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***Think Global, Act Local: Honorary Consuls in a
Transforming Diplomatic World***

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ABSTRACT

Consular diplomacy is taking on an ever increasing importance in the globalized world and economy, and may emerge as the more significant component of diplomatic power when compared to the traditional diplomacy exercised from embassies. Consular diplomacy can be defined as the diplomacy conducted via consulates and consular representatives, focused on the classical activities of visa functions, citizen services, representation, and issues of trade, tourism, and investment promotion between countries, localities, organizations, and individuals. This paper concentrates on the understudied subject of honorary consuls and their conduct of trade, tourism, and investment promotion. It seeks to highlight how states are using honorary consuls to extend their network for increased consular coverage; overview why localities, regions, and municipal hubs are increasingly more important than national capitals in terms of business and commerce and thus in need of an honorary consular presence; and demonstrate how selected nations are using honorary consuls to develop their economies. The conclusion looks at some of the still open research questions concerning the value of honorary consuls to trade and investment promotion, in particular the linkage between assigning honorary consuls the task of trade, tourism, and investment promotion and their actual effectiveness in the role.

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THINK GLOBAL, ACT LOCAL:

HONORARY CONSULS IN A TRANSFORMING DIPLOMATIC WORLD

Kevin D. Stringer

Introduction: Consular Diplomacy

Consular diplomacy is taking on an ever increasing importance in the globalized world and economy, and may emerge as the more significant component of diplomatic power when compared to the traditional diplomacy exercised from embassies. There is certainly a debate over what should be included under the aegis of consular diplomacy, and there is also a heavy degree of skepticism over whether all consular activities qualify as diplomatic. Several factors have contributed to this divisiveness over how consular activities fit into the wider diplomatic world. Notably

- In most modern diplomatic corps, the consular branch has been treated as second class citizenry in terms of careers, promotions, prestige, and national relevance.¹
- In a number of nations, traditional consular activities, particularly in the commercial and trade development area have been allocated to other government agencies over time.
- In recent years, there has been a proliferation of diplomacies – commercial, economic, public, and other – that seemingly dilutes the purist definition of the craft.²

1) This was the author's observation and experience from his service in the U.S. Foreign Service. See also Mary A. Ryan, Assistant Secretary of State for Consular Affairs, speech, 'Future Consular Challenges: New Demands and a New Agenda', *AFSA Friday Forum*, Washington, DC, December 6, 1996.

2) For a good example of this proliferation of terms see Raymond Saner and Lichia Yiu, 'International Economic Diplomacy: Mutations in Post-modern times', *Discussion Papers in Diplomacy 84* (The Hague: Netherlands Institute of International Relations 'Clingendael', January 2003). In this paper they describe the transformation of diplomacy and the

- In a Westphalian world dominated by the primacy of states, the relevance of consular affairs in pure state-to-state relationships has been questioned.

Yet, just as the Westphalian system changes under the onslaught of large numbers of significant non-state actors, so too must diplomacy. Although not within the scope of this paper, the question of whether diplomacy is undergoing a paradigm shift needs urgent exploration. With globalization, the number of actors beyond states grows, and this trend may even herald that the individual, in certain cases, becomes an important player on the diplomatic stage. If such a shift is occurring, at this retail level, consular affairs is not only important, but then would be unquestionably deemed diplomatic. For in general consular interactions occur more often with groups, companies, or individuals, rather than with hosting national governments. And if diplomacy is broadly defined as the institutions and processes by which states and others represent themselves and their interests to one another, then consular activities are certainly diplomatic.³

This view of a transforming diplomacy is reinforced by Cypriot Ambassador Euripides Evriviades who noted:

Modern diplomacy goes far beyond the confines of relations between states and between governments; it increasingly involves and incorporates the citizen. No longer is the citizen merely a spectator, as the recent events in Georgia, Ukraine, Lebanon and now Kyrgyzstan, have shown. As the wonders of globalization have forged new and more rapid networks of global communication and interaction, diplomacy must also adapt and adopt new ways to manage the speed and amount of information. Thus, while the avenues for diplomacy have widened, the vehicles for diplomacy must keep pace as well.⁴

For this article, consular diplomacy is defined as the diplomacy conducted via consulates and consular representatives, focused on the classical activities of visa functions, citizen services, representation, and issues of trade, tourism, and investment promotion between countries, localities,

functions of economic diplomacy, commercial diplomacy, corporate diplomacy, business diplomacy, national NGO diplomacy, and transnational NGO diplomacy.

3) See also Jan Melissen, ed. *Innovation in Diplomatic Practice* (London: MacMillan, 1999), xvi-xvii for a definition that encompasses states and other international actors.

4) Euripides L. Evriviades, 'The Demands of Diplomacy: The Role of Career and Honorary Consuls', *The Whitehead Journal of Diplomacy and International Relations*, Summer / Fall 2005, 21-27, specifically 22.

organizations, and individuals. While these various consular functions have been looked at in various ways in an emerging body of diplomatic literature on consular affairs, this paper will contribute to this rising collection by concentrating on the understudied subject of honorary consuls and their conduct of trade, tourism, and investment promotion.⁵

Honorary Consuls

Honorary consuls are recognized under international law by the Vienna Convention. The convention provides the judicial basis and general framework for consular relations between states and the delivery of consular services.⁶ Article 1, paragraph 2 of the Convention states that consular officers are of two categories, namely career consular officers and honorary consular officers. The Convention then goes on to define the rules that govern consular posts headed by honorary consular officers in its Chapter III.⁷ Very little research or literature has concerned itself with this unique consular institution and its capabilities, particularly in the trade, tourism, and investment promotion function.

Although the Vienna Convention gives all consuls – career and non-career – equal authority, each government assigns to its own consulates widely different responsibilities. Typically, consular officers have two primary tasks:

- To officially develop economic, commercial, scientific, and cultural relations between the country they represent and the area in which they serve. Increasingly this means promoting commerce – trade, technology transfer, and investment – both ways.

5) See for example on visa functions, Kevin D. Stringer, 'The Visa Dimension of Diplomacy', *Discussion Papers in Diplomacy* 91 (The Hague: Netherlands Institute of International Relations 'Clingendael', March 2004); on citizen services, Maaïke Heijmans and Jan Melissen, 'Foreign Ministries and the Rising Challenge of Consular Affairs: Cinderella in the Limelight', *Clingendael Diplomatic Studies Program Paper* (Hague: Netherlands Institute of International Relations 'Clingendael', June 2006); and on representation Brian Hocking and Donna Lee, 'The Diplomacy of Proximity and Specialness: Enhancing Canada's Representation in the United States', *The Hague Journal of Diplomacy* 1 (2006).

6) See Heijmans and Melissen, 'Foreign Ministries and the Rising Challenge of Consular Affairs', 8.

7) See Vienna Convention on Consular Relations and Optional Protocols, U.N.T.S. Nos. 8638-8640, vol. 596, 262-512, 24 April 1963.

- To safeguard the interest of the sending country and its citizens traveling or resident in their consular district.⁸

For this article on honorary consuls, and their role within a transforming diplomatic system, the first mentioned consular task of trade and investment promotion is the focal point. This emphasis is germane for as former United States (U.S.) career ambassador Thomas R. Pickering observed on the future of diplomacy, ‘To begin with, globalization will become ever more important. We will find ourselves working together in many different areas and arenas all around the world. I would highlight economic, commercial and trade issues, which, in the context of globalization, will play a much larger role in our international activities in the days ahead than they have in the past.’⁹

In a discussion with the Ambassador of India to Switzerland at a Swiss India Chamber of Commerce event, the author asked him how his embassy develops commercial opportunities in Switzerland. He answered by saying that he believes the Swiss and Indian private sectors should do more, and that his embassy staff were diplomats and not businessmen.¹⁰ Within this statement lies the true value proposition of the honorary consul, who if properly selected and directed, can bring business acumen, experience, and networks to consular diplomacy in order to develop trade, investment, and tourism opportunities for his appointing state. The institution of the honorary consul serves the transformation of consular affairs into the key element of diplomatic power by potentially creating commercial development opportunities that result in national economies moving up the trade and industry value chain. The honorary consul performs in this arena by:

- Extending the representation network of state in a cost-efficient manner in order to develop a wider network of investment or trade opportunities.
- Linking the interest of a state directly into a region, hub, or locality of commercial value. Consular posts that concentrate on trade and investment promotion become more and more important as such

8) See ‘What Consulates Do’, The National Association of Foreign Consuls in the United States, no date.

9) Thomas R. Pickering, ‘Diplomacy: The Future’, *The Fletcher Forum of World Affairs*, Vol. 29: 1, Winter 2005, 191-200, specifically 191.

10) H.E. Mr. Amitava Tripathi, Swiss India Chamber of Commerce Luncheon, June 8, 2006, Zurich, Switzerland.

consulates offer local communities and regions a direct and official tie to a foreign country and its resources.¹¹

- Developing business, tourism, and foreign direct investment (FDI) opportunities for the represented state in order for it to enhance its economy and in many cases move up the economic value chain.

Although honorary consuls are used for more traditional activities like citizen services, socializing, dinner parties, and cultural promotion, the focused utilization of this consular affairs function for economic benefit seems to be a growing trend. Although the numbers fluctuate, there may be around 20,000 honorary consuls in the world today, performing in roles ranging from the social and cultural to the economic.¹² This paper will seek to highlight how states are using honorary consuls to extend their network for increased consular coverage; overview why localities, region, and municipal hubs are increasingly more important than national capitals in terms of business and commerce and thus in need of at least an honorary consular presence; and demonstrate how selected nations are trying to use honorary consuls in order to develop their economies. The conclusion will consider some of the still open research questions concerning the value of honorary consul to trade and investment promotion, in particular the linkage between assigning honorary consuls the task of trade, tourism, and investment promotion and their actual effectiveness in the role.

Extending Consular Representation

Until recently, the consular element of national diplomatic power played an essential, but often underrated and overlooked role in most states. The collapse of the bipolar world and the rising importance of 'low politics' have created the conditions for a potential transformation in the way diplomacy is conducted, and the function of the honorary consul, in smaller and more cost-effective constituent posts, focused on the promotion of trade, investment, and tourist interests can play a key role in this change.

11) See 'Making Consulates Work for You', A Primer for State and Local Governments, The National Association of Foreign Consuls in the United States, 1997.

12) See 'You are appointed', *Hindustan Times*, October 31, 2005.

In looking at the conditions for a transformation in diplomacy, the unforeseen collapse of the Soviet Union marked a paradigm shift from a bipolar to a unipolar world dominated by the United States. This unipolar system is not absolute or settled, with power diffused to certain regional blocs and countries. This situation creates an international arena that is confronted with a variety of transnational issues that often occur at the confluence of the developed and developing world – transnational crime, narcotics, immigration, refugees, ethnic conflict, and environmental issues. These problems must often be addressed directly and locally rather than from the often-insulated capital city of a foreign country. This type of environment confirms the importance of a state having numerous constituent posts (consulates) located throughout key regions and countries that play a role in these transnational issues. This wider net of consular outposts gives the nation-state the necessary presence, influence, and information-reporting base to take action on relevant foreign policy issues in a proactive fashion. Furthermore, changing patterns of international tourism, cross-border capital flows, international terrorism and natural disasters account for a surge in consular challenges.

The second dramatic change in the international environment is the rapid globalization of the world economy. This shift to a global marketplace emphasizes the increased importance of ‘low politics’ – trade, investment, tourism – all traditional consular areas of interest. This emerging trend contrasts with the conventional diplomatic emphasis on military and political matters. Since many areas of the world are becoming regional economic zones as opposed to national economic zones, the necessity of widespread consular representation takes on added importance. Coverage of these numerous economic zones and cities of commercial interest is a suitable deployment for an honorary consul.

In terms of representation patterns, consulates and consular affairs should be viewed in terms of a basic business model. Just as no business can run solely from its headquarters, consular diplomacy needs to be conducted in outlying areas of the host country. This truism was unfortunately not applied in the latter stages of the 20th century. In general, in the 1980s and 1990s, fiscal austerity and the world political situation caused the closure of consulates in areas of the world where their presence could have provided commercial and political leverage for the national interest. After closure, the consulate functions were then often assimilated by the in-country embassy. As an example, for the United States this measure was not new and served to highlight the trend that has taken place since the 1930s. At that time, roughly seven independent consular posts existed for each embassy overseas. By 1995, there were two embassies for every independent consulate. The reasons for

this trend were many ---the end of colonial empires and the proliferation of new countries, budget constraints, and differences in strategic thought on consular versus diplomatic representation.¹³ Fortunately, this tendency of centralization in consular affairs has been reversed in the first decade of the 21st century.

In his book *The World is Flat*, Thomas Friedman reinforces this simple message that would seem to apply just as well to the business of diplomacy as it does to the business of business. To be successful, organizations must spread out, and it is the horizontal concerns, not the vertical, that own the future. Successful players in today's world are those who are on site when something happens — able to influence events, report on them and immediately engage key players.¹⁴ And those who require engaging are no longer clustered in capitals. The latter point could be key. The core function of diplomacy has traditionally been to influence governments— something that is done in capitals by embassies, largely through formal channels. Consulates in this model are an extension of embassies, and exist primarily to offer a geographic augmentation of the embassy's reach in limited core functions. This organizational chart rests on the assumption, however, that all of a nation's interests can be met by other central governments and that national governments are informed about and manage all that happens on their territory.¹⁵ This assumption is factually invalidated by empirically observing any number of states today in the international system. Regions as diverse as Catalonia, Andhra Pradesh, and California's Silicon Valley are quite autonomous from the national government, especially in the economic fields of endeavor.

In order to localize and extend diplomatic presence into outlying regions and provinces, a number of countries are establishing new consulates in preference to opening embassies. As part of this effort, and to be more cost effective, they are also expanding their networks of honorary consuls. The following paragraphs highlight this trend through a number of country specific examples that start with the smaller states of the world.

One of the most creative ways in which microstates can extend their international engagement is through the use of consular representation. Some

13) See Kevin D. Stringer, 'Brave New Consular World', *Foreign Service Journal*, June 1998, 13-15.

14) See Thomas Friedman. *The World is Flat: A Brief History of the Twenty-first Century* (New York: Farrar, Straus and Giroux, 2005).

15) Keith W. Mines, *Foreign Service Journal*, March 2006, 50-54, specifically 50.

microstates rely almost entirely on consular representation for their links to the outside world. Monaco has seven diplomatic missions but 43 consular missions; Luxembourg has 20 and 35, for San Marino there are 8 and 47 and for Malta 15 and 82.¹⁶ Liechtenstein has not established any consular missions itself, largely because of its representational agreement with Switzerland, but nearly all the states accredited to the Principality are at the consular level. There are approximately 38 consulates resident in Monaco alone. However, these microstate consular relations are based almost wholly on the services of the non-professional or honorary consul. Unlike career consuls, honorary consuls are appointed locally and need not be citizens of the state which they represent. Their postings are not dependent on special training or examination and they usually receive little or no remuneration. Most important, honorary consuls can engage in private professional or commercial activities. The attractiveness of the posting for the consul is that the prestige afforded by consular designation can be an advantage in private business. On the other hand, honorary consuls can be expatriates or 'good friends' of the state which they represent and noted for their long and conscientious service. On occasion they may be very distinguished personages within the host state. For many years, the hotel magnate, Sir Charles Forte, served as San Marino's consul in London. With little or no capital expenditure, the honorary consul system is an economical means of achieving representation on a scale otherwise unlikely. It is also a resourceful arrangement, for it brings to the service of the microstate those whose familiarity with local conditions and personalities can be invaluable.¹⁷

For comprehensive global coverage, the slightly larger state of Iceland heavily uses honorary consuls for trade and investment promotion in local regions. As H.E. Mr. Halldor Asgrimsson, Iceland's Minister of Foreign Affairs and External Trade stated, 'You [the Honorary Consuls of Iceland] are our extended foreign service in your home countries and in many places you are the only Icelandic representation.'¹⁸ Iceland has a total of 253 honorary consuls, and their role has not diminished with globalization. On the contrary, their roles have expanded in terms of promoting Iceland's economy

16) The actual current number of honorary consuls for a specific country may vary from the numbers given in this paper, as the numbers quoted are based upon the source document and its snapshot view at its date of publication.

17) See Barry Bartmann, 'The Microstate Experience: Very Small States in the International System', chapter for *Hvitabok (The White Book)* (Torshavn: Foroya Landstýrri, September 1999), 19-20.

18) H.E. Halldor Asgrimsson, Speech, Fourth Conference of Honorary Consuls of Iceland, Reykjavik, Iceland, October 2, 1995.

to an increasingly interested world. In addition to the traditional fisheries industry, Iceland's commercial ventures have expanded into various industries such as banking, software, biotechnology, aviation, prosthetics, and generic pharmaceuticals. The importance of consuls for a small state such as Iceland is obvious, and is in fact increasing. Iceland is one of several states whose honorary consuls by far outnumber its career consuls. In fact Iceland has only two consulates headed by career consuls, in Winnipeg and in New York, where the consul is also Iceland's deputy permanent representative to the United Nations.¹⁹ Thus, honorary consuls have played and will continue to play a key role in promoting Iceland's opportunities.

Similarly, in order to meet its global foreign affairs requirements, Canada looks to honorary consuls for the future. Honorary consuls have been part of the Canadian diplomatic presence since 1947. The program expanded slowly until the late 1970s at which time it started to grow rapidly. Today, there are 118 honorary Consul positions located in 77 countries performing a variety of duties including consular, trade, immigration, culture and development assistance. Honorary Consuls provide a Canadian presence where it is needed and where Foreign Affairs Canada (FAC) does not have consular offices.²⁰

For instance, in viewing the scope of the American market, the Canadian government has come to the realization that many of its core interests with the United States cannot be successfully managed through Washington alone because of the diffusion of power in the American political and judicial systems, and the subsequent influence on the economic sphere. Canada has initiated a major push to establish small consulates throughout the U.S. to promote its interests from the bottom up, starting with states that are involved in water and key trade issues. Some Canadian officials even speak of the need to have a presence in all 50 states.²¹

Canada launched the Enhanced Representation Initiative (ERI), which was formulated in 2004. This new framework is seen as an innovative approach to managing Canada's special relationship with the US and a better means of building and managing a 'strong partnership'. According to a senior FAC official closely involved with its development, the ERI is a unique approach to Canadian representation since it encompasses a 'whole-of-government approach' to the US relationship, involving fourteen government

19) Prime Minister David Oddsson, Speech, 7th World Consular Congress, Athens, Greece, November 24, 2003.

20) See *Review of Consular Affairs, Final Report*, Office of the Inspector General, Foreign Affairs Canada, Evaluation Division, Ottawa, Canada, November 2004, 43.

21) Keith W. Mines, *Foreign Service Journal*, March 2006, 50-54, specifically 51.

departments in the delivery and management of Canadian diplomacy across North America. The ERI has expanded Canadian representation with a broader geographical reach of consulates and consuls across the U.S. Particular emphasis is given to developing Canadian representation in areas ‘outside the Beltway’: in the south-west, as a response to the shift in power in the U.S. from the east coast to the south-west during the Bush presidency; as well as the north-west, driven by the need to develop better advocacy and business development in this region of notable trade disputes in lumber and wheat.²² ‘Stronger’ representation has thus partly meant enhancing the diplomatic network in the U.S. At the time of launching the ERI in September 2003, the aim was to increase significantly the level of Canadian representation through opening new consulates (six by December 2005) together with a new consulate-general in Denver, thereby increasing the overall network to 22 offices. These have been supplemented by appointing thirteen honorary consuls, with more appointments planned.²³ International Trade Canada is currently expanding its use of honorary consulates as part of the ERI with plans to create 20 new honorary consulates in the United States. These new honorary consuls will be devoted solely to trade and advocacy services.²⁴

Also for Canada’s southern neighbor, such a horizontal model for diplomacy — as opposed to a vertical one — has similarly been suggested by a number of senior U.S. policy-makers and analysts. While serving as U.S. envoy to Moscow, Ambassador Thomas R. Pickering traveled extensively throughout the Russian Federation. The vastness of the country left him sobered, especially considering that he was attempting to gather information and represent U.S. interests from only the embassy in Moscow and the consulates in St. Petersburg, Yekaterinburg and Vladivostok.²⁵ An extension of consular posts via the honorary consul function could have widened his network, and provided platforms for not only trade development and investment promotion, but also for the American public policy apparatus.²⁶

In one of her key 2006 speeches, United States Secretary of State Condoleezza Rice reaffirmed the need for greater representation, by default more consular posts or variants, when she stated,

22) Hocking and Lee, ‘The Diplomacy of Proximity and Specialness’, 31-32.

23) Hocking and Lee, ‘The Diplomacy of Proximity and Specialness’, 47.

24) See *Review of Consular Affairs, Final Report*, 45.

25) Keith W. Mines, *Foreign Service Journal*, March 2006, 50-54, specifically 51.

26) The United States does not appoint honorary consuls but uses consular agents instead.

Our third goal is to localize our diplomatic posture. Transformational diplomacy requires us to move our diplomatic presence out of foreign capitals and to spread it more widely across countries. We must work on the front lines of domestic reform as well as in the back rooms of foreign ministries. There are nearly 200 cities worldwide with over one million people in which the United States has no formal diplomatic presence.²⁷

Interestingly, smaller nations seemingly have been more progressive in enlarging their diplomatic networks and utilizing honorary consuls for staffing these extensions. For example Cyprus relies almost exclusively on the work performed internationally by honorary consuls. Cypriot honorary consulates number 119, almost three times the number of diplomatic missions maintained abroad. By the sheer weight of demography and the burden of geography, the consul is the key to building the bridges and bonds of friendship between nations and peoples. In the United States alone, Cyprus maintains fifteen honorary consulates in such diverse places as Chicago, Phoenix, Atlanta, New Orleans, San Francisco, Boston, Washington state, Houston, and Jacksonville, North Carolina. Given the prominent role the honorary consuls play in representing Cyprus abroad and because of European Union accession and the responsibilities that come with it, there are a relatively strict set of criteria for the selection of the individual who will be entrusted with the duties of the honorary consul.²⁸

As part of the consideration to increase representation through honorary consuls, cost plays a large role. While embassies and consulates obviously have an important role to play, honorary consuls, if managed and assisted professionally, may prove to be more cost-effective.²⁹ For most honorary consul appointees, having an already established business makes maintaining a consulate rather simple. Most honorary consuls serve for free, and are only offered reimbursement for some of their expenses. For example, Canada's honorary consuls used to receive a minimum honorarium of \$3,000 per year, plus expenses, with more paid to men and women in areas that attract a lot of Canadian tourists.³⁰ With the advent of the ERI Honorary Consul model for

27) Secretary Condoleezza Rice, Speech, 'Transformational Diplomacy', Georgetown University, Washington, DC, January 18, 2006.

28) Evriviades, 'The Demands of Diplomacy', 24.

29) See Heijmans and Melissen, 'Foreign Ministries and the Rising Challenge of Consular Affairs', 11.

30) Glen Allen, 'The honorary consuls; Life among Canada's volunteer diplomats', *Maclean's*, January 30, 1989, 18.

its U.S. representation, each U.S.-based honorary consulate package is valued at approximately \$100,000 per year and includes funds to offset the costs for office space, operations, assistants and an honorarium of \$20,000 which is nearly double the present maximum of \$15,000.³¹ Nevertheless, the price is still low compared to career consuls and their needed infrastructure. The Cyprus government gets the best financial value from its honorary consuls because they cost the Cypriot taxpayer next to nothing.³² For most countries this is the pattern, with honorary consuls serving primarily out of prestige and interest reasons rather than for monetary payment. The appointing government can also select businessmen or industrialists to best represent its commercial interests and attract increased investment and grow bilateral trade.

In illustration, the Philippines has for its Monaco honorary consul the owner of a multinational corporation with interests in insurance, pharmaceuticals, financing, travel, shipping and manufacturing. For the Philippine Consulate in Syria, it has appointed an industrialist engaged in the steel industry who represents established Belgian, Swiss, Moroccan, and Sri Lankan companies in Syria. For its Basel, Switzerland site, the Philippine's has a business leader with four companies operating in four towns in Switzerland with a total of 220 employees. Other honorary consuls have wide-ranging business and professional interests ranging from shipping to food manufacturing.³³

The advantages of honorary consuls are well summarized by Kartar Singh Bhalla, Secretary General, Honorary Consular Corps Diplomatie-India and the Honorary Consul General for the Republic of Nauru who stated, 'the biggest advantage for the appointing country is that it is able to save on expenses. The country is also able to get highly placed, educated professionals for free. The countries who pay do not have to shell out as much as they would have had to pay an Ambassador. For the appointee, it is a prestigious post to hold as it enables him to become part of the diplomatic circuit.'³⁴

31) See *Review of Consular Affairs, Final Report*, 45.

32) Evriviades, 'The Demands of Diplomacy', 23-24.

33) Philippines Department of Foreign Affairs, Press Release No. 288, June 10, 2003.

34) See 'You are appointed', *Hindustan Times*, October 31, 2005.

Linkages into Regions and Localities

Consular diplomacy and representation becomes critical given the rising importance of regions and local areas in the globalized world economy. As a McKinsey report noted, centers of economic activity will shift profoundly, not just globally, but also regionally. As a consequence of economic liberalization, technological advances, capital market developments, and demographic shifts, the world has embarked on a massive realignment of economic activity. Although there will undoubtedly be shocks and setbacks, this realignment will persist. Today, Asia (excluding Japan) accounts for 13 percent of world GDP, while Western Europe accounts for more than 30 percent. Within the next 20 years the two will nearly converge. Some industries and functions—manufacturing and information technology (IT) services, for example—will shift even more dramatically. The story is not simply the march to Asia. Shifts within regions are as significant as those occurring across regions.³⁵

In many countries, different loci of power exist beside the capital city, and the emergence of economic regions and zones and the rising local nationalism of ethnic minorities heighten this diffusion of power. Countries as diverse as the Democratic Republic of Congo (DRC, former Zaire), France, and the United Kingdom are prime examples of states with non-capital based centers of power. The DRC is a vast country roughly one-quarter the size of the United States. Given its size, vast mineral wealth, and strong regional autonomy, a number of points of power and influence exist far beyond the capital city of Kinshasa. These provincial hubs include Kisangani, Kolwezi, Bukavu, and Lubumbashi. Honorary consuls are one way to establish a footprint in these remote regions. In France, the development of economic trade zones that lie outside of the Parisian environs creates business and export opportunities for foreign firms. Areas like the French side of the Basel Triangle, the Bordeaux region, and the Strasbourg corridor are attracting large numbers of multinational enterprises.³⁶ Consular outposts in these areas can facilitate international business interests in the region. In the United Kingdom, the economic value of Scotland with its North Sea oil makes a consular presence important for commercial and political national interest

35) See Ian Davis and Elizabeth Stephenson, 'Ten trends to watch in 2006', *The McKinsey Quarterly*, January 2006, at http://www.mckinseyquarterly.com/article_page.aspx?ar=1734&L2=21&L3=114&srid=297&gp=0, accessed July 5, 2007.

36) See Stringer, 'Brave New Consular World', 13-15.

reasons. Many European countries are expanding their consular presence in Edinburgh due to trade opportunities. Clearly by creating smaller, but more numerous consulates, any country can decentralize representation, while strengthening its presence and influence in important localities throughout the world.

In terms of the considerations of where to establish consular outposts manned by honorary consuls, they vary based upon individual country interests and what a potential consular location offers. For localities, three examples offer insight into the desirability for a direct honorary consular link into indigenous districts. To address the various regions of the United States, Canada's current ambassador to Washington, Frank McKenna, has explained the rationale for wider representation and honorary consuls in the following terms:

Why the emphasis on getting outside the [Washington] Beltway? Because we know where the action is. It's on the ground, in the states. Because we know where key decision-makers are and where they come from — the states. Because we know where the market opportunities are for Canadian and US businesses alike — whether it is biotech in Phoenix, or Silicon Valley South in Houston. Because we know it is a whole lot easier to resolve issues at the retail level before they become gridlocked by Washington politics.³⁷

India is another example of a country where the need for representation and business development capabilities has moved beyond the capital of New Delhi; a requirement largely driven by the booming offshoring industry on the sub-continent. The rise of the information technology (IT) and business process offshoring (BPO) industries has created a number of new commercial hubs for trade and investment. Historically India had four cities called metros – Mumbai, Delhi, Kolkatta and Chennai. Then Bangalore emerged due to IT and Hyderabad due to the vision of the Chief Minister, again on the back of the IT offshoring trend. Then come the next round of cities such as Pune, Jaipur, Cochin, and others. The total was around 24 cities in all, generally one per provincial state, and generally being a city other than the provincial capital of that state.

From an offshoring outlook, the cities emerged as follows. Bangalore took off from an IT perspective, then Mumbai and Gurgaon from a BPO call center perspective. Hyderabad expanded with IT, Chennai from back office

37) Frank McKenna, 'Notes for an Address to the Council of State Governments', in Canadian Embassy, Washington, DC, Speeches and Statements, Wilmington, Delaware, December 4, 2005, 5.

processing, and Pune emerged due to its reservoir of young college graduates. So if the cities are tiered according to development, the first tier municipalities are locations like Bangalore and Mumbai, followed by Hyderabad, Chennai, Gurgaon, and Pune which are now established locations, and the third tier starts with cities like Cochin, Thiruvananthapuram, Chandigarh, Indore, Coimbatore, Mysore, Mangalore, Trichy, Vizag and Pondicherry.

As a second tier, non-capital city, Hyderabad is a case in point. Hyderabad is a metropolis with a very broad and diversified economic base. It has a mix of businesses like bio-technology, life sciences and information technology. A booming city in terms of the offshoring business, a number of major banks and technology companies have built and developed extensive operations there beginning in 2004. With a population of 6.3 million, this 'second tier' Indian city has a population almost equal to that of Switzerland. Given the growth rates and commercial opportunities, rhetorically, can a country not afford to be represented by an honorary consul in Hyderabad and its sister cities?

Poland has followed a similar path of commercial development, largely driven by eastward expanding investment and the offshoring industry. An expert company in human resource and offshoring consulting deems cities like Bialyok, Gdansk, Katowice, Krakow, Lodz, Poznan, and Wroclaw as prime locations for businesses to build captive offshoring centers or invest in regional and local operations.³⁸ These are seven vibrant economic centers beyond the capital of Warsaw, and they can no longer be classified as diplomatic backwaters. Any state's national interests, in trade, tourism, and investment, would require presence in these locations, and this presence is most easily and efficiently met by the mechanism of the honorary consul.

The previously mentioned examples from the DRC, France, the United Kingdom, the United States, India, and Poland show the increasing significance of economic and commercial centers beyond the national capital. Honorary consuls provide all sovereign states a way to ensure coverage of these cities and regions, thereby enabling a direct link between the sending nation and a specific business or trading hub.

38) Author's discussion with a well-known human resource consulting firm, September 15, 2006.

Business, Investment, and Tourism Development

Starting with states, given the swelling tide of globalization, they all need to have a strategic direction and plan for moving up the economic value chain to create a sustainable economy, attracting investment and trade, and becoming more competitive in the global marketplace. In order to move up the economic value chain and increase global competitiveness, states have to develop value-added economies based upon the real engines of competitiveness, which are science, technology, entrepreneurship, finance, logistics, and education.³⁹

Additionally, states, like corporations, must consider: finding a niche or comparative advantage for driving their economy; diversifying in business activities to avoid over dependence on global factors that might influence the economy negatively; creating a value proposition for would-be commercial markets and partners; and developing a brand and position in the world market so that a state attracts corporate investments with its value proposition.⁴⁰

One mechanism for any state to move up the economic value chain is to focus on business promotion, investment, and tourism development. Michel Kostecki and Olivier Naray use the term commercial diplomacy to capture the activities relating to trade, foreign direct investment, tourism and business advocacy, and research and technology. They see this type of diplomacy as a value-creating activity.⁴¹ This paper agrees, but places these activities rather under the umbrella of consular diplomacy, and in a transformed consular world, under the responsibilities of the honorary consul.

By doing this, consular diplomacy returns to its medieval roots in the use of honorary consuls as promoters of business and investment since the first consuls in the modern sense emerged in Middle Ages in the wake of expanding international trade in Europe, and the need for representatives for merchants in the main harbor cities of Southern Europe and the Levant.

39) Prof. Stephane Garelli quoted in Frances Williams, 'Lower taxes 'not the key' to making countries more competitive', *Financial Times*, May 12, 2005, 6.

40) See Kevin D. Stringer. *An Economic Diagnosis of Palau Through the Liechtenstein Lens: Moving Up the Value Chain—International Political Economy Strategies for Microstates*, East-West Center Working Papers, Pacific Island Development Series, No. 17 (Honolulu, HI: East-West Center, Feb. 2006), 20.

41) See Michel Kostecki and Olivier Naray. Commercial Diplomacy and International Business, *Discussion Papers in Diplomacy 107* (The Hague: Netherlands Institute of International Relations 'Clingendael', April 2007), 7.

These representatives were not diplomats, but mostly people elected by and within their own communities. They occupied themselves with the facilitation of trade and the representation of the interests of merchants.⁴² Centuries later, most countries still emphasize their own exports and trade relations. However, a few have realized the value of promoting alliances and other types of business arrangements in both directions. It is surprising how often local development goals can be matched with the interests of foreign governments and businesses. State and local economic development authorities can start with the contacts, information and advice provided by local consulates, and go beyond in attempting to establish mutually-beneficial working relationships.⁴³

Bangladesh

A number of nations use the honorary consul as a unique, efficient, and relevant mechanism to develop their economies and support continued movement along the economic value chain. To illustrate this linkage, Bangladesh provides a useful example of the connection between trade promotion and honorary consulates. By mid-2005, 24 of the 58 Bangladeshi missions abroad had missed their export targets in the first nine months of the fiscal year from July 2004-June 2005. Nine of the 24 not only missed their target but also failed to match their performance in the previous fiscal year. As a consequence, the commerce ministry proposed that the foreign ministry should set up consular offices and appoint honorary consuls in 46 territories across the world to safeguard the country's trade interests in a complex global business environment. These appointees would be renowned business men of the countries to promote Bangladeshi products. These consulates would help the country promote its products and services in existing and new destinations. An export promotion official said that in an era of trade diplomacy, Bangladeshi exporters need to develop intensive links with their foreign counterparts, and that wider coverage and support by its missions and consulates should facilitate the linkage. The recommendation suggested honorary consulates in cities like Florence, Italy, Shanghai, China, Bangalore, India, as well as the emerging markets of Brazil, Peru, Chile, Sudan,

42) See Heijmans and Melissen, 'Foreign Ministries and the Rising Challenge of Consular Affairs', 3-4.

43) See 'Making Consulates Work for You', A Primer for State and Local Governments, The National Association of Foreign Consuls in the United States, 1997.

Tanzania, Tunisia, Nigeria, and Mexico. This initiative was requested on a priority basis, since Bangladesh had been losing its established markets where products like leather, handicrafts, jute, and fabrics were in high demand. The appointment of honorary consuls in cities with good business potential would help increase exports and reduce the trade gap.⁴⁴

Iceland

While already highlighted in the section under extending consular representation, Iceland serves as a useful exemplar of using honorary consuls to develop business. For example, already at the Fourth Conference of Honorary Consuls of Iceland, three main themes were chosen as topics – foreign trade, foreign investments, and tourism. As then Foreign Minister Halldor Asgrimsson stressed:

Honorary Consuls... are now asked to look at the whole picture...Icelandic companies would welcome wholeheartedly indications of possible business ventures, be it either, in cooperation with, or investments in, foreign companies involved in the fisheries sector. The Icelandic sales organizations are constantly on the lookout for new species of fish or additions to those species already sold through their marketing systems. This is where the greatest potential for economic growth in this sector is to be found. The Honorary Consuls are often the first contact with Iceland. It is therefore of great importance that they be kept up-to-date with the trends affecting this industry. I call upon the Icelandic tourism industry to establish firm contacts with these friends of Iceland in order to make them better equipped to promote Iceland as the destination for the tourist of today....[but] It is in the field of foreign direct investments that the Honorary Consuls of Iceland can have a great influence.⁴⁵

44) See 'Ministry proposes 46 new consuls to boost Bangladesh's trade', *Xinhua News Agency*, May 25, 2005, and 'Bangladesh mulling new steps to boost exports', *Indo-Asian News Service*, November 20, 2005.

45) H.E. Halldor Asgrimsson, Speech, Fourth Conference of Honorary Consuls of Iceland, Reykjavik, Iceland, October 2, 1995.

Philippines

The Philippines is a further Asian country that values the function of the honorary consul for trade and investment development, particularly for its growing offshoring industry. In a two-day workshop conducted in 2003, Foreign Affairs Secretary Blas F. Ople urged 29 Philippine honorary consuls composed of leading industrialists and prominent personalities from different parts of Europe and the Middle East to do their share in bringing tourists and foreign investors to the country. Addressing the honorary consuls, Secretary Ople said, 'You can do much to promote the trade, investment, and tourism relations between the Philippines and your consular districts. You can improve market opportunities for Philippine exports. You can encourage investors and, whenever feasible, accompany them to the Philippines.' After a comprehensive briefing on the Philippine situation by Foreign Affairs Secretary Ople, the honorary consuls were treated to a briefing on economic diplomacy by Undersecretary Delia Domingo-Albert. In her presentation, she described each participant as an e-Honorary Consul – 'e' for electronic, 'e' for economic intelligence and 'e' for enthusiastic agents. She distributed tool kits, which include handbooks on investment incentives in the Philippines and brochures on IT opportunities in the country. Undersecretary Albert pointed out the comparative advantages of the Philippines in the IT sector. 'The Philippines today offers a range of e-services. In the bid for the global call center market, the Philippines currently ranks second, after India,' she added.⁴⁶

Conclusions

In looking at the globalized world economy, diplomacy finds itself transforming in both direction and purpose to concentrate on the 'low politics' arena, where commerce, trade, tourism, and the local level, as opposed to the capital or national level of contact, are extremely important. Consulates, more than embassies, are therefore becoming the lifeblood of modern diplomacy. This particular institutional choice of representation raises interesting questions. While some feel that consuls can be effective in what they do — mainly trade and investment promotion — others feel that effective representation beyond business and trade advocacy requires an

46) Philippines Department of Foreign Affairs, Press Release No. 288, June 10, 2003.

ambassador. One official has remarked that ‘the title gives you the impact’. Thus the higher the rank, the higher the level and greater the extent of influence.⁴⁷ Nevertheless, the institution of the honorary consul, due to both its capabilities and cost effectiveness, is an important part of this transformation as it seems to meet the need for expanded representational coverage, while providing a unique vehicle for trade, tourism, and investment promotion.

Can some broad conclusions be made on the position of honorary consul and its use for trade, tourism, and investment promotion? At first glance, it would appear to be a tool used principally by smaller countries, ranging from microstates to mid-level powers to better leverage local and regional business development opportunities. While this might be a tendency, more research is needed because several cases refute this view. For example, Russia, an erstwhile superpower, but still a large and major regional power, makes extensive use of honorary consuls as a dynamic tool for developing stronger relations between nations and in increasing commercial and economic ties.⁴⁸ The Canadian example highlighted in this paper also contradicts the idea that honorary consuls are only used by smaller or developing nations. In fact, in specific countries, like the United States, Great Britain and Japan, Canadian honorary consuls devote 100 per cent or nearly 100 per cent of their time on trade matters and representation issues.⁴⁹ One critical point of research to be conducted is to determine if there is a causal relationship between actual increases in FDI, trade, or tourism due to an honorary consul’s efforts. Certainly the anecdotal and observable evidence would point towards this, but stronger facts or metrics have not yet been presented. Notwithstanding these open questions, the countries mentioned in this paper represent a diverse group in terms of economies, development levels, and geopolitical positions. Yet all see honorary consuls as a critical ingredient for success in adapting to the changes occurring in diplomacy, by enabling better trade, tourism, and investment promotion, in order to move their economies up the commercial value chain.

47) Hocking and Lee, ‘The Diplomacy of Proximity and Specialness’, 48.

48) See ‘Honorary Consuls: Discussion at the Russian Consular Service Department’, *International Affairs: A Russian Journal of World Politics, Diplomacy & International Relations* Vol. 49, issue 4, 176-198, and ‘Honorary Consuls’, *International Affairs: A Russian Journal of World Politics, Diplomacy & International Relations* Vol. 49, issue 5, 157-184.

49) See *Review of Consular Affairs, Final Report*, 43-44.

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- 1 Jan Melissen (ed.), *The New Public Diplomacy: Soft Power in International Relations*, (Basingstoke: Palgrave-Macmillan, 2005) pp. 16-25.
 - 2 Melissen (2005), p. 24.
 - 3 H. Butterfield, 'Diplomacy New and Historical', in H. Butterfield and M. Wight, *Diplomatic Investigations*, (London: Allen and Unwin, 1966) pp. 150-2.
 - 4 Butterfield (1966), p. 27.
 - 5 Dominic Kelly, 'Rice, Oil and the Atom: A Study of the Role of Key Material Resources in the Security and Development of Japan', *Government and Opposition*, Vol. 40, No 2 (2005), pp. 278-327.
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