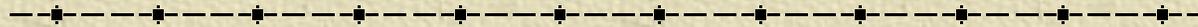


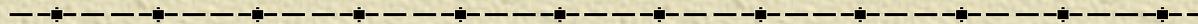
Diplomacy Dialogue

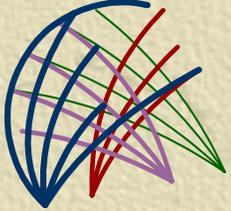
Effective Commercial and Economic Diplomacy: An Analytical Framework



Prof. Dr. Raymond Saner
Diplomacy Dialogue/ CSEND-Geneva

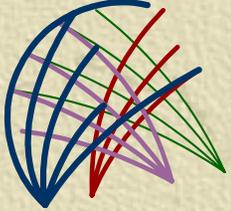
www.DiplomacyDialogue.org





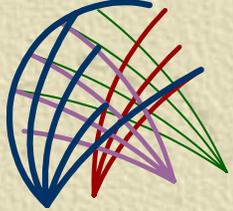
Objectives of Presentation

1. Describe features of Commercial Diplomat (role, tasks, function)
2. Position Commercial Diplomacy in context of multistakeholder reality of world economy
3. Explore relevance for India

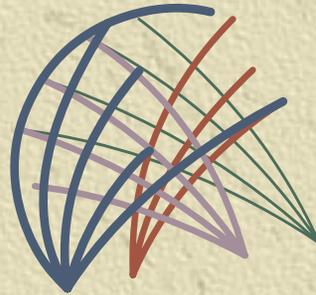


Our Status

- The Centre for Socio-Eco-Nomic Development (CSEND) is a non-governmental research and development organisation (NGRDO), registered with the Geneva (Switzerland) Chamber of Commerce in 1993. CSEND finances its programme activities through development cooperation projects and research grants.



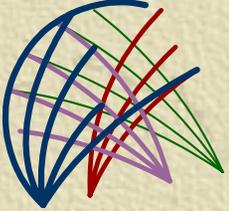
Diplomacy Dialogue



Diplomacy Dialogue

- Diplomacy Dialogue

Mission: To open channels for dialogue and participation amongst stakeholders involved in public concerns with the aim to resolve conflicts, may they be commercial, economic, communal or political, through dialogue, diplomacy and negotiations; and to promote equitable, sustainable and integrated development.



Sources of Presentations

A) Raymond Saner & Lichia Yiu

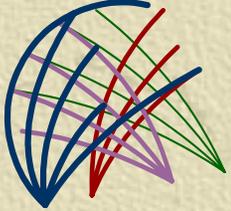
“Swiss Executives as Business Diplomats in the New Europe“,
Organizational Dynamics, Elsevier Publ. Fall 2005.

B) Raymond Saner & Lichia Yiu

“International Economics Diplomacy: Mutations in Postmodern Times”, Discussion Papers in Diplomacy, No. 84, Clingendael Institute of International Relations, The Hague, January 2003.

C) R. Saner; Yiu, L.; Sondergaard, M.

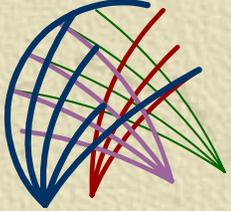
“Business Diplomacy Management: A Core Competency for Global Companies”, *Academy of Management Executive*, Vol.14(1), February 2000



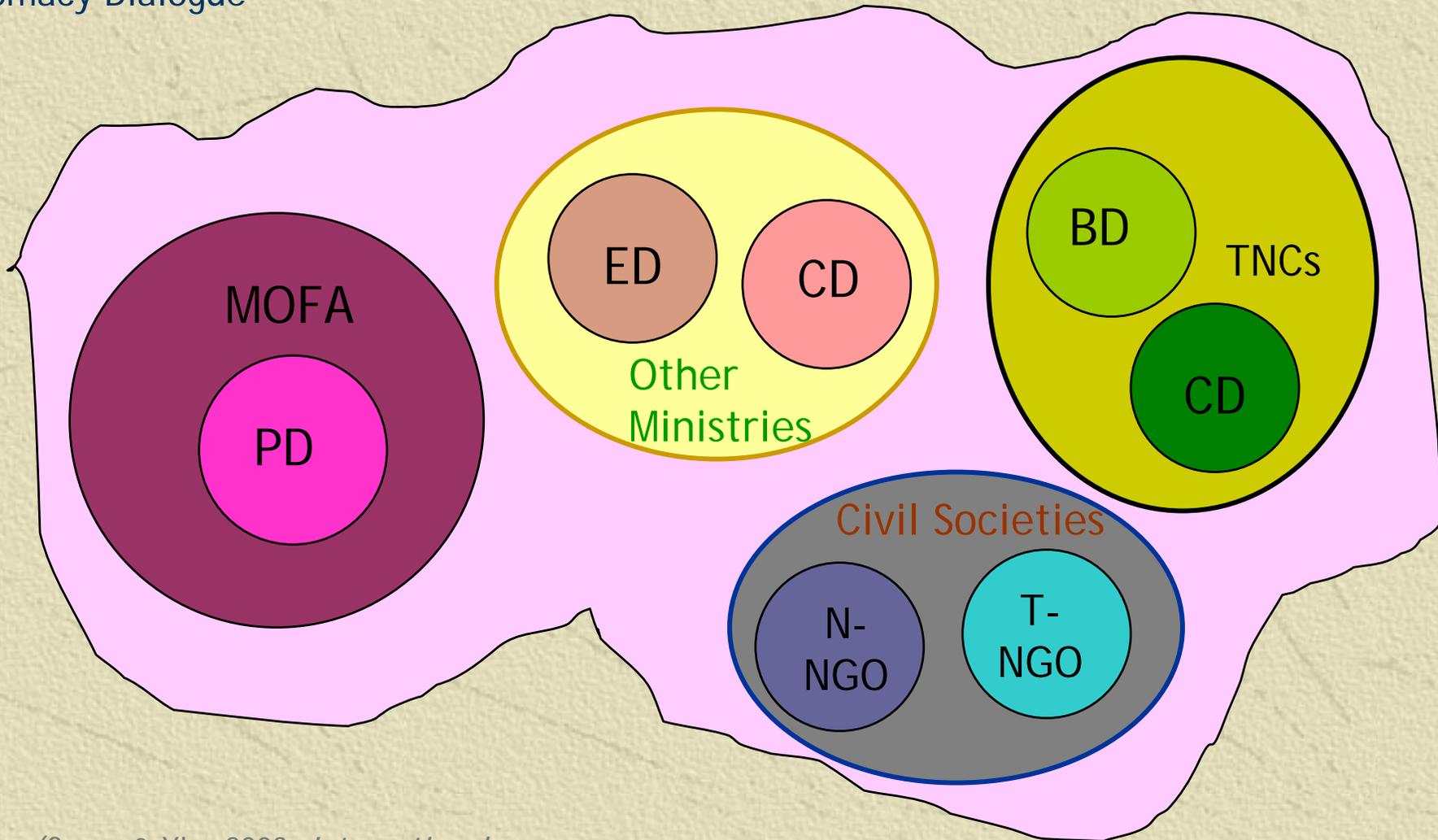
Co-existence of Divergent Diplomatic Roles in Economic Sphere

(Source: Saner&Yiu, 2003)

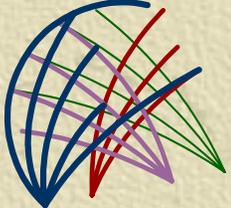
	Functions	Roles
State Actors	Economic diplomacy	Economic diplomats
	Commercial diplomacy	Commercial diplomats
Non-State Actors	Corporate diplomacy	Corporate diplomats
	Business diplomacy	Business diplomats
	National NGOs	National NGO diplomats
	Transnational NGOs	Transnational NGO diplomats



Post-Modern Economic Diplomacy



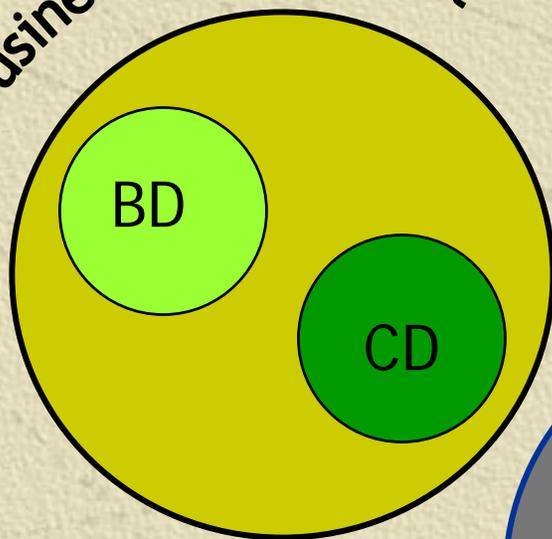
(Saner & Yiu, 2003, *International Economic Diplomacy: Mutations in Post-Modern Times*)



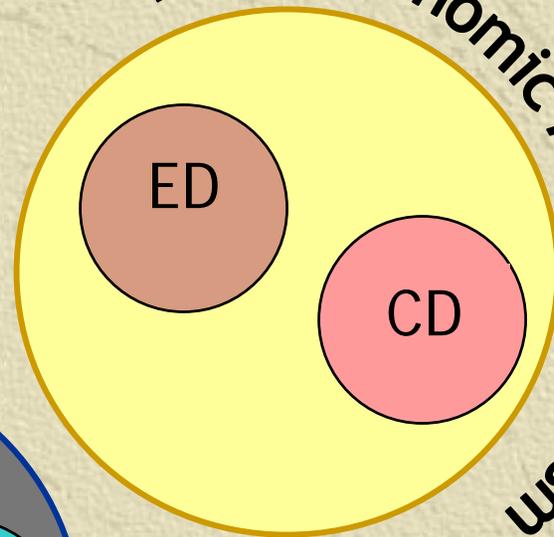
Interests of these State and Non-State Actors

(Saner & Yiu, 2003)

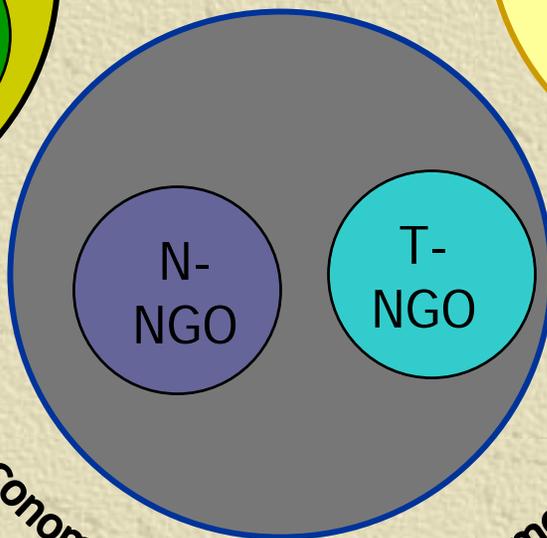
Transnational Business Development

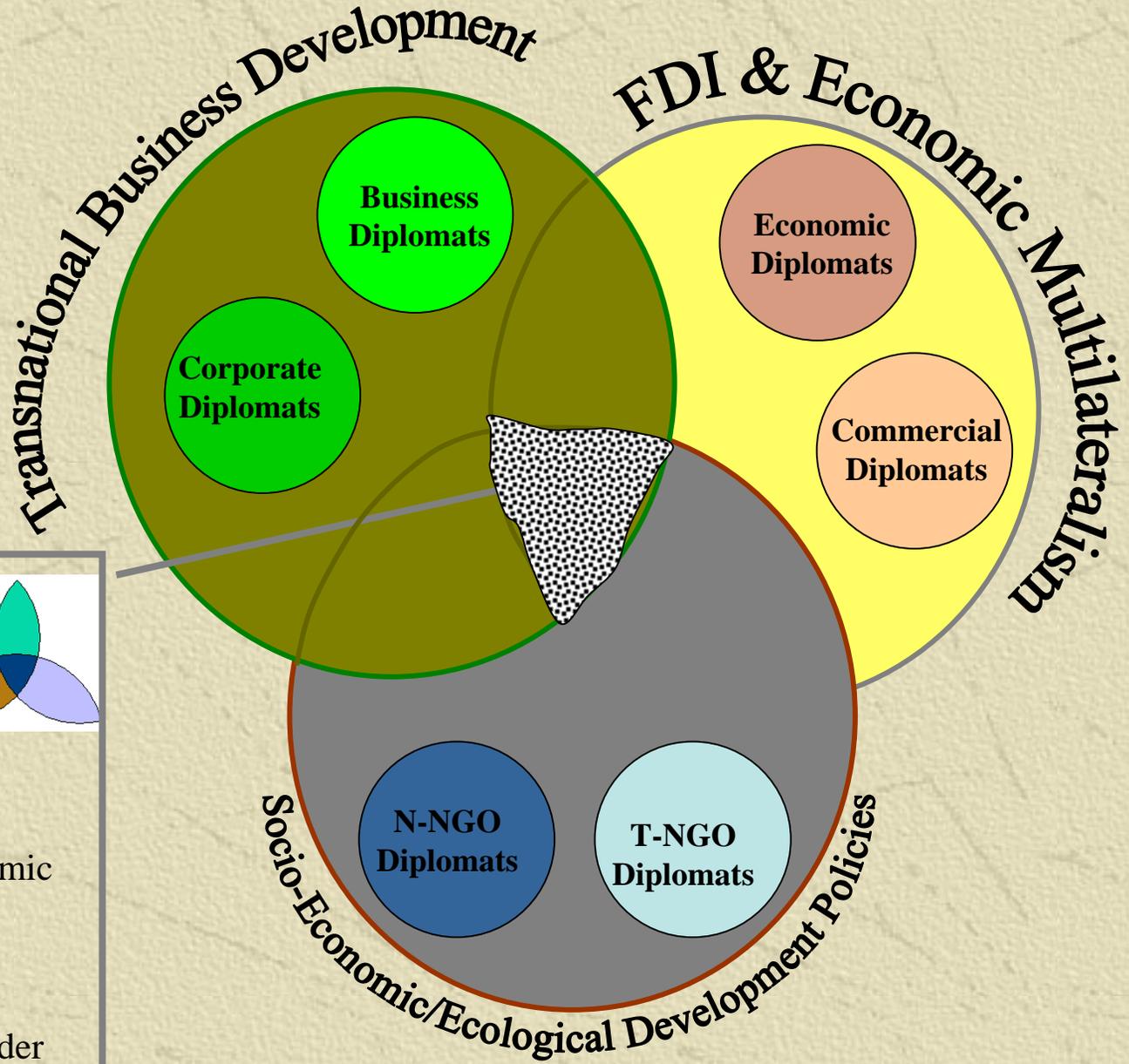
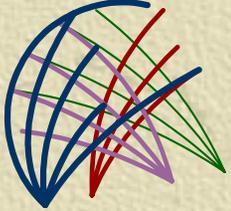


FDI & Economic Multilateralism



Socio-economic/ecological development policies

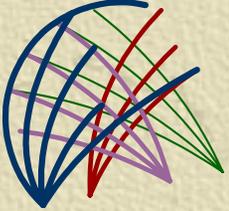




Postmodern Economic Diplomacy



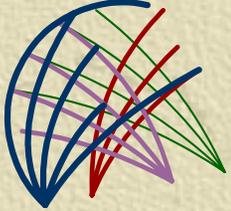
- Shaping socio-economic/ ecological development policies
- Negotiating global economic governance architecture
 - Setting standards at multilateral organisations
 - Managing multi-stakeholder coalitions & alliances



Diplomatic Function and Roles of Ministries in charge of Economic and Commercial Policy

(Source: Saner&Yiu, 2003)

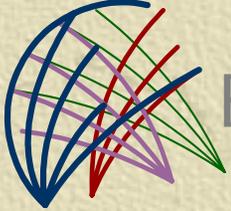
Faced with the complexities of multilateral standard setting organisations responsible for economic policies such as the WTO, IMF or OECD, many governments have broadened participation of **ministries specialised in economic and financial matters** thereby decreasing or neutralising the influence and role of MOFAs (e.g. Office of the United States Trade Representative, USTR).



Definitions

Activities of diplomatic missions in support of business

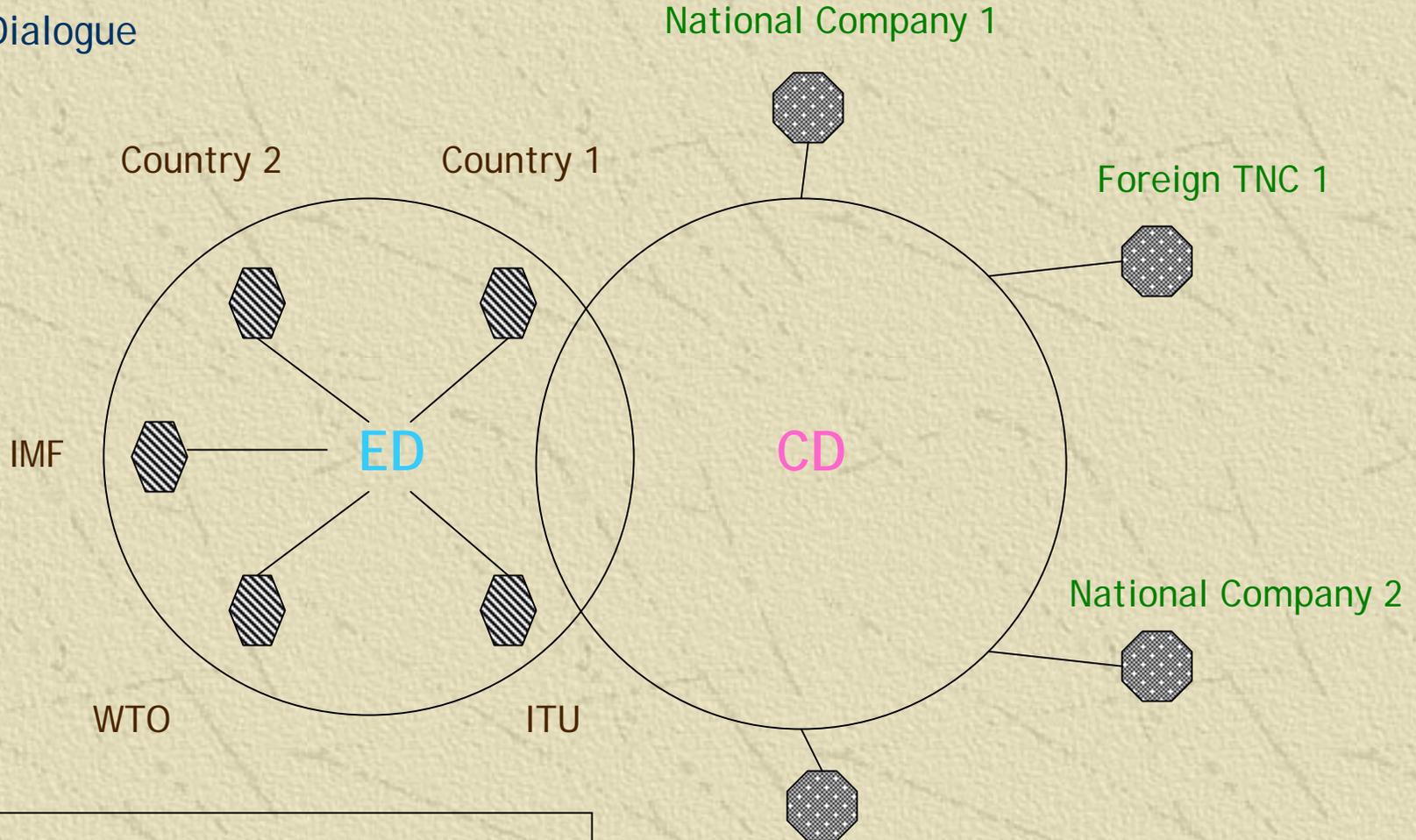
The term *commercial diplomacy* is commonly employed within numerous foreign services to describe business support functions performed by the members of diplomatic missions, their staff and related agencies.



Economic Diplomat vs Commercial Diplomat

(Source: Saner&Yiu, 2003)

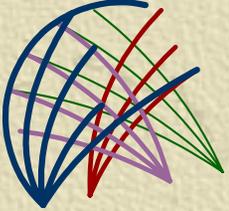
Diplomacy Dialogue



= National Embassies and Consulates

TNC = Domestic & Foreign TNCs & SMEs

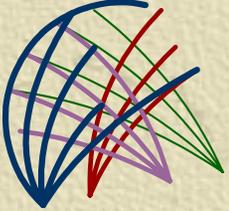
Saner & Yiu, 2000-2002



Diplomatic Function and Roles of Ministries in charge of Economic and Commercial Policy

(Source: Saner&Yiu, 2003/
Berridge&James, 2001)

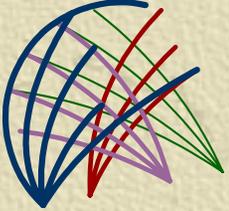
- **Economic diplomacy** is concerned with economic policy issues, e.g. work of delegations at standard setting organisations such as WTO and BIS.
- Economic diplomats also monitor and report on economic policies in foreign countries and advise the home government on how to best influence them.
- Economic Diplomacy employs economic resources, either as rewards or sanctions, in pursuit of a particular foreign policy objective. This is sometimes called “economic statecraft”.



Diplomatic Function and Roles of Ministries in charge of Economic and Commercial Policy

(Source: Saner&Yiu, 2003
Friedman, Thomas, 2000)

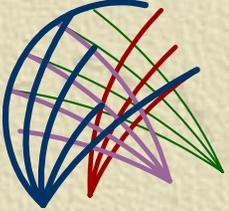
- **Commercial diplomacy** on the other hand describes the work of diplomatic missions in support of the home country's business and finance sectors in their pursuit of economic success and the country's general objective of national development.
- It includes the promotion of inward and outward investment as well as trade.



Diplomatic Function and Roles of Ministries in charge of Economic and Commercial Policy

(Source: Saner&Yiu, 2003
Friedman, Thomas, 2000)

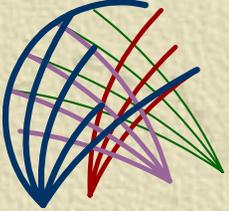
- Important aspects of a commercial diplomats' work is the supplying of information about export and investment opportunities and organising and helping to act as hosts to trade missions from home.
- In some cases, commercial diplomats could also promote economic ties through advising and support of both domestic and foreign companies for investment decisions.



Economic Diplomat vs Commercial Diplomat

(Source: Saner&Yiu, 2003)

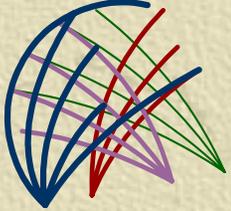
- Recognising **the importance of international trade and FDI** to national economic development, governments have stepped up their efforts in strengthening their commercial representation in major trading partner countries.
- Commercial diplomats offer both services in this important sphere of diplomacy. They are either civil servants and specially trained diplomats, or representatives of chambers of commerce or trading associations seconded to national Embassies located in important foreign markets.



Economic Diplomat vs Commercial Diplomat

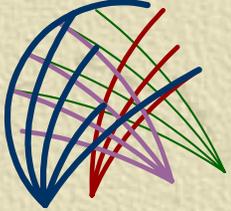
(Source: Saner&Yiu, 2003)

In addition to the traditional function of commercial attachés, **para-statal organisations or public organisations** have been given mandates to expand their services, coverage and presence abroad in order to support trade expansion and to conduct commercial diplomacy.



Definitions

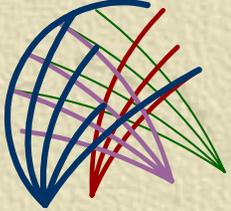
- **Commercial Diplomacy**
Government service to the business community
- **Commercial diplomats (CDs)**
= “commercial counselor”, “commercial attaché”, “trade representative”, “commercial representative”, etc.
- **CD’s unit**
= “trade representation abroad”
- **CD’s place of work**
Diplomatic mission (DM) or trade promotion organization(TPO) or investment promotion agency(IPA)



Number of Commercial diplomats by Country of Origin

(Source: Kostecki & Naray, 2007)

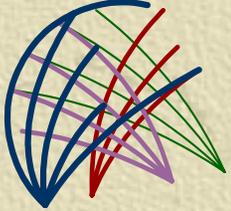
Country of Origin	Share of World Trade (in %)	Number of Commercial Diplomacy Units Abroad	Staff of Commercial Diplomacy Units Abroad
Germany	10.0	220	
United States	9.6	150	
Japan	6.3	80	780
China	5.8	50 (1)	
France	5.2	156	
United Kingdom	4.1	200	1500
Canada	3.6	100	585
South Korea	2.6	141	
Sweden	1.3	40 (2)	235
Switzerland	1.3	140 (3)	
Brazil	1.0	57	193
Poland	0.7	77	



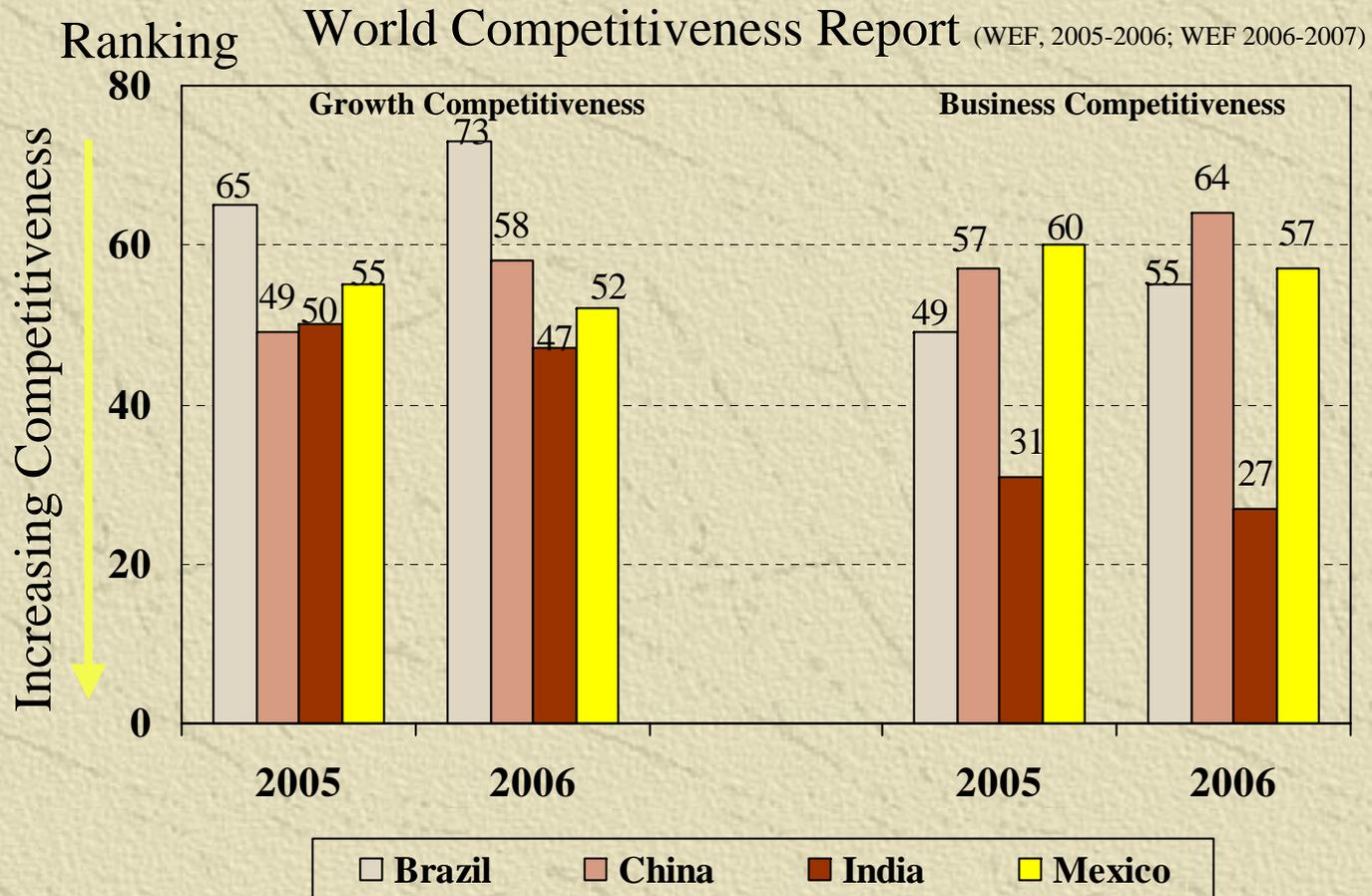
Allocation of Commercial Diplomat Time between Various Business-support Activities (as a percentage of the questioned commercial diplomat's total work time)

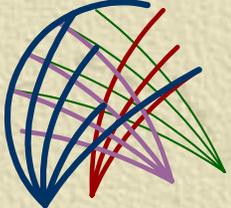
(Source: Kostecki & Naray, 2007)

Commercial diplomat's Home Country	Trade Fairs	Promotion of FDI's	Government Relations	Business Intelligence & Partner search	Support in Business Negotiations	Support in Business disputes	Tourism
Germany	5	30	65	-	-	-	
United States	60			40			
Japan	20	70		10			
China	15	10	40	25		10	
France	10	10	15	60		5	
United Kingdom							
Canada	30	20		50		Ambassador	
South Korea	25	25		50			
Sweden	30			50	10	10	
Switzerland	10			40	40	10	
Austria	30			50		20	
Brazil			60-70				
Poland	25	13	12	50			
Hungary	20	25	25	25		5	
Venezuela	10	10	20	60			
Ireland	10			50	40	10	
El Salvador	50			50			
Portugal	20 (est.)	15		20 (est.)	20 (est.)		25



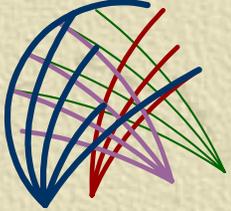
India's Global Competitiveness





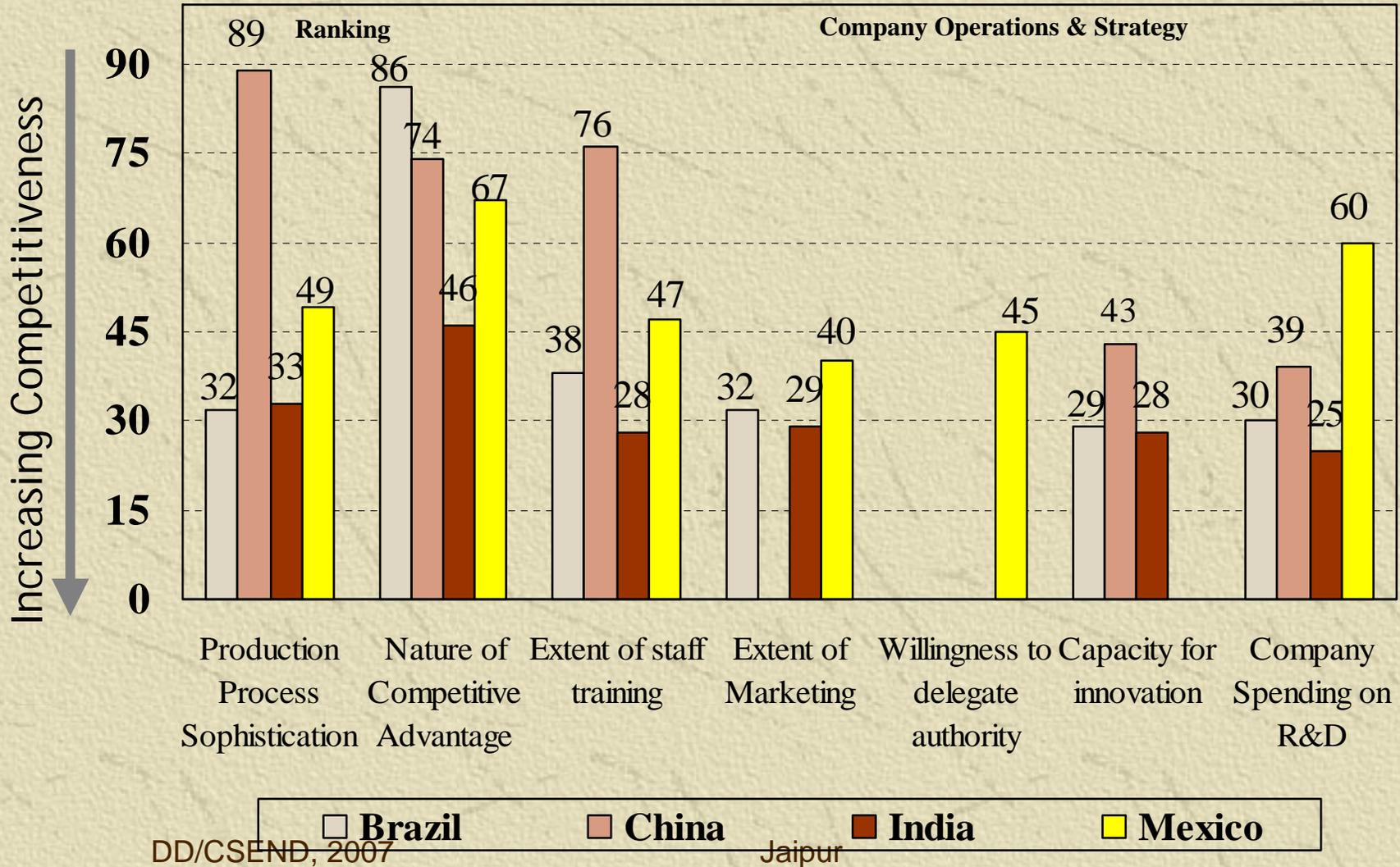
India's Management Competitiveness

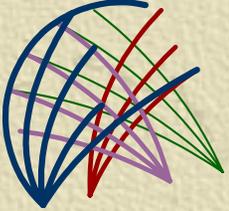




Management Competitiveness

The Global Competitiveness Report (WEF 2006-2007)



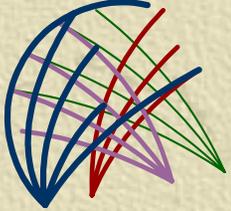


Rationales for Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

No need for CD's because:

- 'They only take advantage of diplomatic privileges; one cannot measure their performance in export promotion at all' (confidential source).
- 'Exporters do not use the same language as diplomats' (an export promotion expert).
- 'A diplomat's social life is very often unproductive' (an export promotion expert).
- 'Diplomats are most of the time generalists and do not understand business concerns'.
- 'Commercial attachés are bureaucratic an ineffective' (An Australian businessman).

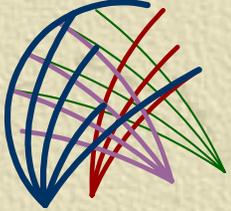


Rationales for Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

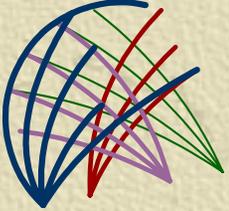
No need for CD's because:

- ‘Diplomats are most of the time overloaded with issues other than trade and investment so they have no time to do their job correctly as trade representatives and do not have the sense of priority to assist business people’.
- ‘Commercial diplomats will only help their private friends and will therefore encourage corruption within the diplomatic service’ (confidential source).
- ‘There is no need for commercial diplomats in a free market economy. Buyers and sellers can meet without their assistance’ (confidential source).



Discussion

- 1. What needs for Commercial Diplomacy in India?*
- 2. What institutional support are required for Indian CDs?*

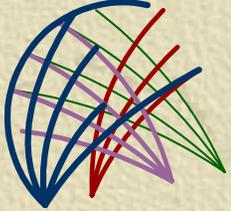


Rationale for commercial diplomacy: Support for Business Internationalisation

Harris & Li (2006)

Why government intervention in business internationalization ?

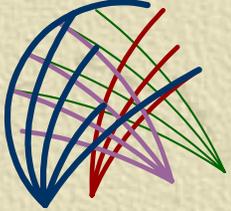
- Market failure
- Role of knowledge generation
- Missing markets arguments



Rationale for commercial diplomacy: Support for Business Internationalisation

Market failure

- Harris & Li (2006) suggest the « market failure » argument to explain the government intervention rationale in business internationalisation aimed at encouraging firms to enter foreign markets rather than only subsidising export revenue.
- Since export subsidies are generally banned under WTO rules, governments opt for other types of promotional measures, such as commercial diplomacy.

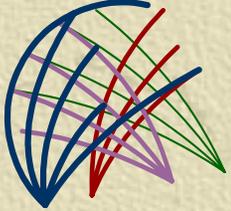


Rationale for commercial diplomacy: Support for Business Internationalisation

Harris & Li (2006)

Role of knowledge generation

Harris & Li (2006) maintain that throughout all extant literature the critical factor determining internationalization is *“the core and essential role of knowledge generation and acquisition both within the firm and its external environment”*.

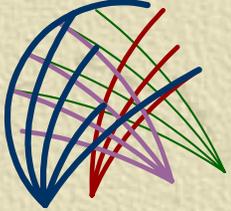


Rationale for commercial diplomacy: Support for Business Internationalisation

Harris & Li (2006)

“Missing markets” arguments

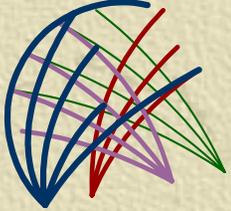
- Some types of information have the nature of public goods, which markets cannot supply –these include unique, reliable and impartial access to information.
- *Global embassy network* and other government channels and contacts make such information available through the government’s very long term, and non commercial involvement in foreign markets.



Rationale for commercial diplomacy: Support for Business Internationalization

Others reasons for government intervention

- Beneficial spill-over (externalities) through demonstration effects that lead to changes in domestic firms' own business practices
- The export sale of (new niche) products may depend on establishing an international brand image for a company which may be difficult to achieve initially.

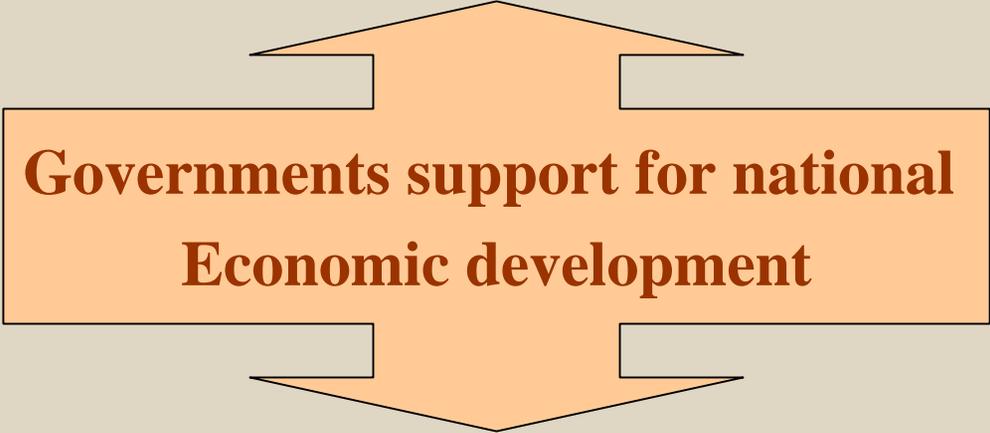


Commercial Diplomats activities & performance

(Saner & Yiu, 2003)

-Outbound-

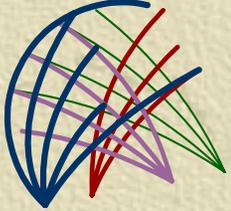
Support to national enterprises who
establish subsidiaries abroad



**Governments support for national
Economic development**

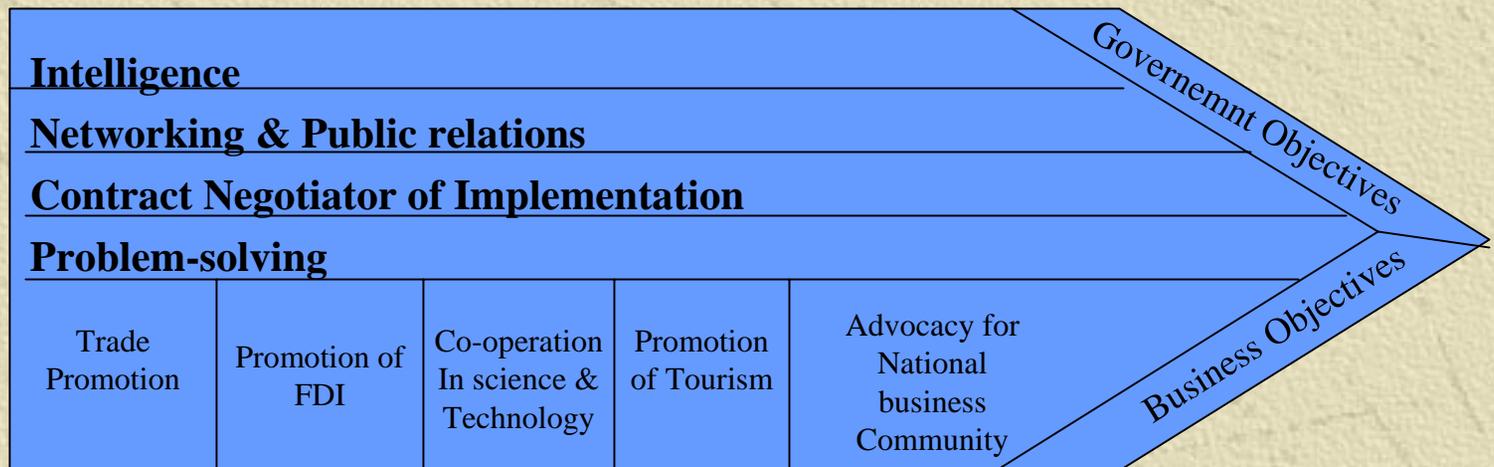
Support to foreign enterprises interested
in investing in home country

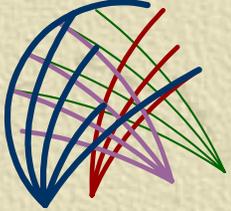
-Inbound-



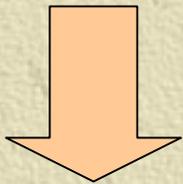
Value chain of Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

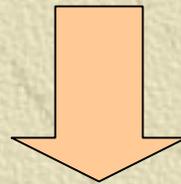




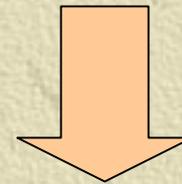
Diplomatic Missions technical and specialised business-assistance functions



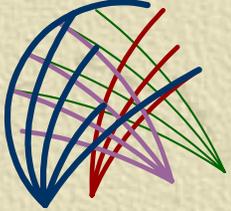
**Business
intelligence**



Partner search

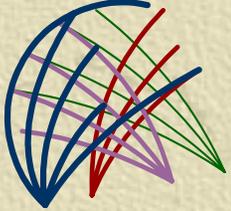


**Promotion of investments
or business**



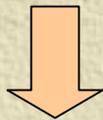
Recognition of CDs business-related functions under the international treaty called *the Vienna Convention on diplomatic relations of 1961*:

- i. Protection within the host states of the interests of the home country (sending) and its nationals including their property and shares in companies
- ii. Gathering economic information
- iii. Promotion of economic and scientific relations between the two states, which includes commercial an investment related issues

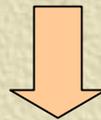


Commercial Diplomats activities & performance

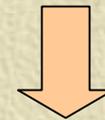
Commercial diplomacy in the context of competitive intelligence and business intelligence



**necessity of
collaboration**



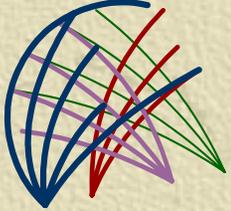
**necessity of
cooperation**



**necessity of
coordination**



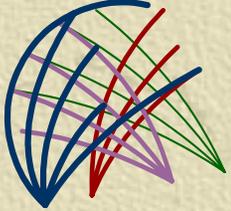
All actors (private and public) involved in the gathering and diffusing of competitive intelligence



Trade promotion

Promotional means used by the commercial diplomat:

- Trade and technical conferences
- Promotion of national products, companies, business leaders
- Trade fairs (ensure presence of home country companies)
- Social receptions for business leaders and senior officials of host & home country.

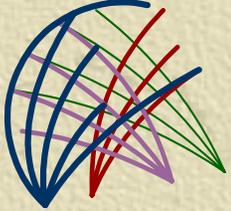


Organisation of trade missions & business delegations



Classic method of promoting trade, investments and all other forms of economic exchange

- Programme preparation & pre-arrival match-making to identify serious interests among businessmen on both sides
- Thanks to internet, possibility to try a visit by “virtual” delegation from home & host country.

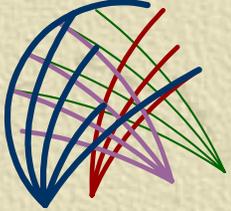


Science & Technology Promotion



“Promotion of economic and scientific relations between the two states, which includes commercial and investment related issues” (*Vienna Convention on diplomatic relations, 1961*)

- Attracting suitable technologies
- Encouraging technology transfer
- Safeguarding Intellectual Property rights
- Establishing long term cooperation in science and technology (S&T) research and development (R&D) cooperation project



Support in Business Internationalisation

(Based on: Potter, Evan H., 1994)

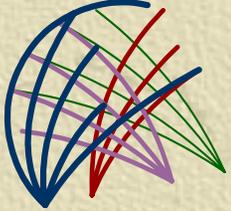


Country brand/ Image promotion

Concept of country image & country brands with emphasis on added value added of home country products

Important aspect of Commercial diplomat's work:

- Supplying information about investment opportunities and organizing and helping to act as hosts to trade missions from home
- Promoting economic ties through advising and supporting both domestic and foreign companies in regard to investment decisions



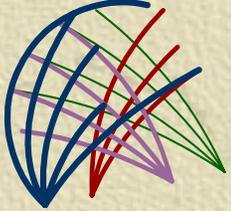
Support in Business Internationalisation



Inputs in government relations

Advocacy & policy making

- Involvement in public affairs for the benefit of national companies and business associations in their dealings with the host country government, parliament or public at large.
- Reaction to host country proposals for regulations and international trade agreements (e.g. economic cooperation linked with foreign aid)

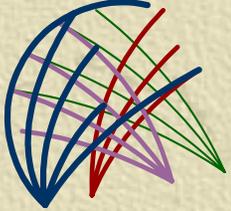


Support in Business Internationalisation

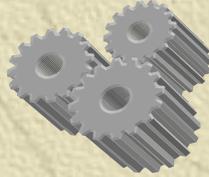


Facilitation in trade negotiations

- Overlap of economic & trade diplomacy
- Supporting and preparing high level home government visits and trade negotiations with the host country
- Participation in consultations between governments
- Attending to trade relations by regular contacts with host country government officials and business leaders



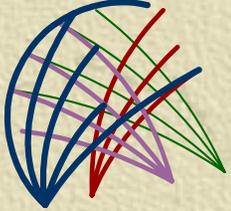
Support in Business Internationalisation



Problem solving

Involving the home business community
and the host country government

- Offering “good offices” and informal mediation to find reasonable settlement of disputes.
- Importance of maintaining credibility in host country while at same time being able to help home country enterprises
- Acting as advisers in contract negotiations, providing support for problem-solving in business or in corporate-government relations.



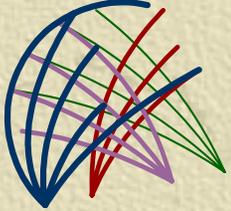
Leading changes in the environment of commercial diplomacy

(Source: Kostecki & Naray, 2006 /

Saner&Yiu, 2004)

Globalisation

Increased economic interdependence, complexity, importance of emerging non traditional markets, increased market access to these markets constitute its main characteristics. Business firms are increasingly concerned by the various forms of government support in international business development.

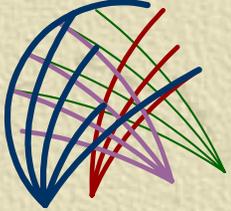


Leading changes in the environment of commercial diplomacy

(Source: Kostecki & Naray, 2006 /
Saner & Yiu, 2004)

Market orientation

Government tend to pay more attention to market realities and adapt their policies. Trends such as New Public Management increasingly affect also CD services.

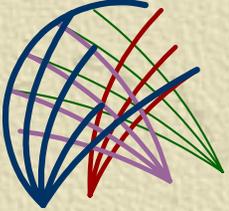


Leading changes in the environment of commercial diplomacy

(Source: Kostecki & Naray, 2006 /
Saner & Yiu, 2004)

Business-friendly government

Government increasingly listen to business needs and try in general to pay more attention to business concerns of SMEs and large MNEs alike. The influence of business community on CD services is growing and beneficiary satisfaction assumes increasingly important role as performance criteria.

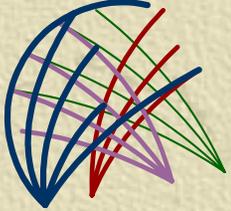


Leading changes in the environment of commercial diplomacy

(Source: Kostecki & Naray, 2006/
Saner&Yiu, 2004)

IT and new form of interaction

- Increased amount of information is available to the public and businesses.
- Communication has speeded up dramatically through IT and Internet. The nature of value-added and modus operandi of CD services is considerably affected by IT:

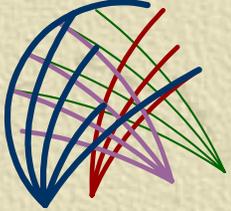


Leading changes in the environment of commercial diplomacy

(Source: Kostecki & Naray, 2006 /
Saner & Yiu, 2004)

Economic over political objectives

Economic issues dominate the political agenda in diplomacy. There are trends to a shift in power structure between political and economic diplomacy within the foreign service of numerous countries. CD services benefit for that trend.

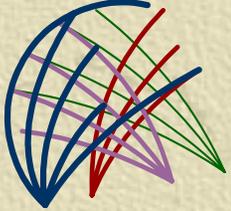


Leading changes in the environment of commercial diplomacy

(Source: Kostecki & Naray, 2006 /
Saner & Yiu, 2004)

Re-inventing CD services

Management methods in CD services are more and more inspired by the management methods and concepts of the private sector.

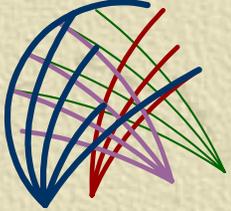


Leading changes in the environment of commercial diplomacy

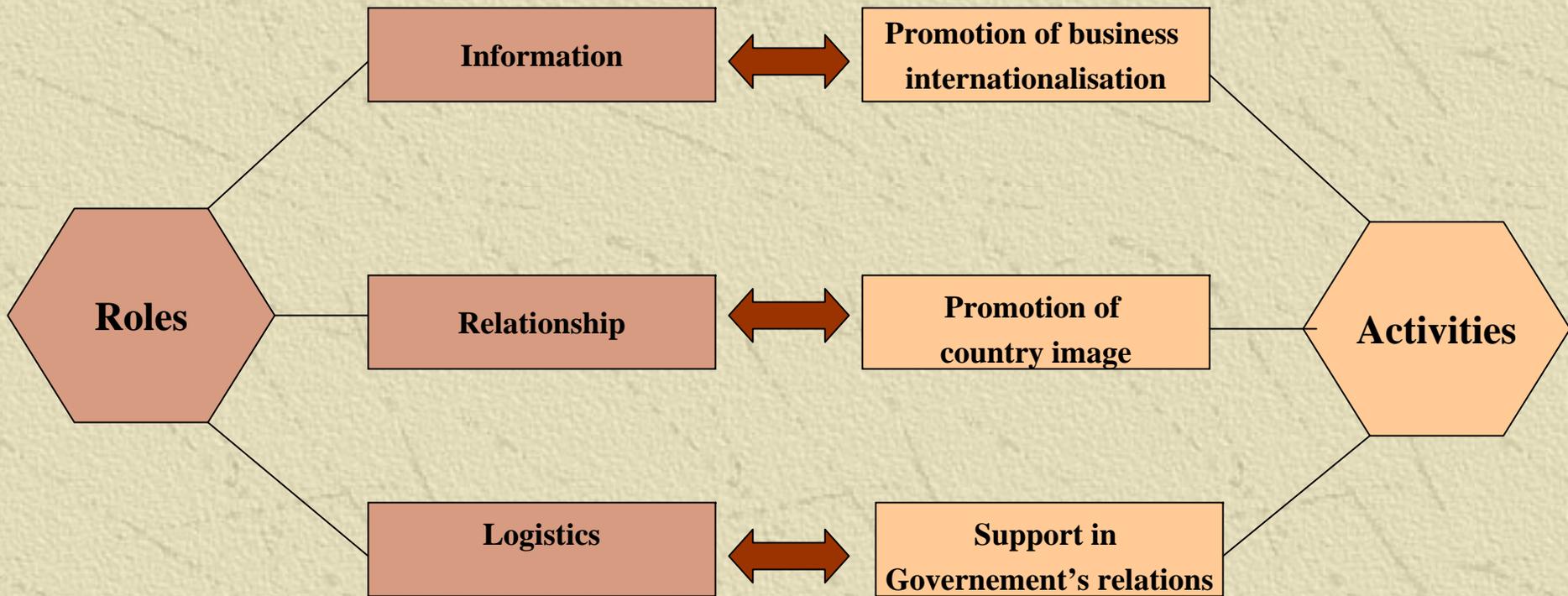
(Source: Kostecki & Naray, 2006 /
Saner & Yiu, 2004)

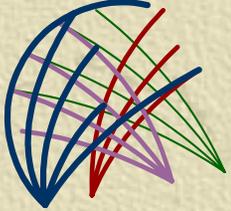
FDI attraction

Over the last two decades or so, governments changed their attitude and now encourage inward FDI with the purpose of job creation, technology transfer, and know-how (R&D, S&T). As a result CD services assume a new role in FDI promotion.



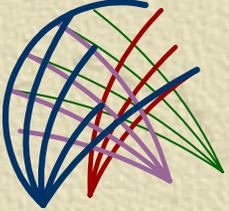
CD-Activity Matrix





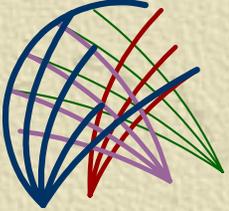
Business community

- Very **competitive countries** in the world such as Finland, Sweden and Singapore use proactive commercial diplomacy to boost business internationalization and thus their exports, investments and creation of intellectual properties assets.
- An effective **CD network** constitutes a competitive advantage for home business firms and the home country's economy (inbound and outbound FDI) and is a subsidy (in WTO context).



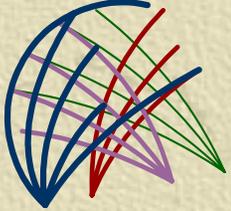
Business expectations

- What does the business community expect from its government regarding internationalisation (consulting, subsidies, etc.)?
- From the individual firm's perspective: what does the firm expect from commercial diplomacy that is different or in addition to business associations, chambers of commerce and other trade institutions (TSIs)?



Business needs

- At what stage of internationalisation and to what extent should the CD intervene?
- What are the similarities and differences in regards to business regime (e.g. real life code business behavior) between home and host country?

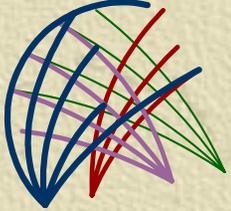


CD profile

(Kostecki & Naray, 2006)

Three types of CDs:

- The Business Promoter type
- The civil servant CD
- The generalist CD



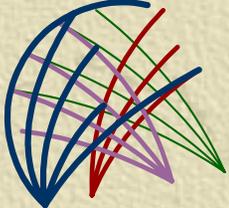
CD profile

The Business Promoter type

(Kostecki & Naray, 2006)



- Business-oriented, pro-active CD seeking to satisfy business organizations (rather than that of the ministry).
- Their major role is to provide consultancy-like services requested by business firms. Knowing business, they are close to managers, have a solid technical know-how and entrepreneurial approach.
- Usually located in the economic capital of a host country, possibly with branches in the main industrial region, they have an hand on vision of support activities.
- Most services they offer are provided against payment.



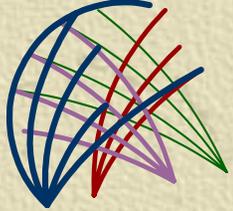
CD profile

The civil servant CD

(Kostecki & Naray, 2006)



- Employee in the ministry of trade or commerce. Reactive rather than pro-active, keeping their distance from business deals (an arm-length approach).
- A civil servant CD typically emphasizes policy implementation rather than business support and is more responsive to government instruction than beneficiary needs.
- Their strength is to provide a link between business and the ministry rather than to stimulate business operations.



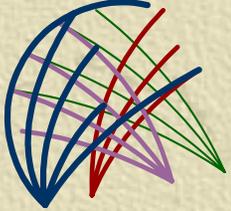
CD profile

The generalist CD

(Kostecki & Naray, 2006)

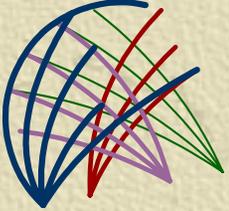


Career diplomat assuming business support functions on an ad hoc basis or in addition to other diplomatic duties. Typically, they tend to be less technical than the two former types.



Importance of the organisational matrix in the nature of commercial diplomacy

- The CD's behaviour varies depending on whether they are primarily integrated within the country's foreign office service, trade ministry or a TPO/IPA (investment promotion agency).
- The most frequent rank of a CD office is one based on a dual supervision involving foreign affairs and the trade sectors.
- But a two head structure results in tensions affecting the CD's operation. This ambiguity of rank has at times created problems in the commercial diplomats relations with their ambassadors. On the other hand, the relationship with the ambassador may be essential in the business-focused foreign services where the head of the diplomatic mission may assume important CD functions such as lobbying and public relations.

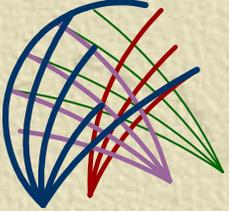


Rationales for Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

Advantages over private representation of business interests:

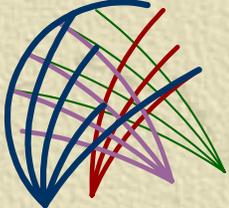
- **Economic intelligence:** Intelligence is better gathered thanks to the embassy's contact. Moreover, diplomatic immunity encourage commercial diplomats to take risks in intelligence activities since *legati iure gentium sancti sunt* (diplomats are untouchable under international law).
- **Visibility in the mass media:** a diplomat -especially an ambassador- attracts greater attention from journalists than a business person; they may stage promotion events as relatively low cost.
- **Access to decision-makers:** high ranking diplomats have better access to the chief executive officers (CEO) of large corporations, policy-makers, bureaucracies and elites in the host country.



Rationales for Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

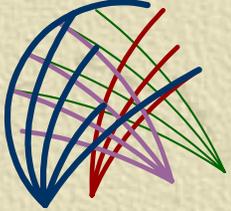
- **Credibility:** Diplomats enjoy more credibility when making promise and commitments during their effort to attract foreign investors than private actors. They have greater weight when dealing with the host country's public administration and state-owned enterprises.
- **Economies of scales and scope:** centralizing support to a national business community abroad permits the benefits of economies of scales and scope which diminish the cost of the promotion efforts that no private organization could reach.
- **Instrument of government policy:**
 - Commercial diplomacy appears to be an essential component of state-sponsored export promotion activities.
 - In certain cases it is motivated by the conviction that the state as a role to play as a business facilitator and a catalyst of entrepreneurship.
 - In others, it is based on the assumption that certain objectives of business promotion abroad can be best accomplished by the commercial diplomats due to the synergies between government and business organizations.



Dominant Feature of a Typical Commercial diplomat by Country

(Source: KostECKI & Naray, 2007)

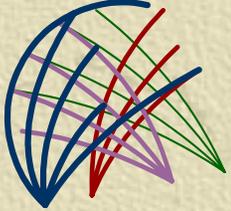
Type of Commercial diplomat	Business promoter	Civil servant	Generalist
Approach	Commercial issues are understood mainly as business issues.	Commercial issues are seen as an integral part of international relations.	Commercial issues are perceived in a broader diplomatic and political perspective.
Leading concern	Focus on client satisfaction.	Focus on satisfaction of the Ministry of Trade.	Focus on satisfaction of the Ministry of Foreign Affairs.
Country ranking according to the commercial diplomat type	Ireland Canada United States Sweden Finland New Zealand Austria Portugal UK Switzerland Hungary Japan Korea	Germany France Poland China Cuba	Brazil El Salvador Venezuela



The Client-Provider Gap in Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

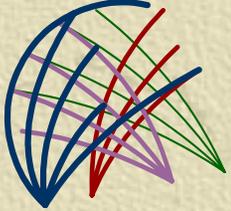
	Commercial diplomacy Offers	Companies Needs
Partner search	<ul style="list-style-type: none">•Standards lists of importers and distributors of information from the Internet web pages.•Relatively slow reaction to enquiries.•Too little sense of the market and knowledge of how it is moving.•No pro-active partner search.	<ul style="list-style-type: none">•Insight knowledge of the importer/ distributor and potential clients and ‘ranking’ of the priority targets.•Rapid responses to enquiries.•Pragmatic evaluation of who we needs the product and how it should be adapted.



The Client-Provider Gap in Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

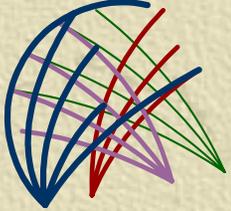
	Commercial diplomacy Offers	Companies Needs
Market information search	<ul style="list-style-type: none">•Emphasis on macro-economic statistics and reports.•General information on trade barriers and agreements.	<ul style="list-style-type: none">•Sector specific brief notes listing tender opportunities and other attractives projects.•‘Real life’ analysis of market access and potential threats.•Sense of decision-making affecting development of the regulatory environment.



The Client-Provider Gap in Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

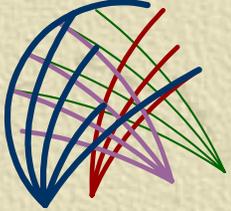
	Commercial diplomacy Offers	Companies Needs
Investment facilitation	Promotion of a country's image on the level of host government authorities and large MNEs to build trust and a good reputation (public diplomacy) for inward FDI.	<ul style="list-style-type: none">•Guidance on what type of attractive conditions can be truly obtained in the case of investment. How does it compare to what is offered elsewhere.•Commitment, credible promises of support on the part of the authorities.



The Client-Provider Gap in Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

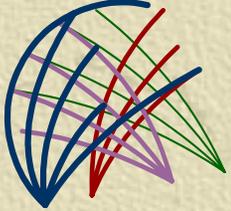
	Commercial diplomacy Offers	Companies Needs
Trade fairs	<ul style="list-style-type: none">•National stand to present the country.•Support for national companies that participate in the fair.•General patronage of the diplomatic mission (ambassador's visits, etc).	<ul style="list-style-type: none">•Find distributors or partners for joint ventures prospect new customers.•Targeted approach and follow-up. A fair makes sense only as an element in a broader strategy, otherwise it is waste of resources.



The Client-Provider Gap in Commercial Diplomacy

(Source: Kostecki & Naray, 2007)

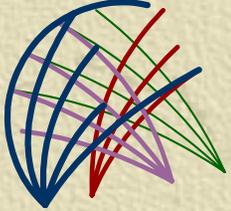
	Commercial diplomacy Offers	Companies Needs
Contract negotiation	Introduction of potential partners but no involvement in contract negotiation or providing technical support.	<ul style="list-style-type: none">•Preparing the ground for negotiations, involvement in organizing technical support locally (e.g. legal advice, tax expertise, bank contacts).•Public relations to ensure that the national company is perceived as credible partner.



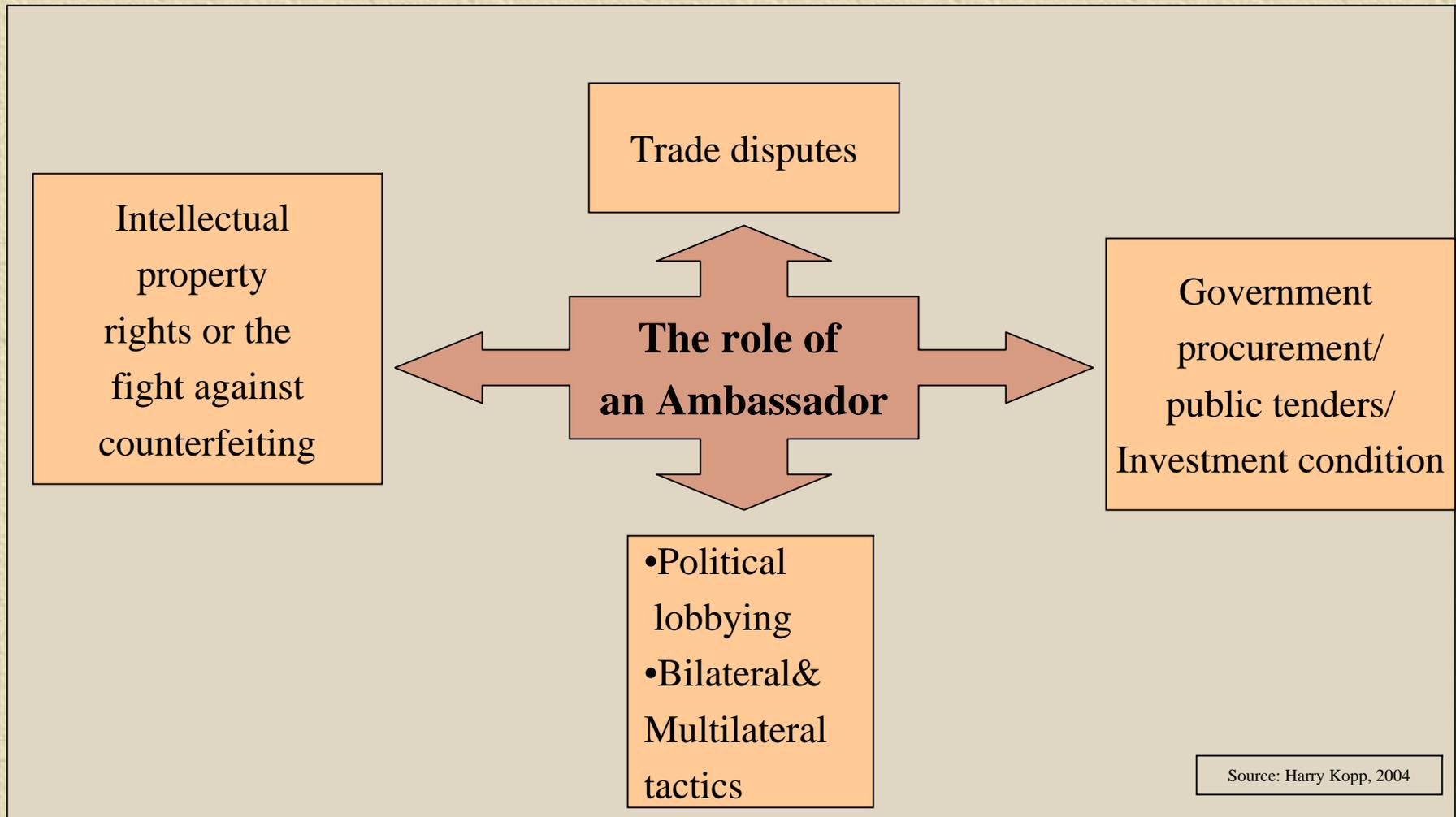
The Client-Provider Gap in Commercial Diplomacy

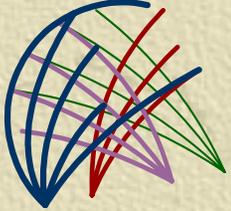
(Source: Kostecki & Naray, 2007)

	Commercial diplomacy Offers	Companies Needs
Problem- solving and trade disputes	Lists of local lawyers.	Expression of concern to thelocal authorities when needed. Pro-active attitude in problem- solving

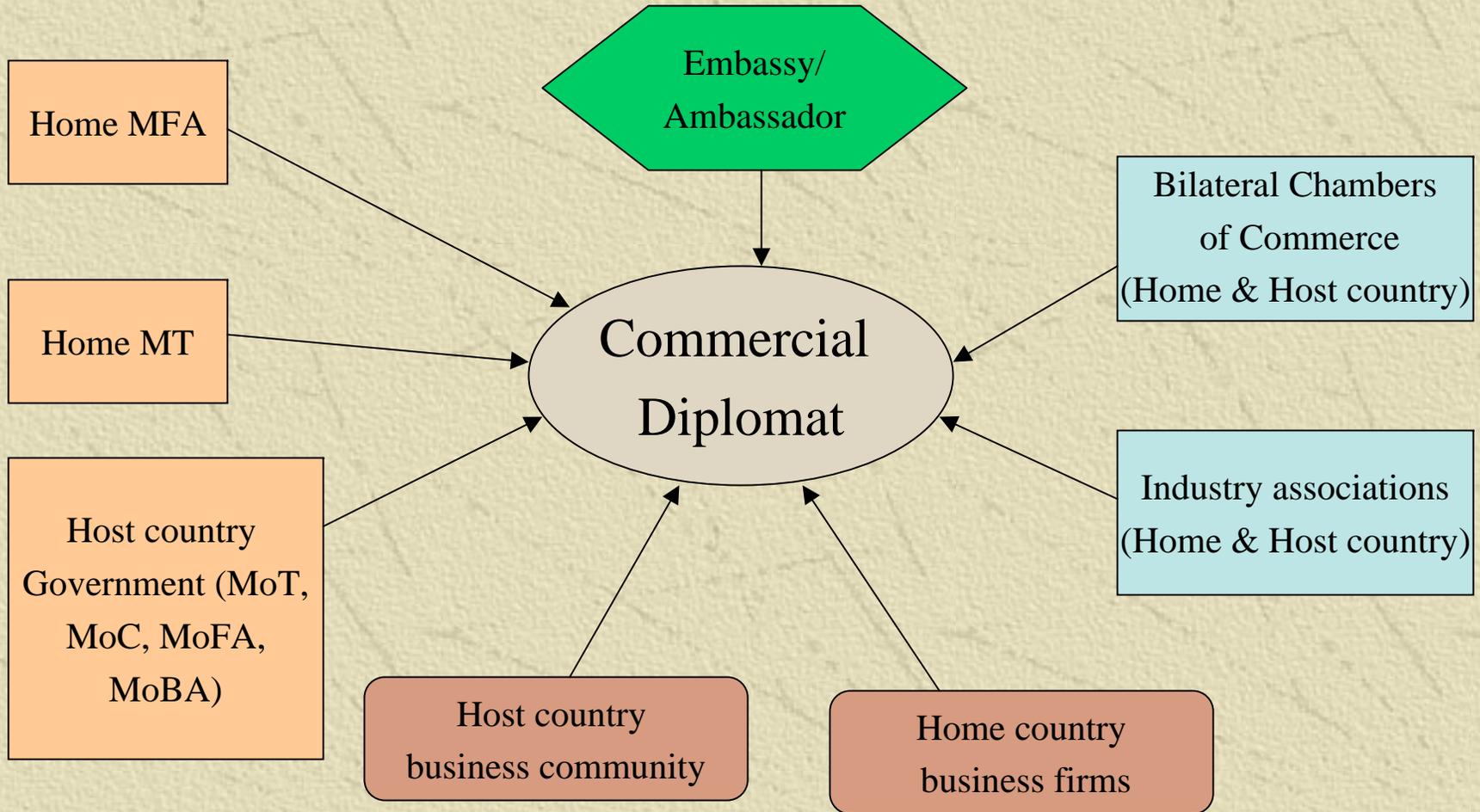


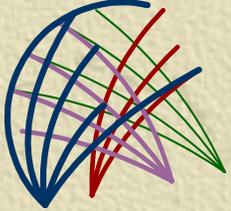
Commercial Diplomats activities & performance





CD interaction





Diplomacy Dialogue



Thank You!!!