

Changing Tides of Economic Diplomacy

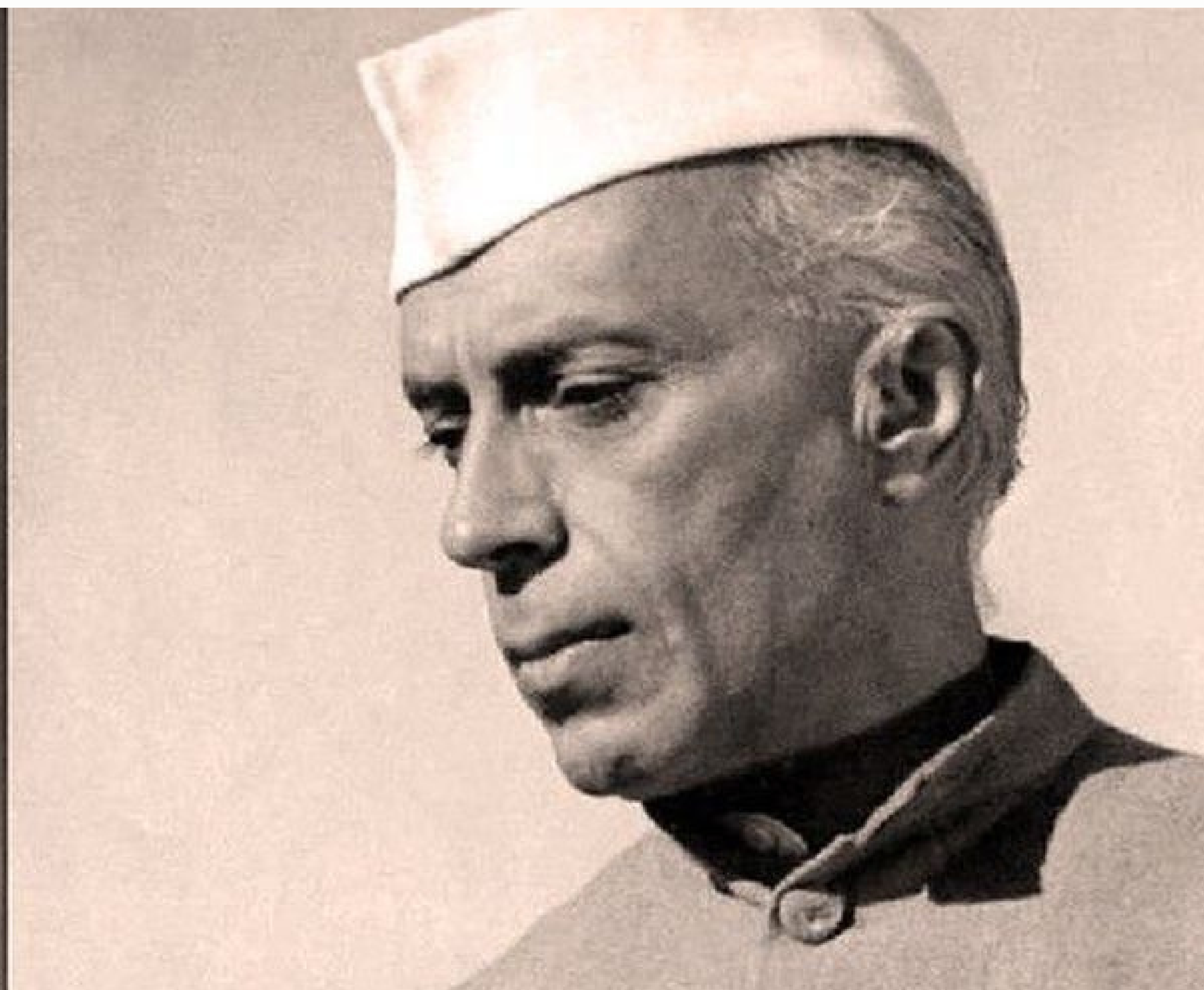
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Economic Diplomacy is the art of prevailing and extracting the maximum mileage for a country's economic opportunities, securing markets, access to technology, attracting investments, deflecting negative trade regimes and barriers, and collaborating for an effective and efficient global rule base trading context and institutions. Of Course, diplomacy in its traditional sense remains quite relevant where the focus was mainly on cultivating actively good political relations and all else was expected to follow. However, if one were to witness major global events of recent times it would be seen that almost all issues have hinged on trade and protectionism. President Trump, for example, had predicted almost all his so-called acerbic demarches on economic issues, be it sanctions regime and trade wars against China, Russia, EU, India, Iran or for that matter dumping or reviewing of JCPOA, TPP or NAFTA or threatening to quit WTO or WHO for that matter, the BREXIT issue in general. Trump has taken credit for slowing down other economies for an interim growth of the US economy that arguably is showing good numbers. But these are extreme steps by the biggest economy as they will eventually hurt the liberal global trading regime irreparably.

China's trade practices have also created a major hurdle for the global trading regimes as it is the largest trading partner of most major economies. India will also have to brace for it as it directly impacts its crucial economic interests as in the wake of the pandemic it has been forced to take recourse to "Atmanirbharta – Self Reliance" to cope with the adverse impact, to develop its competitive edge and be part of global value and supply chains as the world is increasingly becoming more protectionist.

Pandit Nehru, who mostly acted as his own Foreign Minister, had charged the Ministry of External Affairs with the task of economic diplomacy so that the newly independent country could get the requisite capital, technology and assistance for laying the foundations of a modern and strong industrial India. The trend continues. PM Narendra Modi placed a great emphasis on it by reaching out globally for the "Make in India" and several other initiatives while working to improve competitive parameters through economic reforms, changing archaic rules and converting "Red Tape into Red Carpet". Consequently, India has emerged as a favourite destination. Ranking in "Ease of Doing business" has



significantly improved. Moreover, India's stellar renewable energy initiative in the form of "International Solar Alliance", Leadership on Climate Change or adoption of International Day of Yoga by the UN with the largest support for India's soft power projection required tremendous diplomatic outreach and persistence with the other interlocutors and consistent follow up play a great role in ensuring deliverables. This is the priority for diplomats nowadays even if economic diplomacy is conducted at the highest political levels.

I have often wondered if Trump could pressure us to reduce tariffs on his Harley Davidsons and other products why should India be shy of promoting Indian companies abroad. The political fracas and fall out in the Rafael case attests to the point. We must get out of this shell of suspicion and recriminations just for myopic political gains and ends and institute mechanisms that should take care of the implicit ulterior motives if any. India's market is its biggest leverage.

I had been interested in commercial work and thought of it as 'the real bread and butter' issue from the very beginning. Fortunately, I got sufficient opportunity to do my bit for promoting India's economic interests abroad for over three decades in diverse geographies. During the early 1980s, I was posted to Ivory Coast (Cote d'Ivoire) in francophone, West Africa where India was not very well known as it was totally within the ambit of the French advisers and influence. The only thing they seemed to know about us was Sathya Sai Baba and Indira Gandhi and of course, Indian black magic. However, knowing their focus on Agriculture I thought of exploring exports of Indian agricultural implements and sharing some expertise. I met Minister Henri Konan Bedie, who later rose to become the President, who told me that 'why don't you try to get some tractors and other implements here so that the Ivorians could have an idea of your expertise if you bring in something 'as seeing is believing. I took it up with all concerned in the government and Industry to at least gift one tractor, to begin with, but to no avail. We even organised a large 'Made in India' exhibition in Abidjan by the ITPO, which its famous founder Mohammed Yunus brought along. While after about a year I was still trying to persuade the authorities to have a greater presence, I read a news item that the "New South Korean Ambassador had gifted 100

tractors". I was intrigued and went to call on him and sought confirmation. He said, "Yes, we are also opening service centres cum spares shop and hopefully within a short time they would be able to recover the total cost". That was a farsighted and practical approach while we were still enmeshed in the bureaucratic labyrinth. Fortunately, we were able to break into the supply of cycle parts and became the biggest exporter as well as for some strange reason also of Renault car parts of some models. Also began to import raw cashews from this country that was known for its Coffee and Cashew. In later years, several big companies from India took advantage of opportunities in this "Show window of the French". We have come a long way since then.

As we move towards AI-driven Industrial Revolution 4.0 and beyond the role of Techno-Economic Diplomacy will become far more pronounced for which it may be necessary to train and empower diplomats with specific and critical skills to discern and match the requirements of technology in the country. Globally, qualitative shifts in production technology and processes are rendering the old global value-chains redundant and competitiveness is being re-defined. The pivot is moving towards Asia and we are talking about the Asian Century despite the adverse trajectory of the pandemic. India's Vaccine Maitri and Diplomacy as well the epithet that it is the 'Pharmacy of the World' have created a new paradigm shift in the way global diplomacy is conducted under the rubric of 'Vasudhaiv Kutumbakam"

The rise of India and China – the two largest and fast-growing economies are bound to have intense competition for energy, food and resource security, and economic diplomacy is being used to create dedicated corridors to secure such vital supply sources. At the recently held first QUAD leaders' Summit (March 12) between the US, India, Japan and Australia all the key notions were directly or indirectly aimed at Chinese expansionism and hegemonistic approach whether it was the Free and Open and Resilient and Inclusive Indo-Pacific, the supply of safe and affordable access to Covid Vaccines or for that matter developing and harnessing critical technologies. Negotiations for Free Trade Agreements, Regional Trading Arrangements, Multilateral consultations and Comprehensive Economic Partnership Agreements are becoming

increasingly complicated and require extensive information, precise analysis, consultations and projections through SWOT mechanism. Hence, in all these important domains, the role of techno-economic diplomacy will acquire greater salience in a bilateral, multilateral, or regional context and frameworks where our national interests could be optimally served.

India has always been a trading nation and in this complex web of technology, trade and investment regimes – the economic diplomacy and its sharpened acumen will provide rich dividends but for this to occur we shall have to ensure that behind “Single Window Mechanisms” there are no more windows and our investment regimes are transparent and predictable as the healthy competition among the Indian States to attract investments and foreign enterprise continues apace.

(The writer is a former Indian ambassador to Jordan, Libya and Malta.)

