

Perspective

Commercial diplomacy is defined as application of tools of diplomacy to the removal of barriers to trade and investment, and to the resolution of policy conflicts arising from the globalisation of the world economy. The tools of diplomacy include:

- ◆ Negotiation;
- ◆ Creating operational documents;
- ◆ Public and private communication;
- ◆ Analysis (especially in the fields of economics, politics, law and social relations); and
- ◆ Coalition building.

Commercial diplomacy can be defined from two perspectives: narrow and broad. The narrow perspective defines commercial diplomacy as the conduct by government officials in the context of negotiations and other relations between nations – the art and science of conducting such relations, the skills in managing negotiations, handling people, etc. so that there is little or no ill-will.

On the other hand, the broader perspective of commercial diplomacy rests on the management of international relations by negotiations, the method by which such relations are managed by ambassadors and other officials, the skills required for such affairs, the diplomatic body, adroitness in personal relations, tact, etc.

In short, commercial diplomacy deals with articulation of foreign policy in the real world of trade and investment between nations, where high principles and objectives set out in the policy are fleshed out and put into effect.

Commercial diplomacy is the application of intelligence and tact to the conduct of official relations (particularly trade and investment related) 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.

Context

For a significant number of years many developing countries have pursued a centrally planned and controlled economy. Business in many of those countries has mainly prospered through distortions in policy implementation. This attitude (on the part of business to get policies distorted) has not changed much even after the initiation of a liberal policy regime by most of them since early 1990s.

This is particularly true for Asian and African countries. In such a situation, they lack a broad vision of what exactly they want from the multilateral trading system, or what it would seek from regional or bilateral agreements, should there be a choice. Hence, in many cases it was found that their negotiation strategy is hamstrung by this lack of overall vision and purpose.

A fundamental point is that negotiating without preparing reasonably symmetrical concessions and without considering trade-offs do not work. Furthermore, in many of these countries international negotiations are often at substantial variance with the way the domestic economy is actually run, creating obvious problems.

The above-stated analysis sums up the situation that these countries are facing in the context of international negotiations and the imperative for an effective system in place. In today's world achieving global success depends on the skilful interaction of negotiators who forge to seek effective and beneficial bilateral and multilateral commercial relationships.

Learning new skills and acquiring new knowledge is *no longer a nice to have*, it has become an *absolute necessity*.

Objectives

Given this perspective and context, CUTS International has set up a programme entitled, 'Strengthening Skills on Commercial Diplomacy'. In the year 2007, it started a pilot project with support from the Department of Commerce, Ministry of Commerce & Industry, Government of India for imparting these skills to the Indian Government officials.

While this project will continue over the next two years, the programme will be up-scaled to impart such skills to government officials from African and Asian countries with the following objectives:

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



Some Comments on the 2007 Programme

One needs to understand the nuances involved in negotiations of an agreement, since a wrong decision might result in a huge loss for a nation as well as to the livelihood of people associated with it

G. K. Pillai
*Secretary, Department of Commerce
Government of India*

I wish I had undergone such training in the past. I have learnt a lot by participating in this programme as a resource person

S. N. Menon
*Former Commerce Secretary
Government of India*

Such trainings are essential to expose government officials to contemporary issues in negotiations, inter-cultural management and economic diplomacy

Kishan Rana
*Former Indian Ambassador to Germany
and Senior Fellow, DiploFoundation*

The aim of this programme is to bring participants in the world of diplomacy, where one needs to understand the fundamentals of the subject. Based on these fundamentals, one need to take advance steps for enhancing skills and knowledge

Ahmed Farouk Ghoneim
*Associate Professor of Economics
Cairo University, Egypt*

The power of negotiation lies in working with different stakeholders having similar interest and views. Negotiators represent a heterogeneous and complex interest of their respective society. Hence, one has to understand this dilemma of negotiators and needs to build personal trust and good relation with other negotiators in order to obtain a successful outcome.

Geza Feketekuty
*President, Institute for Trade and Commercial
Diplomacy, Washington DC, USA*

The Programme

A series of short courses will be offered by a team of eminent and experienced resource persons (former diplomats and trade negotiators). A course will cover the following areas:

- ◆ Opportunities and challenges in an emerging global economy – to provide a comprehensive perspective of the global economic system, its emergence and dynamics and how it is affecting trade and investment flows
- ◆ Analytical framework for effective commercial diplomacy – to explain principles and processes of negotiations under commercial diplomacy and its contrast with traditional diplomacy
- ◆ Effective negotiations for commercial diplomacy – to impart basic skills and knowledge on negotiations
- ◆ Simulations on trade and investment negotiations – to provide exposure to the process and content of negotiations through case studies and simulation exercises
- ◆ Dispute settlement – to explain the nuances (with case studies) involved in drafting effective resolutions/agreements for settling commercial disputes

For further details please contact



**CUTS Centre for International Trade,
Economics & Environment**



D-217, Bhaskar Marg, Bani Park
Jaipur 302 016, India

Tel: +91.141.228 2821, Fax: +91.141.228 2485

Email: cuts@cuts.org; citee@cuts.org

Web site: www.cuts-international.org/www.cuts-citee.org

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