information Bureau' Release, Ministry of Home Affairs, September 24, 2019. https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1586051

50. For full list of African countries that would have new Indian missions, see Elizabeth Roche, '18 new Indian missions in Africa to be opened in next 4 years' livemint, March 22, 2018. https://www.livemint.com/Politics/mj927nlKDcH8VLZTGjTeDP/18-new-Indian-missions-in-Africa-to-be-opened-in-next-4-year.html

role in curbing piracy off the Horn of Africa earned widespread admiration.

Assessment

What are the gaps, shortcomings and challenges in India-Africa partnership? They are of various kinds and complexity. It may suffice to underscore here that while political relations were closer and warmer in end-2019 (than a decade before), the economic pillar of the relationship needed to be strengthened substantially. Besides, the third pillar representing people-to-people ties deserved greater attention and nurturing.

Moreover, an objective need was felt to broaden the India-Africa agenda which should move beyond traditional areas, encompassing issues and sectors of global import. 'As the world becomes more globalised and inter-connected,' wrote Shyam Saran, former foreign secretary, 'the salience of global cross-cutting issues is rising.' Subjects such as climate change, protection of biodiversity, scarcity of water, food security, maintenance of an orderly international trade system, global public health challenges, migration, cyber security, the Blue Economy, science diplomacy and practical steps towards the reform of global governance should not be left to a few powerful actors in the international arena. These were issues on which proactive participation and collaboration of 'large and populous countries like India and those in Africa' had become 'indispensable.'[51]

This enlightened approach had many takers. It received noticeable traction at the Kigali Global Dialogue, held in the Rwandan capital in July 2019, to promote collaboration of governments and scholars from the developed and developing world. As pointed out by Samir Saran, president of ORF, it concentrated on 'three central themes: human capital, green energy or sustainability, and technological change and the future of work.'[52] The challenge for thinkers and

51. Shyam Saran, 'India-Africa Cooperation on Global Issues', MEA, October 23, 2015. https://www.mea.gov.in/in-focus-article.htm?25957/IndiaAfrica+Cooper ation+on+Global+Issues
52. Samir Saran, 'Kigali Global Dialogue only the beginning of Africa-India engagement', ORF. August 29, 2019. https://www.orfonline.org/expert-speak/kigaliglobal-dialogue-only-the-beginning-of-africa-india-engagement-54866/

policymakers of India and Africa in the short term was to make their discourse more contemporary and even futuristic.

Finally, it may be added that an exercise of midterm review of the third summit's decisions, delayed considerably, was eventually conducted through a joint meeting attended by senior officials of the Indian government, the AU and representatives of the African diplomatic corps based in the Indian capital. This meeting was held in Delhi from September 11-12, 2019.

After a careful evaluation of developments since October 2015, the two sides 'welcomed' the tremendous enhancement of overall engagement between India and Africa. In particular, the African side was happy to note the increase in the number of visits to Africa by Indian leaders, India's decision to open new diplomatic missions in Africa and the announcement of PM Modi's ten guiding principles. A detailed presentation made by the Indian side on the status of implementation of various commitments was merely 'acknowledged.'

However, the general tone of the joint press statement issued at the conclusion of the review meeting was positive. It indicated that the discussions in Delhi covered cooperation in 'priority areas of AU Agenda 2063' as well as 'new areas of cooperation' such as solar energy, digital technology and traditional medicine. The two sides also agreed to initiate 'early engagement' for the preparations of the fourth summit in 2020.[53]

Conclusion

As the century's second decade neared its end, hope prevailed about the immediate prospects of growth in India-Africa partnership. It was anchored on the series of positive developments since 2008, more notably since 2015. But no one had an inkling that a disastrous pandemic – COVID-19 – was about to erupt, posing a grave challenge

53. 'Joint Press Statement by India and the African Union on the Mid-Term Review Meeting of the Strategic Cooperation Framework of India-Africa Forum Summit III, September 12, 2019', MEA. https://mea.gov.in/bilateral-documents.htm?dtl/31819/Joint+Press+Statement+by+India+and+the+African+Union+on+the+MidTerm+Review+Meeting+of+the+Strategic+Cooperation+Framework+of+IndiaAfrica+Forum+Summit+III

to the world, and that, as a result, the IAFS IV would not take place during 2020.

21

SATISH C MEHTA

The African Amputees' Challenge

The Jaipur Foot Response

Florencia, a 16-year-old single mother, accidentally stepped on a landmine in the interiors of Mozambique and, as so often happens, tragically lost her leg. A shattered and wobbly life loomed large. Her plight was highlighted in a story in the National Geographic, where it caught the attention of two friends in the US - a US businessman and an English pastor. Thanks to this modern marvel of the Internet providing easy access to information, their research on how they could help Florencia regain mobility led them to Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS) in Jaipur, India, the parent organisation of the Jaipur Foot.

A collaboration followed and Florencia was brought to Jaipur in 2011 and got an artificial limb completely free of cost, in keeping with the ethos of BMVSS, which doesn't charge a penny from the beneficiaries of its services. Florencia walked within 24 hours of coming to Jaipur, putting an end to her misery. She was mobile again and ready to lead a new life of dignity and economic self-sufficiency.

War, conflict, accidents, diabetes, inadequate medical facilities and lack of resources have all coalesced in Africa to leave a large number of its people with lower limb locomotor deficiency (leg-below or above knee amputees, polio patients etc.). There are no authoritative numbers for Africa. In India, the numbers stand at 8 per 1000 population. If a similar rate is taken, for 2022 estimated population of 1.4 billion, the number of affected people with lower limb locomotor deficiency in Africa would be around 1.1

million persons. Lack of mobility, loss of gainful employment and, cumulatively, a shattered sense of personal dignity becomes their fate. Quite unnecessarily though, as BMVSS has proved time and again, not just in India but in over 39 countries around the world!

The Story of BMVSS

The challenge that Africans face today - availability of a prosthetic limb, suitable to their needs and easily accessible and affordable - was faced by Indians too. As the world's largest organisation for rehabilitation of persons with disability, the Jaipur Foot has provided more than 2 million services since inception, including artificial prosthetics below and above knee limbs, callipers for polio patients, below elbow hands, wheelchairs, tricycles, etc.

From a modest start, it soon grew to become the world's largest organisation for rehabilitation of persons with disability. From one centre it has grown to over 26 centres and many sub-centres in India. All its services are provided free of cost to the beneficiaries. Its non-political, non-sectarian and non-religious character with a simple motto - provide mobility to all no matter where in the world - attracts beneficiaries and supporters alike, enabling it to sustain itself on donations and sponsorships.

Innovating further, for the last few years, it has developed fully equipped mobile workshops mounted on mid-sized commercial vehicles to take its services to the door-steps of the amputees. In short, BMVSS has successfully addressed the twin challenges facing persons with disability - lack of access and lack of affordability of artificial limbs.

The Jaipur Foot is different from Western designed limbs and ideally suited to conditions of developing countries. It can be used with or without shoes making it ideal for Eastern traditions, where shoes are often not worn in religious places. As much as BMVSS has kept faith with its beneficiaries by giving a high-quality product, it has equally kept faith with its donors and sponsors by ensuring frugal design and production. A Jaipur Foot in India costs around US$100, a fraction of the cost of Western designed comparable limbs. The administrative cost and overheads of BMVSS are about 3.5

percent, arguably amongst the lowest for an organisation of its size. This is, in part, down to the fact that the entire leadership of BMVSS is made up of volunteers.

In keeping with its ethos of service to humankind BMVSS started serving amputees abroad in 1986. It now has a presence in 8 countries through its collaborative centres. Some more are in the pipeline. Besides the collaborative centres, BMVSS has organised 91 on-the-spot limb fitment camps in 39 countries, including in 21 countries in Africa, from Egypt to Namibia, benefitting over 38,000 amputees.

Since 2017, BMVSS has organised about two dozen camps in Africa and Asia, generously sponsored by the Ministry of External Affairs, Government of India. Given its nature and content, the programme was aptly titled 'India for Humanity' and formally launched to mark the commemoration of Mahatma Gandhi's 150th birthday.

The African Amputees' Challenge

The problems faced by amputees is known, and it is not confined to the amputee, who often is the sole or main bread earner, but, more often than not, it holds back another person in the family who has to help the amputee. It is not just a humanitarian crisis of enormous proportions but also has serious socio-economic ramifications.

The Florencia moment has to be replicated by forming trans-nation and trans-institution partnerships for the whole of Africa, where the coming together of African Governments, multilateral funding agencies, international aid donors and BMVSS could provide a rapidly executable solution (fixed-location Centres, temporary camps and mobile workshops) to give mobility to Africans in need of prosthetic limbs in mission mode. The resources required are not exorbitant.

For the million African amputees, the total cost, at a cost of US$260 per limb would be about US$260mn. This is a fraction of Africa's nominal GDP of US$2.6mn in 2019 - one hundredth of one percent of Africa's one year's GDP. It would not just solve a major humanitarian crisis with serious socio-economic implications, but also serve as a tested template for similar partnerships in other areas.

South-South Cooperation and Human-centred Development

India's long standing innovation, the Jaipur Foot project, is being hailed as an "excellent" example of South-South cooperation and multi-stake holder collaboration as it has helped millions with disabilities gain mobility in almost 40 countries around the world. Since its inception, BMVSS has rehabilitated more than 2 million amputees and polio patients by fitting/providing artificial limbs (Jaipur Foot variety), callipers, and other aids and appliances in India as well as across the world. Equatorial Guinea is the latest entrant to this, with a foot fitment centre established in Mongomo, a town in the province of Wele-Nzas in April, 2023. This centre will not just cater to prospective beneficiaries in Equatorial Guinea, but to those in the surrounding region as a whole. Such innovative technological solutions made in a developing country are significant because they shape a deeper understanding of their concerns.

Besides ensuring the transfer of much needed technology in the field, the project has fostered a strong partnership with local and international organisations and in the development of capacity building programmes in education, health, social and economic integration and rehabilitation.

Maria Emma Mejia Velez, the Permanent Representative of Colombia to the United Nations, where Jaipur Foot has an associate centre, said there was great need for the mobility aid in her country because a large number of victims of internal conflicts had lost their legs. She said that there should be international cooperation among countries for helping the disabled and said that working with Jaipur Foot and India was an example of South-South cooperation.

Prime Minister Modi has time and again reiterated India's thrust on 'Human-centred development' in its international engagements. Examples like the Jaipur Foot encapsulate this spirit, as the project gives a lease of life to those who were agonisingly deprived of its fruits. An 'Indian' stamp on such humanitarian endeavours would play a tremendous role in building immeasurable goodwill for the country, as well as contribute to social and economic development in the beneficiary country.

India has begun to be seen as a partner of choice by many countries in the Global South, when it comes to humanitarian support. This perception has been built over years of painstaking efforts. It must be remembered that one of the prime reasons why people of the beneficiary country value such support is a strong perception that the donor country is not motivated by immediate returns. Even otherwise, it would be unwise to invest diplomatic capital in least-developed countries (LDCs) on a purely reciprocal basis. As India pitches itself as the voice of the Global South, it must develop a nuanced understanding of the key concerns responsible for most challenges which characterise the Global South. Big ticket investments and mega infrastructure projects alone can't be the drivers of economic growth and prosperity. There has to be a sustained investment in capability building of human resources of countries in the South.

Success of economic diplomacy with host countries today therefore cannot rely on a strictly transactional approach. The profile of commercial engagements varies significantly across regions and countries. Economic engagements have to take into account the state of local capacities and try and serve local priorities. Humanitarian endeavours such as the Jaipur Foot not only help countries establish a foothold abroad, but also allow their businesses to walk in with a significant measure of goodwill. Humanitarian outreach activities can help complement expanding commercial ties. Hallmarks such as trust and faith go a long way in shaping the profile of a country's stakeholders in a foreign land, and Jaipur Foot can become such a symbol embodying these values.

With India steering the G20 through 2023, the Global South is an important focus area of its presidency. Since India assumed the presidency of the G20, it has consistently voiced the need for greater mainstreaming of concerns of the Global South, including many from African countries, into the forum's agenda. The idea behind engaging with countries in the Global South is to ensure that key concerns of the most disadvantaged countries appropriately feed in as inputs while the G20 frames its response to address global challenges. This is appreciated given that many countries find themselves in grossly disadvantaged positions vis-a-vis parameters such as food and energy insecurity, debt distress, and vulnerability to climate change.

As India strives to make the G20 truly inclusive, it has taken special steps to step up participation of underrepresented states. India's efforts acknowledge that addressing structural asymmetry requires special intervention. India's decision to go the extra mile in ensuring the representation of African nations in the G20 is a demonstration of the maturity of its diplomacy.

The Jaipur Foot, a uniquely 'Indian' innovation is a shining example of the country's projection in new age economic diplomacy. While being a harbinger of hope to uplift the lives of thousands of individuals, it also encapsulates key facets of India's humanitarian and developmental diplomacy. Disruptions in the post COVID-19 order have widened inequality gaps over the world, with less developed countries and their citizens having suffered disproportionately, which has left them more vulnerable than before.

As India seeks to ramp up its economic partnership with these countries, it has to be conscious of this fact. Initiatives like the Jaipur Foot offer India the platform to build on its engagements and become a preferred partner of its friends in the Global South, cutting across spheres.

MULTILATERAL ECONOMIC DIPLOMACY

22

KM CHANDRASEKHAR[1]

Navigating Negotiations in National and Coalition Interests

20 Years Since the WTO's Cancun Ministerial Conference

Agriculture and the 'Singapore issues'[2] were the main areas of discussion at the Cancun Ministerial Conference of the WTO in 2003. There was considerable trepidation amongst the developing countries that, as in the Uruguay Round, developing countries would ultimately capitulate. Walden Bello wrote, 'One cannot discount that despite their deepening differences, the US and the EU may still pull together to coerce developing countries into approving new initiatives in trade and trade-related liberalisation in Cancun.'[3]

Combined with the deeply unfair negotiating process, the developing world has little chance of achieving fairer trade rules. The 'one member one vote' ideal of the WTO, so often cited by its defenders, collapses under the reality of the massive inequalities in

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1. Abridged and republished with permission from the author and publishers of "As Good as My Word: A Memoir", KM Chandrasekhar, (2022: HarperCollins India)

2. The developed countries, particularly the European Communities (EC), wanted the remit of the WTO expanded still further to include policies relating to investment, competition policy, trade facilitation and government procurement. India stoutly resisted these attempts as we wanted flexibility in designing policies in these areas and to not be constrained by international rules, making us open to dispute settlement and retaliatory action. However, during the First WTO Ministerial Conference in Singapore, the developed countries succeeded in bringing these issues into the work programme of the WTO, albeit only in the study mode. These were collectively called 'Singapore issues' in common negotiation parlance.

3. Walden Bello, 'Why a Derailed Ministerial Is', Inter Press Service, Global Policy Forum (September 04, 2003), https://archive.globalpolicy.org/socecon/bwi-wto/wto/2003/0904failure.htm

negotiating strength. Indeed, there was no comparison between the sizes of delegations. The EU brought 651, the US 212, whereas China, India, Brazil, Argentina and South Africa, collectively representing 51 percent of the world's population, brought only 235 delegates altogether. Civil society antagonism to the meeting grew stronger still when Lee Kyung-hae, a Korean farmer, climbed the police barricade around the venue of the meeting on September 10, Chuseok day—the day for honouring the dead in Korea—and stabbed himself to death. He was wearing a placard that said 'The WTO kills farmers'.[4]

In India, too, there was a great deal of excitement. Thirty-five thousand farmers congregated in Bangalore, shouting the slogan, 'Either food and agriculture must be removed from the WTO, or India must quit the WTO'. An article published in *The Hindu* on August 04, 2003, while stressing the need for progressing forward in negotiations on agriculture and other issues of concern to developing countries, cautioned that a US-EU pact on the eve of the Ministerial could prove to have a negative impact on developing countries and push them into agreeing on other issues which may later prove harmful to the interests of developing countries. They pointed out that 'a positive feature has been the India-China alliance at the WTO' and that 'it will not be easy to ride roughshod over a joint position by the two countries'[5].

Rediff, in a piece entitled 'Trade Can-Can at Cancun', summarised briefly the major issues in discussion and said, 'Now it remains to be seen how the Indian team weaves its way around the contentious issues at the WTO".[6] There was a huge contingent of Indian media and Indian civil society present at Cancun to capture each development in the ongoing drama.

4. Najma Sadeque, 'How WTO Kills Farmers', The Nation 1 (September 01, 2013), available at <https://nation.com.pk/11-Sep-2013/how-wto-kills-farmers.>
5. C Rammanohar Reddy, 'The importance of Cancun', The Hindu, August 04, 2003, https://www.thehindu.com/todays-paper/tp-business/ the-importance-of-cancun/article27788392.ece
6. Rediff Business Bureau, 'Trade Can-Can at Cancun', Rediff.com (September 09, 2003), https://www.rediff.com/money/2003/sep/09spec2.htm

Agriculture was an issue of great interest to all delegations. While there were other interests at play, there were countries such as India which had defensive interests in agriculture as free import would have decimated our small and marginal farmers and there were countries with aggressive export interests. The EC wished to continue its defensive stance in support of their farmers, retaining as far as possible, their regime of huge subsidies to farmers. The stand of the US was ambivalent, even though they were highly protective of their farmers. Initially, therefore, India found EC their natural ally and joined with them. However, at a later stage in the negotiation, we found, to our shock and dismay, that the US and EC had come to an agreement on agriculture, preserving each other's interests and showing no concern for the interests of other countries, particularly those like India, which had to protect its indigent rural population at all costs. The agreement also let down agricultural exporting countries like Australia and Brazil.

This development led to the most significant change that had taken place in the history of the WTO, which altered completely the contours of the negotiation. India and Brazil joined together to draft a new paper. All major developing countries, including China, Egypt, Thailand, South Africa and several others joined us. Thus, came into existence the Group of Twenty (G20) in the WTO, initially consisting only of 13 countries, then expanding to more than 20.

The Cancun Ministerial meeting opened in salubrious surroundings. Situated in the south-east of Mexico, the city is on the shores of the Caribbean Sea and a major tourist destination. It is an ancient city with vestiges of pre-Columbian Mayan civilisation still existing within and in its vicinity. There was unprecedented presence of civil society from all over the world, kept at bay from the venue of the Ministerial Conference. There was a great deal of nervousness and anxiety in all of us, notwithstanding the nonchalant demeanour that we assumed for public consumption. Before coming to Cancun, I had paid online to perform pujas at major temples in India during the conference.

The Indian media, as usual, was diffident about India's ability to withstand pressure. There were murmurs, even among Indian diplomats, that India had come without a ‘Plan B’. We are, as a nation, used to our ‘Plan A’ not finding support when push comes to shove. There was also little confidence in our coalitions in various sectors holding together. The US and EU, in particular, spread the canard that G20, our main coalition on agriculture, would break at any moment. The media representatives present repeatedly asked questions about this and we replied that the group was too strong to break. While there could be changes in the composition of the group, with some countries moving out and others coming in, the group itself would remain intact.

The Indian embassy in Mexico had wisely arranged for a hotel for our delegation with a large ground-floor room. This forethought proved to be of great advantage to us, as most G20 meetings were held in our hotel. The Indian delegation was led by Arun Jaitley, and although he showed some signs of hesitation in the beginning, he became one of the most dominant negotiators by the end. With his natural flair for making friends and expressing his views firmly but without creating ill will, he emerged a successful diplomat as the meeting progressed. His presence and his capacity to influence people resulted in G20 becoming a still more powerful entity with more countries in its fold.

However, pressures continued to be intense. Meetings on agriculture were held primarily between the G20 and the US and EU. The agriculture text for consideration by the Ministerial Conference was believed to be deeply flawed by many of us in the developing world. Despite a series of meetings, there was little progress on subsidies, domestic support and special and differential treatment for developing countries. The expectation that the US and EU would steamroll us was belied. I must also mention here that the US–EU text was amended at the last moment to accommodate the needs of India. This would have meant deserting other developing countries like Brazil and China, which we considered a zero-sum game for India.

Developed countries, particularly the EU, had been circulating rumours, even in Geneva, of India breaking away from the G20 group. I had firmly scotched these rumours in a small group meeting in Geneva, where I said, ‘The glamorous two have combined for a deal in agriculture. We have joined with others, less glamorous, but in whom we have confidence that they will remain with us till the end. We are very happy where we are and we have absolutely no intentions of changing our position.' There was no way in which we were going to repose faith in the EC any more. The EC had once aligned with us and then dumped us to make a mutually self-serving agreement with the US. Once bitten, twice shy.

As an aside, I must also mention a remark made by the DG (Trade) of the European Commission after a meeting in Geneva. He told me in a sarcastic tone, 'You have made a brilliant move by joining with Brazil and other countries. You will see the consequences here and at Cancun.' My friend, the Brazilian Ambassador Felipe, was nearby when this incident occurred. He later told me, 'He was very nasty to you.'

The coalition against Singapore issues was aggressively and vociferously led by Malaysian Trade and Industry Minister Rafidah Aziz. The Singapore issues were the products of the Singapore Ministerial Conference, which sought to expand the role of the WTO by bringing into its ambit trade and investment, trade and competition policy, government procurement and trade facilitation. India had opposed the introduction of these issues at Singapore and later, most aggressively by Murasoli Maran at the Doha Ministerial Conference in 2001.

The introduction of more issues would expand the remit of the powerful WTO dispute settlement system and reduce our capacity to act independently in these areas. Atmanirbhar and production linked incentives, for example, would have been impossible to implement had investment become part of the WTO agenda and thus brought under the cover of the dispute settlement mechanism.

The Malaysian Trade Minister said unequivocally at a press conference jointly held with Jaitley, 'We don't agree to launching any negotiations; there is no explicit consensus, and there is need for further clarification of these issues.' On the African countries' position, the Zambian Trade Minister said, 'The ministers in the African Union have said they don't want a launch of negotiations on these issues. More work is required. We also don't want linkage of these issues and other issues. Moreover, an explicit consensus is needed to launch negotiations, not an implied consensus.' On September 12, India and Malaysia presented a letter on behalf of seventy countries against the Singapore issues to the facilitator of discussions on these issues, Pierre Pettigrew, Canadian Trade Minister, and Luis Ernesto Derbez, Mexican Foreign Minister and Chairman of the Cancun Ministerial, reiterating the same views.

Pettigrew and Derbez, however, chose to ignore the views of the majority of members. On September 13, a revised Ministerial text appeared, popularly known as the Derbez Text. It provided for commencement of negotiations on trade facilitation and government procurement. In a convoluted way, it also provided for launching negotiations on the other two issues through the convening of special sessions, linking the results of negotiations on these issues with the single undertaking that would appear at the end of the Doha work programme, and also specifying that modalities allowing negotiations shall be adopted on an unspecified date. A footnote also provided that the date for adopting modalities shall coincide with the date for agreeing on negotiations relating to agricultural and non-agricultural products.[7]

This text created a furore among the developing countries and civil society representatives. A meeting of the Heads of Delegations was held on the evening of September 13. I manoeuvred to get our minister placed fifth in the order of the speakers. I did not want him to make the opening speech but I wanted him to speak high in the order, so that other developing countries would be able to hear his views before the US and EU ministers spoke. The hall was jam-packed as many civil society representatives also were present, along with members of delegations.

Jaitley made a fiery speech. 'We are disappointed,' he said, 'that the draft text ignores several concerns expressed by us and many developing countries. I note that the development dimension of the Doha agenda has finally been discarded, confirming the apprehension

7. Martin Khor, 'The "Singapore Issues" in the WTO: Evolution and Implications for Developing Countries', Third World Network, 2007.

expressed by me at the plenary session that this is mere rhetoric.' He spoke of the continuing distortions in agriculture. 'How can we expect developing countries to reduce tariffs on a number of items to between zero percent and five percent when the distortions against which such tariffs are supposed to compensate, are sought to be enhanced?' On Singapore issues, he said, 'It represents an attempt made to thrust the views of a few countries upon many developing countries.' Expressing India's disappointment with the text, he said that it has 'arbitrarily disregarded views and concerns expressed by us'. He hoped that 'circumstances and environment will be created to enable us to participate constructively'.[8]

While the language was strong, Jaitley also had the gift of expressing himself forcefully. He was heard to the end in pin-drop silence. When he concluded his speech, for the first time in my memory of WTO meetings, there was a thunderous ovation from all parts of the hall. After he spoke, several other ministers from other developing countries followed his lead and spoke strongly, thus transforming the atmosphere of negotiation conclusively. Later, in Geneva, the American Ambassador told me that she could visualise Jaitley mesmerising India's rural masses with his deep voice and his powerful articulation in remote villages lit by lanterns.

On September 14, there was a Green Room meeting, attended by a few Heads of Delegations. Along with our minister, Commerce Secretary Dipak Chatterjee and I were present. There were about thirty ministers, including representatives of the African Union, the Least Developed Countries and the African, Caribbean and Pacific Group of States. Derbez decided to start the meeting with the Singapore issues, proposing that negotiations may start on trade facilitation and government procurement but that the other two issues, investment and competition, may be dropped from the agenda. I saw this as an amazing development as all the work that we had done in Geneva had paid off and the most difficult issues—from

8. BBC Monitoring International Reports, 'Brazil, India Say WTO Draft Document One-Sided, Favours EU, US', Institute for Agriculture & Trade Policy (September 14, 2003), https://www.iatp.org/news/brazil-india-say-wto-draft-document-one-sided-favours-eu-us

the Indian perspective—were out of the agenda. As many developing countries still had reservations, a break was announced.

The countries of the African, Caribbean and Pacific Group, the African Union and the Least Developed Countries met together separately and came back asserting their opposition to negotiations on any of the issues. Korea, on the other hand, said they would oppose the dropping of any issue. To our surprise, Derbez then decided to abruptly close the Ministerial Conference. We had expected that there would be many more painful discussions spread through the night. According to many, the Americans knew of this outcome even before Derbez had announced it, as they had packed and loaded their baggage, preparing for departure.

The conclusion of the meeting without result was greeted with loud cheers by civil society representatives of developing countries outside the premises of the conference. Jaitley became a national hero in India overnight. India's official delegation spent a happy day on the fifteenth at the Mayan ruins in Chichen Itza. I went back to Geneva and the Indian delegation left for Delhi. On its arrival at Delhi airport, there was a big crowd waiting to receive the minister, including the then Minister of State Rajiv Pratap Rudy. On September 18, The Baltimore Sun reported: "A generation from now, analysts may look back at the World Trade Organisation summit in Mexico as a turning point in the increasingly contentious globalisation debate. Why? Because for the first time in decades of globalisation negotiations, democracy trumped narrow elite interests."[9]

In his article of September 20, 2003 in The Telegraph, titled 'Trading Places: India helped to keep developing nations together at Cancun', KP Nayar wrote: "The large function hall of the Mediterranean-style Cancun hotel was filled to capacity. If a vote had been taken among the non-governmental organisations present there to choose the most popular Commerce Minister attending the World Trade Organisation meeting in Mexico last week, there would have been no doubt about the outcome. Arun Jaitley easily stood out

9. John Cavanagh and Robin Broad, 'A Turning Point for World Trade?' The Baltimore Sun (September 18, 2003), https://www.tni.org/en/article/a-turning-point-for-world-trade

among his WTO colleagues at the five-day meeting, which is now being hailed as a landmark in global politics in the new millennium."[10]

It was never India's intention that the Cancun deliberations should fail. The single undertaking that emerged after the Uruguay Round was skewed against the interests of developing countries. We had stakes in the negotiations following Doha in order to restore balance in global trade rules.

In the initial period after Cancun, there was a marked lull in the negotiations. There was considerable confusion, particularly about the Singapore issues, whether they would be dropped from the negotiations on the single undertaking or whether deliberations would continue in some other format. The EU position was particularly unclear.

At the General Council meeting on May 17, 2004, the confusion continued with Ambassador Shotaro Oshima of Japan, then Chairman of the Council, saying that 'major questions of which of the issues, if any, should be within the single undertaking, and of what should be done with those issues to be put outside the single undertaking, are yet to be resolved'. However, there was no mention of reviving the working groups on investment, competition policy and government procurement, while trade facilitation was sent to a Deputy Director General for further discussion with delegations.

The delegations of Geneva then worked towards salvaging the detritus left by Cancun and to put the negotiations back on track. In the meanwhile, two major changes had occurred so far as we were concerned. First, on agriculture; to progress the deliberations, a group of five was formed, including the US, EU, Brazil, India and Australia. This was a significant development. Until then, the Quad, consisting of the US, EU, Canada and Japan, was considered to be the principal decision-making force in the WTO. The formation of the new group marked the emergence of developing countries in the equation. Secondly, in India, political changes took place with the BJP-led National Democratic Alliance government being replaced by

10. KP Nayar, 'TRADING PLACES: India Helped to Keep Developing Nations Together at Cancun', The Telegraph (September 20, 2003), https://www.telegraphindia.com/opinion/trading-places-india-helped- to-keep-developing-nations-together-at-cancun/cid/1018490

a Congress-led United Progressive Alliance government. Kamal Nath became the new Commerce Minister of India.

The deliberations at Geneva finally led to what was popularly known as the July Framework Agreement in 2004. The agreement emphasised the need to progress the talks in select areas—market access in agricultural and non-agricultural products, development issues, trade facilitation and services. The inclusion of services in the main body of the agreement was another significant achievement for us. India had been single-handedly asking for inclusion of services in the main body of the text, rather than as an annex, which was the position in the first draft prepared by Ambassador Oshima in mid-July. Services negotiations were important for India in the context of the large number of Indians working in different parts of the world. Fortunately, the US Trade Representative Robert Zoellick saw the fairness in my argument. For the first time ever, the Indian and US Ambassador jointly wrote a letter to the Chairman of the General Council, seeking inclusion of services in the main body of the Agreement.

The Framework Agreement provided for continuance of negotiations in other areas in the Doha mandate. However, it stated explicitly on investment, competition and government procurement that 'no work towards negotiations on any of these issues will take place within the WTO during the Doha Round'. A broad framework on parameters for negotiations in agriculture was agreed to as an annex to the agreement.

The July Framework Agreement constituted an important step towards restarting the negotiations. As we passed each other after the meeting, Robert Zoellick came to me and thanked me for my role in restoring the negotiations. The WTO Director General, Supachai Panitchpakdi, called it a 'truly historic' achievement. EC Trade Commissioner Pascal Lamy remarked, 'the Doha Round is back on track'. Zoellick said, 'We have laid out a map for the road ahead. Kamal Nath was happy, too. He said, 'This more than adequately addresses India's concerns.' I learnt a great deal from my diplomatic experience, which concluded shortly after the July Framework Agreement, and I was posted back to Delhi as Revenue Secretary.

I had many fears when I was posted as Ambassador to the WTO. The posting itself was the subject of considerable controversy with an unseemly and unnecessary conflict between the Ministry of External Affairs and the Ministry of Commerce, which put a greater load on me to prove myself in Geneva. I was also taking over from a formidable and much-feared predecessor, who had made a mark for himself in his tenure of five years. I had no negotiating experience worth the name. I was not confident that I would be able to articulate India's position sufficiently well or strongly enough in the WTO. I was also taking over at a time when India was regarded as a pariah in the Geneva diplomatic community.

In retrospect, I consider my tenure in Geneva to have been the high point in my public service career. Looking back, I realise that the experience, skills and instincts I had and the sense of timing that came naturally to me were largely the result of my work in Kerala, which involved constant, sometimes acrimonious, interaction with politicians, trade unions, students and many others. In comparison, negotiations in Geneva seemed much easier. Each diplomat was listened to with respect, never interrupted by rude and loud-mouthed participants at meetings. There was never any animosity carried outside the meeting halls. I could have argued my position with no holds barred at any meeting with anybody, and after the meeting, my adversary and I could have had a drink and smoked a cigar together.

The Cancun Ministerial Conference marked a complete transformation in the dynamics of negotiations in the global arena. Kristen Hopewell has analysed this development in great detail in her dissertation. She said that the WTO had ceased to operate as a 'rich man's club', that it was dominated no longer by the Quad countries seeking to advance their interests at the cost of others. Developing countries were no more marginalised and Brazil, India and China emerged as significant players in the negotiations.

I am, however, disappointed that no further progress was made in the negotiations in subsequent years. India and other developing countries had a great deal to gain from the establishment of new multilateral trade rules. The proliferation of regional and bilateral trading arrangements in the past few years has made the multilateral trading system virtually redundant. There were many problems arising from the commitments made in the Uruguay Round that needed to be corrected and settled. The developed countries, with their insistence on continuance of agricultural subsidies, and the developing countries, with their reluctance to find common ground in a spirit of compromise, both contributed to the demise of the Doha work programme.

Unilateral action by many countries, including the US and India, to raise import tariffs on a range of goods featuring in global trade and increase curbs on migration of skilled persons from developing countries to developed countries are indications of a major shift in the attitude of countries across the world to work in cohesion with each other.

If at all there has to be forward movement, it is necessary for each country to reflect on the changed power equations in the global economic scenario as well as the changes that have occurred within each country and in each region and lay out a fresh roadmap for the future, encompassing present realities. The need for progress has become even more urgent after the havoc wreaked by the pandemic.

23

ARVIND MAYARAM

G20

How Effective is it in its Global Economic Leadership Role?

Ever since the emergence of the nation state and the recognition of its geographical boundaries, there has been a consistent effort to protect and expand its national interests in every way possible, including in the domain of international relations. While the term national interest is clearly understood to be the interests of the nation, however defining national interest is not only difficult, but is also deeply embedded in the old Indian belief that nothing is constant and that everything is defined by its context in terms of time, place and circumstances. While the underpinning of national interest is dynamic, its main elements have largely been defined over the centuries. World history, right up to the 20th century, is replete with examples of bloody wars, in which one nation or a group of nations have combined to become the aggressors in coveting the territories of other nations to further their national interests.

History also teaches us that nations come together, mostly after devastating wars, to negotiate frameworks which are meant to establish and preserve peace amongst them, resulting in shared prosperity. Sometimes, these treaties result in decades of peace before another outbreak calls for a new framework. These frameworks are designed to create and maintain an equilibrium, which is a sum total of furthering national interests of all the participating nations, based on compromise and consensus building. One of the most comprehensive attempts by the nations of the world emerged in the form of the United Nations, after a particularly debilitating and destructive Second World War. Whereas the United Nations has not prevented other wars from occurring, it has prevented major disruption of the peace consensus, ever since its constitution. As we have seen in the past, national interests are furthered through different ways in a wide spectrum - ranging from war to diplomacy. Therefore, it is aptly said that wars start when diplomacy fails.

At the heart of national interests lie economic interests. Whereas, in the earliest period of human history, wars were waged to acquire wealth, this quickly transformed into empire building to corner the economic resources of the conquered nations. Still later, colonialism became the tool for amassing wealth for the colonial empires. In such instances, other nations were always the subjects, meant to be exploited. While the rest of the world was being carved out between the colonial powers, amongst themselves they were often at war and periodically negotiated treaties - dividing the conquered world in a way that interests of all of them were served and constant war and attrition were no longer necessary.

India, too has furthered its national interests through deft foreign policy throughout its post-independence period. While economic interests have remained constantly the bed-rock of its foreign policy, the nuance has changed over the decades from overtly political (during the Cold War) to overtly economic, keeping in times with similar shifts in other countries. At present, global relations are defined by competing economic interests such as control of oil. Many wars have been fought over these, such as the First and Second Gulf wars. Even when the conflict is more ideological, economic sanctions have been greatly weaponised, especially by the USA.

It is in this context that the G20 was initially founded in 1999 after the Asian financial crisis as a forum for the finance ministers and central bank governors of nineteen countries and the European Union to deliberate upon and evolve consensus on issues relating to international economic and financial stability. It has since become a major collective of the economically most powerful countries, which together shape global economic policies, especially in times of crises. In 2008, in the midst of the global financial crisis, the US President George W Bush invited leaders of the G20 countries to coordinate actions in order to respond to the crisis, elevating the level of engagement for the first time to that of the head of government.

This was further institutionalised into an annual Summit meeting in 2010. A host country was selected every year and its head of the government also became the head of G20. As the G20 has no permanent secretariat, the responsibility to set the Summit agenda relies on the host country. Besides the G20 Summit, finance ministers and central bank governors of the member countries meet every year in what has come to be known as the "finance track", to oversee implementation of the decisions taken at the Summit and to prepare for the next meetings. They are assisted by the finance deputies, who are senior bureaucrats from their respective finance ministries. I had the opportunity of being one - as the finance secretary of India during the 2012-14 period.

Whereas G20 was constituted to expand the earlier G7 (also known as the "rich nation's club") to reflect the changing global economic realities, with the rise of the emerging market economies, in directing concerted action to deal with economic crisis confronting a highly globalised world, over time it has adopted a sprawling agenda covering diverse subjects. It also works with its official engagement groups, such as the B20, C20, L20, T20 and Y20, comprising business, civil society, organised labour, academia and youth. G20 leaders' personal representatives, known as Sherpas, oversee negotiation over the course of the year, discussing agenda items for the summit and coordinating the work of the G20, except in the finance track. They hold a multi-year mandate and ensure institutional continuity. Within the G20, working groups are established with the aim to assist leaders in addressing G20 policy challenges.

Over the years, from remaining focussed on economic global crisis points, G20 now has a diffused agenda, with each Leader adding new elements for discussion during her presidency. While one of the group's most effective interventions was its robust response to the 2008 financial crisis, it became another battlefield for furthering influence of the advanced economies. In 2008 and 2009, G20 nations prevented a free fall of the global economy, by stipulating a slew of measures designed to stop the contagion from spreading. G20 nations agreed to stimulate the global economy by spending US$4tn, agreed not to erect trade barriers, and implemented far-reaching reforms in the financial system.

Since then, the G20 has not been able to achieve similar successes in coordinating monetary and fiscal policies of its member countries, or in achieving higher growth. G20's utility as a powerful forum to coordinate policies and direct collective energy towards addressing economic crisis, especially in the emerging markets and developing economies (EMDEs) has diminished over the last decade. One of the major reasons lie in the fact that G7 countries were facing economic crisis post 2008, with the economies of countries like Italy, Spain and Portugal almost collapsing. The G20 acted in concert and deployed adequate resources to shore up the failing economies.

Once the spectre of doom lifted from Europe, the urgency for action receded. In meeting after meeting, I could sense an element of apathy amongst the G20 nations in coming forward with resources to help the emerging market economies (EMEs) such as India, South Africa and Brazil overcoming the economic crisis they were enveloped in due to high oil prices and the aftermath of the accommodative monetary and fiscal policies necessitated by the 2008 crisis.

It is interesting to note that most of the concerns being voiced by India presently are the same as the ones being raised during 2012-13. For the G20 Summit in 2014, we had identified the following issues:

a. *Reviving Global Growth:* All members of the G20 wanted the summit to signal a strong commitment to revive growth but there had never been clarity on how this was to be achieved. The G20 finance ministers had targeted raising the collective GDP of G20 countries by 2 percent above the trajectory over a 5-year period. Each country submitted a country strategy paper for peer review but the outcome was not encouraging. Most countries had only repeated what already existed. Where new initiatives were mentioned, they were stated in general terms, making it difficult to assess how much they will contribute to acceleration. While there was agreement that these initiatives will not result in the targeted growth acceleration, there was no clear understanding of what would.

b. *Completing IMF Quota Reform:* The important part of the G20 agenda was stuck because the US administration was not able to get the Congress to ratify the new US quota, which meant that the required 85 percent ratification needed for the quota increase to become effective, was not available. This also meant that the earlier consensus achieved on restructuring of the board and reducing European seats, could not take place. Thankfully, this was finally achieved in 2016, when the US Congress finally ratified the reforms, which also resulted in the European Union countries reducing the number of seats on the Board by two.

c. *New Initiatives to Finance Infrastructure:* The then Indian Prime Minister had raised the issue of new initiatives to finance infrastructure very strongly in the earlier Summits and this had resulted in some progress. However, the advanced economies (AEs) asserted that there was no shortage of capital and that the real problem lay in the absence of well-structured projects and domestic policies, which were often not supportive. The Indian position was that – while there was certainly room for improvement in domestic policies, there were also market failures in financing because of an enhanced perception of risks and that the MDBs could help by:

   (i) filling financing gaps in infrastructure until market perceptions and reality get aligned and;

   (ii) getting involved directly in PPP projects to reduce private sector risk perceptions. This would leverage private capital flows, which could be an additionality to MDB financing. Even though the World Bank was expected to make specific suggestions, it did not come up with anything cogent while the US remained lukewarm as it did not wish to commit additional capital.

d. *International Tax Practices:* This was an area in which consensus was the strongest because of the interests of advanced economies. Multinational corporations operating across borders often resort to shifting profits across borders to reduce tax liabilities and this is a matter of concern for industrialised countries as well. The OECD has been working on evolving agreed principles to deal with base erosion and profit shifting (BEPS). While India was involved in this process, there were many differences on some key issues. Despite this, India remained engaged to ensure that its views were well reflected in the consensus. Even though India was not compelled to accept the OECD consensus, but we recognised that the standards set by the OECD countries are likely to become the norms accepted by our competitors' countries and this will result in India becoming less competitive in attracting investments, if its tax practice was out of line.

Many of these issues remain unresolved because the positions adopted by the respective countries have barely shifted. We also discerned that as the resolution of the financial issues called for a greater financial commitment by the AEs, they deflected attention from these issues by pushing other concerns such as climate change, energy, employment and labour force participation of women etc. The group whose membership represents around 85 percent of global GDP and comprises most of the leading emerging economies, could have played a key role in the management of the global economy through its most volatile period - with shortened economic cycles since the 1998 South East Asian crisis. Unfortunately, it hasn't.

The disproportionate weight pulled by countries like Britain (greatly weakened post Brexit), Australia and Italy as part of the G7, has proved to be counterproductive. Instead, if there was a core group within the G20 comprising the US, Japan, the EU (as one entity) and Brazil, Russia, India, China and South Africa (BRICS, as the other), its agenda would have been more balanced and effective, instead of the G20 issuing grandly worded and fiercely fought communiqués to acknowledge global challenges without providing real solutions to any of them.

As mentioned earlier, G20 has a very unfocussed and shifting agenda with each host country adding another layer of discussion or institutional arrangement (like the *Infrastructure Hub for exchange of information* added during the Australian Presidency or the goal of *Universal Health Care* added during the Japanese Presidency).

As each country vies to show something "new" as its Presidency's achievement, the G20 Agenda becomes increasingly more unwieldy with each passing year.

In conclusion, India should play a pivotal role in resetting the G20 agenda and bringing the focus back on finance, during its presidency in 2023. It must insist that all peripheral issues be taken out of the agenda and that the G20 direct its focus only on the financial issues that are now confronting the world, more than ever before. With recessionary trends seen in US and other AEs, global economic growth will be severely hit. In the post COVID-19 world, in which most governments are still struggling to achieve fiscal consolidation, another global slowdown would have a crippling effect. With an increase in poverty being witnessed all over the world, there is an urgent need to take concerted action to revive the global economy. This should be the top priority.

Secondly, most countries have acknowledged the urgency on climate issues and have adopted nationally determined commitments (NDCs) to move towards the Net Zero goal. The total funding required to achieve this goal runs into trillions of dollars. It is imperative that financing new green infrastructure and transitioning from greying, less climate friendly infrastructure (including energy), must be discussed with seriousness and a consensus arrived at - on the numbers (funds required each year, country wise) and the sources of finance (public/private, debt/equity, institutional/capital markets), and develop a framework to assess and remove policy constraints to allow greater and quicker cross border capital flows. To help emerging markets and developing economies (EMDEs) in strengthening their institutions and frameworks, huge capacity building effort is required. This would have to be supported by finances coming from the AEs.

Thirdly, new infrastructure and transition from the older would require financial and technological support for the EMDEs. This can be in the form of viability gap funding (VGF), to ease the cost burden on the poor. Broad VGF framework, pioneered by India, has been emulated by many countries through their public private partnership (PPP) programmes. With modifications, a similar framework can be used to provide grant funds in order to minimise the cost burden and such VGF funds could then be disbursed to the EMDEs' projects through multilateral and regional development finance institutions like the World Bank and the Asian Development Bank. Substantial initial contribution from the AE economies, say of US$100bn, would break the gridlock and speed up the transition towards Net Zero.

The fourth agenda should be the reform of multilateral finance institutions like the World Bank and expanding the membership of the Asian Infrastructure Investment Bank and the New Development Bank (while majorly restructuring their governance structure by a more evenly spread voting power). These multilateral finance institutions can tap global capital markets more aggressively to expand their lending capacity. This would increase the availability of long-term finance for green infrastructure.

Fifth, the G20 should also deliberate on the creation of a large green technology fund which provides funds to the EMDEs for research and development of green technologies, and also "buys" copyrights of cutting-edge technologies which will be required for the "greening" of infrastructure in the EMDEs. Presently an IPRs premium makes such technologies very expensive and this is reflected in the user charges paid by consumers of the services or users of the infrastructure, especially the poor. The green technology fund would soften prices and make green technologies affordable.

India's position on these and other new areas will be followed closely, by its allies in the EMDEs who are not members of the G20 but would count on India's advocacy to protect their interests. To achieve this, it is important that the G20 secretariat must move back to the finance ministry and the focus is at all times maintained on finance issues. The propensity to add all kinds of new areas to the G20 agenda should be stoutly opposed. MEA should continue to play a very active but supportive role. Economic diplomacy should become truly a collaborative effort of different ministries to lend greater strength to the Indian leadership of G20.

24

AMIT DASGUPTA

Challenges to Economic Diplomacy

The SAARC Conundrum

This chapter is based on three core assumptions: first, human actions and behaviour are not monocausal but a reflection of a complex and interwoven conglomerate of factors or variables. A single event may certainly trigger a gigantic response, but only as a catalyst to light the fuse. Therefore, explanations of events that rely solely on mono-causality, fail to see this intense and intricate matrix at work. Eventually, they are unreliable and often, false. This suggests that we do not live in a vacuum or silos. Human behaviour is essentially a result of multiple factors acting in tandem and driving it in a particular direction.

Secondly, while foreign policy is defined as the pursuit of national interest through peaceful means, it is also said that a successful foreign policy is the pursuit of national interest through collective bilateral, regional, sub-regional, and international efforts. An example of this is the message from the former Indian Prime Minister Atal Bihari Vajpayee, who urged his colleagues in the South Asian Association of Regional Cooperation (SAARC) to recognise the collective responsibility of the region's leadership to work together, to alleviate poverty and in the process, 'grow rich together'.

Although the focus of this chapter is on SAARC and economic diplomacy, it is important to understand the historical, social, and political context and its influences on why the SAARC has been a failure.

Finally, human behaviour is a function of how we are taught to see by the social environment we belong to and get influenced by our personal experiences. This is how we form perceptions, which, in turn, impacts how we expect persons to react and respond in situations. Austrian-American sociologist, Peter L Berger, said that as much as there is scientific evidence to demonstrate how the physical landscape influences human behaviour, there is irrefutable evidence of the influence of the social landscape.

Against this backdrop, the observations of this chapter have thus been based.

It is almost as if history and geography conspired to ensure that India is in a troubled and troubling neighbourhood. In geographic terms, India's centrality is inescapable. It shares physical borders with Pakistan, China, Bhutan, Nepal, Myanmar, and Bangladesh. It is only marginally separated by the waters from Sri Lanka and the Maldives. The sheer size, in comparison to these countries, other than China, makes its presence domineering. This can be understandably intimidating for its neighbours.

Historically, a great upheaval took place in 1947, when the retreating British fired one last salvo and divided the sub-continent. India was then flanked by Pakistan not only on the west but also on the east. For two hundred years, the colonial Britain plundered and looted the region, crushing dissent and ruling with an iron fist, without any remorse. The Bengal famine in 1943, the Jallianwala Bagh massacre in 1919, the incarceration of freedom fighters, the horror of partition, and much more, bloodied their hands.

Over the past seven decades and more, since the region became independent of colonial rule, individual member states have certainly experienced great success in several spheres but have also faced massive challenges with dramatic consequences. In 1971, East Pakistan entered into a bloody freedom struggle with West Pakistan that culminated in the creation of Bangladesh. India was drawn into the conflict and its famous victory over Pakistan, on the eastern and western fronts, is now part of military history. Myanmar briefly toyed with democracy but, for the better part of its history, has been governed by the military. The royal massacre in Kathmandu shook the people of Nepal. A big chapter in their nation's history was closed in 2001 under sudden and tragic circumstances. Pakistan oscillated between assassination of its leadership, experiments with democracy, military rule, and wars with India. Sri Lanka faced a decade-long violent civil war that divided the country with years of poor governance thereafter, leaving its people impoverished and economy in tatters.

India is no exception. Over the past seven and half decades, since independence, it faced and continues to face myriad internal and domestic challenges, including those of social and economic welfare. Besides, India has often been the victim of external aggression. In 1962, China attacked a severely unprepared India to alter the border and they did. In 2020, they initiated a similar attempt, which resulted in gross miscalculation on their part and the death of several People's Liberation Army (PLA) soldiers and officers, and a tactical retreat.

China continues to remain a significant threat because its foreign policy is essentially driven by hegemonistic ambitions and a belligerent intolerance of those they perceive to be rival powers. It uses its economic muscle to push countries into a debt trap and obliges them to concede to Chinese demands that they would have otherwise not acceded to. Nepal, Sri Lanka, and Pakistan, apart from countries in Africa and Southeast Asia, are prime examples of this. Under the leadership of President Xi Jinping, this policy has become increasingly aggressive.

The unwavering threat, however, came from Pakistan through war and cross-border terrorism with irrefutable evidence of active military and government support. In 1947, Islamabad was unable to understand how Muslims would want to live in India, despite the majority population being Hindu. Following defeat in the 1971 war, the narrative was further strengthened as Pakistan had lost face. In 2006, India and the US signed the historic 123 Agreement on the civilian use of nuclear energy. Islamabad was left out and isolated because of direct evidence of illegal trade in nuclear technology.

The book *Deception: Pakistan, the United States, and the Secret Trade in nuclear weapons* by Adrian Levy and Catherine Scott Clark embarrassingly brought out the role of AQ Khan and the theft of nuclear technology by Pakistan. Globally isolated and rebuffed, Islamabad began to cozy up to Beijing, which was uncomfortable with India's rise and acceptance in global affairs. In 2011, the world's most wanted terrorist, Osama bin Laden, was killed in a US Navy SEALs operation in Abbottabad, near a military base in Pakistan. All of this combined to make Islamabad feel 'lesser' than India. With growing support from Beijing, Pakistan adopted terrorism as a foreign policy strategy in its dealings with India.

This single-minded anti-India sentiment distracted successive governments in Islamabad from focussing on domestic issues. The economy collapsed, inequalities sharpened, democracy was reduced to lip-service, internal dissent led to violent civil strife, religious fundamentalism gained ground, and the military and intelligence services strengthened their stranglehold. A series of unsuccessful attempts were made by New Delhi to offer a hand of friendship. It frustrated the then Prime Minister Atal Bihari Vajpayee to lament that every time Pakistan shook his hand above the table, it would, simultaneously, kick him from underneath. For India, the troubling circumstances of a combative Pakistan and an aggressive China spilled onto its neighbourhood policy.

'Neighbourhood First' has been the guiding mantra of Indian foreign policy as New Delhi realised that an unstable neighbourhood was inimical to its national interests. Geographical contiguity would necessarily have a spillover effect with long-term consequences. So, it began to invest in loans and grants to assist in developmental projects in its neighbours, such as, Bangladesh, Nepal, Bhutan, Sri Lanka, the Maldives, Myanmar and Afghanistan.

But the fact of an asymmetry could not be wished away and the idea of a mechanism to promote regional cooperation that 'contained' India was mooted by Bangladesh. Initially, New Delhi did not warm up to the idea because it saw the presence of Pakistan in such a grouping as problematic. It also recognised that the mechanism could be used to pressure India. Nevertheless, New Delhi did not wish to be obstructionist and in 1985, SAARC was formed and had its first Summit. In the 47 years of its existence, there have only been 18 summits and it is generally accepted that SAARC was doomed to fail because of the deep-rooted flaw in the foundation and its existential logic. On areas that were not related to trade and economic issues, there have most certainly been modest achievements. On regional economic cooperation and integration, however, the report card has little to show.

India's geographical centrality, the acute asymmetries in size, social and economic indicators, and its standing in global affairs suggested an inherent inequality in the relationship. Indeed, if we were to invoke the '*n-1*' theory, it could be stated that SAARC minus any of the other countries could survive but SAARC minus India was a non-starter. This uncomfortable truth led some countries to search for a way to balance the equation and by playing the China-card. Beijing could not become a member of SAARC without the agreement of all countries, but nothing prevented bilateral proximity to China. Countries like Nepal and most recently, Sri Lanka embraced this outreach and Beijing responded with alacrity. In 2005, the US referred to China's 'string of pearls' policy to encircle those it saw as its rivals and to woo those that were weak and under financial stress.

Initially in private but much more vocally thereafter, the impression that India-Pakistan rivalry had held SAARC hostage spread widely. The 18th SAARC Summit was held in 2014 and thereafter, the chairmanship was to move to Islamabad in 2016. However, in August 2016, Pakistan sponsored terrorists attacked the Pathankot air base in Punjab and an army camp in Uri in Jammu and Kashmir (J&K). India along with Afghanistan, Bangladesh and Bhutan refused to attend the Summit. In 2019, a cross-border terror attack took place against a military convoy in Pulwama. India retaliated with surgical strikes and made it clear to Islamabad that normalisation of relations was predicated on Islamabad's open rejection of terrorism and action against terror groups operating from within Pakistan. There has been no material change on the ground and the 19th SAARC Summit is yet to be held.

In the meantime, while the Pakistan economy went into a tailspin, India focussed on strengthening bilateral and sub-regional economic and trade ties with neighbouring countries through economic arrangements like BBIN or the Growth Quadrangle

(Bangladesh, Bhutan, Nepal, and India) or trilateral cooperation (Sri Lanka, the Maldives and India). The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) held greater promise and has become a priority focus.

The aforementioned section is not to suggest that regional economic cooperation under the SAARC framework has come to a halt. Indeed, at the 18th Summit, Member States reiterated their commitment to deepen regional economic integration to achieve a South Asian Economic Union (SAEU), in a phased manner, through a Free Trade Area, Customs Union, a Common Market, and an Economic and Monetary Union (EMU). Special emphasis was given to the Least Developed and Landlocked Countries (LLDCs) because of the structural constraints they face. On the South Asian Free Trade Area (SAFTA), it was decided to accelerate work on simplifying rules of origin, trade facilitation measures, harmonisation of standards on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Standards (SPS) reduction, and finally, elimination of non-tariff and para-tariff barriers, simplifying customs rules and procedures, and enabling an efficient transit and transport process. Several other important consultations are also in place, such as meetings of Finance Ministers, of Reserve Bank Governors, and of Commerce Secretaries.

Prior to the Doha round of the World Trade Organisation (WTO) in November 2001, for the first time in its history, the SAARC issued a joint statement expressing deep concern at the attempt by developed countries to expand the WTO agenda through the introduction of non-trade issues into the trade agenda, such as labour standards, environmental issues, and others. At the negotiations, India lobbied with developing countries and was actively supported by China. The round, after over two decades, is yet to be successfully concluded, despite being dubbed a ‘development’ round by developed countries.

What we notice is that consensus is established in the international arena, such as, WTO or the TRIPs negotiations or the MFA phase-out, for example. Agreement was also possible where the framework is broad and the conclusion of negotiations is not anticipated to be immediate, such as trade facilitation measures, harmonisation of customs rules and regulations, establishment of a single currency, or a monetary union. In any case, on trade and economic matters, the attractiveness of access to the huge Indian market is of overwhelming interest to other SAARC countries.

It is interesting to note that according to studies, the informal trade between India and Pakistan is more than double the formal trade. Some of the reasons cited are high tariffs and cost of transport. Traders found it much simpler, cheaper, and faster to trade via Dubai than directly. Politically, Islamabad is happier to go with informal trade as the data of the quantum of trade with India is then shown as being significantly lower than it is.

It is also important to point out that India granted Most Favoured Nation (MFN) status to Pakistan, as mandated under WTO norms, in 1996. Under MFN, non-discriminatory market access is provided to the other country. However, Pakistan refused to reciprocate. During informal discussions with official Pakistani interlocutors, they would take the plea that the very term 'most favoured' would be unacceptable to Pakistanis and consequently, they were unable to accord India the reciprocal status! Representatives of Pakistani business and industry, who participated in meetings of the SAARC Chambers of Commerce and Industry, would openly say that the decision was political and did not reflect sentiments of the Pakistani people or industry. For them, physical proximity made it much easier to do business with India. Following the Pulwama terrorist attack in 2019, India revoked the MFN status to Pakistan.

At the same time, it bears mentioning that despite India's stated interest in doing business with other neighbours, a series of bottlenecks at the Indian end is often cited as a major concern, with justified cause. India's poor infrastructure and logistics capabilities have led to countries like Nepal and Bangladesh complaining of long-delays, which could be harmful, especially for perishable commodities like food items. Slow and cumbersome customs clearances have created bottlenecks at border crossings. The tardiness in addressing these has been a major obstacle as it restricts market access. It also paints India in a negative light where its championing of intra-SAARC trade is not matched by action on the ground.

The attitude and approach of Indian industry is another challenge to economic cooperation and boosting trade. Over the years, Indian businesses and industries have got used to patronage and support from the government, thereby, insulating itself from external competition. Regarding economic reforms and trade liberalisation, they have been strong advocates provided that it did not perilously open the market to those competitors, in turn, threatening their own existence. It may be recalled how long Hindustan Motors survived with the Ambassador car staving off outside competition, alongside Fiat Premier. This story is repeated during FTA negotiations with other countries. Genuine market liberalisation is, consequently, stymied.

The issue of 'rules of origin and sensitive list' has been another major and unresolved contentious issue. Authorities at the Indian border have complained of a steady inflow of goods from countries outside SAARC, but routed through them; without the required value addition but with the sole objective of gaining preferential access to the Indian market. Nepal, for instance, has lent itself to be misused in this regard, by China.

A combination of the above factors has stalled the SAARC regional economic integration. It may certainly be argued that if India wishes to build strong and resilient relations with its neighbours, it needs to resort to unilateral opening of its market, while investing in capacity building in the neighbourhood and substantially upgrading its own infrastructure and human resources. This was enunciated as 'the Gujral doctrine' named after the former Indian Prime Minister Inder Kumar Gujral, who argued that it was in India's long-term interest to leverage its size through a more proactive and visible outreach to the neighbourhood, thus, not seem threatening. It would also counter Beijing's emphatic overtures in the neighbourhood to isolate New Delhi.

Economic diplomacy is an important component in bilateral relations. Quite often, strong bilateral trade becomes a key driving force in such frameworks. It can certainly create unhealthy dependence. The bilateral trade relationship between Australia and China can be looked into, for instance, that stands at AU$250bn, in comparison to Australia-India trade of AU$25bn. Canberra soon realised that this over-dependence on China was detrimental to its long-term interests. However, when it decided to move away, it faced stiff resistance from the Australian business community that had invested over decades in their relationship. Similarly, China reacted strongly to Canberra's move. A shift from China to India, while overtly appealing, posed too many challenges to whetting the appetite of Australian businesses. In terms of perception, India is seen as high-risk with challenges in the Ease of Doing Business (EoDB), poor infrastructure, complex legal framework, an inefficient and corrupt bureaucracy, and a complicated and less than transparent federal structure.

The US-China bilateral trade has, interestingly, not suffered because of sharp political differences. Indeed, India-China trade is almost the same as that between India and the US, despite bilateral challenges.

Therefore, economic and trade relations are not, necessarily impacted by political disputes. Nonetheless, in the case of India and Pakistan, it is the political impasse that has frozen trade ties. What India realises is that Islamabad needs New Delhi more than the other way around. India's pursuit of its national interests is not adversely impacted by its hardline approach towards Pakistan. At the same time, India realises that in an upsetting neighbourhood, a troublesome neighbour can be an unnecessary distraction. Geography is not open to manipulation and it would eventually be in India's long-term interests to try, as far as possible, to normalise its relations with Islamabad, while being mindful of its duplicity.

For all intents and purposes, the SAARC, as it was envisaged, has broken down. If it continues to exist, it will, but symbolically. India recognises the importance of the neighbourhood policy and consequently, it is focussing on bilateral, sub-regional and the BIMSTEC as alternative platforms with far more realistic possibilities.

25

MAHESH SACHDEV

Economic Diplomacy and India

When diplomatic practices are used to further the economic interests of a nation state, it is called eco-diplomacy[1]. The eco-diplomacy may itself be a subset of diplomacy at large, but it is fast becoming a case of the proverbial tail wagging the dog. In the contemporary world, most global issues have strong economic contents: from tussle for commodities to vaccines and generic drugs, from currency manipulation to economic sanctions as a tool of coercive diplomacy, and from the immigration of natural persons to tax-shopping by the MNCs.

With "Data becoming the New Oil", Facebook, Amazon, Apple, Netflix and Google (FAANGs) are muscling in as non-state arbiters of the virtual space. All these facets not only demonstrate the growing importance of eco-diplomacy but also emphasise the need for it to constantly evolve to stay ahead of the emerging challenges. All this goes to show that eco-diplomacy today is perhaps more relevant today than it ever was.

1. Historical Perspective

Recent works on quantitative economic history led by distinguished British economist Angus Maddison have demonstrated that eco-diplomacy has been around for centuries except in name. A graphic, based on largely empirical data, illustrates how the GDP of various civilisations of the world has evolved over the past two millennia. For instance, it projects that till 1500 AD, India was the world's largest economy. This is also supported by the strong

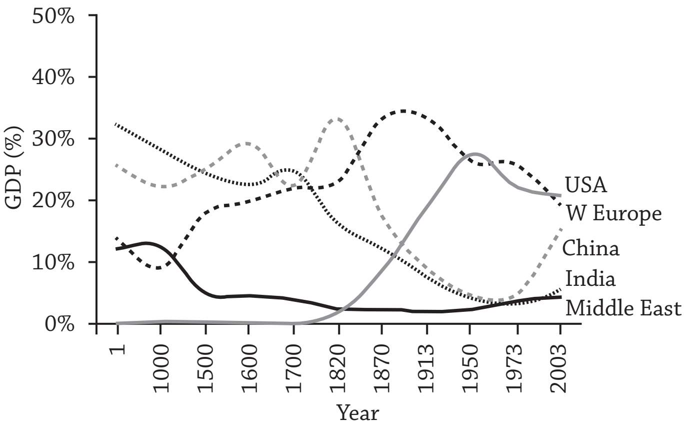
1. While eco-diplomacy is at times also used for ecological diplomacy, for this essay we shall confine it to the economic pursuits by diplomacy.

anecdotal evidence of inter-civilisational trade often overland but also by the sea route. Thus, in 77 AD, the Roman historian Pliny the Elder referred to India as "the sink of the world's gold" as the Romans paid in gold for their obsession with magnificent Indian goods like handicrafts, spices, jewellery and silk. His book *Natural History* mentioned the extent of a large flow of wealth from Rome to India. This continued for several centuries and 1500 years later the Portuguese, too, grumbled that their "hard-won" gold and silver from South America was being "stolen" by India in exchange for exotic goods, much in demand in Europe.

All this shared economic history goes to show the extent of economic diplomacy through the centuries. The Ottoman Empire's crusades against Europe in the medieval era were the main reason responsible for disrupting the silk route to India and China, which in turn, launched the search for an alternative sea route to India. Its success led to direct sea-borne trade with India and Asia, garnering trade concessions ("the factories") by European entities such as the infamous East India Company and subsequent colonisation of vast swathes of Asia. India's Arthashastra, authored by Kautilya in 3rd century BC, dwelt at length on the economic aspects of statecraft, even recommending that greater trade with a neighbouring country was better than belligerency.

Graphic 1

Evolution of Global GDP over the Past Two Millennia



2. Post-WW2 Global Economic Architecture

The coinage of the term "eco-diplomacy" perhaps dates back to the post-Second World War era. It was then that the world realised that the great economic depression and "beggar thy neighbour" economic policies in the 1930s were responsible for the most destructive war that the world had witnessed. Thus, the need for economic diplomacy structures and practices was felt. This led to several measures intended to stabilise the global economy and create instruments and fora for economic coordination.

A Marshall Plan to reconstruct war-devastated western Europe, and Comecon (the Council for Mutual Economic Assistance) in eastern Europe were formed. The European Coal and Steel Community (the forerunner of the European Union) and the Organisation for Economic Cooperation and Development (OECD) were launched. The establishment of Bretton Woods institutions (the World Bank and the International Monetary Fund) and the General Agreement on Tariffs and Trade (GATT, the forerunner of WTO) were also established to avoid financial frictions, competitive devaluation and trade wars, etc.

3. Eco-Diplomacy and North-South Divide

Simultaneously, the process of decolonisation that began in the late 1940s saw over a hundred countries gain independence over the next three decades. These nation states gained political sovereignty but needed to expand their newly found autonomy to their economic resources for their socio-economic development. At the same time, the former colonial masters needed new diplomatic instruments to retain their control of the lucrative economic assets in their former dependencies.

Moreover, eco-diplomacy was also needed across a broad wave-front comprising, *inter alia*, of the multilateral economic architecture, transnational corporations, evolving e-commercial space and vast and expanding intellectual property rights (IPRs) space. The emergence of economic cartels, such as OPEC, also necessitated grand economic and security bargains.

4. The Granular Picture

The wider diplomacy is often divided into hard and soft power, with the former being more coercive and latter, more persuasive. The eco-diplomacy straddles both these diplomatic genres. In general, hard economic diplomacy can involve coercive means such as economic embargoes and bans, punitive duties on trade, economic sanctions, raising of trade protection mechanisms, non-tariff barriers, ban on investments and transfer of technology etc. Soft eco-diplomacy, on the other hand, can be low or duty-free access to the domestic market, concessional credit and grants, holding of a promotional campaign to boost exports, etc.

In the context of the ongoing Ukraine conflict, both sides have resorted to hard and soft eco-diplomacy. In the coercive domain, the Western countries have imposed over 9000 economic sanctions on Russia while Russia has retaliated by curbing hydrocarbon supplies to the European Union countries, insisting on the use of the Ruble as currency and blockading Ukrainian ports, etc. Soft eco-diplomacy has also been in evidence, with Western attempts to persuade other countries to avoid buying Russian commodities and Moscow's offering lucrative discounts to sell its oil, gas, coal, etc.

In functional terms, the eco-diplomacy can be either G2G (Government-to-Government) or G2B (Government-to-Business) or B2B (Business-to-Business), etc. The G2G domain of eco-diplomacy can further be divided into bilateral, regional and multilateral subgenres. As the name suggests, bilateral eco-diplomacy aims at promoting a nation's economic interest with another through the facilitation of trade, investments, adoption of common standards, etc.

At times, this can best be done through negotiating a Comprehensive Economic Partnership Agreement (CEPA). A more limited version would be specialised bilateral agreements to promote free trade, investments, standards, dispute settlement, etc. Such agreements have to conform to the norms laid down by the WTO or other relevant international agencies. Similar agreements can be negotiated regionally and/or multilaterally, but these become a progressively more ambitious and complex exercise in eco-diplomacy with the national interests of all member states of the proposed deal being harmonised.

Multilateral eco-diplomacy is often visible at international fora such as WB/IMF and WTO Ministerials, OPEC+ Ministerial Meetings, etc. With multinational corporations becoming increasingly powerful and autonomous, the G2B eco-diplomacy often becomes the order of the day. It involves a range of interactions between the two sides at fora such as the annual World Economic Forum at Davos, promotional events such as Canton Fair or national or state-level investment promotion events. It is increasingly vague for economically aggressive countries and states to engage non-state stakeholders such as Sovereign Wealth Funds, Pension Funds, investment banks, rating agencies, consultants, etc. to collaborate in conceptualising and investing in their projects.

Lastly, B2B eco-diplomacy often takes the form of takeover bids, cross-holdings, joint projects, technology transfers, etc. On the shadowy side, such B2B eco-diplomacy may even involve price fixing and cartelisation and promote money-laundering and cryptocurrencies.

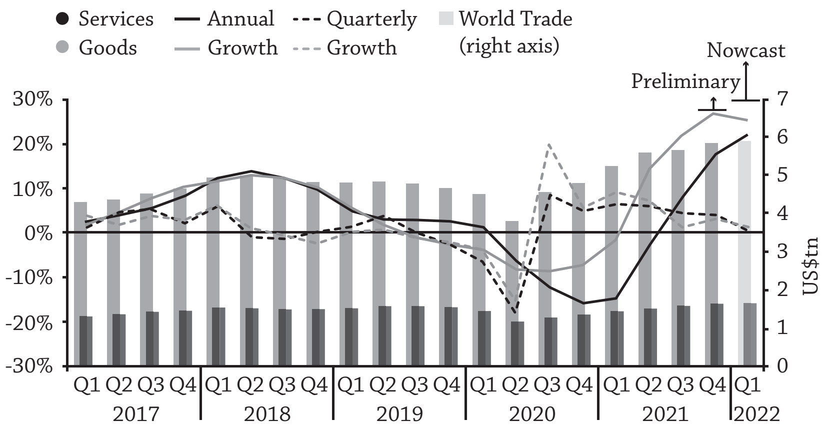
5. The Growing Scope of Eco-Diplomacy

The adage, “Money Makes the World Go Round” can be further extended by “Eco-Diplomacy Makes the Money Go Round.” Although the practitioners of eco-diplomacy have a vested and moral interest in keeping many of its ethically questionable practices unpublicised, anecdotal evidence suggests that this art and science of eco-diplomacy is often the secret ingredient that gives the winning edge. Given the high stakes, eco-diplomacy calls for a comprehensive and proactive strategy involving privileged information, close coordination between various stakeholders and a degree of single mindedness in pursuit of a clearly defined objective.

History is replete with examples from the East India Company, that at its peak in the early 1820s controlled half of the world’s commodity trade to China’s current Belt and Road Initiative (BRI) with total projects worth US$4 trillion so far negotiated in 150 countries. In particular, untapped natural resources in Africa are currently under intense eco-diplomatic focus. In general terms, the UNCTAD reported that the world trade in goods and services each registered US$28.6tn and US$1.6tn respectively, both new records. According to the latest OECD data, the worldwide flow of FDI in 2021 reached a figure of US$1.815 trillion, growing by 88 percent over the previous year, and 37 percent above pre-pandemic levels. Graphics 2 and 3 illustrate the respective trends.

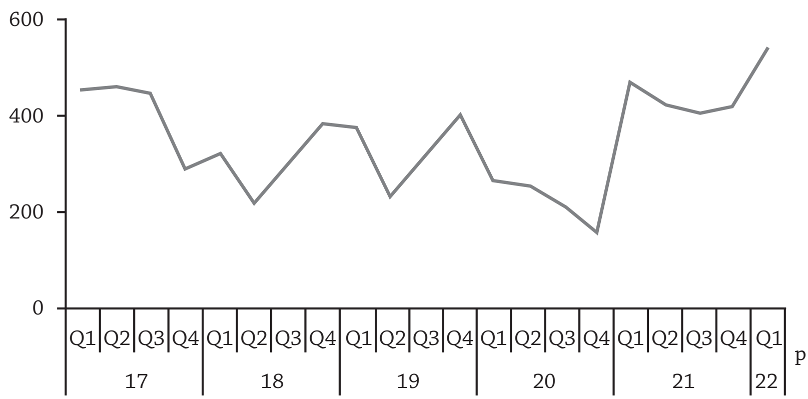
Graphic 2

World Trade in Goods and Services 2017-22 (US$tn)



Graphic 3

Global FDI Flows in the Past Five Years (US$bn)



It is relevant to note that the IMF expects the global real GDP to reach US$103.85tn in 2022, barely at the pre-pandemic level. The past few quarters have affected the global economy through several developments, such as the COVID-19 pandemic, the Ukraine conflict, the economic tensions between the US and China, the world's two largest economies and turbulence in the commodities market. Most of these negative stimuli are likely to linger on for the foreseeable future affecting several major economies with stagflation: economic stagnation coupled with low growth. In a statement in fall 2022, the World Bank President cautioned that the ongoing simultaneous increases in rates by the central banks enhance the risk of a global recession in 2023.

All the aforementioned data and analysis begs the question: what role would eco-diplomacy play as a large swathe of the world economy tethers at the precipice of a recession? Several economists have assessed that eco-diplomacy would be crucial for the next couple of years as the world tackles strong global economic headwinds. They are apprehensive that a lack of collective and coordinated action would exacerbate the macroeconomic conditions and delay the global economic recovery. While several conditions would be outside the remit of collective eco-diplomacy, a sagacious and collaborative approach would help in preventing the contagion from spreading.

6. India and Eco-Diplomacy

In the past 75 years of her independence, India has progressively intensified the use of eco-diplomacy. For the first 44 years, India had a defensive eco-diplomacy aiming at getting foreign aid including foodstuff, technology for development and defence capabilities. From 1964, we also became a modest donor, under the Indian Technical and Economic Cooperation (ITEC) programme. During this era, we were constrained by our foreign policy based on non-alignment. Moreover, our economic ambitions were limited by our domestic policy based on self-reliance, socialism and a centrally planned mixed economy.

As our economy consolidated, in 1991 we launched a programme to liberalise and globalise our economy, inviting foreign capital and technology, removing several monetary and fiscal controls, etc. From 2014 onwards, this process was further accelerated by abolishing centralised planning, improving ease of doing business, freeing the state governments to compete for foreign and domestic investments, simplifying the rules etc.

Our experience with COVID-19 and the border tensions with China necessitated some tinkering with this approach as we emphasised greater self-reliance on strategic economic matters. Our eco-diplomacy also evolved comprehensively in tandem with these economic priorities. While we expanded our eco-diplomatic outreach to include Africa, we narrowed our focus to the immediate and extended neighbourhood through our 'Look East' and 'Look West' policies concentrating on ASEAN and the Gulf countries, respectively.

Among the major eco-diplomatic initiatives taken during the post-COVID-19 era was a greater focus on signing bilateral CEPAs, instead of regional or multilateral arrangements. We have also shown greater economic nationalism and resilience on bilateral issues such as trade and investments with Russia, China/Taiwan and Israel. A quick economic recovery from the pandemic has given Indian eco-diplomacy a crucial edge. Our goods exports broke out of 8-year-long stagnancy to grow by over a third in the financial year 2021-22 to cross the US$400bn mark for the first time. In the same year, the inflow of FDI into India, too, reached US$83.57bn, a new record. These turnarounds are largely attributable to more nimble, better focussed and higher profiled eco-diplomacy.

2023 will be a potentially defining year, when Indian eco-diplomacy would be thrust into a decisive role. India, the world's fifth largest economy and among its fastest growing, would host the summits in 2023 of the two most critical economic entities, viz. G20 and the Shanghai Cooperation Organisation (SCO). How the Indian eco-diplomacy leverages these two summits would perhaps determine the course of global economic recovery and the international economic profile that the new India would be known for in the coming years.

STRATEGIC ECONOMIC DIPLOMACY

26

DB VENKATESH VARMA

Act Far East Policy

A New Paradigm in India-Russia Economic Diplomacy

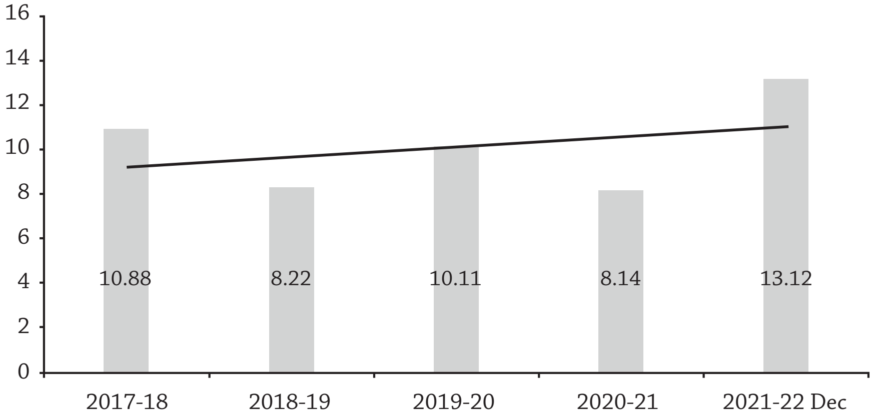
With respect to India-Russia relations, the contrast between the excellent state of political relations and the stunted nature of economic and trade ties has often been noted. Several steps have been taken over the years to correct this imbalance, with varying degrees of success. Prime Minister Narendra Modi's visit to Vladivostok in September 2019, during which he announced India's Act Far East Policy was a paradigm shift in India's Economic Diplomacy. This chapter provides details of India's Act Far East Policy and an assessment of its significance.

Bilateral Trade

For the past decade, bilateral trade between India and Russia has hovered around an average of US$10bn, with some variations. While both countries increased their engagement with globalisation, thus increasing the portion of their GDP related to external trade, the main areas of trade were Europe and the United States. Economic uncertainties in the 1990s discouraged Indian businesses from looking at Russia as an attractive economic partner. Neither country figures in the top ten trading partners for the other. Trade figures for the period 2017-2022, as of December 2022, are given in the graphic below:

Graphic 4

Trade Figures in US$bn



Source: Ministry of Commerce, India, trade figures.

Several reasons have been attributed for the low level of bilateral trade. Lack of awareness or interest in the business opportunities was one of the reasons in the initial period. Private business was discouraged by the fact that though Russia had shed the old ideologies, domination of governmental channels for economic decision making was still an obstacle. The absence of a direct transportation route and continuing non-tariff barriers, also acted as hindrances to trade. The fear of the Indian business community of US sanctions related to Iran hindered the full use of the North South International Transport Corridor.

Though the Indo-Commerze – a joint venture of State Bank of India (SBI) and Canara Bank, was operational in Moscow, the misplaced perception among the Indian business community about difficult banking channels – made more acute after the imposition of major US and EU sanctions on Russia after February 2022, as well as the absence of a bilateral investment protection treaty further added to the image of Russia as a difficult trading or investment partner. It may be noted that the Indian Government, often in cooperation with the Russian Government has taken several measures to ease many of these difficulties.

Since the 1990s, the India-Russia Intergovernmental Commission for Trade, Economic, Scientific, and Cultural Cooperation has played a useful role in setting priorities for bilateral trade and investment relations. In 2018, a Strategic Economic Dialogue was set up, co-chaired by Vice Chairman NITI Aayog on the Indian side and the Russian Minister of Economic Development, with six coordinating committees - on transport, agriculture, digital transformation, SMEs, trade and banking and tourism. Some progress was made as a result of these efforts, pertaining to governmental sectors, though the private sector has remained largely unenthused.

Regional Cooperation

Prime Minister Modi has placed special emphasis on diversification of India-Russia strategic partnership, using interregional cooperation as a new driver for promoting trade and investment relations. In September 2017, he met important regional Governors in St Petersburg on the side-lines of the St Petersburg Economic Forum. It may be recalled that one of the first inter-regional cooperation agreements between India and Russia was concluded in 2001 between Gujarat and Astrakhan when PM Modi was Chief Minister of the State. This set the template for sustained contacts at the regional level. Following the 2017 meeting with the regional Governors, a new interest was generated in economic engagement with India at the regional level.

Vladivostok Summit

During the bilateral summit in Delhi in October 2018, President Putin invited PM Modi as Chief Guest for the 2019 Eastern Economic Forum in Vladivostok. PM Modi directed that the opportunity afforded by this summit should be utilised to add a new impetus to our economic diplomacy in the Russian Far East, given its strategic importance to North East Asia and its links to the Arctic and the Indo-Pacific, its tremendous resource base and economic potential and the opportunities it afforded for Indian companies to make inroads into a region whose importance would only increase in the decades to come. Spread over 6.2 million square KMs, which is 36 percent of Russian Territory, it has only 5 percent of its total population but has 27 percent of the total Russian gas reserves and 17 percent of oil reserves. Adjacent markets within one hour's flight time were valued over a trillion US dollars.

On PM Modi's direction, a business delegation headed by Commerce Minister Shri Piyush Goyal consisting of over 150 Indian companies, perhaps amongst the largest ever to travel abroad for a bilateral event, visited Vladivostok, August 11-13, 2019. This delegation included the Chief ministers of four states – Uttar Pradesh, Gujarat, Haryana, and Goa with senior state officials in charge of economic relations. The Russian side was headed by Deputy Prime Minister Yuri Trutnev, who had earlier visited India in June, and included 11 Governors of the Russian Far East Region and over 200 Russian companies. They held discussions for prospective cooperation in various fields - energy, including oil, gas, LNG, wood processing, dairy products, agriculture, ceramics, health care, education, manpower, skill development, ports, infrastructure, mining, gold, coal, coking coal, and diamonds - already well established in Vladivostok. Five state-wise MOUs were signed. Apart from the Embassy of India in Moscow and our Consulate in Vladivostok, FICCI and Invest India played a key role in organising and taking forward the business contacts.

Act Far East Policy

On September 05, 2019, Prime Minister Modi, speaking as the Chief Guest at the Eastern Economic Forum in Vladivostok announced a major initiative called the 'Act Far East' Policy. PM Modi said that Vladivostok was a confluence of Eurasia and the Pacific and presented opportunities for the Arctic and the Northern Sea routes, while reinforcing the Asian identity of Russia. He said that India wanted to walk step by step with President Putin's vision for the development of the Russian Far East. From energy to health, education to skill development, mining to timber, about 50 business agreements were concluded. He announced that India would provide a US$1bn credit line to further contribute to the development of the Far East- the first time that India was giving a line of credit to a particular region of a country. India's Act Far East policy would deepen our engagement with East Asia. He hoped that this announcement would prove to be the take-off point of the Act Far East policy as a new dimension of our economic diplomacy. He said that this involved 'going beyond governments to the private sector' and 'going beyond the capitals to the regions.' When ships start sailing between Chennai and Vladivostok, the latter would become India's spring board in the North East Asian market.

After the 2019 Eastern Economic Forum, PM Modi addressed through a special video address the 2021 Eastern Economic Forum which was presided over by President Putin. Despite the COVID-19 pandemic and the disruptions of the Ukraine conflict, the Act Far East Policy has remained an important pillar of India's strategic partnership with Russia.

Despite the disruption of contacts during the COVID-19 pandemic, there has been steady progress in taking forward India's Act Far East Policy. There have been two visits of the Ministers of Petroleum and Natural Gas in 2019 and 2021. Several business contacts have been conducted in cooperation with the regional governments and trade bodies with the active support of the Embassy of India in Moscow and the Indian Consulate General in Vladivostok.

The Deputy Chief of Mission in Moscow – Shri Binaya Pradhan assisted by the Economic Wing headed by Counsellor Shri Aseem Vohra played an active role in liaising with Russian Ministries in Moscow – especially the Ministry of the Far East and the Arctic, Moscow-based representative offices of the Far East Regions, state and private companies and in establishing contacts with their Indian counterparts both in the Central and concerned State Governments, trade associations and individual companies. Apart from numerous video meetings, in-person meetings and local tours were conducted. India's participation in the Eastern Economic Forum has been one of its highlights since the announcement by PM Modi of India's Act Far East Policy.

Areas of Cooperation

This section provides a summary of prospective areas of cooperation in the Russian Far East.

Energy: India's major asset - Sakhalin I is located in the Far East. ONGC Videsh Limited (OVL) has 20 percent of total shares of Sakhalin I project. Additional 20 percent of shares are distributed between 2 subsidiary companies of ONGC Videsh. India is interested in Novatek's Arctic LNG-II in the Arctic. Indian Oil Corporation Limited (IOCL) is also in discussions with Gazpromneft for IOCL participation in a block in Ayashksy at the sea of Akhotsk in Far East. Indian companies invested US$5bn in Vankorneft and TAAS-Yuryakh Neftegazodobycha (23.9 percent stake in Vankorneft and a 29.9 percent stake in Tass-Yuryakh). The Government of the Sakhalin Region, ROSATOM and Gazprom have signed an agreement on cooperation in the field of hydrogen energy, for the hydrogen production complex project on Sakhalin Island. The parties intend to cooperate with foreign partners in order to establish hydrogen production on the island of Sakhalin using steam methane. This offers opportunities for India.

Agriculture and Food Processing: Russia has emerged as an agro-super power over the last decade, taking advantage of vast land and water resources, favourable climate and emergence of world class agroindustry. In the Russian Far-East (RFE) the used arable land is 2342 thousand hectares. Russia is interlinked with global agricultural markets. Thus, Indian companies can take advantage of landmass and good logistics in RFE.

Regions like Amur, Primorya have good climate for agriculture. The agro-industrial complex of the Baikal region, is rich with grain products, meat, potato, vegetables and whole milk products. The Republic of Buryatia and the Trans-Baikal Territory have specialisation in the production of beef, horse meat, lamb and wool. The construction of grain terminals in one of the ports of the Far East on the terms of public-private partnership can also be an attractive project. Russian side may also be interested in Indian investment in Greenhouse-complexes for use in the production of vegetables.

Minerals: One third of Russia's reserves of gold and silver, one fourth of tungsten, 100 percent of boron reserves and over 90 percent of tin reserves are found in the Far East. It also has coal fields with various ranks of coal. It has the world's largest diamond-bearing province with over 80 percent of all Russian reserves. Investment potential in minerals sector in the far east is estimated at US$5bn. Main minerals: Diamonds, gold, silver, tungsten, copper, lead, zinc, iron, tin, coal, boron ores, fluorspar, and brucite. The main geographical distribution- Diamonds- Republic of Sakha (Yakutia); Tungsten and Lead- Primorye Region; Fluorite and Boron- Primorye Region; Iron ore- Amur Region, Republic of Sakha (Yakutia); Gold-all regions. Opportunities for India in the extraction of power and coking coal and metals in the Far East of Russia have been discussed with prominent Indian companies, both public and private sector.

Rare Earth and Strategic Minerals: Russia's raw material bases for rare earth metals (REM), are mostly concentrated in the Far East. Russia accounts for less than 2 percent of global production, but owns the world's second biggest reserves. Securing reliable supplies are crucial at a time when China is threatening to restrict export of rare earths as part of its escalating trade war with the US There is thus potential for Khanij Bidesh India (KABIL) to acquire assets in Russia and for rare earth minerals like lithium and cobalt, besides building strategic reserves of tungsten, nickel and rare earths. KABIL and IREL on Indian side have initiated discussions with Russian state enterprise ROSATOM (Russian federal entity) for possible sourcing of such minerals and investment in Russian and third country assets.

Diamonds: This is already a well-established area of cooperation but with huge potential for expansion. In 2020-21 exports to Russia were US$7.42mn; imports US$685.86mn. Thus, diamond trade is almost entirely in favour of Russian exports (of rough diamonds) to India. Two Indian firms set up diamond cutting and processing operations in Vladivostok since 2017. There is an MOU of cooperation between Saka Yakutia and Gujarat. There is huge scope for expansion of cooperation in this sector.

Timber: Wood products are among the important export goods from the Russian Far East with a 12 percent share of total export value from the region. Opportunities for Indian import of roundwood (unprocessed) are narrow due to very heavy export duties – 80 percent in current year. There will be a complete ban on exports from 2022. However, there remains potential for Indian investments in wood processing. Main advantages for forest industry investors in the Russian Far East include high quality of sawn logs, availability of processing by-products at low cost, and access to fast-growing Asian markets. By-products of solid wood processing operations are underutilised or not utilised at all in the region, making them an untapped low-cost raw material reserve. As of now, only one Indian company has invested in this sector.

Regional authorities are interested in inviting foreign investments particularly in the forestry sector to diversify their market away from China. Investment in affordable housing segment of construction market is expected to be boosted by government tax incentives. Pulp and paper industry is a promising sector, since the Indian side mostly imports pulp. At present there are no pulp and paper enterprises in Far East.

Ceramics: Bilateral trade in ceramics has increased by more than 6 times in just 3 years from 2018-19 (US$6.5mn) to 2020-2021 (US$40.5mn). The region of Yakutia has all three ingredients for ceramic manufacture- soil, cheap power, and water. Indian companies, particularly under Morbi Association have discussed possibility of setting up local production facilities. While Indian companies might be interested, they might want to do this after understanding the size of the local market in the Far east and neighbouring countries. Gujarat is currently establishing a Centre of Excellence for Ceramic Production (joint research, education etc.) and they would be willing to have Far East Federal University (FEFU) as a partner.

Manpower: Russia faces a demographic challenge and a shortage of work force. It is estimated shortage for manpower in Russian Far East is between 20,000-30,000 annually. While Chinese, Uzbek and Kazakh manpower is present, for various reasons Russia would like to allow, though in a regulated manner trained manpower imports from India. About 2000 Indians already are employed in Far East: 1700 engineers, welders, fitters, etc. working in Amur (includes 500 who joined in October 2021) and 300 others including in Diamond sector. Indian participation in this sector can take two forms: use of companies dealing with sourcing manpower overseas - these can work with regional governments or with local private companies, e.g. in rice cultivation for limited periods. Indian companies can also assist in creating joint ventures locally, and thereafter sourcing manpower-semiskilled and skilled from India. Additional sectors where skilled manpower can be exported from India to work on specific projects are -Health tourism (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy - AYUSH), medical centres, hospitality, IT and IteS. Some progress has been seen in the ongoing collaboration between the Zvezda Shipyard and MDL (Mazagon Dockyard Limited). After the finalisation of the contract between the two, it is expected that Indian workers will be supplied to the Zvezda Shipyard for commercial shipbuilding contracts.

Healthcare: Presently there are no large pharmaceutical production facilities in the Russian Far-East. Russian regions are interested in Indian pharmaceutical companies setting up local production facilities in the region. However, this has not been fructified mainly because Indian companies have felt that the market in the Far East is not big enough to mandate local production. However, given the proximity of big markets like China, South Korea and Japan, our companies may be attracted to the region, especially if special incentives are offered by regional administrations. There have been discussions on setting up Indian hospitals in the Russian Far East, with a prominent Indian corporate hospital group.

Education: There are around 400 Indian students in the institutes of higher learning in the Far East. About 300 Indian students are currently studying in FEFU, which has entered into MoUs with different Indian Universities like Amity, JNU, NIT Patna & Durgapur and PDPU, Gandhinagar. It has an Indian Studies Department that has about ten students studying Indian subjects and Hindi language. A representative Office of Amity University, Centre for Advanced Study of Yoga and Mahatma Gandhi Centre was opened at the University in September 2019. School of bio-medicine in FEFU provides medical education to 1400 students (40 percent of whom are foreigners) and is keen to provide PG course for foreign students. In 2020, around 23 professionals were sent to India to pursue various ITEC courses. Several Indian universities are in touch with the institutes of higher education in the region - Far Eastern Federal University, Maritime State University and Pacific State University of Economics. These can be converted into programmes of student and faculty exchange, joint research, etc.

Maritime and Shipbuilding Sector: Vladivostok's strategic location allows connectivity between the Indo-Pacific and the Arctic and its related Northern Sea Route. Russian Far East shipbuilding industry offers opportunities in the shipbuilding and ship repair sub-sectors, shipbuilding and electrical engineering, and marine instrumentation. With the rise in economic activities and the possibility of utilisation of Chennai-Vladivostok route in the Far-East demand for cargo ships is likely to grow. Similarly, with opening of new routes like Northern Sea Route the demand for ice-breakers is expected to increase. Proposed cooperation between Cochin Shipyard Ltd, India and United Shipbuilding Corporation, Russia for construction and vessel procurement for the exploration of inland waterways of India could be expanded to the Fast East. Sectoral cooperation with Far-east companies in the joint development of ships, bulk carriers, cruise and passenger ships, tankers and air cushion vessels etc. can be considered.

Proximity to the shipbuilding cluster of South Korea, China, Japan and already existing Russian domestic ship-building and repair establishments (like FESRC) in the Far-East is expected to support newer establishments. There has been substantial progress in collaboration between Zvezda Shipyard and Mazgaon Dock Limited on commercial shipbuilding in Vladivostok. In addition, a commercial feasibility study on Eastern Maritime Corridor (Chennai-Vladivostok route) is now complete and would offer, *inter-alia*, opportunities in this sector as well. There is interest in training and joint exploration. Indian Maritime Institute has signed an agreement with Maritime University of Vladivostok. There is interest among other institutions from India to work with potential partners from the Far East Federal University and other scientific institutions in the region.

Tourism: Tourism is a growing industry in the Far East. 85 percent of the total tourists are of foreign origin (68 percent China, 20 percent South Korea). Expecting a growth of the hospitality industry, businesses are investing in transport infrastructure and building new hotels and tourist attractions, all amounting to an investment potential of over US$3bn. Russia launched e-visa for 18 countries, including India, to technically equipped airports in the Far East. Indian companies can consider investment in tourism infrastructure:

Millions of dollars' worth of tourism infrastructure is currently under development - including hotels, shopping and entertainment complexes, ski-resorts, spa complexes, yacht clubs, expanding infrastructure at major airports. India's strengths include world-renowned medical tourism, naturopathy (including ayurveda and yoga), well-established tourist circuit routes in addition to the well-frequented Goa route. Lack of direct air connections is a hindrance to promotion of the tourism industry.

Assessment

Prime Minister Modi's announcement of India's Act Far East Policy thus constitutes a paradigm shift in India's economic diplomacy. It was launched at the summit level and thus enjoys the support of the top leadership of both countries. The announcement of US$1bn soft credit line for Indian business opportunities with the Russian Far East was aimed at huge economic opportunities in the region but also its growing geopolitical importance in the larger context of the Indo-Pacific. Though the COVID-19 pandemic and the Ukraine conflict have delayed the completion of formalities, the operationalisation of the credit line will open new avenues for our economic diplomacy.

In terms of connectivity, the Chennai-Vladivostok Eastern Maritime Corridor supplements the INSTC and will also link with the Northern Sea Route through the Arctic. These projects are significant expressions of interest of India and Russia in the critical geopolitical space of the Indo-Pacific. Just as India has an interest in Russia's integration process in Eurasia, for which a FTA with the Eurasian Economic Union (EAEU) is being negotiated, it is in Russia's interest also to benefit from the integration processes of the Indo-Pacific. Thus, the Act Far East policy underlines the complementary nature of India's continental and maritime interests, in which its strategic partner- Russia - is a crucial partner.

During the Ukraine conflict, Russia has emerged as a vital partner for India in the energy, fertiliser, coking coal and maritime sectors, with many of these being sourced from the Russian Far East. This is evidence of the vitality and success of the Act Far East policy. This has also created new constituencies in India and amongst its states for economic engagement with Russia. While the distances involved may appear daunting, the projects detailed above, have the potential not only to transform our bilateral relations but also deepen our strategic interests in an important geopolitical region.

27

SANJAYA BARU

126 for 123

Business Behind the India-US Nuclear Deal

"I sure hope it would be 126 for 123."
– A US Congressman to Manmohan Singh, 2007

The United States has never shied away from viewing bilateral relations through the prism of economic self-interest. Be it the relationship with post-War allies like Japan and Germany, adversarial nations like China or indeed any country for that matter. As the American nuclear strategist and Nobel Prize winning economist TC Schelling once famously observed, "Aside from war and preparations for war, and occasionally aside from migration, trade is the most important relationship that most countries have with each other. Broadly defined to include investment, shipping, tourism and the management of enterprises, trade is what most of international relations are about."[1] Consequently, business and economic interests have never been far away from diplomatic relations between the United States and India.

It is no secret that many in the US government and business hoped India would buy more of everything including nuclear power equipment and defence equipment in return for US recognition of India as a nuclear weapons state. The India-US civil nuclear energy agreement was clinched through the deployment of what may

1. Thomas C Schelling, 'Deposition to United States Congress Commission on National Security Considerations Affecting Trade Policy', US Congress, Washington DC, 1971. Quoted in RN Cooper, 'Trade Policy is Foreign Policy', *Foreign Policy*, Winter, 1972.

euphemistically be defined as 'economic diplomacy'. It was a deal. Many in the US regarded the potential sale of 126 F-16 jets to India as 'low hanging fruit'. "126 for 123" was how a US Congressman put it to Prime Minister Manmohan Singh during an interaction in New Delhi in 2007. The reference was to the 123 Agreement, the instrument that enabled the US administration to undertake cooperation with India in the field of civil nuclear energy development, and to the 126 F-16 fighter jets that the US hoped India would buy.[2]

That was certainly the narrative in Washington DC in the three years following the signing of the New Framework for the India-US Defence Relationship, in June 2005, by US secretary of defence Donald Rumsfeld and Indian defence minister Pranab Mukherjee.[3] The implicit understanding that US lawmakers sought to push was that the US would recognise India as a nuclear weapons state, securing the approval of the Nuclear Suppliers Group (NSG) for India to develop its civil nuclear energy programme, and that it would also facilitate trade in high technology areas that had been hitherto prohibited under US law.[4] In turn, India would not only be more open to US trade and investment but also step up its purchase of defence equipment from US firms. Surely F-16 jets for starters.

The 'new framework' for defence cooperation was explicit: "Today, we agree on a new Framework that builds on past successes, seizes new opportunities, and charts a course for the US-India defence relationship for the next ten years. This defence relationship will support, and will be an element of, the broader US-India strategic partnership." The US expected that increased Indian purchases of US defence equipment would be the cornerstone of their evolving strategic partnership. If India did not want the US to sell F-16 jets

2. The US-India agreement for co-operation in the field of civil nuclear energy required an amendment to Section 123 of the US Atomic Energy Act, 1954, that disallowed such cooperation with a state that is not a signatory to the Nuclear Non-Proliferation Treaty (NPT).

3. New Framework for the India-US Defence Relationship, June 2005. Accessed at: https://idsa.in/resources/documents/Ind-US-Def-Rel-28.06.05

4. For a brief summary of the civil nuclear energy agreement see, Dinshaw Mistry, Diplomacy, Domestic Politics, and the US-India Nuclear Agreement, *Asian Survey*, Vol. 46, No. 5 (September/October 2006), pp. 675-698.

to Pakistan it could help itself by buying them instead.[5] Since 2008, when the nuclear deal was operationalised, the bilateral strategic, defence and economic relationship has grown. The US has increased its share of India's defence equipment imports from virtually nil in 2004 to over 20 percent by 2021. In short, a transactional defence relationship helped underwrite the strategic partnership.[6]

Business has been the lynchpin of US-India relations from the beginning. Even Jawaharlal Nehru chose to dilute his radical socialist Industrial Policy Resolution of 1948 when in 1949 he visited the US. It is a different matter that in 1949 US business was not looking at India, focussed as it was on post-war business opportunities at home as well as in Europe and East Asia. But, it had been made clear to Nehru that the best way to secure US friendship for newly independent India was to build bridges with US business.[7]

While India-US relations remained strained during the Cold War period, and events like the shutdown of the operations of US firms like IBM and Coca Cola in 1977 prolonged their estrangement, India was quick to engage American business in the immediate aftermath of the end of the Cold War.[8] India's Ambassador to the United States at the time, Abid Hussain, actively engaged American business during India's balance of payments crisis of 1990-91, securing US support for the 1991 loan from the International Monetary Fund.

In 1993 Indian diplomats in Washington DC worked with American business and political leaders to create the Congressional Caucus on India and Indian Americans, under the leadership of

5. On US interest in India's purchase of fighter jets see Ashley Tellis, "Dogfight: India's Medium Multi-role Combat Aircraft Competition", Carnegie Endowment for International Peace, USA. January 2011.

   Accessed at: https://carnegieendowment.org/2011/01/26/dogfight-india-s-medium-multi-role-combat-aircraft-competition-event-3144

6. Subrata Ghoshroy. "The US-India Nuclear Deal: Triumph of the Business Lobby." MIT Centre for International Studies Audit of the Conventional Wisdom, September 06-13, 2006. Accessed at: *https://www.files.ethz.ch/isn/25577/Audit_09_14_Ghoshroy.pdf*

7. L Natarajan, *American Shadow Over India*, Peoples' Publishing House, New Delhi, 1956.

8. Denix Kux, *India and the US: Estranged Democracies*, Sage Publications, New Delhi, 1994.

Congressman Stephen Solarz.[9] During the 1980s, when US-India relations were still not very good, several US Congress persons willingly extended support to anti-India resolutions. Senator Dan Burton actively sought to use legislative powers to cut US aid to India and in 1992 he succeeded in getting his amendment voted in.

Against this background the India Caucus was set up in 1993 with 50 members. It tasted its first success in 1996 when a Burton amendment was voted out by as many as 169 votes. In the following year, 1997, Burton's anti-India amendment was voted out by an overwhelming 342 votes. This demonstrated not just the power of the India Caucus and Indian diplomacy's lobbying efforts but also the influence of US business that was beginning to take a keen interest in the Indian economy.

The opening up of the Indian economy to trade and foreign investment in 1991 and the efforts made by Prime Minister PV Narasimha Rao and his cabinet colleagues, Manmohan Singh and P Chidambaram, to attract US business paved the way for a new US-India relationship. Of course, the pro-China business lobby in the US was still very powerful and influential and far ahead of the pro-India lobby.[10] However, India began to make an impact thanks to the new business opportunities it presented, especially in the information technology domain.[11]

While the US benefited from Indian capabilities in IT software and IT-enabled services, on display in dealing with the famous Y2K challenge, it was in aircraft and defence equipment sales that American big business hoped India would offer new and growing business opportunities. Boeing and Lockheed Martin became the

9. Ashok Sharma, *Indian Lobbying and its Influence in US Decision Making: Post-Cold War*, Sage Publications, New Delhi, 2017. Chapter 4.

10. See Sanjaya Baru, 'Henry Kissinger and the Selling of America', in Sanjaya Baru and Rahul Sharma (Edited), *Henry Kissinger and the Rise of China: A New Cold War*, HarperCollins, New Delhi, 2021.

11. Sanjaya Baru, 'IT and the e-Economy: The Ballast for India-US Relations', in Sanjaya Baru, *Strategic Consequences of India's Economic Performance*, Academic Foundation, New Delhi, 2006.

principal cheer leaders of the new India-US strategic partnership. Among the 'low hanging fruits' that US business harvested early was the sale of over 68 Boeing aircraft including 27 Boeing 787 Dreamliners for a total sum of Rs 50,000 crore.[12]

Apart from defence industry, another politically important American business lobby that influenced US government thinking about India was the agriculture and horticulture lobby. Thus, for example, opening up the Indian market for Californian almonds became a big issue during President Ronald Reagan's tenure. Aware of such business influence on US diplomacy India made special effort to woo American business after the nuclear tests of May 1998 and the consequent economic sanctions that it attracted from the US.

A systematic effort was made by the Atal Bihari Vajpayee government to deploy Indian and US business lobbies in building support for India in the US after the May 1998 nuclear tests. Both the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) were encouraged to create opportunities for greater interaction between Indian and American business, political, academic and media leaders. The US-India Business Council (USIBC) and the Aspen Institute (USA) worked closely with CII to launch a US-India Strategic Dialogue. As editor *Financial Express* at the time, I was invited both by CII and FICCI to participate in what are called Track Two and Track One and Half conversations with influential US political, media and business leaders, seeking their understanding of Indian strategic thinking and interests.

The Institute of Defence Studies and Analysis (IDSA) also invited me to join a Track Two delegation, led by IDSA director-general Jasjit Singh and including the late K Subrahmanyam, Uday Bhaskar and others, that interacted with counterparts at the National Defence University, Washington DC. My role was to point to business opportunities in India that US business and government should be

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12. John Cherian, 'The Boeing Deal', *Frontline*, June 03, 2005. Accessed at: https://frontline.thehindu.com/the-nation/article30204866.ece

looking at. US support was sought not merely because we were fellow democracies or that we worried equally about China and radical Islam, but also because India presented a business opportunity to America.

This emphasis on business opportunities in India was reiterated with even greater vehemence during the nuclear deal negotiations. Both CII and FICCI worked closely with the government of India and their business counterparts in the US to build support for the nuclear deal. Among the important Indian business leaders who funded Track Two dialogues, seminars and other opportunities for interaction between Indian and US public intellectuals were Ratan Tata, Mukesh Ambani, Jamshyd Godrej, Sunil Mittal, Gautam Thapar and so on.

On the US side business leaders associated with firms like Boeing, Lockheed Martin, Raytheon, Bechtel, Dow Chemicals, Honeywell, Textron, ITT, Chevron, AIG, General Electric and Westinghouse among others were actively engaged in lobbying in favour of the nuclear deal. An exhaustive study of such lobbying efforts concluded that "These American defence and high-technology firms promoted the nuclear agreement because they sought access to the Indian defence market."[13] In the event, Lockheed Martin has managed to get its leg into the fighter jet space with a tie-up with Tatas, and there has been an overall increase in US defence sales to India since 2011.

The Indian embassy in the US hired Lobby firms such as Barbour, Griffith and Rogers, of which former US Ambassador to India Robert Blackwill was an associate, and Patton Boggs, of which Graham Wisner, brother of former US Ambassador to India Frank Wisner, was an associate.[14] Other lobby firms that canvassed support for the nuclear agreement included Vickery International/ Stonebridge and Litchfield. The US-India Political Action Committee (USINPAC), funded both by US business and Indian entities actively mobilised political support within the US Congress. USINPAC held

13. Dinshaw Mistry, The India Lobby and the Nuclear Agreement with India, *Political Science Quarterly*, Vol. 128, No.4, Winter, 2013-14. pp. 725.

14. Mistry (2013-14), pp. 725.

regular briefings for US politicians, opinion makers and media on the nuclear deal.[15]

USINPAC also organised fund-raisers for several influential members of the Senate including Frank Pallone, founder and past chair of the India Caucus and Senator Joseph Biden.[16] The Indian embassy in Washington DC and officials in the Prime Minister's Office in New Delhi worked closely with USINPAC in mobilising such support for the deal. US business lobbies, especially USIBC, were regularly briefed on the progress of the negotiations by Indian and US diplomats, including Nicholas Burns, then US Undersecretary of State, who was directly involved in the negotiations with his Indian counterpart, foreign secretary Shyam Saran. In turn, the USIBC arranged briefings for influential US politicians.[17]

While a lot of this lobbying was transparent and paid for, there were also lobbying efforts made that were often not publicly acknowledged or known. Thus, for example, the Hinduja Brothers are known to have played a significant role in making the case for the nuclear deal among influential Americans, but not much is known as to what exactly their contribution was. Similarly, individual business persons too played their part, like New York restaurateur Sant Singh Chatwal, known to be close to the Clintons.[18] Despite his negative legal record in the US, Chatwal was rewarded by the Indian government with a Padma Bhushan after the deal was done.[19] India also courted influential US political leaders by reaching out to the political leadership of the American Jewish community. Prime Minister Singh personally briefed influential leaders of the American Jewish community during his visits to the US.

15. As media advisor to Prime Minister, I was in regular contact with USINPAC and USIBC keeping track of their activities with regard to mobilising support for the nuclear deal.

16. Mistry (2013-14), pp. 729-30.

17. Ibid.

18. AK Sen, 'The Rising Chatwals', MansWorldIndia.com. Accessed at: *www.mansworldindia.com/currentedition/from-the-magazine/the-rising-chatwals/*

19. PMO defends Padma Award to Sant Singh Chatwal, *Economic Times*, January 28, 2010. Accessed at: *https://economictimes.indiatimes.com/news/politics-and-nation/pmo-defends-padma-for-sant-chatwal/articleshow/5506973.cms?from=mdr*

While long-term strategic calculations were at the heart of the US government decision to end what strategic affairs guru K Subrahmanyam famously dubbed as “nuclear apartheid” that kept India outside the nuclear club, the successful conduct of the legislative process in the US required the active support for the deal from American political and business leadership.

Such networking also helped neutralise the negative impact of the considerable opposition to the nuclear deal from within the so-called ‘non-proliferation community’ in the US, dubbed the “Ayatollahs of non-proliferation” by Subrahmanyam, who had considerable influence in American media.

Prominent media platforms like *New York Times* and the *Washington Post* opposed the deal. Yet, such opposition did not influence the final outcome. The business and economic interests that were brought to bear on political and public opinion in the US enabled India to seal a vital strategic partnership with the United States and effect a much-delayed shift in the global nuclear order.

28

NAVDEEP SURI

Energy Diplomacy

When a Sixer Won a Match in the Last Over

India's ties with UAE received a strong boost with the visit of Prime Minister Narendra Modi in August 2015.[1] The Emiratis were effusive in welcoming an Indian Prime Minister to Abu Dhabi for the first time in 34 years – the last one being Mrs Indira Gandhi in 1981. Six months later, Crown Prince (and now President) Sheikh Mohammed bin Zayed was in Delhi. This was followed up with another state visit as the Guest of Honour on our Republic Day in January 2017 and to sign the ambitious Comprehensive Strategic Partnership Agreement, placing the relationship on an entirely new trajectory.

The joint statement issued during the visit reflected the desire to deepen cooperation in the energy sector and I was keen to work on this area to transform a buyer-seller relationship into a broader energy sector relationship that could potentially include oil concessions, strategic petroleum reserves and joint investments in greenfield refining capacity in India.[2]

I also wanted to gauge the depth of UAE's commitment to the strategic partnership in the light of an inconvenient fact. In our quest for energy security, ONGC Videsh and others had secured oil concessions all the way from Venezuela to Vladivostok. But here in the Gulf, in our own near neighbourhood, we had failed to secure a single concession. Conversations with our oil majors often attributed

1. https://www.mea.gov.in/Portal/ForeignRelation/Bilateral_Brief_for_US_DD_new.pdf
2. Ibid

this lack of success to the 'difficult' and 'negative' stance of the Gulf countries but this was a hypothesis that needed to be tested.

The first opportunity arose later in 2017 when the Abu Dhabi National Oil Company (ADNOC) announced that it would be inviting bids for a 40 percent stake in the prolific Lower Zakum offshore field. A few initial inquiries and phone calls suggested that I must meet the Chief Director for Upstream Projects in ADNOC, that he was the one who processed the bids and developed the recommendations. The requests were made and a week later, I was sitting before the Chief Director at his 62nd floor office in the ADNOC tower on Abu Dhabi's scenic corniche. A seasoned veteran of Abu Dhabi's vast oil industry, he listened carefully as I emphasised that in the light of the recent high-level agreements, we would want a fair opportunity for our oil majors to participate in the bidding process. The gentleman nodded in agreement, exuding friendship and warmth. He would send them the bid documents, he said, but there was very little chance that any of them would succeed. I was stunned! So, our oil majors weren't just being lazy? Were they right when they complained about ADNOC's negative attitude? Or was there more to the story?

I told the Chief Director that since I was relatively new in Abu Dhabi and didn't have the benefit of his institutional memory or historical perspective, it would be very useful if he could help me understand the logic behind his statement. He nodded in assent, ordered a cup of coffee and started to explain. Our inability to secure concessions in the UAE stemmed from two essential shortcomings. The first related to our own internal procedures. ADNOC followed a very tight timeline in its bidding process and over the years, Indian companies had been unable to comply with these despite their initial enthusiasm. The reason, as some of them had shared with him informally, was the delay in securing approvals from their own boards, from the Ministry of Petroleum and Natural Gas (MoPNG) and eventually from the Cabinet Committee on Economic Affairs (CCEA). By the time they were halfway through the process, the train would have usually left the station.

The second reason, he explained, pertained to the way our national oil companies calculated the desired Internal Rate of Return

(IRR) when they put in their bids. When they invest in countries like Venezuela, Angola or Nigeria, it is logical that they have to factor political and currency risks into the bid and so they expect an IRR of 13-14 percent. But how could they apply the same logic to UAE, a country which enjoys political stability, and where the currency is pegged to the US dollar, a country that is geographically next door to India. Moreover, the expectation of a double-digit IRR when interest rates were hovering close to zero was simply untenable. He confided that ADNOC, during the upcoming round, would not look at anything beyond a high single-digit IRR.

Armed with these insights, I returned to office and shot off a detailed message to a very dynamic colleague and Joint Secretary in MoPNG and also to the Gulf Division in the Ministry of External Affairs. Over the course of the next few days, we had several conversations during which he agreed with the essential logic of my interlocutor's comments, consulted his minister and started to put together a system to get our bid in place. As a first step, he spoke with the heads of the oil majors to understand their logic on the expected IRR. They agreed that a country like UAE could not be placed in the same basket as some of the more risky destinations. They also conceded that the prevailing interest rates would enable them to reduce their cost of capital and would make a single-digit IRR commercially viable if global crude oil prices remained at US$60 per barrel or higher. The proposal was taken to their boards and approval obtained to put in a genuinely competitive bid for Lower Zakum.

That still left us to deal with the issue of internal approvals. We estimated that the bid amount would have to be above US$500mn to be competitive and this would automatically trigger the need for approval of the Cabinet Committee on Economic Affairs. But what if the bid amount was split up amongst the three oil majors. We were bidding for a 10 percent stake in Lower Zakum and it was agreed that ONGC Videsh (OVL) would take the lead with 4 percent and IOC and BPCL would take 3 percent each. By doing so, each of them would be paying an amount that fell within the financial powers delegated to 'navratna' companies and the need for preparing detailed notes for cabinet approval would be obviated. The minister liked this approach and with his approval, the bid was submitted before the stipulated deadline.

I waited for a few days before asking for another meeting with the Chief Director at ADNOC. He asked me to wait for a week or so because he was still in the process of evaluating the bids. When I met him the following week, there was a distinct note of respect in his voice. The OVL bid, he conveyed, was technically valid and had been included in the shortlist that he had prepared for his leadership. We had proved him wrong and he was quite happy about it because ADNOC wanted to go beyond the global oil majors and bring more competition into the field. Complimenting me for our efforts, he advised that the financial bids would be opened in the next week or two and that it would help our cause if we could get our Prime Minister to write to Sheikh Mohammed bin Zayed and allude to our efforts to deepen energy sector cooperation with the UAE. He also mentioned that ours was only one of the 19 technically qualified bids and the final decision would be made by the presidency.

This sparked off a fresh series of discussions. A couple of my colleagues in the Ministry of External Affairs (MEA) clearly didn't like the idea of the PM writing on a commercial matter, while I argued that the issue wasn't just commercial, emphasising that it was strategic and linked to our energy security. I also suggested that we could use language that conveyed our intent without making a direct reference to the bid itself. To move matters along, I sent a draft letter to the Ministry and also actively followed up with colleagues in MoPNG and in the Prime Minister's office. The persistence was rewarded and a suitably worded letter was issued within a few days. I shared this information with the Chief Director to make sure that he was aware of the development. A couple of days later, I ran into a top official from ADNOC at a social event. He pulled me aside to acknowledge that he had seen the PM's excellent letter.

We thought that this was the end of the story and that OVL would be called soon to sign the contract documents. But there was a twist in the tale. We were now heading towards the end of 2017 and there were strong indications from our friends in ADNOC that the evaluation process had been completed and the winning bids would be announced in early 2018. But I received a call from the same top ADNOC official's chief of staff a few days later to learn that his boss wanted to see me urgently. We were now in early January and were actively preparing for the PM's visit to Abu Dhabi and for the World Government Summit in Dubai in February 2018. The message from the ADNOC leadership was sensitive and delicate.

The Lower Zakum process had become a bit too high profile. Several key European leaders had called Sheikh Mohammed to make a pitch for companies from their countries. The file would soon reach Sheikh Mohammed for approval and if only our PM could also call - that would seal the deal for us and he would personally make sure that the concession agreement with India would be the first to be signed and announced during the PM's visit in February. The announcement, he added, would reverberate in global oil markets and would herald India's arrival in the Gulf.

There was some consternation when I conveyed this to Delhi, but I told my colleagues in MoPNG and PMO that we had come so close to a breakthrough and that I'd hate to lose an important game in the 50th over. Since we were still in early January, I suggested that the call could be made to convey new year's greetings, refer to the PM's upcoming visit and express satisfaction over the active efforts by both sides to deepen energy sector cooperation. I was assured that unlike some previous leaders, PM Narendra Modi would not hesitate to pick up the phone if he felt that it would advance India's national interest. A time was soon set up for the call and it turned out to be the proverbial sixer that won us the match in the last over.

Later that evening, I received an excited call from OVL, who informed me that they had received the much-awaited contract documents, along with confirmation that the formal agreement for India's first oil concession in the Gulf would be signed between Shashi Shanker, Chairman ONGC and Dr Sultan al Jaber, Managing Director of ADNOC on February 10 during PM's visit. It would deliver 2.2 million tonnes of Lower Zakum crude to India for the next 40 years. This was followed by the Abu Dhabi Onshore 1 block and a 17 percent stake in Oman's Mukhaizna field. The rest, as they say, is history.

29

ASHOK SAJJANHAR

India-Kazakhstan Economic Relations

Experiences and Perspectives

Introduction

Kazakhstan achieved independence from the Soviet Union 31 years ago. This is not too long a period in the life of a nation. For Kazakhstan however, these years have been transformational and momentous. Kazakhstan's leadership and its people can justifiably look back with pride and satisfaction at the rapid strides of development in political, strategic, economic, commercial, social and cultural spheres that the country has registered.

The current turmoil in geo-politics as a result of the Russia-Ukraine conflict, continuing health and economic impact of the COVID-19 pandemic, slowdown in the Chinese economy, and growing inflationary pressures have thrown up myriad challenges for the whole world, particularly for developing countries. Kazakhstan has not remained unscathed.

Relations between India and Kazakhstan have exhibited considerable dynamism and momentum over the last 30 years. India was one of the first countries to recognise Kazakhstan as a free, sovereign State at the break-up of the Soviet Union in 1991. After the independence of Kazakhstan, President Nursultan Nazarbayev chose India as the first country outside the former Soviet bloc for a State visit in February 1992. This visit was followed by a regular exchange of visits and meetings at the highest political level as well as at Ministerial and official levels. However, the full potential of this partnership has yet to be realised. The reasons are not far to seek.

They are internal, regional as well as international. It is only over the last few years since the visit of Prime Minister Narendra Modi to Astana in July 2015, followed by India's membership of the Shanghai Cooperation Organisation (SCO) in 2017, that the relations have started to look up.

In the decades prior to PM Modi's visit to Kazakhstan in 2015 (when he also travelled to the four other Central Asian countries), the State visit of the first President of Kazakhstan, Nursultan Nazarbayev, as the Chief Guest at India's 60th Republic Day celebrations in 2009 represented the high point of the bilateral partnership. This led to a spurt of dynamism and vitality in bilateral ties. An exciting window of opportunity beckoned the two countries to take the partnership to a qualitatively newer and higher level.

India-Kazakhstan Relations

Relations between India and Kazakhstan (and Central Asia) are ancient and historical. They can be characterised as being civilisational in scope, content and range. Bilateral ties date back more than 2500 years when members of the Saka tribes travelled to India and established mighty empires in the North West of the country. There has been a constant and regular flow of trade in goods and, more importantly, free exchange of ideas, thought and philosophy through the Great Silk Route from the 3rd century BCE to 15th century CE. This period also saw the introduction of Buddhism from India to Kazakhstan and travel of Sufism through the teachings of Khwaja Ahmed Yassawi to India.

Babar, the founder of the Mughal dynasty travelled to India from the Ferghana valley in 1526 CE. Scholars like Mirza Haidar Dughlat left an indelible imprint on regions like Kashmir which they ruled for several years. More recently, during the last century, we have seen new elements being added to our bilateral relationship through the popularity of Indian films, culture, dance and music. It would not be an exaggeration to say that India and Kazakhstan have felt a natural affinity and bond with each other for the past several centuries.

The reasons for our strong and abiding relations today are not difficult to identify. Both countries are multi-ethnic, multi-linguistic, multi-cultural societies committed to following secular policies and to countering fundamentalism, religious extremism and terrorism. Views of both our countries coincide on all major domestic and international issues. This warmth in our relations was demonstrated by the frequent exchange of visits after Kazakhstan's independence.

After the first visit to India by President Nazarbayev in February 1992, the then Prime Minister of India Shri Narasimha Rao visited Kazakhstan in 1993. Vice President of India Shri KR Narayanan visited Kazakhstan in September, 1996 and Indian Prime Minister Shri Atal Bihari Vajpayee came to Kazakhstan in June, 2002 for the first CICA (Conference on Interaction and Confidence Building Measures in Asia) Summit as well as on a bilateral visit.

President Nazarbayev's Visit in 2009

The visit by President Nazarbayev as the Chief Guest on India's 60th Republic Day celebrations on January 23-26, 2009 was the last by a Kazakh Head of State to India. It is a matter of concern that the Head of State of the largest (in area) and the richest and most prosperous country of Central Asia with whom India entered into a strategic partnership in 2009 has not paid a visit to India for the last more than 13 years.

This is notwithstanding the fact that Indian Prime Ministers have paid three visits to Kazakhstan – one by Dr Manmohan Singh in 2011, and two by PM Modi in 2015 and 2017 – over this period. It was hoped that the current President of Kazakhstan Kassym-Jomart Tokayev will visit India in June 2023 to take part in the SCO Summit, as also possibly for a bilateral visit. However, the 2023 SCO Summit was finally held virtually.

Initial discussions to invite President Nazarbayev as the Chief Guest to our 60th Republic Day celebrations were held between Secretary (East) N Ravi during his visit to Astana and Almaty in 2008 in connection with seeking Kazakhstan's support for the unique waiver for India by the Nuclear Suppliers Group (NSG) to engage in global commerce of nuclear materials and technology, although India was not a signatory to the Nuclear Non-proliferation Treaty. After this visit, I took up the matter with then AS(Eurasia) in the Indian

Ministry of External Affairs (MEA) Divyabh Manchanda. Thus far, no Head of State from Central Asia had been invited as Chief Guest to India's Republic Day.

It was felt that due to Kazakhstan's reputation and standing, not only in Central Asia but also in the world, as also on account of the very close and strong bonds of friendship and partnership between India and Kazakhstan, he would be the appropriate choice for being invited to this major event.

In my discussions leading up to the visit with the MEA as well as with the Kazakh Presidential Office and Kazakh Ministry of Foreign Affairs, it was agreed that the visit would be utilised to provide a strong impetus to bilateral ties. I stayed in close and direct contact with Nurlan Yermekbayev, First Vice Minister in the Kazakh Foreign Office, as well as with Kanat Saudabayev, the Head of the President's Office, and his deputy Roman Vassilenko to make sure that the visit was able to achieve significant outcomes. After the positive decision by the NSG to grant the unique waiver to India in September 2008, India was scouring the world markets for uranium supplies for its civil nuclear energy programme.

Kazakhstan has the largest reserves of uranium in the world and at that time, was producing the second largest quantity of yellow cake of about 16,000 tonnes per annum in the world, next only to Australia. It was also considered that India should make a strong pitch for a promising oil field as India had been left out thus far in getting a stake in the rich energy resources of Central Asia, particularly Kazakhstan.

On January 23, 2009, while the special aircraft carrying President Nazarbayev and his delegation was still in the air, news broke that PM Dr Manmohan Singh had been admitted to hospital for a heart bypass surgery. For some moments there was confusion and apprehension that the Kazakh delegation would turn back thinking that the Indian leadership would have its hands fully occupied with dealing with this exigency. A decision was however quickly taken in Delhi, in fact even before the flight landed in Delhi that the then President Pratibha Devisingh Patil would take care of all the protocol meetings with Nazarbayev, while the substantive discussions would be undertaken under the leadership of Shri Pranab Mukherjee, the then External Affairs Minister who was to stand in for PM Singh in several, though not all, official engagements. Talks between PM Singh and President Nazarbayev which were earlier scheduled to be held in Hyderabad House, were also shifted to Rashtrapati Bhavan.

Notwithstanding these unanticipated hiccups which led to many tense moments during the visit, several substantive and concrete decisions were arrived at and agreements signed. The uncertainty and misgivings about the visit in the top echelons of the Kazakh establishment were clearly visible.

In fact, as soon as the aircraft carrying Nazarbayev and his team landed at the tarmac on the bright, sunny morning of January 23, 2009, the then foreign minister Marat Tazhin rushed to me after alighting from the back door of the aircraft even before Nazarbayev could come down the stairs from the front door, and enquired in a conspiratorial whisper whether the visit should proceed or be called off. I informed him gently but firmly that everything was in order and we would have a great, successful visit. That is how it ultimately turned out.

Far-reaching discussions during Nazarbayev's visit imparted a significant impulse to bilateral ties. It was agreed to provide a big push to bilateral commercial and economic ties as well as in the area of energy cooperation. A breakthrough was made in bilateral relations when the Agreement between ONGC Mittal Energy Limited (OMEL) and Kazmunaigaz (KMG), the National Oil Company of Kazakhstan, was signed in respect of the off-shore Caspian Sea block of Satpayev.

A significant achievement of the visit was the signing of MOU between Kazakhstan's National Nuclear Energy Company KazAtomProm and the Nuclear Power Corporation of India Limited for cooperation between the two sides, inter-alia, on supply of uranium to India. This was the first agreement signed by India with any foreign supplier for import of uranium for its civilian nuclear reactors after the unique NSG waiver in September 2008.

On the political side, a Strategic Partnership Agreement was signed during the visit to propel cooperation between the two countries to a higher strategic level. President Nazarbayev strongly condemned the terrorist attacks in Mumbai which had taken place on November 28, 2008, and reiterated full support to India for combating international terrorism. He expressed his appreciation for the active cooperation and support by India to Kazakhstan's initiative to launch CICA, a multilateral forum to promote peace and stability in Asia. President Nazarbayev reiterated the support of Kazakhstan for India's candidature for permanent membership of the United Nations Security Council (UNSC). India on the other hand conveyed its support to membership of Kazakhstan to the ASEAN Regional Forum as and when the expansion of membership was considered by the Member States.

The choice of President Nazarbayev as the Chief Guest at India's 60th Independence Day celebrations was a strong testimony to the warmth, affection and respect that the people and leadership of India had and continue to have for the people of Kazakhstan. President Nazarbayev is till date the first and only leader from Central Asia to have been accorded this honour.

This invitation also effectively underscored the strategic importance of India's relations with Kazakhstan and the bright prospects for further strengthening and diversification of bilateral ties.

Within a few years, the agreement for cooperation in peaceful uses of atomic energy was signed. It provided a legal framework for cooperation in fuel supply, nuclear medicine, use of radiation technologies for health care including isotopes, reactor safety mechanism, exchange of scientific and research information, exploration and joint mining of uranium, design, construction and operation of nuclear power plants. The agreement is particularly significant when viewed in the context of India's growing energy needs. According to India's energy projections, nuclear power is destined to play a major role in meeting the country's energy needs. Till date, Kazakhstan remains the largest supplier of uranium ore to India.

India had been trying to gain a foothold in Kazakhstan's hydrocarbon sector since 1995. But it was only during Nazarbayev's visit in 2009 that the Heads of Agreement could be signed between the ONGC Videsh Limited and the KMG. This was followed by an Exploration Contract between India's Ministry of Oil and Gas and the KMG in 2010.

It is somewhat disappointing that it has not been possible to maintain the same momentum in subsequent years after the Nazarbayev visit. The import of uranium ore from Kazakhstan however continues unabated in ever increasing quantities.

Future Prospects

Economic and commercial relations between India and Kazakhstan are growing and expanding. It needs to be recognised however that our interaction does not reflect the existing potential and is not commensurate with the strong and close relations and understanding between the two countries.

Several Indian nationals and Indian companies have a significant presence in Kazakhstan. Arcelor-Mittal Temirtau is a major investment by a non-resident Indian, the headquarters of which are located in Luxembourg. Several other well-known companies like M/s Punj Lloyd Kazakhstan Limited, KEC International Limited, TCS etc. have been active in this market in the area of construction of oil and gas pipelines, electric transmission lines, IT etc.

Tea and pharmaceuticals, in addition to engineering goods represent the largest components of our export basket to Kazakhstan. Indian tea has been gradually losing market in Kazakhstan on account of a variety of reasons including quality, packaging, marketing etc. Several initiatives have been taken by the Government to retain and further enhance India's position in this sector. In the area of pharmaceuticals, most large Indian companies are represented in the market. However, given India's strong position in this sector, both in terms of quality as well as pricing, Indian companies can, with a little focussed and aggressive marketing, significantly expand their share in the market.

The biggest problem in enhancing bilateral commercial exchanges is the absence of land connectivity and direct land access between India and Kazakhstan. Kazakhstan is a part of India's "extended neighbourhood'' but India is not able to take advantage of its geographical proximity because it cannot use the land route through Pakistan and Afghanistan on account of the unstable security and political situation in these countries, as also due to Pakistan's decision to not allow transit rights to Indian passengers and cargo to travel to Afghanistan and Central Asia.

Another important reason is lack of adequate and authentic information available in Kazakhstan about the potential and prospects of collaborating with India, and vice-versa. There is a huge "information gap'' between the two countries which keeps them from realising the full potential of their relationship. It is essential to bridge the information divide that exists between the two countries to take full advantage of the existing regional and international economic and strategic environment.

The current regional and global economic situation provides an excellent opportunity for the two countries to further deepen and strengthen their cooperation. India has grown at an impressive pace over the last several years. Fundamentals of the Indian economy are strong. India is the fifth largest economy in the world at US$3.5 trillion and is slated to occupy the third spot by the beginning of the next decade. For the last several years, India has been the world's fastest growing major economy. With bold economic reforms and measures which the Government has undertaken like the GST, PLI, IBC etc. and which are expected to continue, the country can be expected to maintain its impressive upward growth trajectory over the coming years.

Several areas present excellent opportunities for enhancing bilateral cooperation. In addition to Information Technology, pharmaceuticals and textiles, areas like higher education, space, small and medium business, power generation, food processing and agriculture also present rich potential for deepening our engagement.

Oil and gas of course represent the most important areas in which both countries can collaborate to mutual advantage. Currently India imports 85 percent of its oil needs from other countries. India's demand for fossil fuels and other forms of energy is expected to keep increasing in view of its rapid economic growth. Kazakhstan can take advantage of the rich and vast experience that India has accumulated in downstream processing and refining of crude oil to manufacture petro-chemicals and other related products.

Some fresh initiatives that Indian companies, both private and public sector can take are to establish joint ventures and manufacturing units for pharmaceutical products, textiles, leather products, IT services etc. to cater to the needs and demands of not only the Kazakh market but also of the southern Russian Republics which have become accessible as a result of the Customs Union under the Eurasian Economic Union.

Large Indian Companies also need to bid for infrastructure and construction projects in Kazakhstan in the field of road and railway construction, electric power transmission and distribution, telecommunications, power generation etc. Several new projects are being undertaken with the support and assistance of International Financial Institutions like ADB, WB, EBRD, IDB etc. With their expertise and proven track record, Indian companies stand an excellent chance of being successful in these projects.

It is imperative for Indian companies to look at the Kazakh market in a pro-active manner if they wish to garner a substantial part of the new projects that are being undertaken in Kazakhstan.

In the area of space, the needs and demands of Kazakhstan and the expertise and capabilities of India are complementary to each other. The manufacture and launch of satellites as well as utilisation of remote sensing technology for improving the living conditions of the people through uses like telemedicine, geo-prospecting etc. can be harnessed to mutual advantage.

Tourism is another area which presents immense possibilities. India offers a rich and diverse culture, music, dance and varied cuisine in addition to providing immense opportunities for health as well as religious tourism. Similarly, Goa, Puttaparthi and Kodaikanal are important tourist attractions for the Kazakh people. The large number of direct flights from Delhi/Mumbai to Almaty/Astana in recent months after the long shutdown due to the pandemic is testimony to the growing interest of Indian and Kazakh tourists and businessmen in travelling to each others' countries for business and relaxation.

Conclusion

The current political, strategic and economic scenario, both regionally and internationally, presents immense potential for India and Kazakhstan to qualitatively and quantitatively enhance their engagement to bring it to a significantly higher level. Both India and Kazakhstan are factors of peace, stability, growth and development not only in their regions but also in the world. Stronger and deeper relations between these countries will further contribute to increasing prosperity and security for the peoples of the two countries, as also for the world as a whole.

India has today moved out of the defensive non-aligned posture, engaging multiple nations on a range of issues with equal confidence. It is also a greater contributor to solutions, regional or global. This marks its emergence as vishwa mitra, a partner of the world that is making a greater difference with each passing year.

— **S Jaishankar**
External Affairs Minister, Government of India

I commend the editors for publishing this compendium of case studies, which present insider accounts of diplomats and gives a glimpse of the efforts required for successful economic diplomacy to advance India's national interests on the global stage.

— **V Muraleedharan**
Minister of State for External Affairs and Parliamentary Affairs
Government of India

As economic forces shape political dynamics and vice versa, this collection of essays and case studies provides invaluable insights into India's journey through the currents of economic diplomacy...This book, a tapestry of experiences penned by diplomats and officials, illuminates the path for future generations to navigate the complexities of international relations in service of national prosperity.

— **Suresh Prabhu**
Former Union Minister, Government of India

This book is an encyclopaedic guide for the practitioners of India's economic diplomacy. With a multi-regional and multi-contextual focus, this volume highlights the crucial intersection of India's economic and strategic interests — a must-read for anyone seeking to understand India's evolving economic role in a rapidly changing world order.

— **Shashi Tharoor**
MP, Lok Sabha and Former Union Minister, Government of India

ACADEMIC FOUNDATION
INDIA
email: booksaf@gmail.com
www.academicfoundation.org

The work is published by
Academic Foundation | AF Press
in association with
CUTS International

ISBN 978-93-327-0636-1