

Training Needs for Commercial and Economic Diplomacy

An Indian Case Study



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Acronyms

AEPC	Apparel Export Promotion Council
APEDA	Agricultural and Processed Food Products Export Development Authority
ASSOCHAM	Associated Chamber of Commerce and Industry
CII	Confederation of Indian Industries
DSR	Diagnostic Survey Report
EEPC	Engineering Export Promotion Council
EPCH	Export Promotion Council for Handicrafts
FICCI	Federation of Indian Chambers of Commerce and Industry
HEPC	Handloom Export Promotion Council
NTBs	Non-Tariff Barriers
SPS	Sanitary and Phyto-sanitary Measures
TBT	Technical Barriers to Trade
TRIPS	Trade Related Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

1

Background

This Report is an outcome of the project entitled, “Capacity Building of Indian Government Officials on Commercial and Economic Diplomacy” supported by the Department of Commerce, Ministry of Commerce and Industry, Government of India. This project is designed to equip government officials, who are targeted to undergo this training, with various tools and techniques of commercial and economic diplomacy.

The purpose of this Report is to carry out the need assessment for formal training to Indian government officials and business executives, who are handling issues related to commercial and economic diplomacy. It was envisaged that CUTS would be undertaking this survey before initiating a formal beginning of the project. This would have helped CUTS in organising customised training programme, while, assessing the need of training for various levels of government officials and business executives as per the flow chart below.

Figure 1: Flow Chart of the Project Cycle

*Diagnostic survey → Needs Assessment → Orientation
Workshop → Customised Training Programmes for Indian
Government Officials and Business Executives*

The survey was undertaken with the help of a questionnaire (see Annexure 1) designed by subject experts. The questionnaire was canvassed with selected Indian government officials at various levels such as Joint Secretary, Economic Adviser, Director, Deputy Director, Under Secretary, Section Officer, etc., including officials handling work and negotiations on commercial and economic issues; with individuals handling international affairs in business houses; with international organisations and chambers of commerce; and with Ambassadors and High Commissioners in various Embassies/High Commissions. In addition, it was also posed to the participants of the three training programmes held during the year 2007-08.

In spite of the best efforts, only 10 responses were received from various departments/ministries, embassies/high commissions of India, private sector organisations, international organisations and chambers of commerce. It can, thus, be said that this report is largely based on the feedback from the participants of the three training programmes on commercial and economic diplomacy conducted by CUTS during the year 2007-08.

2

Introduction to the Project

The Department of Commerce, Ministry of Commerce & Industry, Government of India has mandated CUTS to organise a series of training programmes on commercial and economic diplomacy for Indian government officials and officials in international organisations, chambers of commerce and business houses, dealing with international trade and commerce during the year 2007-10.

The idea behind the project is to fill the vacuum in institutional support for training/educational programmes on commercial and economic diplomacy in India.

2.1 Defining Commercial and Economic Diplomacy

Teaching of and research in commercial and economic diplomacy is a relatively new field in pedagogy and academics, with the result that even the definition of the subject matter is not settled. At the first place, the distinction between “commercial” and “economic” is not at all clear: the difference between the two varies among authors, experts and analysts of the subject. Geza Feketekuty defines commercial diplomacy as encompassing “all the activities related to analysing, developing, negotiating, and implementing trade agreements”¹ and economic diplomacy as “diplomacy related to all economic issues”.² In this light, commercial diplomacy can be said to be a subset of economic diplomacy. In common parlance, ‘commercial’ and ‘economic’ are interchangeably used for the same set of activities.

For the purpose of this report, however, commercial diplomacy is taken as the work of diplomatic missions in support of home country’s commercial and business interests and includes two-way cross-border trade and related issues, and inward and outward investment promotion and related issues.³ A commercial diplomat is a professional skilled in advancing these interests of his/her country of representation, or organisations of that country, in the country of his/her assignment, including help in resolving commercial disputes and policy conflicts.

Economic diplomacy, on the other hand, deals with economic policy issues such as in the multilateral fora like the World Trade Organisation (WTO), the United Nations Conference on Trade and Development (UNCTAD) and standard setting organisations like the World Intellectual Property Organisation (WIPO). Economic diplomacy employs economic resources either as rewards or sanctions, in pursuit of a particular foreign

policy objective. This is sometimes called ‘economic statecraft’.⁴ An economic diplomat is a professional who also monitors and reports on economic policies in foreign countries and advises the home government on how to best influence them.

Broadly speaking, diplomacy deals with articulation of foreign policy in the real world of trade and investment between nations where high principles and objectives being set out in the policy are fleshed out and put into effect. It is the application of intelligence and tact in conducting official relations (particularly on trade and investment) between governments of independent states, extending sometimes also to their relations with vassal states, or more briefly still, the conduct of business between states by peaceful means.⁵

Given the complexity of present day economic relations among nations, there is ever greater need for trained and technically competent officials, well versed in cross-border trade law & regulations, and domestic political economy issues to ensure fair and balanced outcomes in trade and economic exchanges. Technical competence would encompass skills in negotiations and a felicity in deploying various tools and techniques of negotiations. No doubt, deficiencies in proper training in commercial and economic diplomacy in India have been recognised.

The Government of India has been called upon to considerably strengthen its infrastructure for undertaking global trade negotiations.⁶ Since India’s global economic engagement is moving forward at a brisk pace, its need for trained people in commercial and economic diplomacy is ever more necessary and urgent. Achieving global success today depends on the skilful interaction of leaders who seek to forge effective and beneficial bilateral commercial relationships. Learning new skills and acquiring new knowledge is no longer a “nice to have”, it has become an absolute necessity for today’s diplomats.⁷

2.2 Objectives of the Training Programme

Key objectives of the training programme are:

- meeting the imperative of having trained government officials and corporate managers, for conducting commercial and economic diplomacy for and on behalf of India;
- ensuring coherence between India’s domestic policy in trade & investment and its international engagement on these issues; and
- enhancing skills for effective participation in trade negotiations and for implementation of international agreements.

2.3 Tools of Commercial and Economic Diplomacy

- Negotiations;
- Operational document creation;
- Public and private communication analysis (especially in the field of economics, politics, law and international relations); and
- Coalition building.

2.4 Target Clientele

The target clientele for the training programme are:

1. **Senior Level:** Joint Secretaries, Additional Secretaries in Central Government and Principal Secretaries and Additional Chief Secretaries in State Governments.
2. **Middle Level:** Directors, Deputy Directors, Deputy Secretaries in Central Government and Secretaries in State Governments.
3. **Junior/Fresher: Level:** Under Secretaries, Section Officers, Desk Officers, Fresher/ Probationers in Central Government and Deputy Secretaries in State Governments.
4. **Business Houses:** Corporate managers involved in commercial and economic negotiations and international affairs.
5. **Chambers of Commerce:** Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and, Associated Chambers of Commerce and Industry of India (ASSOCHAM), etc.
6. **Export Promotion Councils and Commodity Board:** Apparel Export Promotion Council (AEPCC), Agricultural and Processed Food Products Export Development Authority (APEDA), Engineering Export Promotion Council (EEPC), Handloom Export Promotion Council (HEPC), Export Promotion Council for Handicraft (EPCH), etc.

3

Objective, Scope and Methodology of the Diagnostic Survey

3.1 Objective

The objectives of this Diagnostic Survey were to:

- identify problems in this area of governance and suggest possible ways of addressing them;
- diagnose the problems experienced by Indian practitioners while taking part in international negotiations on trade and investment issues and in implementation of relevant international agreements; and
- assess the training needs for commercial and economic diplomacy.

While doing so, this survey report will look at the significance of commercial and economic diplomacy and its conduct by officials in the context of international relations-on trade related policy issues. Indicators/parameters used in the questionnaire are designed to reveal the need for formal training in commercial and economic diplomacy. A scale of 1-6 has been used to assess various interpersonal skills in practitioners, necessary for successful prosecution of commercial and economic diplomacy. Responses have been sought with a view to identifying obstacles encountered in negotiating agreements at international and/or domestic levels.

3.2 Scope

The survey aims to reveal the degree of awareness in the respondent group (i.e. among Indian government officials and business executives) of various tools and techniques of commercial and economic diplomacy. The degree of awareness would show the need for training in the concerned area. The survey report will be an important input in designing improved course modules, with templates, for different categories of government officials and business executives.

The questionnaire seeks to find the priority level (in terms of high, medium and low or do not know) of different topics and various tools and techniques of commercial and economic diplomacy, from the perspective of respondents, with a view to crafting the agenda for the training programme.

3.3 Methodology

The survey was carried out mainly through the questionnaire supplemented by personal discussions whenever possible. Approximately, 300 respondents from among Indian government officials and officials handling the work related to commercial and economic negotiations and international affairs in business houses, international organisations and chambers of commerce were targeted for the survey. The questionnaire, under a covering letter, was canvassed with officials of the Ministries, Departments and Organisations (see Annexure 2), and was sent via electronic mail to Embassies/High Commissions of India to elicit responses from Ambassadors, High Commissioners and Commercial and Economic Counsellors, etc.

The three-part questionnaire is a combination of open-ended and closed-ended questions. The first part, i.e. Personal Information has four general questions such as name, age, gender and qualifications, meant to profile the respondent's educational background and seniority in service.

The second part, i.e. Employment and Training Details has five questions such as designation, total years of service, current responsibilities, and number of training programmes attended with details thereof. Designation would indicate the current level/ position of the respondent in the concerned organisation whereas number of years of service, total work experience and number of training programmes attended will show inclination towards learning, continuing education and up-gradation of skills on the part of respondents, besides providing information about currently available training programmes for such categories of officials. All this information would be kept as inputs for designing the training programme in commercial and economic diplomacy.

The third part, i.e. Future Training Needs for Commercial & Economic Diplomacy has eight questions, which are given below:

- need of formal training in commercial and economic diplomacy;
- practical application of training on commercial and economic diplomacy;
- respondent's own assessment of his/her interpersonal skills graded as poor, below average, average, good, very good, excellent;
- relevance of different topics and various tools of commercial and economic diplomacy on the scale of high, medium, low priority and don't know;
- respondent's understanding of commercial and economic diplomacy;
- practical problems faced by respondents negotiating an agreement/contract in international and domestic sphere;
- ideal number of days for such training programme; and
- feasible place(s) for conducting these training programmes.

Other than from the participants to the three training programmes during the year 2007-08, response to the survey questionnaire was rather poor. Only six responses were received from the Embassies/High Commissions of India in Malaysia, Czech Republic, Russia, Egypt and Turkey, three from the Ministry of Commerce and Industry and from the Ministry of Chemicals and Fertilizers. The questionnaire was, however, filled in by 64 participants of the rank of Additional Secretaries, Joint Secretaries, Economic Advisors, Directors, Deputy Directors, Under Secretaries, Section Officers, etc and officials handling

the work related to commercial and economic negotiations and international relations in different organisations in the following three training programmes organised by CUTS:

- Building Skills on Commercial and Economic Diplomacy (CDS.02) in August 2007;
- Developing Skills on Commercial and Economic Diplomacy (CDS.03) in October 2007; and
- Strengthening Skills on Commercial and Economic Diplomacy (CDS.04) in January 2008.

4

The Report

4.1 Profile of Respondents

4.1.1 Age and gender

Most of the respondents were in the age group of 41 and above, i.e. 76 percent, around 20 percent in the age group of below 40. Around 4.2 percent respondents did not mention their ages (see Table 1). This age profile shows majority being in upper middle age, reflecting a measure of their maturity and long work experience in the government.

As to the gender profile, the majority (83 percent) were male and only a small minority (17 percent), female.

Table 1: Profile of the Respondents		
Age Group	Number of respondents	Percentage
Under 30	2	2.8%
31-40	12	16.9%
41-50	28	39.4%
51 and above	26	36.6%
Not Mentioned	3	4.2%
Total	71	

4.1.2 Qualification

The degrees held by the respondents cover a wide range of academic fields like social sciences, humanities, commerce, economics, business management, engineering, etc. Most of the respondents held masters' degrees, some are M.Phils and PhDs. Some had professional degrees like LLB, MBA, etc. In terms of percentages, around 70 percent of the respondents had master degrees, out of which 11.6 percent were postgraduates in Law, 10 percent postgraduates in management and business administration and the rest (10 percent) M. Phils and PhDs.

It is noteworthy that only six respondents had some academic background in international relations; none had any degree/certificate/diploma in commercial and economic diplomacy,

perhaps because Indian universities/institutions do not offer any structured courses in this field. This clearly reflects the need for introducing formal courses (degree/certificate/diploma) on commercial and economic diplomacy in India. The present position was succinctly put across by a respondent in the following words: *we just had to learn it on the job.*

4.1.3 Training and development

On the job training programmes were available to the respondents for performance enhancement and capacity building as evidenced in responses to the question about opportunities for professional development provided by their employers in their careers so far. Over 56 percent respondents had attended one or more training programme(s); nearly 44 percent had not attended any training programmes so far in their professional careers (see Table 2).

Table 2: Training Programmes Attended by the Respondents		
Training and Development	Number of Respondents	Percentage
Attended	40	56.3%
Not Attended	31	43.6%
Total	71	

These training programmes were of varied duration, from 2 to 15 days and covered WTO related issues (on services, agriculture etc), exports management, public administration, foreign trade management, information technology, environmental laws, office management and administration, etc.

4.1.4 Service and Work Experience

A majority of over 56 percent respondents had over 20 years work experience, and those with less than 20 years experience were a minority though in sizeable number of just under 38 percent (see Table 3). This reflects considerable work experience of the group. The information also revealed that this experience was diverse and varied and gathered from assignments in different ministries/departments and other organisations.

Table 3: Service and Work Experience of the Respondents		
Experience in years	Total number of respondents	Percentage
1-10	9	12.6%
11-20	18	25.3%
21-30	26	36.6%
31 and above	14	19.7%
Not Mentioned	4	5.6%
Total	71	

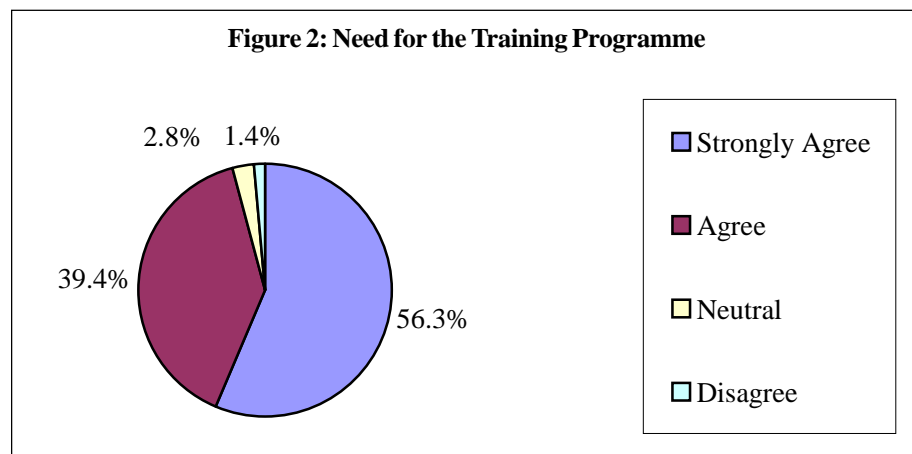
It is relevant here to understand the notion of ‘experience’. Etymologically, the word ‘experience’, as defined by the Oxford Dictionary, is the “accumulation of knowledge or skill that results from direct participation in events and activities” and ‘knowledge’ in turn is defined variously as; (i) expertise, and skills acquired by a person through experience or education; the theoretical or practical understanding of a subject; (ii) what is known in a particular field or in total; facts and information; or (iii) awareness or familiarity gained by experience of a fact or situation. *Knowledge* acquisition involves complex processes: cognition, perception, learning, communication, association.

The term *knowledge* is also used to mean confidence about a subject with the ability to use it for a specific purpose. In other words, while length of experience, in the context of an official may indicate his or her general ability, it will not necessarily give any indication about his/her domain knowledge of a subject, knowledge defined as expertise and skills acquired by a person through experience or education, unless further analysed as to the nature and specifics of that experience. Since the subject matter of this survey is ‘commercial and economic diplomacy’, one would have to see to what extent respondents, in their own assessment, felt well equipped by their experience to practice commercial and economic diplomacy efficiently and purposefully. And to see what they themselves thought about the need for technical/professional training on tools and techniques of commercial and economic diplomacy. These aspects have been dealt with in the second part of this report, which follows.

4.2 Future Training Needs

4.2.1 Need for formal training on commercial and economic diplomacy

Respondents were asked to comment on how strongly they agreed or disagreed with the statement that formal training in commercial and economic diplomacy would benefit them in improving their job performance. Figure 2 shows the response to this question. Nearly 96 percent indicated their agreement and/or strong agreement for the need of formal training in commercial and economic diplomacy, which would help them in improving their performance. This is even more significant than reflected in percentage terms, given the fact that over 56 percent respondents have work experience of more than 20 years.



Globalisation, defined as the cross border exchange of goods, services, people, information and ideas, is the prime focus of practice for the present day commercial and economic diplomacy. Albeit such cross border exchanges have been going on since prehistoric times. What is special about the present phase of globalisation is its breathtaking scope, scale and speed. And the drivers of this process have been the developments in communication and computation technologies, resulting in what has been called the death of distance on the one hand and irrelevance of location on the other, allowing for geographical dispersion of production of goods; and also production of services at places other than where they are consumed. The most dramatic result of these innovations has been the phenomenal mobility of capital. Historically, capital was relatively immobile and labour mobile. Today, it is the reverse in fact. A finished good, say a car is produced, by way of parts and components at several geographical locations. In case of services, production is taking place at places other than the consumption centres.

It is evident that the present process of globalisation has led to unprecedented and increasing levels of economic inter-dependence among countries, giving rise to a vastly expanded multilateral trading system, embodied in the WTO and going much beyond border measures and into areas previously considered solely in the domestic economic space. Another level of complexity in trade exchanges has been added by the emergence of preferential, bilateral and regional trade agreements. India, which until recently preferred multilateral rather than regional trade agreements, has joined the race for entering into preferential bilateral and regional trade agreements.

This increased engagement in trade and commercial diplomacy has thrown up the need for trained manpower to ensure fair and balanced outcomes from out of these engagements. Hence, the need for such capacity building training programmes has assumed greater importance.

4.2.2 Assessment of own interpersonal skills

Respondents were requested to assess themselves on a set of interpersonal skills (on a scale of 1-6), considered important for practitioners of commercial and economic diplomacy. This skill set (see Box 1) is, to an extent, a part of an individual's personality. Personality may be defined as a dynamic and organised set of characteristics possessed by a person that uniquely influences his/her cognition, motivation and behaviour in various situations. All individuals possess these personality traits and only the degree of their presence varies from one individual to another. Again, varying from individual to individual, some of these traits may be manifest and some dormant. All these skills can be developed and enhanced by training and practical application.

Officials on commercial and economic diplomacy assignments are broadly involved in tasks such as negotiations, country promotion, dispute settlement, trade and investment promotion, etc. The skill set mentioned in Box 1 is important for practitioners of commercial and economic diplomacy for effective discharge of their responsibilities. Ideally though, these skills should be a prerequisite for selection of individuals for manning various positions in the field of commercial and economic diplomacy.

Box 1: Interpersonal skills	
1.	Analytical skills
2.	Advocacy and promotion
3.	Coalition building
4.	Decision making
5.	Problem solving
6.	Negotiation skills
7.	Dispute Settlement
8.	Ability to speak more confidently in front of diverse groups of people
9.	Understand, work and live with diverse population
10.	Gain broader understanding of other cultures
11.	Take advantage of cultural opportunities

Frequency analyses of the responses in this regard are presented in Table 5 and in the bar diagram (see Annexure 3, Figure A). All calculations have been done as illustrated in Table 4 below, which is in respect of the 'Analytical' skill only. The other skills in Box 1 have been subject to a similar analysis. The bar diagram in Annexure 3 represents the average score (mean) of respondents' own assessment of their interpersonal skills.

Table 4: Example Showing the Calculation of Interpersonal Skills		
Data Value	Frequency (Responses received from participants on the scale of 1-6)	Frequency X Data Value
0 (<i>Not mentioned</i>)	3	0
1 (<i>Poor</i>)	1	1
2 (<i>Below Average</i>)	2	4
3 (<i>Average</i>)	6	18
4 (<i>Good</i>)	21	84
5 (<i>Very Good</i>)	30	150
6 (<i>Excellent</i>)	8	54
Sum	71	311
Mean		311/71 = 4.4

The majority of officials assess themselves in these interpersonal skills as either very good or good, which, in the absence of any formal training on the subject, may be an indication of respondent having picked up the skills on the job. Highest score is for analytical skills (4.4) and lowest for dispute settlement (3.7). An *inter se* priority analysis of the skill set, on a scale of 1 (lowest for dispute settlement) to 11 (highest for analytical skills), is reflected in the last column of Table 5.

Table 5: Interpersonal Skills as per Priority			
Skills	Frequency X Data Value	Average Mean	Priority as per Skills
Analytical skills	311	4.4	11
Decision making	307	4.3	10
Understand, work and live with diverse population	301	4.2	9
Problem solving	298	4.2	8
Gain broader understanding of other cultures	290	4.0	7
Advocacy and promotion	283	4.0	6
Coalition building	281	3.9	4
Negotiation skills	281	3.9	4
Take advantage of cultural opportunities	281	3.9	4
Ability to speak more confidently in front of diverse groups of people	279	3.9	2

The skills that reflect low priority (as per Table 5 and Annexure 3, Figure A) need to be worked upon. Thus, training programmes on commercial and economic diplomacy should pay particular attention to the development of these skills.

4.2.3 Relevant topics for training programme

Respondents were asked to prioritise (on a 1-4 scale), the topics (see Box 2), with respect to their *inter se* importance and relevance for training programmes on commercial and economic diplomacy with a view to help out CUTS in designing course content of these training programmes to meet the felt needs of potential candidates for such training.

Box 2: Relevant Topics for Training Programme
<ol style="list-style-type: none"> 1. Opportunities and challenges in globalisation 2. Introduction to effective commercial and economic diplomacy 3. Analytical framework for effective commercial and economic diplomacy 4. Effective communication in commercial and economic diplomacy – verbal & non-verbal 5. Effective negotiations in commercial and economic diplomacy 6. Finalisation of WTO resolution 7. Dispute resolution mechanism 8. Dispute settlement in the WTO 9. Country promotion and image building process 10. Case studies and simulation exercises

Frequency analyses of responses to this question are reflected in Table 7 and bar diagram (see Annexure 3, Figure B), the latter showing the average (mean) scores for each topic. Frequency calculations for the topic “opportunities and challenges” are shown in Table 6. Calculations for other topics in Box 2 have been done on the same lines.

Table 6: Example Showing the Calculation of Relevant Topics		
Data Value	Frequency (Responses received from participants on the scale of 1-4)	Frequency X Data Value
0 (<i>Not Mentioned</i>)	3	0
1 (<i>Don't know</i>)	3	3
2 (<i>Low priority</i>)	3	6
3 (<i>Medium priority</i>)	19	57
4 (<i>High priority</i>)	43	172
Sum	71	238
Mean	$238/71 = 3.3$	

Table 7: Relevant Topics as per Priority			
Skills	Frequency X Data Value	Average Mean	Priority as per topic
Opportunities and challenges in globalisation	238	3.3	10
Effective negotiations in commercial and economic diplomacy	236	3.3	9
Country promotion and image building process	234	3.2	8
Analytical framework for effective commercial and economic diplomacy	233	3.2	7
Effective communication in commercial and economic diplomacy – verbal & Non Verbal	229	3.2	6
Introduction to effective commercial and economic diplomacy	228	3.2	5
Case studies and simulation exercises	224	3.1	4
Dispute resolution mechanism	218	3.0	3
Dispute settlement in the WTO	212	2.9	2
Finalisation of WTO resolution	208	2.9	1

It is clear from Table 7 and bar diagram in Annexure 4, Figure B that the average scores for individual topics vary in a narrow range between 2.9 and 3.3. There are only two topics, namely, Finalisation of WTO Resolution and Dispute settlement in WTO that have been rated between 2.5 and 3, indicative of lesser importance given to these two topics by the respondents. All other topics have received an average score of 3 or more, indicating their near equal importance in the course content for such training programmes. An *inter se* priority analysis of the topics on a 1-10 scale in ascending order is reflected in the last column of Table 7.

The above order of *inter se* importance of topics thrown up by this survey should help CUTS in refining the course content and its delivery in future programmes.

4.2.4 Understanding of commercial and economic diplomacy among the respondents

This was an open-ended and descriptive question and respondents were asked to reflect their understanding of commercial and economic diplomacy. The majority, i.e. almost 80 percent expressed no clear understanding of commercial and economic diplomacy itself or instruments used in its practice, except for a few who did show an understanding of this kind of diplomacy and the instruments used in its practice, such as the art and skill of negotiations.

Those few who reflected a measure of understanding of the subject and its practice described commercial and economic diplomacy as:

- negotiations in trade and economics;
- it is deployed to attain objectives such as trade promotion, securing market access, transfer of capital & technology, access to strategic raw materials, etc;
- understanding of partner countries' economic and development needs as much as of ones own country in the context of multilateral negotiations;
- ability to negotiate deals in international trade and finance, which result in overall commercial and economic development of the country, taking into account the interest of all domestic stakeholders;
- a skill to come up with a win-win situations in negotiations in order to promote national interest;
- an art of networking, advocating and liasioning with foreign governments;
- providing conducive environment for trade and investment (both inward and outward); and
- promotion of country's image in order to improve trade exchanges and promote investment.

One respondent pointed out: "commercial and economic diplomacy is going to be the face of international diplomacy in the 21st century just the way political diplomacy was in the 20th century. Commercial and economic diplomacy provides a country with the means to secure national interest, not only in economic sphere but also in political and cultural sphere(s) by providing leverage".

The analysis of the respondents' understanding of the subject of commercial and economic diplomacy above does clearly indicate that, although a significant number in the group were involved in various aspects of commercial and economic diplomacy such as trade negotiations, investment promotion, dispute settlement and country

promotion, except for a small minority among them, they were not able to articulate a sound understanding of commercial and economic diplomacy and the tools used for its practice.

This is not surprising given that none of them had received any formal training on the subject (see Section 4.1.2) and that their understanding was derived from on-the-job experience, which does leave gaps in ones understanding, at least in respect of theoretical and conceptual bases of an issue or subject. This does point to the need for training programmes designed to provide a sound theoretical basis of the subject, supplemented by practical application of the tools of this trade through a mixed faculty of academics and practitioners.

4.2.5 Obstacles faced during negotiations

This was also a descriptive and open-ended question seeking information about obstacles experienced by respondents in negotiating trade and investment agreements/contracts at the domestic and international levels. The idea behind gleaning this information is to design the course content for these training programmes.

Out of 71 respondents, 32 (45 percent) indicated the obstacles encountered by them; 20 (28 percent) claimed that they had encountered no obstacles whatsoever; and the remaining 19 (27 percent) did not respond to the question at all. Summary of the obstacles indicated by the respondents is as under:

- lack of policy clarity, inadequate domestic preparations, and complexity of domestic and international rules and regulations;
- lack of proper briefing and a proper mandate by and on behalf of the government to carry forward negotiations;
- lack of enthusiasm on the part of the political executive for carrying forward negotiations;
- lack of professionalism among officials, resulting in limited time given and attention paid to preparations for negotiations;
- lack of domestic level stakeholder consultations, both public and private;
- lack of diplomatic skills and a communication gap arising from linguistic and cultural differences;
- lack of knowledge and understanding of negotiation skills, cross-border trade, non tariff barriers (NTBs), quality issues etc;
- limited resources available with the negotiating team;
- lack of authentic and dependable statistics and information;
- non availability good infrastructure facilities in the country; and
- problems in forming alliances and building coalitions among developing countries; non-availability of good infrastructure facilities in the country.

Mostly, the obstacles brought out by the respondents and listed above are commonly faced by practitioners of commercial and economic diplomacy, to a lesser or greater degree in all jurisdictions, depending on, among other things, governmental and non-governmental institutional support in the form information availability, academic studies, traditions of stakeholder consultations, policy co-ordination and policy coherence within a government etc.

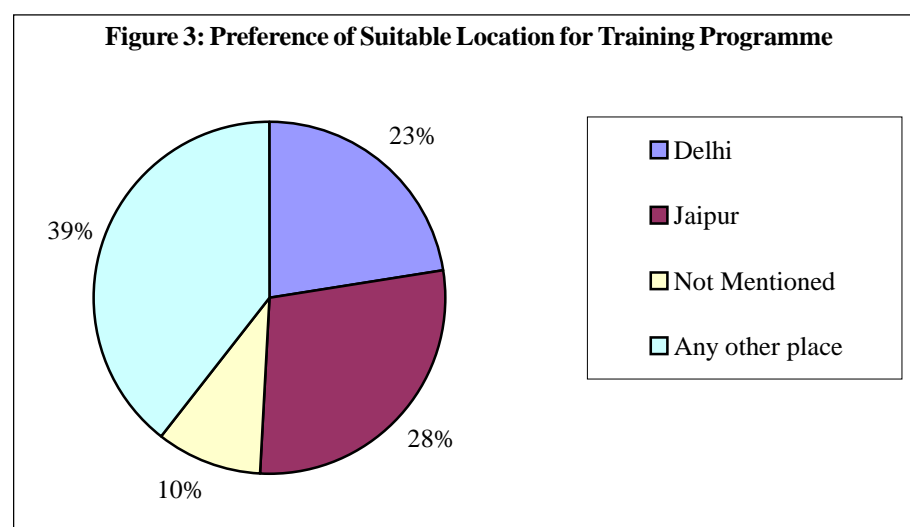
Since India’s economic engagement with the world until recently was not as intense as warranted by its continental size economy, the institutional infrastructure in this regard is still in its early phase of development. The situation in this regard is changing though. For instance, stakeholder consultations, which were practically non-existent with non-governmental agencies, even a decade ago, are much more commonplace today. In-service refresher training for civil servants was introduced in late 1980s, but did not include the field of commercial and economic diplomacy. It is only now that attention is being paid to training in this field. The project “Capacity Building of Indian Government Officials on Commercial and Economic Diplomacy” supported by the Department of Commerce, Ministry of Commerce and Industry, Government of India, being executed by CUTS is an example of that change.

In the three training programmes conducted by CUTS during 2007-08 on commercial and economic diplomacy, most of the issues mentioned as obstacles by respondents were covered, in both their practical and theoretical aspects. Nevertheless, the survey findings about obstacles faced by practitioners will help sharpen the course material on these issues.

4.2.6 Suitable location for the training programme

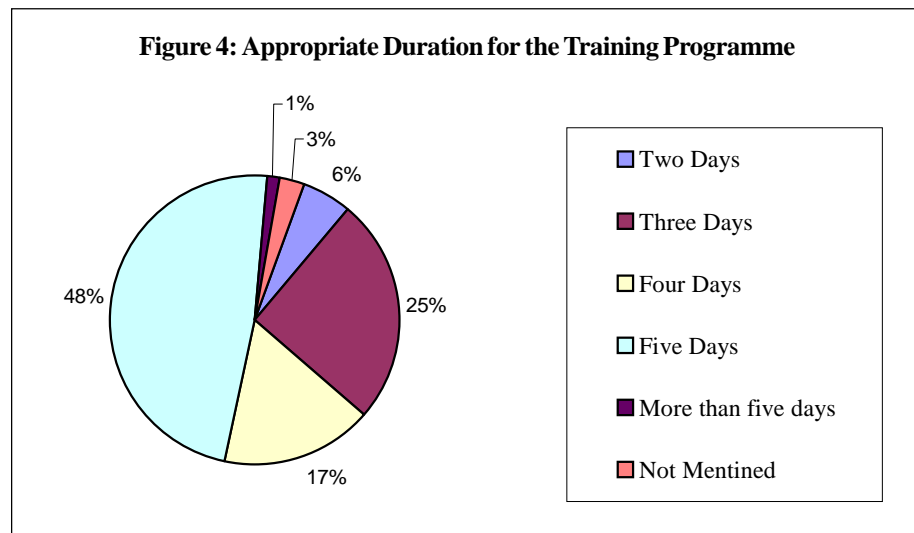
Respondents were asked for their preference(s) for a suitable location for holding the training programmes; 16 (23 percent) opted for Delhi, 20 (28 percent) for Jaipur and 28 (39 percent) for other places such as Nainital, Shimla, Dalhousie, Manali, Mussorie, Bangalore, Faridabad, Noida, and Mumbai; 7 (10 percent) ignored the question (see Figure 3).

Appropriate locations for these training programmes for the remainder of the project period would be the ones, which would combine easy accessibility with good environs for learning, relaxing and enjoying. This will be possible only outside the place of posting of participants. This will be kept in mind while deciding on the location for future courses.



4.2.7 Appropriate duration for the training programme

Respondents were asked for their suggestions for an appropriate duration for the training programmes; 34 (48 percent) proposed at least five days, 18 (25 percent) three days and 12 (17 percent) four days. Interestingly, a small minority of one percent respondents suggested a longer duration of 7 to 10 days. From this feedback, it appears that the ideal duration would be between three to five days. Longer courses could be contemplated for relatively junior level official, as the course content would have to be extensive in their case. CUTS will keep this feedback in mind while designing the future programmes (see Figure 4).



5

Conclusion and the Way Forward

Given the complexity of present day economic relations among nations, there is ever greater need for trained and technically competent officials, well versed in cross-border trade law and regulations, and domestic political economy issues to ensure fair and balanced outcomes in trade and economic exchanges. Technical competence would encompass skills in negotiations and a felicity in deploying various tools and techniques of negotiations. Deficiencies in training in commercial and economic diplomacy in India have been recognised.

The Government of India has been called upon to considerably strengthen its infrastructure for undertaking global trade negotiations. Since India's global economic engagement is moving ahead at a brisk pace, its need for trained people in commercial and economic diplomacy is ever more necessary and urgent.

The Department of Commerce, Ministry of Commerce & Industry, Government of India has mandated CUTS to organise a series of training programmes on commercial and economic diplomacy for Indian government officials and officials in international organisations, chambers of commerce and business houses, dealing with international trade and commerce, during 2007-10. The idea behind the Department of Commerce, in supporting CUTS in conducting these training programmes is to fill the vacuum in institutional support for training/educational programmes on commercial and economic diplomacy in India.

This Diagnostic Survey was undertaken to identify specific needs of training by way of topics to be covered, course content, training material, kind of faculty requirements, methods of delivery, composition of participating groups, duration of the courses and location etc. In short, the survey was meant to help CUTS custom-design the courses to optimise the benefits for participants. The results have been described above. The recommendations thrown up by the survey, which CUTS is to use as a guide in organising the training, are summarised below.

5.1 Course Content and Course Design

The training programmes should ordinarily cover the following topics:

- domestic political economy and development concerns and challenges for India;
- globalisation and international diplomatic environment;

- multilateral trading system, as embodied in the WTO;
- tools and techniques, i.e. theoretical and practical approaches to negotiations;
- tools and techniques, preparations for and phases in negotiations;
- understanding the analytical framework for commercial and economic diplomacy;
- effective written and oral communications;
- assessment of negotiated outcomes: the concept and meaning of trade-offs;
- management of inter-cultural differences in negotiations;
- study of specific WTO agreement dealing with new areas, such as Trade Related Intellectual Property Rights (TRIPS), services etc. and non-tariff barriers' (TBTs) and Sanitary and Phyto-sanitary Measures (SPS), depending on participant needs;
- environmental negotiations and study of some international environmental agreements;
- preferential bilateral and regional trade agreements;
- promotion of foreign direct investment;
- role of Indian missions abroad; and
- drafting an agreement and resolution.

The list above has been drawn up in a broad priority order as thrown up by the survey. The first three bullets cover background knowledge necessary for effective and efficient conduct of commercial and economic diplomacy; the next six, tools and techniques of negotiations and engagement in the art and craft of commercial and economic diplomacy and the rest cover negotiating areas and subjects, institutional support for negotiations from diplomatic missions and resolution drafting skills. The course content coverage in each course will depend on the duration as well as the specific requirements of participants.

Besides lectures, which should be interactive, emphasis should be placed on instructions through mock negotiations by participants themselves, based on actual and hypothetical subjects and scenarios. This will, apart from giving a measure of practical experience, provide the participants with the flavour of real world negotiations. It would help if a small toolkit were to be made available to the participants explaining in simple terms the technical terms used in trade negotiations and agreements and in the tools and techniques of commercial and economic diplomacy.

5.2 Duration

The duration for the training programme needs to be three to five days, or longer if warranted by the course content and level of officials.

5.3 Resource Persons

Resource persons should be drawn from among academicians and practitioners, present and former. Former practitioners, who have turned to academics, would be still better. In any case, there should be a judicious mix of academicians and practitioners in the faculty for these training programmes.

5.4 Prospective Trainees

The composition of participating groups in these training programmes should be diversified. This will result in cross-fertilisation, through exchange of ideas and experiences, among people with different and varied work backgrounds. It would enhance the quality of these training programmes if composition of participants were to be diversified by inviting officials from various departments/ministries and organisations. It is also necessary to invite participation from such a diverse group in order to bring varied ideas on the issues related with commercial and economic diplomacy. An illustrative list of departments/ministries and organisations from which officials may be drawn for the remaining period of the project is as under:

- Ministries of Commerce and Industry, External Affairs, Agriculture, Environment and Forests, Finance, Micro, Small and Medium Enterprises, etc
- State government departments;
- Apex chambers of commerce such as CII, FICCI, ASSOCHAM;
- Export promotion councils and commodity boards such as AEPC, APEDA, HEPC, EEPC, etc; and
- Business houses (with work responsibilities in the field of international trade and commerce).

Endnotes

- 1 Feketekuty Geza, "Professionalising training in commercial diplomacy and building an institutional training capacity in disadvantaged countries"
- 2 *ibid*
- 3 At a training programme on "Building Skills on Commercial and Economic Diplomacy", Prof. Raymond Saner, Diplomacy Dialogue, CSEND, Geneva
- 4 *ibid*
- 5 Rana. K. (2002). Inside Diplomacy, p. 27
- 6 Thirty Fifth report on India and The WTO, Department Related Parliamentary Standing Committee On Commerce, Rajya Sabha Secretariat, December 1998, p. 13
- 7 *Training of Diplomats: Guarantee Training Effectiveness through use of the Quality Assurance System (ISO 10015)*, Lichia Yiu and Raymond Saner, 2006

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Geza Feketekuty, (2007). “*Professionalising training in commercial diplomacy and building an institutional training capacity in disadvantaged countries*”, a paper written for Institute for Trade and Commercial Diplomacy, US.

Lichia Yiu and Prof. Raymond Saner, (2005). “*Training of Diplomats: Guarantee Training Effectiveness Through Use of Quality Assurance System (ISO 10015)*”, presentation in an Awareness Raising Seminar on IS/ISO10015 and Quality Management, New Delhi, India.

Ministry of Commerce, (1998). “*35th Report on India and the WTO*”, Department Related Parliamentary Standing Committee on Commerce, Rajya Sabha Secretariat, December 1998, p. 13.

Prof. Raymon. Saner, (2007). “*Building Skills on Commercial and Economic Diplomacy*”, a paper presented at the Training Programme on Building Skills on Commercial and Economic Diplomacy, at Jaipur, India on August 22-25, 2007.

Rana. K. (2000). “*Inside Diplomacy*”, Manas Publication, New Delhi.

Annexure 1

Survey Questionnaire

Personal Information

1. Name (Optional): _____
2. Age: _____ (Years) _____
3. Gender: Male/Female _____
4. Qualification: _____

Employment and Training Details

5. Designation (Level): _____
6. Total service: _____ (Years)
7. Describe your current job responsibilities in order of time spent (more to less):

Table A1: Professional Work of the Respondent		
S.No	Explain the work you perform	% of time spent
1.		
2.		
3.		
4.		
5.		

8. How many training programmes have you attended?

9. If you have undergone training in the past years (during 2000-06), then kindly answer the following questions.
 - A. Give your detailed training record during 2000-06 (please also briefly mention the training received in earlier years).

Table A2: Training Details				
Name of the training programme	Institution and place	Duration	Year	* Skills learnt/ knowledge gained

B. Could you give us examples of how these knowledge/skills/trainings have been useful for you in your current job function?

Future training needs for Commercial & Economic Diplomacy

10. Please indicate how strongly you agree or disagree with the following statements

Strongly agree (SA) **Agree (A)** **Neutral (N)**
Disagree (D) **Strongly Disagree (SD)**

- Formal training in Commercial & Economic Diplomacy can benefit your job function/performance, whereby you will be able to contribute with your full potential.

- A training in Commercial & Economic Diplomacy will improve your job function/performance.

11. How do you rate your interpersonal skills with respect to various aspects of Commercial & Economic Diplomacy?

1-Poor **2- Below Average** **3-Average**
4-Good **5-Very Good** **6-Excellent**

* Indicate *one* most important skill/ knowledge only

Table A3: Interpersonal Skills		
S.No	Interpersonal Skills	Rating
1	Analytical skills	
2	Advocacy and promotion	
3	Coalition Building	
4	Decision Making	
5	Problem Solving	
6	Negotiation Skill	
7	Dispute Settlement	
8	Ability to speak more confidently in front of diverse group of peoples	
9	Understand, work and live with diverse population	
10	Gain broader understanding of other cultures	
11	Take advantage of cultural opportunities	

12. Please prioritise each of the following topics with respect to their importance in designing training programmes in Commercial & Economic Diplomacy.

1-Don't know

2-Low Priority

3-Medium Priority

4-High Priority

Table A4: Knowledge of Related Topics		
S. No	Topics	Priority Level
1.	Opportunity and Challenges in Globalisation	
2.	Introduction to Effective Commercial Diplomacy	
3.	Analytical Framework for Effective Commercial Diplomacy	
4.	Effective Communication in Commercial Diplomacy – Verbal & Non Verbal	
5.	Effective negotiations in Commercial Diplomacy	
6.	Finalisation of WTO resolution	
7.	Dispute Resolution Mechanism	
8.	Dispute Settlement in the WTO	
9.	Country promotion and its image building process	
10.	Case Studies in Commercial Diplomacy	

13. Please provide a brief account of your understanding of Commercial & Economic Diplomacy.

14. Please indicate what obstacles you have encountered in trying to negotiate in International/Domestic Market.

15. Please suggest the ideal number of days for training in Commercial & Economic Diplomacy (Please mark ✓).

- Two day training session
- Three day training session
- Four day training session
- Five day training session

16. Please mention the suitable place/location for conducting training in Commercial & Economic Diplomacy.

- Delhi
- Jaipur
- Any other place (Please specify)

17. Any other suggestions/thoughts/comments for training programme in Commercial & Economic Diplomacy, please feel free to share with us.

Thank you!

Annexure 2

List of Ministries/Departments and Organisations

1. Ministry of External Affairs
2. Ministry of Commerce and Industry
3. Ministry of Agriculture
4. Ministry of Defence
5. Ministry of Disinvestments
6. Ministry of Chemicals and Fertilizers
7. Ministry of Heavy Industries and Public Enterprises
8. Ministry of Textiles
9. Ministry of Information Technology
10. Ministry of Petroleum and Natural Gas
11. Ministry of Science and Technology
12. Ministry of Environment & Forests
13. Ministry of Micro, Small & Medium Enterprises
14. Ministry of Corporate Affairs
15. Ministry of Civil Aviation
16. Ministry of Steel
17. Ministry of Power
18. Ministry of Railways
19. Ministry of Tourism
20. Ministry of Food Processing Industries
21. Ministry of Shipping, Road Transport & Highways
22. Directorate General of Foreign Trade
23. Export Import Bank of India
24. Reserve Bank of India
25. Federation of Indian Export Organisations
26. Confederation of Indian Industries
27. Federation of Indian Chamber of Commerce and Industry
28. Associated Chamber of Commerce and Industry
29. PHD Chamber of Commerce and Industry
30. The Agriculture and Processed Food Product Exports Development Authority (APEDA)
31. Apparel Export Promotion Council
32. Export Promotion Councils for Handicrafts
33. Engineering Export Promotion Council of India
34. Gems and Jewellery Export Promotion Council
35. Bureau of Indian Standards

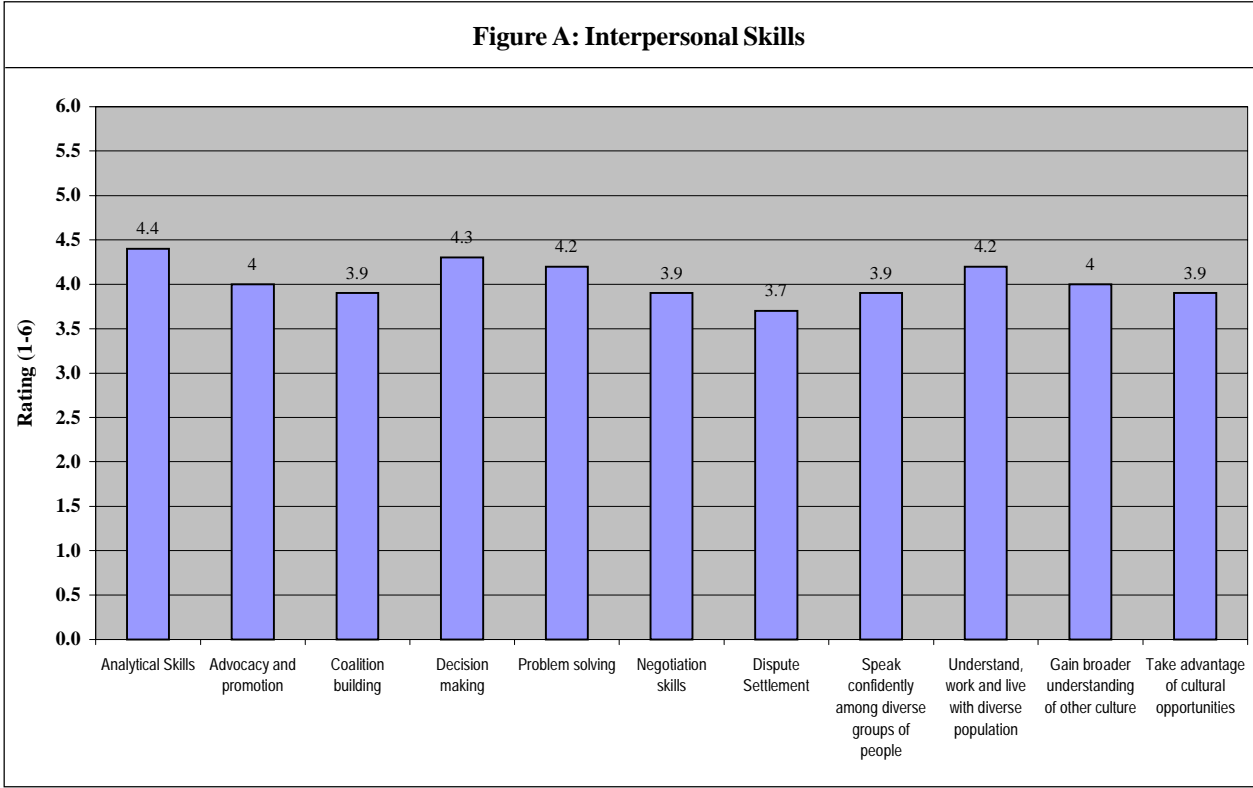
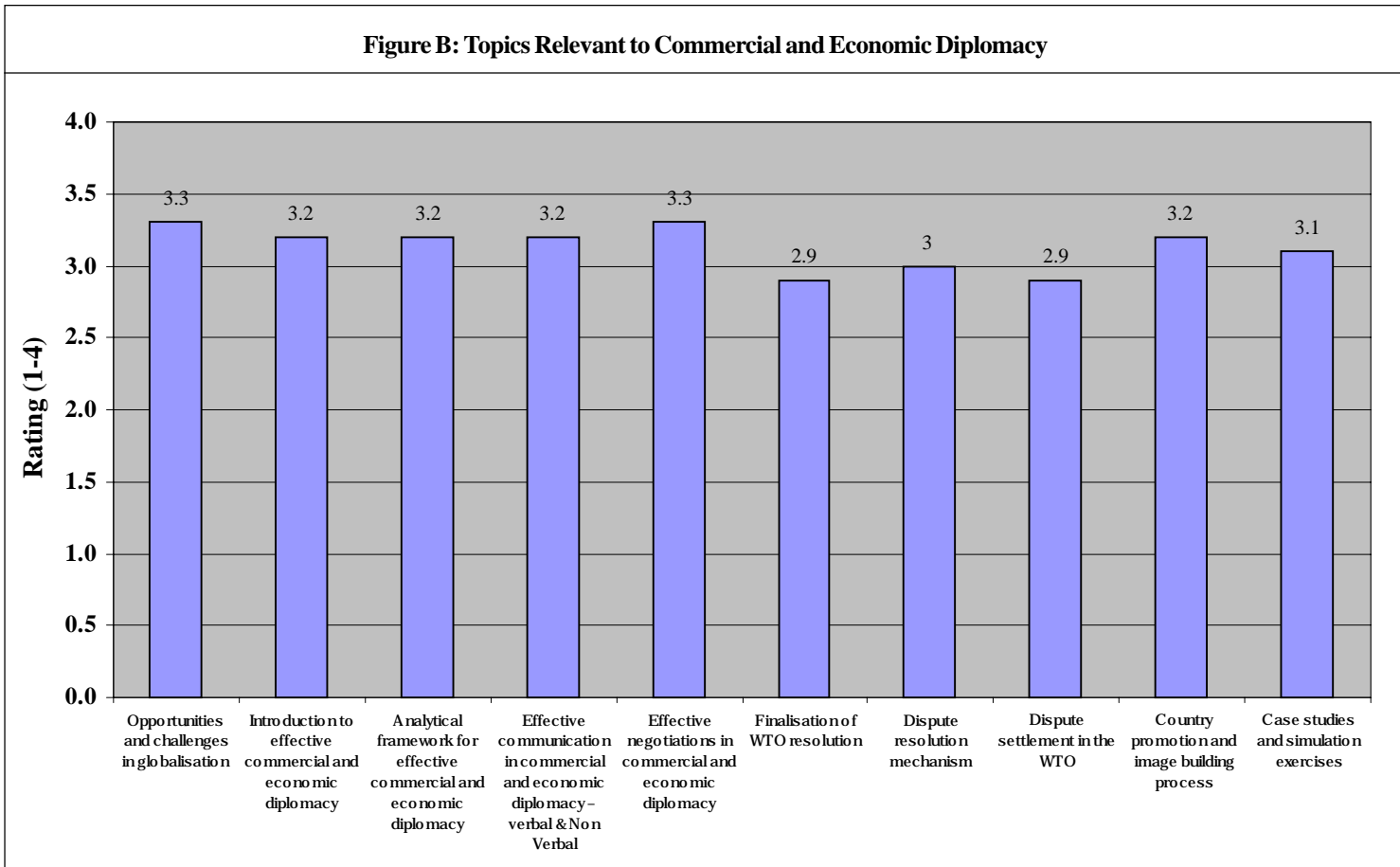


Figure B: Topics Relevant to Commercial and Economic Diplomacy



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