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Best Practices – A Personal Narrative

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In the practice of diplomacy, as seen from the perspective of our Missions abroad, opportunities arise almost on a daily basis for taking actions that advance the interests of our country, be they in the purely cultural, political, or commercial sectors. It takes some effort, therefore, to single out those instances where primarily economic objectives were achieved; nor is it possible to quantify the results that were attained. Let me narrate some of my experiences.

Indian Visa for Foreign Business Visitors

The Visa section in any Embassy is its only window that accesses the general public. While visa work may appear to be of routine character, its importance in public relations should not be underestimated, especially *vis-à-vis* tourism and business travel facilitation. Moreover, today, visa and consular work is coming to be recognised as a strategic assets in the public diplomacy outreach of foreign ministries; some

countries, such as Japan, have mandated that all their officials must handle this work for a minimum time period of one year, to gain insight.

Back in 1960, as a Third Secretary in the Indian Embassy in Tokyo (which in our system is the rank assigned to young IFS Probationers), I was temporarily given charge of the visa section. The Visa Assistant was required to put up to me a monthly report of the passport and visa services rendered. I was surprised to see the large number of visas refused – and that too in a friendly, non-controversial country, from where every visitor could bring a good amount of the much-needed foreign exchange. To justify his actions, the Assistant showed me the Ministry of External Affairs (MEA) manual of instructions on the subject. One of these instructions stipulated that no foreign national should be given a visa to attend a conference in India, unless the holding of that conference had the prior clearance of the Government of India. Then the Assistant showed me samples of visa applications that he had rejected. In almost all of these the applicant had filled out our form, giving the purpose of his visit as ‘conference with business partner in India’.

I explained to the Assistant the difference between the kind of politically significant conference the MEA had in mind and the kind of business meetings that the Japanese applicant had in mind. In addition, I laid down that while the Assistant should continue to use his discretion in issuing visas, he would require my prior permission before turning down any application. Needless to say, not only did the number of Japanese visitors to India go up after that but, more important, we managed to remove a negative impression in the minds of Japanese businessmen dealing with India.

Negotiating Skills: Understanding the Foreigner's Perception of Indian Businessmen

A big advantage that a career diplomat may have, in comparison with home-based colleagues, is his personal understanding of the prevailing perceptions the host country has concerning India and Indians. This understanding can be very useful if transmitted to Indian compatriots dealing with that host country in a suitable fashion.

Let me provide an example. Around 1990, while I served as the Indian Ambassador in Tokyo, the Trade Development Authority of India organised a 'buyer-seller meet' for Indian garment exporters. About 60 Indian garment exporters had brought along their samples and set up individual stalls in a big hall; Japanese importers were invited, through arrangements carefully worked out in advance, to come and negotiate deals on the spot. As customary, the delegation called on me and I gave them some general advice.

As they were leaving the Embassy, one of them stayed back and asked me for 'just one tip' on how to succeed with the Japanese. I asked him, in response, whether he could act the role of a foolish or naïve person. Seeing him nonplussed, I explained to him that while dealing with a prospective Japanese customer, he needed first of all to overcome the average Japanese businessman's impression of the Indian businessmen as particularly wily individuals, who could only be handled through hard bargaining. I suggested to him that the best way to overcome this impression was to honestly put his cards on the table.

For instance, he could explain to the Japanese counterpart his costing of a garment in detail, i.e. the cost of materials, labour, overheads, etc., and *then deduct from the total cost any export incentive that the businessman received from the government*. I advised that it would be the last item that would help to disarm the buyer and overcome his distrust. Having

arrived at the net cost, the (Indian) businessman could then allow for some bargaining with the Japanese buyer on the profit margin, as a percentage of the cost.

I offered that advice on the spur of the moment, but was much pleased when this Indian exporter called on me before leaving Tokyo, to happily report to me that he had faithfully followed the advice and had ended up getting the largest orders amongst all the 60 Indian exporters. I would not vouch this as a universal formula, but clearly it helps to disarm the other party by being forthright.

Commercial Aptitude and the Importance of Hospitality

In our system, the Head of Mission (an ambassador or high commissioner), has considerable latitude in the allocation of duties amongst his officers. It is up to him to judge the individual capabilities and apportion the work accordingly.

In a certain oil exporting country, where I served as the envoy in the early 1980s, I found to my dismay that it was very rare to get the top officials to come to one's parties – which is all too often the informal setting where barriers to communication can be broken. India had a major presence in the country, in terms of big project contracts, but very little trade. This was surprising, since this oil-rich country imported good quantities of items like garments, pharmaceuticals, tea and coffee, spices and the like – precisely the items where India was competitive. Apparently they were importing these items through third countries, mostly European, relying on their established channels.

At the time, I had with me a very bright Private Secretary who came up with an innovative idea. He proposed that if I could change his official title to Attache (Commercial) from Attache (PS to Ambassador) and further put at his disposal a part of my representation grant for hosting parties at his house,

he would be able to show me results in terms of increased Indian exports to that country within a short period. His reasoning was that it was the junior officials in the host government who needed to be persuaded and those officials would not dare to come to any parties hosted by the ambassador or the counsellor. On the other hand, they would be quite comfortable at his level. I agreed and, within a few months, he was able to facilitate the signing of an impressive number of contracts with Indian public sector trading companies. In fact, he was so successful that at the end of his tenure, he retired from government service, set up his own business in the Gulf and is today one of the highly successful and leading Indian businessmen in the area.

The Importance of Track II

There are occasions when, in times of crisis or urgency, normal channels of interaction with the host government might not produce the desired results. This is why it is crucial to cultivate important and influential people as personal friends or, even better, as friends of India, to whom one may turn in times of need.

A testing time for India-Japan friendship came in 1991, when the country's balance of payments was under severe pressure. Our foreign exchange reserves had come down to under US\$1bn. The then minority Government of Prime Minister Chandra Shekhar was seen as one that might not survive for long. As the Indian Ambassador in Tokyo at that time, I realised the depth of the crisis when I received insistent calls from Delhi asking me to arrange appointments for an urgent visit to Tokyo that our Finance Minister, Yashwant Sinha was to undertake. The Japanese were in no mood to accommodate an unplanned visit, and that too from a finance minister in a government that appeared to be temporary. Additionally, the Japanese were so convinced of the high and

traditional prudence of the Indian Finance Ministry that it took a great deal of persuasion to convince them of our predicament.

Eventually, an appointment with the Japanese Foreign Minister was promised, but even the Foreign Ministry could not succeed in getting for us the more crucial appointment with the Japanese Finance Minister. We then had to pull out all stops and use all the good offices of our Japanese friends in Tokyo. I turned to: first, a top Japanese company chairman whom I had helped to overcome some bureaucratic Indian hurdles; second, a ruling party MP, who was close to the then Japanese PM; and third, the chairman of India-Japan Partnership Forum, who had earlier served as the foreign minister and parliament speaker. All of them were mobilised to secure an appointment with the Japanese Finance Minister.

To cut a long story short, the visit did materialise and we secured the Japanese government's commitment to give us emergency, quick-disbursement assistance of about US\$300mn, which helped us until the International Monetary Fund (IMF) and the World Bank could help out more substantively. Equally important, the Japanese Finance Ministry persuaded Japanese banks to roll over hundreds of millions of dollars in short-term loans falling due from Indian entities at that time. The Bank of Japan also joined its counterparts in UK and Switzerland for another quick loan against the pledge of Reserve Bank of India's (RBI) gold reserves.

Flush as India is today with nearly US\$300bn in foreign exchange reserves, it is difficult to imagine our panic at that time, or the significance of these amounts. Our Finance Ministry even seriously considered selling our extremely valuable Embassy office premises in Tokyo to avoid any default in our international obligations! It is no wonder then that soon thereafter, once elections were held in July 1991, and the new

government took office, Dr Manmohan Singh, who became the Finance Minister, made a special trip to Tokyo to thank the Japanese government and inform them of the wide-ranging economic reforms that he and the Government of P V Narasimha Rao launched. The rest, as they say, is history.

For me, there was an amusing denouement to this episode. When I called on the vice president of the Japanese government fund responsible for official development assistance (he had been at Oxford with me) to thank him for the emergency assistance, he asked me, with a twinkle in his eyes, how the Japanese government could afford to let India default – after all, was not Japan India’s biggest creditor? And, here I was, flattering myself that I had helped save my country from a major crisis!