

***Training Programme on
Strengthening Skills on Commercial and Economic Diplomacy
August 18-21, 2008, Jaipur, India***

A Report of the Proceedings



CUTS International

D-217, Bhaskar Marg, Bani Park, Jaipur 3020016, India

Phone: +91-141-228 2821, Fax: +91-141-228 2733

Web: www.cuts-international.org, Email: cuts@cuts.org

Table of Content

Introduction	1
Objective	2
Scope	2
Participants	2
Resource Persons	2
Inaugural	3
India in the Global Economy in 2020: Opportunities and Challenges	5
Trade Promotion Activities: A Field Perspective	7
A Practical Approach to Negotiations	10
India and the Multilateral Trading System – From Uruguay Round to Doha Round	13
Simulation Exercise on Investment Negotiations	20
Simulation Exercise on Trade Negotiations	22
Closing and Evaluation	24
Annexure I	25
Annexure II.....	28

Introduction

CUTS International organised a training programme on “Strengthening Skills on Commercial and Economic Diplomacy” for middle-level civil servants and business executives from August 18-21, 2008 in Jaipur. This was a sequel to the training programme that was organised earlier on July 16-19, 2008 in Jaipur for junior-level civil servants and executives. In 2007, CUTS had organised three such programmes targeted towards Indian government officials and representatives from business organisations handling international affairs and negotiations.

The Department of Commerce, Ministry of Commerce and Industry, Government of India is supporting these programmes, which seeks to fill the vacuum that exists in terms of institutional base for commercial and economic diplomacy.

This programme brought experts/resource persons together to explore and deliberate various aspects of commercial and economic diplomacy. Over a period of four days the participants were able to sharpen their skills on commercial and economic diplomacy through lectures, real life experiences of resource persons, simulation exercises, group discussions, etc. And at the end, participants acknowledged that learning with which they were enriched from the programme was extremely valuable. Based on the feedback received from the participant and resource persons, the programme was successful in terms of:

- quality of participation;
- resource persons;
- resource materials; and
- administrative and logistical arrangements.

Some Comments on the Programme

“Need based training programme on commercial and economic diplomacy should be replicated in different parts of India as a part of an evolving plan for India’s integration with global economy”.

S. K. Singh, Hon’ble Governor of Rajasthan

“Compared to many other programmes I think this one had a very good combination of faculty and participations. The important issue is how to improve what we are doing versus what could be done differently”.

Raymond Saner, Director, Diplomacy Dialogue, Geneva

“I discovered new areas of learning through these sessions and knowledge never goes waste. A broad review of India’s current international relations with various countries would be relevant for similar initiatives in future”.

R. K. Mitra, Director, Department of Commerce

“Now I understand how difficult it is for negotiators, as they have to carry forward the interest of all stakeholders, who often have different aspirations”.

*Satyan Sharda, Joint Director General of Foreign Trade,
Directorate General of Foreign Trade*

Objectives

- To meet the imperative of having trained government officials at various levels who are involved in commercial and economic diplomacy;
- To ensure coherence between India's domestic policy on trade and investment-related issues with international commitments; and
- To enhance skills by developing/strengthening capacity for taking effective part in trade and investment negotiations and implementation aspects of related international agreements.

Scope

The programme covered the following areas related to commercial and economic diplomacy:

- India in the Global Economy in 2020 – Opportunities and Challenges
- Trade Promotion Activities: A Field Perspective
- A Practical Approach to Negotiations
- India and the Multilateral Trading System – From Uruguay Round to Doha Round
- Simulation Exercise on Investment Negotiations
- Simulation Exercise on Trade Negotiations

Participants

The programme was attended by 16 officials from Department of Commerce, Directorate General of Foreign Trade (DGFT), Ministry of Labour and Employment, Ministry of Environment and Forests and Confederation of Indian Industry (CII). These officials have been handling work related to promotion of trade and investment and negotiations on various bilateral, regional and multilateral issues in their respective territorial divisions.

Resource Persons

Resource persons were comprised of eminent experts, practitioners and academicians in the field of commercial and economic diplomacy and related matters, which included:

- Kishan S. Rana, Former Indian Ambassador to Germany and Course Director of CUTS Commercial Diplomacy Programme
- B. K. Zutshi, Former Indian Ambassador to the GATT
- S. N. Menon, Former Secretary, Department of Commerce
- Raymond Saner, Director, Diplomacy Dialogue
- Siddhartha Mitra, Director (Research), CUTS

Inaugural

Bipul Chatterjee, Deputy Executive Director of CUTS warmly welcomed all the participants to the training programme and presented a brief background of CUTS International, including its progress as an organisation from grassroots to international level.

Kishan S. Rana, Course Director of CUTS Commercial Diplomacy Programme extended a warm welcome to the participant and acquainted them with the resource persons. He introduced the practice of commercial and economic diplomacy and argued why training and assessment is important for government officials and business executives. He gave example of the expertise of public sector in UK and commended their mock training programme, which is quite similar in nature to this programme.

B. K. Zutshi, Former Indian Ambassador to GATT (General Agreement on Tariffs and Trade, the predecessor of the World Trade Organisation), sharing his perceptions on international development in the arena of commercial diplomacy vis-à-vis India's position in the world, said that earlier India was not considered as a great competitor but time has changed and with liberalisation of trade, the country has hit the competition scenario with a bang. He expressed the importance of the art and science of diplomacy and negotiations and added that "greater togetherness of different agencies is required to further India's interests". He stated that this training programme will provide flavour of commercial and economic diplomacy which will be useful for the government officials in their day-to-day work.

Pradeep S. Mehta, Secretary General of CUTS International, while explaining the basic idea behind the inception of this training programme, informed that CUTS ventured into the field of international trade in the year 1991 when the Uruguay Round of GATT was at its peak, with a realisation that there was hardly any non-governmental organisation (NGO) working on such important issues. Since then, Mehta continued, CUTS went on to work extensively on international trade, and later on, it was realised that developing world lacks understanding on and scientific knowledge of negotiations. It was very important to get exposed to various tools, techniques and approaches of negotiations and how to achieve best results for the country during negotiations, he argued. This programme is itself a part of a broader educational exercise that CUTS has undertaken in order to increase economic literacy in India, he added.

S. K. Singh, Hon'ble Governor of Rajasthan, commended CUTS and Department of Commerce, Government of India for organising such a programme. He emphasised on need-based training programmes on commercial and economic diplomacy that should be replicated in different parts of India as a part of an evolving plan for India's integration with the global economy. He said that many officials handling trade policy matters and negotiations tend not to have the requisite skills to the extent needed. Such dealings require understanding of other partners, seeing the future beyond figures and numbers as well as a good understanding of human psychology, he explained. He asked for the establishment of an organisation like the Organisation for Economic Cooperation and Development (OECD) for the benefit of emerging Asian countries.

Expectations of the Participants

At the close of the inaugural session, participants were requested to express their expectations from the training programme. Their responses are summarised below:

- knowledge on the skills and art of negotiations;
- knowledge and understanding on coalition building and economic diplomacy as such;
- understanding and inputs of experts in practice on diplomatic practices around the world;
- knowledge on the techniques, tools and finer negotiation skills;
- understanding bilateral and multilateral trade agreements and diplomacy involved therein; and
- knowledge of preparatory process and essentials of requisite homework before entering into negotiations.

India in the Global Economy in 2020: Opportunities and Challenges – Siddhartha Mitra

Siddhartha Mitra, while pointing out the achievements of Indian economy in the present era of globalisation and economic liberalisation, asked for looking into the past and analysing the future. He discussed the existing Indian political economic situation, such as political compulsion due to a coalition government, on account of policy uncertainties and policy issues such as Special Economic Zones (SEZs). He dwelt on the analysis on the outsiders' perception about the Indian development and economic situation (India's image and how to improve) was dealt by drawing on documents such as the World Bank's Doing Business Report, United Nations Development Programmes (UNDP) Human Development Report, etc. Although the topic is not directly related to commercial and economic diplomacy it is important to have the knowledge of Indian economy at the back of mind while negotiating an agreement, he argued.

Mitra, at the outset, narrated the story of liberalisation in India and informed that during 1980s, Indian economy experienced changes with the advent of deregulation, delicensing and in freeing capital goods market, while in 1991, India faced the challenge of balance of payments difficulties. The simultaneous pressure by multilateral institutions led to full scale liberalisation, reduction in tariffs, encouragement to exporters, and better conditions for Foreign Direct Investment (FDI), etc. Taking one more step forward, late 1990s saw agricultural liberalisation and the beginning of Regional Trading Agreements (RTAs) in India, he added.

He painted the picture of progress of Indian economy and looked into the strengths and weaknesses of it by quantifying the extent of Indian liberalisation, which included analysing the parameters of trade as proportion of Gross Domestic Product (GDP), exports and imports as a proportion of GDP and FDI as proportion of GDP. He then analysed the changes in equality and poverty on the basis of 'Gini-coefficient' and head count ratio. The analysis stretched from a period of 1972-73 to 1999-00. He mentioned that liberalisation is not a one-time phenomenon but it is continuing steadily as the years pass by. Figures on exports of goods and services show an increase in their contribution to GDP, however, it is notable to consider that exports in good and services by the year 2003 were dwarfed by the imports in goods and services. The GDP per capita growth shows absolute increase and is commendable for India, he asserted.

He explained the importance of trade and its effect on development by citing an example of diamond cutting industry of India, which is a labour-intensive industry and in which manpower needs to be highly skilled. Moreover, it provides employment to workers and if an multi-national corporation (MNC) enters the market, locals will undoubtedly learn new skills of business, he argued. Following this exposition of trade and development effect, Mitra described the poverty and equality phenomenon, saying that inequality necessarily has a trickle down effect; however, figures show that liberalisation has shown some positive effect on reduction in poverty, he added.

In order to capture the changes in Human Development Indicators, Mitra continued, primary and secondary indicators were examined from 1960s to the year 2006. The primary indicators scrutinised life expectancy and literacy, both of which has steadily increased over the decades. The secondary indicator analysed for understanding the pros and cons of liberalisation in India included infant mortality, percentage of population with access to clean drinking water, physicians per 1000 population and hospital beds available per 100 population. Periodical data from 1960 to 2006 revealed that the infant mortality reduced over the years, however, it still remains a concern with figures showing 57.4 infant mortality per 1000 whilst in comparison to the US which has infant mortality of 5 per 1000, he reasoned. In case of accessibility to safe and clean drinking water, the figures are not encouraging although it has increased over the decades in India.

A similar examination of data of various decades from the past, on the physicians per 1000 population and hospital beds available per 100 population, demonstrate a steadily upward trend, however, he opined that for India to be a super power, a lot more is required to be done in the area of human development before a comparison with the US figures of 2.5 doctors per 1000 population with that of 0.5-0.8 doctors for per 1000 in India can be made. Another important factor in the tale of success story of India is the quality of life indicators such as number of telephone subscribers and percentage of households with television. The analysis showed increase in both the parameters, however, also glaringly depicted that in comparison to the US, there are miles to go before India could be portrayed as developed nation in the world, he added.

Another quality of life indicator, as Mitra explained, that were scrutinised like power consumption per capita, passenger cars per 1000 people, and personal computers per 1000 people. All these indicators depict an increase in quality of life over the years; India however, may have a long way to go. He further examined the transaction cost required to get the business done in India and compared it with the US such as procedures to build a warehouse, procedures to register a property, time in hours to prepare returns and pay taxes all indicated a higher transaction cost in India, etc.

Towards the end of his presentation, he deliberated on the strengths of India, which are as follows:

- Cheap human capital – India has around 10 million scientists, engineers and technicians, which is same as the US.
- Knowledge of English – Approximately 100 million English speakers, which is only second after the US.
- Service sector orientation – Lower chance of environmental barriers to growth.
- Large number of dynamic private entrepreneur class.
- Mitra expressed that it is important to examine the limitations and challenges faced by India in pursuit of it becoming a major player in the global economy by 2020. He mentioned following broad limitation and challenges:
 - Large and increasing crude oil imports – Imports 2/3rds of its needs.
 - Deficit in the current account is again emerging – Surplus emerged briefly after the turn of the century but is back to negative levels again.
 - Slow progress in social sector such as literacy and life expectancy although has increase but is not keeping up with growth.
 - Power generation not keeping up with growth and power demand.

- High levels of corruption – India at CPI of 3.5 is 72nd in clean governance out of 179 countries compared to Denmark (9.4) which is ranked No. 1 and US (7.2) at 20th place.
- A recent phenomenon of high inflation is also a cause of concern.

Trade Promotion Activities: A Field Perspective - Kishan S. Rana

Kishan S. Rana elaborated the practical methods employed in trade promotion, which includes market share analysis (for products and target markets), the role of embassies abroad in trade promotional activity, support measures from the Commerce Ministry, participation in trade shows, method of ‘challenge funds’ and spreading awareness of best practices etc. He emphasised the importance of trade promotion and propagated six propositions in the context of trade promotion.

Rana brought out his first proposition that too many trade ministries focus on the regulatory framework, and do not pay sufficient attention to promotion. He clarified that there is no unanimity over definition of economic and commercial diplomacy and suggested that the two largely cover concurrent areas, but ‘economic diplomacy’ is a wider term. Economic diplomacy progress typically in three stages, which remain concurrent. These three stages are as follows:

- export and investment promotion;
 - sustained networking abroad and at home; and
 - managing regulatory and economic environment in Free Trade Agreements (FTAs), Regional Trading Agreements (RTAs)
- The role of embassies in trade promotion is finely carved, which was nicely brought out in this session. The field

He explained that regulation is mainly the headquarters task, nevertheless embassies do provide inputs. In this context, a close headquarter-embassy interactions may produce ideal result. He emphasised that the embassies must be tasked so that they can contribute to policy. On the role of embassies, he introduced his second proposition that is most embassies have unused reserve capacity, and they need better tasking. He suggested that embassies should be given sufficient tasks and may also contribute to fixing country targets, for example, an economic ‘action plan’ for 20 key countries could be developed jointly. He also expressed that six countries could be identified for intensive promotion in a 2-year plan. This way embassy may be a useful platform in trade promotion, he argued.

While deliberating on export promotion, he expressed that market share analysis plays a vital role. One must carry out an analysis of country’s share in the import basket of target country, key products, competitors and the existing lacuna in this context, he reasoned. Fixing hard targets may be indicative but they help in focusing on the export promotion. Further, the information may be disseminated to home country and the enterprises may be motivated with the help of apex chambers for exports and direct outreach etc. One must understand that before entering a new market or launching a product in a new market companies require key information and hence prove beneficial in overcoming local hurdles.

Once the market is opened, Rana continued, one can rely on ‘lemming effect’ to produce volumes. Delegation visit and facilitating business visitors is another mode of trade promotion. He suggested that proactive mindset is important to help in making local contacts and embassies may be used whenever possible. Embassies may prove to be a good place to hold buyers-sellers meets given its modest infrastructure. While presenting his third proposition, he lamented that teaching craft skills is sadly inadequate in most developing countries.

Another important tool of trade promotion is organising trade fairs, and for this, Rana illustrated a comparison between ‘own trade show and joint established show’. He expressed that own trade shows work well with established local buyers and is useful in gaining attention. This method may help in making a splash in new market not accustomed to trade fairs. Nonetheless, one of the biggest hurdles in organising these fairs is to get visitors. At the same time joint established shows are best option in sophisticated markets and provides rich market intelligence, product trends. However, this kind of trade fair requires discipline, conforming to norms for maximum impact and calls for master methodology, he added.

While deliberating on the investment promotion, he pointed out that it entails two parallel tasks of addressing broad catchments in potential investor country and pursuit of identified targets. Since these two tasks are possible only by careful study of our needs, India is yet to find its optimal investment agency especially after the demise of India Investment Centre,. However, an idea of private public partnership (PPP) is one such possibility in this area, he suggested. He voiced concern over the ineffectiveness of Foreign Investment Promotion Board (FIPB) on the ground level and said that embassies are underused and operate on self-motivation. It is observed through experience that sustained efforts aimed at identified potential investors yield result. He then came up with his fourth proposition that UK’s ‘Trade and Investment Britain’ is an ideal promotional structure, and there is a need to study this model. He suggested that success stories are more effective than any amount of one’s own publicity. Networking with local business chamber industry associations, press, etc., is useful for trade promotion and organising one’s own investment promotion seminar is good, but joining such events held by others may work even better, he argued.

At this point, participants were introduced to the concept of challenge funds. It is a British innovation and sets up a competition among field units for promotional funds. In this concept Rana explained, modest amounts are disbursed to 10-12 best project proposals and proposals are supposed to cover a real target. This kind of promotional tool encourages competition and innovation and facilitates building up of a ‘library’ of workable ideas. It also encourages emulation and spread of ‘best practices.’ Other methods of trade promotion may include identifying 5 or 6 target countries for export and investment promotion for a maximum period of 2 years and utilise PPP in promotional activities in innovative fashion. One needs to follow up across embassies to convert ‘approved’ FDI for implementation and to treat dispute settlement on a priority basis with a promotional value, he added.

Rana laid emphasis on integrating ‘brand marketing’ into FDI and export promotion especially through organisation such as Indian Brand Equity Foundation (IBEF). He suggested that country branding should be treated as a core activity and there should be an attempt to accelerate the modernisation of India’s own exhibition and convention facilities, which integrate directly into branding. His fifth proposition showed that branding needs policy direction, for example, ‘public diplomacy boards’ of France and UK.

He suggested that embassies should post the bulk of their promotional information and reports on website as a tool for trade promotion and may offer ‘virtual’ trade exhibitions on the website in collaboration with apex chambers and organisations like Federation of Indian Chamber of Commerce and Industry (FICCI), Confederation of Indian Industries and India Trade Promotion Organisation (ITPO) etc. Besides, this for local outreach apex bodies of India such as Associated Chamber of Commerce and Industry (ASSOCHAM), CII and FICCI can be jointly mobilised for target marketing, he added.

In the concluding remarks, Rana opined that economic diplomacy demands a ‘Whole Government Approach’ along with promotional direction, which was also his last proposition. This approach is required to be inculcated through joint action of many players and a little mindset working in the area of trade promotion may bring wonders.

Raymond Saner remarked, as Rana’s presentation finished, that as a country evolves, government has to adjust to the complexities of the real world. The solution for this differs from country to country. He mentioned that India is evolving, which is clear from the responses of the participants as many times ministries do not work well together. He cited the example of Switzerland in this context and pointed out that there is clear delineation of boundaries of work. For example, foreign ministry works in political affairs, economic affairs/diplomacy have their resources in-charge of World Trade Organisation (WTO) affairs, OECD affairs etc. While supplementing the example of Saner, S. N. Menon added that there are not enough resources in India to adopt such kind of delineation. Menon highlighted the possibility of horizontal coordination for holistic policy.

A Practical Approach to Negotiations - Kishan S. Rana

Kishan S. Rana, during this session, highlighted the broad issues in negotiations, with particular reference to the Indian style, and possible improvements in India's external negotiation process. He laid emphasis on the importance of negotiation by stating that all negotiations are about human interaction and diplomacy is nothing but negotiation on one or the other aspect.

Rana informed that formal negotiation is the task of all ministries whether it is labour, environment or any other ministry. Usually, specialists handle non-political negotiations while the diplomats from foreign ministry assume supporting role. He pointed out the growing importance of negotiations at different levels, i.e. bilateral and multilateral negotiations and said that multilateral negotiations are slightly complex due to presence of multiple actors.

Given the importance of negotiation, he clarified, it is pertinent to understand the meaning of negotiation. Negotiation involves issues of conflict and behind these issues are the common interests. Usually, common interests are not apparent, hence cannot be solved unilaterally, he reasoned. It requires commitment to resolve the issues and some willingness to compromise, otherwise there cannot be any negotiation. Attempt is always to get other side to accept what one wants and concede least. However, overdoing this could be fatal and even costs failure in negotiation, he warned.

He expounded that negotiating for governments is similar to commercial negotiation; however, it is different in one aspect that is government negotiations focus on long-term perspective. In any negotiation 'ego' and 'face' are at issues and it needs to be resolved. He stressed that reaching a win-win situation is always superior to unilateral advantage. India-Bhutan agreement on hydropower is a living example of trust and building up of relationship, which plays vital role in negotiation. He justified that outcome of one negotiation always have a positive or negative impact on the next negotiation. He then described different concepts of negotiations like Zone of Possible Agreement (ZOPA), Best Alternative to a Negotiated Agreement (BATNA), win-sets, ripe moment etc., which eventually help in arriving at consensus, i.e. produce agreements or results.

Rana went on to explain Rober Putnam's two-level theory of negotiations, which was initiated in early 1990s, and which provides the concept of modern negotiation at two following levels:

- Level I: External Negotiation meaning negotiations with foreign partners
- Level II: Negotiation at domestic constituencies i.e. negotiation with domestic stakeholders such as parliament, political parties, media, think tanks, etc

Whilst, explaining the Putnam's theory, Rana mentioned that the concept of 'win-sets' which covers the zone within which one is willing to accept the agreement. The negotiating partner is willing to accept a range of options given to him, whether it is the foreign counterpart in a bilateral process or the domestic stakeholders who have an interest in that issue.

Although, to identify the exact contour of ‘win-sets’ is a fairly complex issue, an effort to comprehend it is sensible as it helps in identifying the range of possibilities that may be acceptable to both the foreign partner and the domestic stakeholders. He said that sometimes it is easier to reach out to the domestic constituency of other party and quoted cricket diplomacy between India and Pakistan.

Rana expressed that having a wider win-set pushes a country in a weaker position in negotiation as the other side is aware of that wider win-set. He informed that almost all the developing countries have wide win-set. One of the participants, at this juncture, asked why these developing countries have a wide win-set. In response, he said that by suggesting that since these countries usually have weak position in the negotiations and have no rigid stand, thus having a wide win-set. He cited an example that usually countries with weak negotiating position want the other party to accept ‘x’ but is also ready to accept ‘y’ of the other party. The gap between x and y becomes big, i.e. wider win-set and hence the weaker position.

He went on to elaborate that a country like Japan usually has zero latitude in negotiation with a very narrow win-set and hence it has strong position in the negotiation. At the same time, other country finds it difficult while negotiating with Japanese as they usually consult at domestic level first, while Japan carries out extensive harmonisation of the domestic consensus prior to foreign negotiations and hence gains in three ways. First, it knows well the domestic win-sets and builds it into the official stance. Second, the relative inflexibility, which produces (because any new compromise must be cleared with the home Level II) a strong negotiating position. Third, implementation of an accord is easy because of the consensus already established with the stakeholders, he added.

He explained that economic diplomacy moves in broad stages of salesmanship, networking and regulation management. He pointed out four stages of negotiations, which are enumerated as under:

- **Pre-negotiations:** This includes formulation of agenda, venue, dates, delegations, etc. The settlement of preliminaries such as media management, building confidence and track II and track III processes are done at this stage. Track II includes discussions with NGOs and track III is negotiations with agencies independent of the Government.
- **Preparations:** This includes establishing internal consensus among various stakeholders and to focus strengths and weaknesses. During this stage, one should focus on building the team and political consensus in the country.
- **Negotiations:** This includes initial presentation, exploration, formula, details, packaging, building and implementation, creative part and the recognition of end game.
- **Follow-up:** This includes the assessment of negotiations, communication of the result, learning’s from the result, etc.

Rana elaborated on yet another method of negotiations called ‘the Harvard method of negotiations’. He rationalized that principled negotiations are superior to positional bargaining: positional bargaining produces blockage or unhappy accord, for example, India-China border talks. It is essential to separate people from the problem. Some of the tricks include treating emotions as legitimate, but should not react to those of others, pay attention and articulate about oneself and not on the behaviour of other side.

Furthermore, consideration of perception of others, finding out commonality of interest behind adverse positions, making a creative search for options and looking at criteria that may offer solutions are some of the other tactics that can be used while negotiating, he argued.

Rana deciphered the Indian characteristic of negotiations whereby negotiators like paperwork and work to short term and need gains to be visible. Indian negotiators are excellent in across table negotiations and have very sharp institutional memory, nevertheless are very concerned over status and ego: they have mastery over English, which acts both as their strength and weakness. Another characteristic of Indian negotiation is that the negotiators are weak in preparation, always have 'lack of time' and pay little attention to the four stages. Negotiating team from India sometimes misses signals due to poor listening habits and poor teamwork, he added.

He explained Tommy Koh's principle, which suggests that each negotiation is different and to be approached accordingly. Building a cohesive team (i.e. inter-ministerial team), mastering one's own brief and understanding others' brief, knowing when and how to use foreign advisors, using help from third parties, winning trust through emotional intelligence, understanding the other side's culture box and thinking on a win-win situation, are prerequisites of Koh's principle.

He concluded by saying that it is important to understand stereotypes, however, at the same time should build knowledge base. He suggested that although culture study cannot give all answers it is good to study the available information and build on own impressions and to contribute to the institutional memory thereby. It is vital to understand the diplomatic signals and building institutional knowledge base. Indians possess natural skills but need sharpening through training and must learn to blend concepts with practice, as neglecting theory is not beneficial, he cautioned. Exposing young officials towards the environment of negotiation is the need of the hour, he concluded.

India and the Multilateral Trading System – From Uruguay Round to Doha Round – B. K. Zutshi & S. N. Menon

B. K. Zutshi presented a brief history of the multilateral trading system (MTS) which included coverage of origin of General Agreement on Tariffs and Trade (GATT) in 1947 and several rounds that led to the initiation of the Uruguay Round. He said that there was a shift in competitive advantage in favour of some developing countries in manufacturing and technological developments in telecommunications and computing, resulting in much greater tradability of services. Another reason that led to the Uruguay Round is the dominance of and competitive advantage of developed countries in services.

Zutshi discussed extensively the reasons behind the fragmentation of the MTS and said that the GATT at the time was languishing and divorced from the real world issues of the global market place. Some commentators believed that the GATT had become largely irrelevant and was in danger of a total collapse. There was an urgent need for rejuvenating and reinventing the system to bring it closer to the ground realities. However, the perceptions differed among the contracting parties about the issues that needed to be addressed, he added.

He spoke about India's economic and trade policy framework during the preparatory and negotiating phases of the Uruguay Round, which included import substitution model of development, a high cost, centrally planned economy, in which state decided who would produce what, where and in what quantity. There were quantitative restrictions under the balance of payment provisions of the GATT and high tariff walls and other policy issues related thereto. In India's policy framework, export production was treated from domestic production and after the first spurt of industrialisation technological obsolescence has set in by the end of 1960s, he expounded. Between 1980 and 1991, there were tentative and sporadic attempts at the reform, nevertheless, India embarked on an economic reforms programme in 1991. Until then, the policy framework had remained unchanged since it was laid down in Pandit Jawahar Lal Nehru's time. He informed that there were some early internal debates on reforms during Rajeev Gandhi's Government, however, nothing much could be done because of vested interests and ideological predilections.

He pointed out that the policy framework at that time had a conservative approach; later, Rajeev Gandhi's Government liberalised external commercial borrowings for investment through the public sector. This resulted in the deterioration of the already fragile foreign exchange position to the point of imminent default by India in 1991 when the country had to physically pledge its gold reserve abroad to avoid a default. This directly resulted in India undertaking economic and trade reforms. Thus, Indian negotiators, he reasoned, had a very little flexibility due to the prevailing policy framework and thereby making them reluctant participants in the negotiations. Furthermore, by the time the trade round concluded in December 1993, the reform process was still at initial stages, coping with the financial crisis through import contraction by a more rigorous regime of quantitative restrictions, nevertheless some flexibility was available in tariff reductions as India had embarked on this reform by then, he added.

Zutshi explained that broadly India's interests lay in improving market access in its areas of export interest, by seeking reduction of tariff and non-tariff barriers (NTBs) in the relevant sectors. Its principal objective in this regard was abrogation of Multi Fiber Agreement (MFA) and the integration of textile and clothing (T&C) into the GATT. India had a defensive stance in agriculture because of food security, livelihood and employment concerns of largely subsistence farming. He explained that protection of a weak and inefficient service sector, particularly in infrastructure services such as banking, insurance, telecommunications and other utilities, was essential for India. There was a defensive stance in Intellectual Property Rights (IPRs) for a variety of reasons. Among others, one of the key reasons was the then domestic legislation on the subject, he argued.

He informed about the preparatory process of Uruguay Round and said that US took the initiative, with the support of other OECD countries, to seek to include services in the MTS. Developing countries and US, in particular, their efficient agricultural producers wanted agriculture to be integrated into the MTS, while EU was not in this favour. Furthermore, India, Pakistan and a few other developing countries were interested in the integration of the T&C trade into the MTS.

In general, developing countries, Zutshi continued, were also interested in improving market access in other goods of export interest to them like tropical products. On the other hand, developed countries priority, besides opening markets in other countries, was for inclusion of international trade in services in the MTS and for disciplines on international trade in counterfeit goods. Thus, the preparatory process was dominated by a long controversial debate on tradability of services. One of the issues in this debate was the application of trade rules to investment in services. He emphasised that investment had never been recognised as "trade" under the GATT.

Zutshi, while pointing out the Punt Del Este mandate and the ministerial declaration of September 20, 1986, said that the mandate is divided into two parts, part I and part II. Part I covered negotiations on trade in goods, namely, tariffs, non-tariff measures, tropical products, natural resource based products, T&C, agriculture, GATT article and Tokyo Round codes, anti-dumping, subsidies, dispute settlement, Trade Related Aspects of Intellectual Property Rights (TRIPS), including trade in counterfeit goods, Trade Related Investment Measures (TRIMS) and functioning of the GATT system. Part I was a single undertaking, which was meant to ensure that all the negotiating subjects would be covered, he argued. However, single undertaking assumed a somewhat expanded meaning in the final outcome, he added.

Part II of the mandate, Zutshi continued, was negotiations on trade in services, and the separation was meant to put the negotiations on the services on a separate legal track, but would receive the same administrative support from the GATT secretariat. This was the constitutional charter of the round and was the result of a difficult compromise that protected the positions and dominant interests of the developed and developing countries. Nevertheless, North-South dimension pervaded all through the negotiations, although the term itself was rarely used. The mandate was seen as a grand bargain between North and South, he added.

He explained the national preparation and consultation processes in India during the preparatory and negotiating phase. He mentioned that earlier India was reluctant participant in international engagement on trade issues. There was no tradition of stakeholder consultations, not even with the state governments, who had substantial stakes in subjects like agriculture. Absence of any informed public debate on issues under negotiations as well as input from academia and think tanks was highlights of this time.

However, in multilateral consultations, Zutshi explained, coordination and coalition building during the preparatory phase, India played a leading role. It chaired the “Informal Group of Developing Countries” until after the mid-term review and played vital role in creation of the coalition known as the Group of Ten (G-10), comprising Brazil, Cuba, Egypt, India, Nicaragua, Nigeria, Tanzania and Yugoslavia. India was also actively involved in creating perceptions about the functioning and effectiveness of the Informal Group of the developing countries and that of G-10.

Zutshi explained the Marrakech Agreement (which led the foundation of WTO) and its distinguishing features from the GATT, which are as follows:

- Unlike GATT, WTO an Institution.
- Third leg of the international economic order conceived at Bretton Woods.
- Much larger coverage by inclusion of services and TRIPS.
- A forum for continuous negotiations.
- Trade Policy Review Mechanism (TPRM)
- Single Undertaking
 - a) Intended for Part I of the mandate to ensure an outcome in each negotiating subject, restore integrity to the MTS and prevent its fragmentation in future
 - b) The notion assumed much greater importance and a deeper meaning in the context of setting up of the WTO
- A common Dispute Settlement and Enforcement Mechanism, with possibilities for cross-retaliations subject to some disciplines

He carried out an assessment of the results of Uruguay Round, followed by an assessment of the Round from Indian perspective. He mentioned that the most controversial part of the outcome of this Round for India was the TRIPS agreement. It encompassed the obligation to grant product patents in pharmaceuticals and agro-chemicals. The agreement also contained a 10-year phase-in period for grant of product patents in parallel with the phase-out of the MFA. It provided for grant of exclusive marketing rights for five years or until patent right become available in respect of patents filed after January 1, 1995. The agreement, however, contained non-authorised use (compulsory licensing) provisions on certain conditions without providing for ground or reasons for such use in it, he added.

He pointed out that the General Agreement on Trade in Services (GATS) is the most development friendly agreement of the Uruguay Round, particularly in case of India and said that the agreement has a bottom up approach to scheduling commitments. Important principle like market access and national treatment commitments are negotiated obligations unlike in the case of GATT and there is a notion of progressivity of commitments. He explained that presence of parity between factor movements of capital and labour (Modes 3 and 4) is quite unique with this agreement. Further, the actual commitments by all members under four mode are rather modest (except in telecom and to a lesser extent in financial services) but particularly so under Mode 4, i.e.

movement of natural persons as service providers, is one of the achievements of the Uruguay Round.

Zutshi informed that since then considerable autonomous liberalisation by developing countries, including India has taken place. Today, India has emerged a major exporter in software and other IT-enabled and knowledge-based services and has been the fastest growing services export in the last decade. He also pointed out the built-in agenda for future negotiations and built-in agenda is scattered throughout the various WTO agreements and there were commitments for future negotiations. For example, two such areas were services and agriculture. In services, the next round of liberalisation negotiations was to start from January 2000 and for agriculture from January 2001. He also discussed the other areas covered by the built-in agenda for further negotiations in the WTO. In conclusion, he explained the participation of and contribution to the preparatory and negotiating phases of the Uruguay Round by developing countries, including India's role.

S. N. Menon deciphered the intricacies of the Doha Round of negotiation in the WTO, including the latest development and informed that the drafters of the WTO Agreement envisaged the organisation to be a forum for continuous negotiations. Their idea was to put an end to the practice of negotiating rounds though it is debatable.

Menon pointed out that the idea of new round of negotiation came into existence even before the first Ministerial Conference of the WTO at Singapore in 1996. Developed countries pushed for expanding the remit of the WTO to issues like investment, competition, government procurement and trade facilitation, while developing countries highlighted the implementation problems and argued that the issues must be addressed before the commencement of a new round. The Seattle Ministerial Conference (1999) was poised to commence the new round, but it failed due to differences over the inclusion of labour standards as the bone of contention, he added.

Nevertheless, the new round of negotiations, he continued, was kicked off in the Doha Ministerial. The round saw inclusion of the 'Development Agenda' and the needs and interests of the developing countries were put at the heart of the WTO's Work Programme. The issues of concern of developing countries also figured in the negotiating mandate. The implementation issues, as suggested by the developing countries, were included. One of the vital issues was resolved by the Declaration on TRIPS Agreement and Public Health. The declaration allowed WTO Member countries to 'grant compulsory licences' and the freedom to determine the grounds upon which such licences are granted. Further, the Least Developing Countries (LDCs) were allowed implementing their TRIPS obligations relating to pharmaceuticals by 2016. However, formal negotiations commenced in after the establishment of the Trade Negotiations Committee (TNCs) in 2002 and the negotiations were to conclude not later than January 1, 2005.

He went on to describe the deliberation at the Doha Round and said that a number of safeguards were introduced to protect the interests of developing countries. In this context, Singapore issues, i.e. negotiations on these issues were to commence only 'by explicit consensus' and negotiations under Non-Agriculture Market Access (NAMA) were to take fully into account the special needs and interests of developing and LDC participants, including through 'less than full reciprocity in reduction commitment'. In agriculture, negotiations are suppose to effectively take account of the development needs of developing countries, including food security and rural development. In this round the European

Communities (EC) was able to get trade and environmental standards included in the negotiations despite the opposition from the US, he added.

Menon explained the thrust areas that were included in the Doha Round of negotiations. The exhaustive list of these areas is as under:

- Agriculture
- NAMA
- Services
- TRIPs
- Trade and Investment
- Trade and Competition Policy
- Trade Facilitation
- Transparency in Government Procurement
- The WTO Rules
- Dispute Settlement Understanding
- Trade and Environment
- Electronic Commerce
- Special and Differential Treatment for Developing Countries
- Duty Free Quota Free Market Access(DFQFMA) for LDCs' Exports
- Technical Cooperation for Capacity Building, Growth and Integration
- Trade, Debt and Finance
- Trade and transfer of technology

He explained the national preparation and the consultation process that was carried out in wake of the Doha Round and issues concerned thereto. This preparation included pre-negotiation and impact assessment studies by eminent institutions such as National Council of Applied Economics Research (NCAER), Indian Council for Research on International Economic Relations (ICRIER), Research and Information System (RIS), Centre for WTO Studies, United Nations Conference on Trade and Development (UNCTAD) India and Madras Institute of Development Studies (MIDS). These studies were then circulated for discussion and consultation so as to get as many inputs as possible, thereby helped the Government of India to take informed position on critical issues, he argued. With the Department of Commerce, expert groups to discuss specific policy issues were constituted and recommendations of expert groups formed part of government policy formulation and negotiating position. It included eminent scholars, experts from related fields, stakeholders, representatives of Chambers of Commerce and Industry and representatives of administrative ministries/departments, he added.

Menon informed that expert groups for Agriculture, NAMA, Trade Facilitation, Environment and Rules of Origin (RoO) were constituted. In certain cases, the expert group also interacted with other stakeholders as well as regional/local industry associations or stakeholders and provided necessary inputs to the Government of India. He listed the following processes that were carried out.

- Inter-governmental consultations in New Delhi.
- Consultations with the State Governments.
- Consultations with Apex Chambers and Industry Associations at various other places in India (on a sectoral/stakeholders cluster basis).
- Consultations done by UNCTAD India project as a part of their study, where the officials of the Department of Commerce also participated.

Menon, while pointing out the dynamics of negotiations in Agriculture and NAMA, explained that there were deep divisions between the agricultural exporting countries (The Cairns Group) and the developing countries having defensive interests. Chairman of the negotiating group on agriculture, Stuart Harbinson, presented the draft modalities in February 2003 taking on board the proposals on the table. Thereafter, in August 2003, less than a month before the Cancun Ministerial Conference, the US and EU presented a joint proposal that militated against the interests of both exporters and protection seekers in agriculture among developing countries. This was followed by the formation of the G-20 by prominent developing countries, led by Brazil and India to articulate their interests. Developing country groups emphasised the need to focus on the elements of the negotiating mandate that spoke of the needs and interests of developing countries, he added.

Furthermore, the chairman of the negotiating group on NAMA, Pierre Girard, presented the draft modalities in May 2003 that proposed some flexibility for developing and LDCs besides proposing appreciable movement towards tariff liberalisation, whilst, US, EC and Canada tabled a joint proposal in August 2003 that almost entirely ignored the developing country interests, he informed.

Menon talked about the divergence of views on agriculture between the developed and developing countries and the emergence of several groups such as G-20, G-33 who advanced the cause of the developing countries. Besides, African groups voiced their concern on the lack of transparency in the negotiating process. However, eventually, the insistence of the EC to push for negotiations on the four “Singapore Issues” hastened the closure of the Cancun Ministerial Conference. He informed that the Doha negotiations were resurrected through the July Framework Agreement in 2004, which eventually paved the way for the Hong Kong Ministerial in 2005. The Hong Kong Ministerial marked the evolution of new quad or G-4 (US, EC, Brazil and India) and they became the fulcrum of negotiating process. He narrated the core objective of the Hong Kong Ministerial and went on to discuss the key decisions that were taken in the Hong Kong Ministerial, which are as follows:

- In Agriculture, steeper reductions on high levels of trade distorting support and elimination of export subsidies by 2013 – to be confirmed upon the completion of modalities. Developing countries were allowed to have the flexibility to “self-designate” an appropriate number of tariff lines. Special Products (SPs) and Special Safeguard Mechanism (SSM) for developing countries was also decided.
- In NAMA, the ministerial saw adoption of “Swiss Formula” with coefficients, tariff reduction by taking into account the special needs of developing countries, including less than full reciprocity in reduction commitments and flexibilities for developing countries (Less than formula cuts for a proportion of the total tariff lines and keeping a proportion of total tariff lines unbound).
- Under Services, improvements in Mode 4 approach and in plurilateral negotiations to complement the multilateral process were agreed upon.
- Most importantly, clear timelines that would have ensured balance were laid out.

He explained some of the other key decision of the Hong Kong Ministerial such as operationalisation of ‘Aid for Trade’ initiative, implementation of the TRIPS and public health issue for the countries that did not have manufacturing capacities for producing pharmaceuticals etc.

Post Hong Kong, it was felt that agreement on all major areas was elusive and staggered and hence, step-by-step approach was adopted in the negotiating groups. Applied tariffs in developing countries continued to go down, giving vent to even higher demands by businesses in the developed world while pressure mounted in the developed countries for the retention of peaks and escalations as some developing countries became competitive in mid-range manufactures. Domestic politics in the US thwarted moves for reforming the farm subsidies regime and continuous engagement of the members over the market access issues in agriculture and NAMA kept the hopes alive for a Doha deal, he added.

Menon expressed that the spectre of global economic slowdown from the third quarter of 2007 has mounted pressure on the trade negotiators to seal the deal effectively and informed that the World Bank has predicted a substantial augmentation in global incomes if the Doha Round concludes. Another reason cited for increasing pressure on the trade negotiators is the high food prices due to the failure to clinch an agriculture agreement. A mini-ministerial in Geneva in July 2008 was convened to make a final push before the political exigencies in several key WTO Members took precedence, he informed. The Geneva mini-ministerial in which 30-odd WTO Members participated also broke down because of the contentious issue, i.e. agriculture. This occurred because US refused to accept the developing countries demand on SSM in agriculture. While concluding the presentation, Menon underlined the following bottlenecks of the mini-ministerial:

- Disagreement over the structure of SSM;
- Percentage tariff lines that can be declared as SPs, for example, WTO Director General Pascal Lamy has proposed 12 percent, while G-33/African Group, African, Caribbean and Pacific/Small and Vulnerable Economies (ACP/SVEs) have demanded 15 percent;
- The cotton issue remains contentious as the US remains ambivalent about subsidy cuts;
- No clear indications about the prospects of an agreement on NAMA (Anti-concentration clause and sectorals are the stumbling blocks for India).

Simulation Exercise on Investment Negotiations – Raymond Saner

Raymond Saner conducted a simulation exercise on investment negotiations. Participants were divided into several groups representing Indonesia, Malaysia, Thailand, Small Scale Industries (SSI) units and MNCs. The simulation was hypothetical and based on the micro analyser industry and the multinational enterprises and local countries were hypothetical as well. The aim of the simulation exercise was to improve participants understanding on the strategies of multinational firms, local companies and host country governments. At the end of the first round (an hour), the team was asked to draft a memorandum of understanding (MoU) that covered some of the key aspects of the deal and prepare their own strategies while negotiating with one another.

Saner, while describing the simulation exercises on trade and investment negotiations, suggested that one should look at the aspects of minimum reservation price, the aspiration price, transfer of technology, management control and financing options while negotiating. This exercise stimulated a negotiating situation involving MNCs, Southeast Asian Governments and their local companies of three newly industrialised countries (NICs) of Asia. The negotiators were concerned with the development of a high technology manufacturing industry in these countries and may involve foreign investment, joint ventures and technology transfer agreements. He further emphasised that government should look at the issue of industry structure, FDI allowed in the sector, number of companies they want to invest in and the incentives given to MNCs. He further outlined issues among MNCs and local companies, governments, and between two governments, etc. He asked the participants to look after competition and cooperation aspects while dealing with the given simulation exercise.

During the stipulated time period, participants (formed as groups) negotiated among each other. Saner guided the entire group to achieve a successful negotiation. While summing up the session he mentioned that the roles were deliberately assigned as such in order that everyone gets to know the feel of being in other's shoes and to look at the issue of FDI and the possible solutions. He then appreciated and thanked all the participants for their effort in understanding the tools and techniques of negotiation.

The simulation exercise was followed by the evaluation carried out by S. N. Menon, who addressed the problems faced in negotiation as a result of simulation exercise on investment.

Issues for the Government

Menon explained that the question of domestic regulation becomes vital while attracting investment, as it is essential for better expansion of the financial and capital markets following the investments in the market. The role of government is therefore very crucial as it is the one who is aware of the issue at domestic level and is also the best to decide what is beneficial for its domestic market in terms of rules and regulation. Besides, since the SMEs cannot articulate their views, the government must act as a spokesperson. Expressing his views on India's stand on WTO compatibility and flexibility on WTO norms, he pointed out that the limitation on flexibility is quite possible and it allows deviating from the policy and considering an alternative policy.

Issues for the SMEs

Building cross country coalition, Menon continued, is extremely difficult. There are a number of issues such as FTA, MFN rule and issues of WTO compatibility, which must be kept in mind. Government equity, investment cooperation is rare unless it is a very huge investment. He gave the example of Intel, which carefully evaluated the deal of setting up of manufacturing facility for integrated chips offered by both India and Vietnam and finally went ahead with Vietnam, because of better preposition. Hence the importance of transparency is always important in such kind of negotiations. Referring to the case of Singur, he mentioned that the political parties felt that the domestic investment scenario is not transparent and that gave way to a lot of conflicts.

Issues for MNCs

Menon said that there are provisions for negotiating in taxes and tariffs but a trade-off has to be there between infrastructure provision and the responsibility of the MNC. It is certainly difficult for the MNCs to understand the viewpoint and position of various stakeholders. Every MNC demands for 50 percent equity, which is genuine as they are putting in the larger share of the money.

Simulation Exercise on Trade Negotiations – Kishan S. Rana

Kishan S. Rana conducted a simulation exercise between two hypothetical countries, namely, Utopia and Newland on bilateral FTAs. The simulation exercise focused on the last phase of the negotiation during which a number of the most sensitive and difficult issues have to be resolved, which are:

- Desire of Utopia to gain access for its banks & telecommunication firms in Newland, which are highly competitive
- Request by Newland for an increase in number of temporary work visa and business visa
- Labour standards
- Agriculture issues
- Textiles
- Issues related to democracy and human right (terrorism)

Participants were then divided into several groups for one-on-one negotiation. Each participant was given some common facts and a set of confidential instructions. Utopia was a large developed economy and Newland was an advanced developing economy about one tenth the size of Utopia. The case study showed an extensive economic relationship between the two countries, as a result of a large immigrant population from Newland to Utopia, extensive investments by Utopia companies in Newland, and heavy dependence of the Newland economy on exports to Utopia. Newland was also an important tourist destination for Utopia citizens, which was a major source of income in Newland. Utopia was among the largest trading countries in the world and it represented around 40 percent for Newland exports and imports. Newland represents less than one percent for Utopia trade.

After the conclusion of the negotiations, one has to review the outcome of each of the negotiations and how an optimum result could be achieved through a careful analysis of the interests, constraints and priorities of each of the two countries. Negotiations started with a round of discussion (10-15 minutes) followed by analysis. Groups (as Utopia and Newland) under the guidance of Rana developed their country strategies and negotiated till they get the best deal for themselves.

In this context, B. K. Zutshi explained that NTBs are based on the basic principles of non-discrimination among the countries and MFN, on quantitative restrictions and transparency. The system recognises that one can legitimately provide protection through tariffs. However, any other type of restriction in the movements of goods or in its exports is termed as the NTBs. The issue of NTB other than tariffs relate mostly to standards.

Zutshi informed that as a result of negotiations in the Kennedy Round, members agreed to have an agreement on technical barriers. Since agriculture was not a part of WTO negotiations until the Uruguay Round, there was another counter part to Technical Barriers to Trade (TBT), which is known as Sanitary and Phyto-Sanitary (SPS) measure. In both issues of TBT and SPS, the basic principle recognised is that the sovereign country is free to decide the minimum level of health and safety on plant, environment and health, he added.

In GATT the exception clause, he continued, contained in Article XX, which enumerated the same principle of protectionism but subject to the condition that such protection should not discriminate between the countries and will not allow distortion in trade relations using SPS or TBT. At present, the issue of NTBs has become complex and it has been realised that there is a tendency among member countries to circumvent these rules in order to deviate from the mandatory obligations.

Zutshi described that several technical and contentious issues are also involved such as zero tolerance of risks among developed countries and the risk which the government should take control of. He cited examples of Europe and Australia and mentioned that these countries on the grounds of zero risk tolerance do not necessarily adhere to the international standards and go beyond that. He emphasised that importing countries usually employ the protectionist measure in the name of SPS to keep off imports. So, there is a constant struggle to discipline the use of these measures, by making it scientific. Importantly, it is not only used by the developed nation but also by the developing countries. For example, India itself is using it in case of wheat imports.

Furthermore, it is more worrisome, Zutshi went on to explain, when NTBs are not imposed by government, but arise out of certain trade practices itself, which are known as process related barriers. For example, the carpet industry in India is suffering hugely because American companies have stated that they will not buy any product, which uses child labour. Since the government is not the decision maker in this case, the question of dispute does not arise. It is the purchasing industries, which impose these barriers. Similarly, he cited examples on many other issues in goods as well as services sector, which are related to the imposition of NTBs, he concluded.

Closing and Evaluation

In the closing session Kishan S. Rana explained the theory of knowledge, which is to be considered at three different levels: level 1 (birth of an idea); level 2 (development of skills); and level 3 (internalisation of knowledge and skills). He mentioned that the training programme is about learning to internalise ideas and knowledge through the development of specific skills on negotiations. While evaluating this programme, he expressed that the most difficult part of this process is the internalisation of knowledge and skills and the programme can be termed as success, as the participants have reached the third level of the knowledge.

B. K. Zutshi pointed out that in today's hurly burly schedule of work one tends to bypass/forget the reasoning behind a particular task. Thus, a conceptual basis for action is most important and this programme is stimulating and will certainly benefit the participants in their routine work.

Raymond Saner in his remarks applauded the participants and emphasised that compared to many other programmes, this training programme has a very good combination of faculty and participants. He mentioned that this was an enriching experience to have the Indian perspective and underlined that one of the important issue in negotiations is how to improve what we are doing versus what could be done differently. He further suggested of considering a simulation exercise, which is close to actual negotiations at WTO or preferential trade agreements. Though it might take more time but will allow people to have the feel of stress by working overnight, he added.

S. N. Menon succinctly remarked that if he had an opportunity to undergo such training programme he would have negotiated differently and probably in a better manner during his tenure. He mentioned that negotiation requires a balance between experience and technical skill. Exposure to training programmes like this will be important for our future negotiators. He applauded that the civil society's involvement in the process of negotiations has helped India a lot in formulating and taking forward its negotiating positions during the Doha Round of trade negotiations. It is a must and therefore, the Government should engage more with the Indian civil society organisations (CSOs) to reach out to diverse stakeholders, particularly labour unions, consumer groups and environmental organisations in other countries, he concluded.

Bipul Chatterjee expressed his gratitude towards Department of Commerce, Government of India for their support in conducting such a useful training programme. He informed the participants and resource persons that a comprehensive assessment of these training programmes by an external agency will be done to evaluate the success. Moreover, as a part of this programme a book will be published, which will elucidate the experience of negotiations, trade and investment promotions by eminent negotiators in the past, he added.

Participants were of the opinion that the training programme provided them with better understanding and has helped in discovering new areas of learning through each session. They appreciated and acknowledged the rich experience and expertise of resource persons, quality of resource material and overall administration of the training programme. According to them, the logistics arrangements were very good and they had a comfortable stay at the venue. Participants provided with their feedback and suggestions which are summarised in the feedback analysis report that has been prepared separately.

Annexure I

Agenda

Day One (18 August, Monday)	
0930-1100	<i>Inaugural Session</i>
0930-0935	Bipul Chatterjee, Deputy Executive Director, CUTS
0935-0950	Kishan S Rana, Former Indian Ambassador to Germany and Course Director of the CUTS CDS Programme
0950-1000	B K Zutshi, Former Indian Ambassador to the GATT
1000-1020	S K Singh, Hon'ble Governor of Rajasthan
1020-1030	Pradeep S Mehta, Secretary General, CUTS
1030-1100	Participants' Expectations
1100-1130	<i>Tea/Coffee</i>
1130-1330	<p><i>Session 1: India in the Global Economy in 2020 – Opportunities and Challenges</i></p> <p>What have been the achievements of the Indian economy in the present era of globalisation and economic liberalisation; Indian political economy environment (i.e. political compulsion due to a coalition government, on account of policy uncertainties, issues such as SEZs, etc); Outsiders' perception about the Indian development and economic situation (India's image and how to improve) by drawing from documents such as the World Bank's Doing Business Report, UNDP's Human Development Report, etc.</p> <p>Siddhartha Mitra, Director (Research), CUTS</p>
1330-1430	<i>Lunch</i>
1430-1600	<p><i>Session 2: Trade Promotion Activities: A Field Perspective</i></p> <p>What are the practical methods for trade promotion? The methods of market share analysis (for products and target markets); A proactive promotional mindset by embassies abroad; Support measures from the Commerce Ministry; Visits by business delegations; Participation in trade shows; The method of 'challenge funds'; Spreading awareness of best practices, etc.</p> <p>Kishan S Rana</p>
1600-1630	<i>Tea/Coffee</i>
1630-1800	<p><i>Session 3: A Practical Approach to Negotiations</i></p> <p>An examination of the broad issues in negotiations, with particular reference to the Indian style, and possible improvements in our external negotiation process.</p> <p>Kishan S Rana</p>

Day Two (19 August, Tuesday)	
0900-1100	<p><i>Session 4: India and the Multilateral Trading System – From Uruguay Round to Doha Round</i></p> <p>This Session will link the strategies at various stages to the policy objectives India was pursuing in these negotiations. It will focus on the following:</p> <ul style="list-style-type: none"> A. India’s participation in the multilateral trading system (MTS) from the preparatory process for the Uruguay Round through the Uruguay Round negotiations, the preparatory process for the Doha Round and the ongoing Doha Round negotiations. B. The trade policy objectives India was pursuing in these four different phases of its engagement with the MTS and how these objective evolved and changed during this period. C. What negotiating strategies were deployed to secure the objective with what degree of success? D. The nature and extent of national preparation, including stakeholder consultations at home and how this process has evolved since the preparatory phase of the Uruguay Round. E. India’s role in promotion of coalitions and participation in coalitions promoted by others over this period of time. <p>B K Zutshi S N Menon, Former Commerce Secretary of Government of India</p>
1100-1130	<i>Tea/Coffee</i>
1130-1330	<i>Session 4 Continued</i>
1330-1430	<i>Lunch</i>
1430-1630	<i>Session 4 Continued</i>
Day Three (20 August, Wednesday)	
0900-1100	<p><i>Session 5: Simulation Exercise on Investment Negotiations</i></p> <p>Commercial diplomacy put into context of multi-actor competitive environment where three South Asian governments, three global companies and six local companies vie for foreign direct investment in the information technology sector. Cost-benefit of foreign direct investment (FDI), short- and long-term business implications, country development strategy vs. investment strategy of multinational corporations will be explored.</p> <p>Raymond Saner, Director, Diplomacy Dialogue, Geneva</p>
1100-1130	<i>Tea/Coffee</i>
1130-1330	<i>Session 5 Continued</i>
1330-1430	<i>Lunch</i>
1430-1630	<i>Session 5 Continued</i>

Day Four (21 August, Thursday)	
0900-1100	<p><i>Session 6: Simulation Exercise on Trade Negotiations</i></p> <p>A negotiation simulation involving four issues involved in a free trade agreement, aimed at exploring the manner in which a bilateral negotiation unfolds, and the possibilities of trade-offs, based on the mutual and shared interests of the two sides, which may lie beneath the surface.</p> <p>Kishan S Rana</p>
1100-1130	<p><i>Tea/Coffee</i></p>
1130-1330	<p><i>Evaluation of the Programme</i></p> <p>Kishan S Rana B K Zutshi S N Menon Raymond Saner</p> <p><i>Closing Remarks</i> Bipul Chatterjee, Deputy Executive Director, CUTS</p>

Annexure II

List of Participants

S. No.	Name	Designation and Coordinates
1.	R. K. Mitra	Director (SEZs/EOUs) Department of Commerce Ministry of Commerce and Industry Room No. 279, Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23063400 Fax: +91-11-23063400 Email: rk.mitra@nic.in
2.	Mukesh Bhatnagar	Director (TPD) Department of Commerce Ministry of Commerce and Industry Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23063328 Fax: +91-11-23063418 Email: mbhatnagar@nic.in
3.	Neeraj Varshney	Director (DGAD) Department of Commerce Ministry of Commerce and Industry Room No. 223, Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23062704 Fax: +91-11-23062704 Email: nvarshney@nic.in
4.	Rajgopal Sharma	Director (FT-EU) Department of Commerce Ministry of Commerce and Industry Room No. 219, Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23063365 Fax: +91-11-23063365 Email: rajgopal.sharma@nic.in
5.	N. P. S. Monga	Director (DGAD) Department of Commerce Ministry of Commerce and Industry Room No. 279 D, Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23062527 Fax: +91-11-23062527 Email: npsmonga@nic.in

6.	Indira Murthy	Deputy Secretary (FT-Africa) Department of Commerce Ministry of Commerce and Industry Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23062577 Fax: +91-11-23063418 Email: indira.murthy@nic.in
7.	A. K. Lahiri	Deputy Secretary (Vigilance, Infrastructure Division) Department of Commerce Ministry of Commerce and Industry Room No. 283, Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23062593 Fax: +91-11-23063418/23062335 Email: lahiri@nic.in
8.	Ravindra B. Joshi	Deputy Secretary (MDA) Department of Commerce Ministry of Commerce and Industry Room No. 215, Udyog Bhawan Maulana Azad Road New Delhi 110011 Phone: +91-11-23063691 Email: rb.joshi@nic.in
9.	Satyan Sharda	Joint Director General of Foreign Trade Directorate General of Foreign Trade Ministry of Commerce and Industry Room No. 110, Udyog Bhawan H- Wing, Maulana Azad Road New Delhi 110011 Phone: +91-11- 23062968 Email: s.sharda@nic.in
10.	S. K. Samal	Joint Director General of Foreign Trade Directorate General of Foreign Trade Ministry of Commerce and Industry Room No. 110 A, Udyog Bhawan H- Wing, Maulana Azad Road New Delhi 110011 Phone: +91-11-23063249 Fax: +91-11-23061613 Email: sk.samal@nic.in

11.	Sanjeev Nandwani	Joint Director General of Foreign Trade Directorate General of Foreign Trade Ministry of Commerce and Industry 4, Esplanade East Kolkata 700069 Phone: +91-33-22488973 Fax: +91-33-22485892 Email: snandwani@nic.in
12.	Vinod Kumar	Deputy Director Ministry of Labour and Employment Shram Shakti Bhawan Rafi Marg New Delhi 110001 Phone: +91-11-23765232 Email: gargvinodkv@yahoo.com
13.	Agrim Kaushal	Deputy Secretary Ministry of Environment and Forests Paryavaran Bhawan CGO Complex, Lodhi Road New Delhi 110003 Phone: +91-11-24364642 Fax: +91-11-24364642 Email: agrim001@dataone.in agrim001@indiatimes.com
14.	Indrayani Mulay	Executive officer Confederation of Indian Industry (CII) The Mantosh Sondhi Centre 23, Institutional Area, Lodhi Road New Delhi 110003 Phone: +91-11-24629994-7 Fax: +91-11-24601298 Email: indrayani.mulay@ciionline.org
15.	Ankit Bhatnagar	Executive (West Europe) Confederation of Indian Industry (CII) The Mantosh Sondhi Centre 23, Institutional Area, Lodhi Road New Delhi 110003 Phone: +91-11-24629994-7 Fax: +91-11-24601298 Email: ankit.bhatnagar@ciionline.org
16.	Mukul Gupta	Executive (International Trade Policy) Confederation of Indian Industry (CII) The Mantosh Sondhi Centre 23, Institutional Area, Lodhi Road New Delhi 110003 Phone: +91-11-24629994-7 Fax: +91-11-24601298 Email: mukul.gupta@ciionline.org