

P R E F A C E

Globalisation has augmented the importance of economic inter-dependence among countries. The emergence of an expanding rules-based global trading system under the World Trade Organisation and bilateral/regional trade agreements has opened the door for new opportunities in the sphere of world trade. This has spurred countries into engaging in negotiating a large number of international agreements through bilateral, regional and multilateral fora. These negotiations have generated the need for better understanding of the science and skills of economic diplomacy.

Economic diplomacy has evolved from trade diplomacy. Traditional trade diplomacy was the domain of government officials/diplomats and there was not much involvement of the private sector and the civil society except in some developed countries. With ever expanding economic globalisation and associated complexities, economic diplomacy has become an intrinsic part and determinant of the process of formulating and implementing a country's foreign policy.

A significant result of the evolution of traditional trade diplomacy into economic diplomacy is that the private sector and the civil society are now even more involved in decision making that influences the negotiating position of a country. While private sector involvement stems from the need to remain competitive in relevant markets, the involvement of the civil society results from the imperative to get views of common stakeholders factored into negotiating positions to

imbue the position with their concerns, and thus both engagements result in wider national ownership.

Economic diplomacy is concerned with anticipating and influencing the outcomes of future economic policy regimes of other countries. This requires a need for better understanding of the working of market forces in different countries in the given dynamic global economic environment. The process of continuous engagement through economic diplomacy helps a country in advancing its economic interests and, equally importantly, those of its partners.

A crucial pre-condition for the successful conduct of economic diplomacy is the existence of a critical pool of skilled personnel in the government, private sector and civil society to understand and negotiate trade, investment and other economic issues from the national development perspective after taking into account a country's strengths, limitations, opportunities and threats.

The narrow perspective of economic diplomacy defines it as the conduct by government officials/diplomats in the context of negotiations and other relations between nations – the art and science of conducting such relations, skills in managing negotiations, public relations, etc so that there is little or no ill-will. In other words, negotiations must end as a positive sum game. The broader perspective of economic diplomacy rests on the management of international relations through negotiations by government officials/diplomats; the skills required for such management; adroitness in personal relations; tact and engagement with private sector and civil society, etc.

In other words, economic diplomacy deals with articulation of foreign policy in the real world of economic relations between nations to flesh out and implement the principles and objectives set out in the policy. It involves the application of skills and tact in the conduct of official relations, particularly

trade and investment, and in engaging the private sector and civil society constructively by governments of sovereign states.

National economic success in today's world depends crucially on the skill of negotiators in forging effective and beneficial economic relationships/partnerships. Learning new skills and acquiring new knowledge is no longer *just desirable*; it has become an *imperative*. Over the years, Indian negotiators have acquired new skills and knowledge on economic diplomacy and the country is now in a position to cross-fertilise such experiences with those from other countries.

Thanks to the support rendered by the Department of Commerce, Government of India, CUTS International has developed an ongoing programme to build the skills and enhance knowledge of the relevant stakeholders from India and other developing countries on economic diplomacy and related matters. This collection of essays is a result of this endeavour. It would not have been possible without active involvement of Ambassador Kishan S Rana. I thank him and my colleague, Bipul Chatterjee for bringing these largely untold stories to the public domain.

This book is not only an attempt to enhance the negotiating ability of our future diplomats but it will also act as a repository of knowledge for those who are eager to get more and more engaged with a growing economy like India. I thank the authors for sharing their knowledge/experience on India's economic diplomacy. I am sure that this knowledge will be applied to achieve our foreign policy objectives.

PRADEEP S MEHTA
Secretary General, CUTS International