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Reconstructing the Silk Road: The Role of Chambers of
Commerce Abroad in the Development of Asian Markets

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Reconstructing the Silk Road: The Role of Chambers of Commerce Abroad in the Development of Asian Markets

Alberto Asquer¹

ABSTRACT: *The construction of markets in Asia is a complex political, social, and economic process that unfolds through various parallel and intertwined activities at various societal and organisational levels. Within the field of economic and organisational sociology, the creation of markets is especially affected by entrepreneurial agents that contribute negotiating and shaping social arrangements within organisational fields by helping establish relationships and marshalling the support of organised interests. Among private sector organisations, the Chambers of Commerce Abroad (CCA) act as such entrepreneurial agents that contribute to the promotion of business activity in Asian countries. This study aims, first, to conceptually define what CCA do in terms of a category of activities labelled 'business diplomacy'. Second, this study empirically investigates the activities carried out by CCA established by main EU countries (Germany, France, the UK, and Italy) in Asia. Third, this study identifies and discusses some managerial issues that CCA is confronted with when recruiting members, providing them services, and constructing forms of representations for their policy positions.*

Keywords: Business diplomacy, business networks, Chambers of Commerce Abroad.

Introduction

The construction of markets in Asia is a complex political, social, and economic process that unfolds through various parallel and intertwined activities at various societal and organisational levels. At the 'macro-level', the process is exposed – among others – to the influence of ideas about the desirable working of free markets, of the domestic political discourse and established power relationships, and of the balance of power and economic influence between nation states. At the 'meso-level', the process is affected by many initiatives and efforts that agents undertake in order to pursue rather limited and circumscribed objectives. The resulting combination of these 'forces' becomes apparent in the continuous reshaping of the market (and related) institutions, of the canons of conduct of economic agents, and of the flows and intensity of economic activity.

While several studies focus on the origins, working, and effects of global and nation-wide forces that shape the making and implementation of the 'market-making' programme, others take a more circumscribed view on the creation of

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social and political arrangements that are conducive to the facilitation of market exchange relationships. Within this second line of research, studies done in the field of economic and organisational sociology highlight that markets are to be conceived as institutions that develop out of patterns of social relations (Fligstein, 2002; Krippner, 2001; Granovetter, 1985; White, 1981). The creation of markets is especially affected by entrepreneurial agents that contribute negotiating and shaping social arrangements within organisational fields by helping to establish relationships and marshalling the support of organised interests (DiMaggio and Powell, 1991; DiMaggio, 1989). Several agents contribute to the market-making process, with the resulting effect that the development of markets is dependent on the predominance of efforts intended to preserve stability of established market arrangements or to overthrow prevailing patterns of exchange (Fligstein and Freeland, 1995).

Agents within the market-making process include various private sector organisations, such as multinational and transnational corporations, banks and financial institutions, and rating and standard setting agencies, that operate alongside international organisations like the World Bank, the International Monetary Fund, the World Trade Organization, and the OECD. While the influence of these large actors within the market-making process is apparent, relatively less attention has been placed, instead, on the role played by a myriad of relatively smaller enterprises that nevertheless contribute moulding the social and economic fabric of markets (Rosenau, 1997). Yet, any economic agent makes decisions that contribute to the formation and reproduction of norms and customs on such matters as trade practices, investment guarantees, canons of partnerships, transparency and accountability. In this sense, research on the conduct of economic agents (businesses and their representative organisations) can contribute to our understanding of how markets develop over time.

The development of markets in Asia provides an illustrative instance of ongoing efforts to create and reshape market institutions. Among the actors involved in this process, the Chambers of Commerce Abroad (CCA) act as entrepreneurial agents that contribute to the promotion of business activity both within Asian countries and between Asian and home ones. As 'trade associations' or 'trade networks' established between business companies, the CCA play an important role in the development of market institutions. Their activities are generally intended to promote business between their members and between companies based in the home country and those located in the host territory. Alongside these functions, the CCA may also contribute to specialised policy discourses about such issues as trade liberalisation, alignment of labour conditions, coordination of taxation, adoption of environmental protection standards, and transparency of local judicial systems.

This paper aims to examine the conceptual, empirical, and managerial issues raised by the contribution exerted by the CCA in the construction of markets in Asia. It does so through a comparative analysis of the activities carried out by the CCA of four main European countries (Germany, France, the UK, and Italy) in 15 Asian countries (namely, Bangladesh, Cambodia, China and HK, India, Indonesia, Japan, Korea, Laos, Malaysia, Philippines, Thailand, Singapore, Sri Lanka, Taiwan,

and Vietnam). Conceptually, the activities of the CCA may be clustered within a category of business functions called 'business diplomacy', that is taken here as a shorthand for various activities intended to establish favourable conditions for business companies' activity. Empirically, the activities of the CCA may vary considerably over time (e.g., since the early establishment of informal 'business associations' to the institutionalisation of practices intended to promote business activities in the host country) and across countries (e.g., depending on the host countries' industrial structure and regulatory institutions). Exploring such variation may offer some insights into the different trajectories of market-making in Asia. Finally, the activities of the CCA also pose managerial issues, that relate to whether and how they should coordinate their efforts with those of other business promotion organisations and how to enhance the effectiveness of their interventions.

The rest of the paper is organised into five more sections. Next one will outline the general features of the involvement of private sector organisations in the process of market-making in Asian countries. Section three will draw the conceptual traits of 'business diplomacy' as a distinctive function performed by private sector agents seeking to establish favourable conditions for business companies' activity. The fourth section will present the empirical evidence of the activity of the CCA in Asian countries. Section five will discuss the managerial issues that CCA face while performing their business diplomacy function in Asian countries. Finally, section six will draw the conclusions.

1. Private sector organisations in the making of markets in Asia

Asia is increasingly important within the current global economy. Following the financial crisis in 2008, Asian countries are leading the global recovery at above 7% GNP growth rates and their economies are projected to account for more than 40% of world GDP by 2030 (IMF, 2010a, 2010b). The growing importance of Asian countries is also apparent in both the (actual and expected) increasing trade volume between Asia and the rest of the world and between Asian countries (Anderson and Strutt, 2011). These changes of global growth and trade patterns have profound implications in both the economic and political spheres. From the Asian perspective, the re-balancing of growth and trade patterns is often associated with a sense of relocation of global centre of power (Brown, 2009). From a 'Western' (i.e., North-Atlantic) perspective, the 'global shift' (Dicken, 2003) triggers the quest for more intense relationships with Asia, especially as the fastest-growing global markets of Asia become increasingly important to American and European firms (Brown, 2009).

Within the EU, the establishment of tighter economic relationships with Asia ranks high in the international policy agenda. Apart from the engagement with the World Trade Organisation track (Doha Round) and the strike of preferential trade agreements (PTAs) with neighbouring countries ('enlargement' policy), the EU also pursues a global strategy for international trade and foreign investments that is especially keyed to Asia (EU Commission, 2006). Both through bilateral relationships (notably with Japan, South Korea, China, and India) and

regional roundtables (e.g., Asia-Europe Meeting or ASEM), the EU is keen to make Asian countries open their domestic markets to foreign products and investments by building on the argument that, as Asian countries benefit from the open world trade system, they should align their institutions and regulation to the 'free-market regime' (Yeo and López-Vidal, 2008). Over time, negotiations over the opening of Asian markets have been progressively enlarged to include, apart from issues related to tariff and non-tariff barriers, matters of contention such as intellectual property rights, public procurement, access to raw resources and energy sources, environmental protection and competition policy (Hocking and McGuire, 2002).

While national governments and super-national organisations are prominent actors of international trade and foreign investment policy-making, it is generally acknowledged that private sector organisations also claim more room at the 'negotiation table' (Pigman, 2005; Reinicke, 2003; Wang, 2006; Kelley, 2010). Over time, private sector organisations – a heterogeneous class including business companies and their associations, non-governmental organisations, rating agencies, and various multilateral organisations (Cooper and Hocking, 2000) – have increased their influence in rule-making and standard-setting processes, and gained in authority even outside the formal political venues (Pattberg, 2005). The rise of private sector organisations has profound implications on the institutional arrangements and practices followed by other actors within the international trade and foreign investment policy community. Commercial interests, in particular, have (re)gained a central role within the foreign policy of several governments (Garten, 1997). Accordingly, diplomatic services have been progressively enlarged to allocate more time and resources to commercial activities (Lee and Hudson, 2004; Langhorne, 2005; Kelly, 2010) beyond the traditional role played by Consular Sections of Embassies and Consuls. Private sector commercial organisations, instead, have increased their 'access channels' to the making of the international trade and foreign investment policy and their skills to influence its outcome (Sherman and Eliasson, 2006; Langhorne, 2005).

Among public sector organisations with commercial interests in the opening of markets in Asia, the Chambers of Commerce Abroad (CCA) plays a silent, albeit substantive, role. The influence of CCA on international trade and foreign investment policy-making has been highlighted in some scholarly works (see, for example, the studies of Cowles, 1996, 2001, and Peterson and Cowles, 1998, on the role of the American Chamber of Commerce in Brussels). By and large, however, the ways in which these 'associations' or 'networks' of business companies operate, and how they contribute to reshaping markets in the host country, has not been deeply investigated. From an institutionalist perspective (Hocking and McGuire, 2002), however, it is important to trace the formation of institutionalised channels of participation and influence of private actors on the making of rules and social practices within the international trade and foreign investment arena.

2. The concept of business diplomacy

Conceptually, the activities performed by the CCA for promoting trade and investments in the foreign host countries can be grouped in a category of business

functions called 'business diplomacy'. Business diplomacy is generally recognised as an area of professional activity within the field of negotiation. The term comes as a convenient shorthand for various activities intended to establish favourable conditions for business companies' activities, including influencing economic and social actors for creating and seizing new business opportunities, working with rule-making organisations that affect international trade and foreign investments, preventing potential conflicts with stakeholders and minimising political risk, and actively engaging the media and other public arenas for safeguarding image and reputation of business companies (Saner et al, 2000). The emergence of this category in the lexicon of international business circles indicates that a special domain of activity within business companies and their associations has formed. Arguably, the institutionalisation of the domain of business diplomacy may be also accompanied by an increase of this activity over time (Meyer and Rowan, 1991).

The definition of business diplomacy requires careful conceptual analysis for at least two reasons. First, the concept bears the risk of being vague if no specification is provided of what kinds of activity are included and how they jointly contribute to establish favourable conditions for business companies' activities. Second, conceptual boundaries need to be drawn in order to differentiate business diplomacy from other concepts that may share some common traits, such as 'public relations', 'diplomacy', 'economic diplomacy', 'commercial diplomacy', and 'corporate diplomacy'. Following Lakoff (1987), we hold that the meaning of abstract and complex concepts is understood through the identification of idealised cognitive models that contribute characterising the concept (similarly to Barzelay, 1997). The concept of business diplomacy is understood as a social practice that can be described along five dimensions, that concern the organisational context, the desired performance, the objectives of the activity, the ways in which the activity is performed, and the role of the actor(s) engaged in the activity. The characterisation of business diplomacy along these dimensions is made by comparison to alternative and proximate social practices, namely 'diplomacy', 'economic diplomacy', and 'public relations' (Table 1).

Field of activity	Organisational venues	Desired performance	Objectives of the activity	Mode of operation	Role of actor(s)
Diplomacy	Inter-governmental	The pursue of peaceful means for conducting business between states	To build and sustain positive and constructive relations between states	Advising, organising, negotiating, information gathering and analysis, rules compliance, ambiguity handling	Facilitators
Economic/commercial diplomacy	Inter-governmental or business-	The pursue of economic gains and advantages	To promote exports, attract inward foreign	Advising, networking, negotiating,	Professional of 'salesmanship'

	government	for countries	investments, and stimulate other economic activities	gathering information and analysing it, and conflict handling	
Business diplomacy	Inter-governmental or business-government	The pursue of economic gains and advantages for business companies	To establish favourable conditions for business companies' activities	Creating and seizing business opportunities, safeguarding image and reputation of business companies, affecting rule-making, conflict prevention	Entrepreneurial broker
Public relations	Inter-organisational or inter-personal	The pursue of the interests of the organisation or of the public	To actively reap opportunities or react to threats	Communicating, cooperating, issue management, gathering information, defining responsibilities, embrace change, anticipate trends.	Strategic relationship managers

Table 1. Comparison of diplomacy, business diplomacy, and public relations.

Diplomacy is a field of activity that, in many respects, bears some conceptual similarities to what has been labelled here as 'business diplomacy'. Broadly defined, diplomacy is “a process of communication, negotiation, and information-sharing between sovereign states” (Lee and Hudson, 2004). More narrowly, diplomacy is also defined as “the application of intelligence and tact to the conduct of official relations between the governments of independent states, or more briefly the conduct of business between states by peaceful means” (Satow, 1917, quoted in Gore-Booth, 1979). It includes, therefore, the activities carried out by public political actors and representatives of the state typically working in foreign ministries, embassies, consulates, and international organisations, in the forms of providing advices to decision-makers, organising venues for establishing relationships and dealing with issues, negotiating, gathering information and analysing it, complying with various rules (from international conventions to

etiquette), and handling ambiguity. The organisational context within which these activities are performed is typically the one of inter-governmental relations. Activities are generally intended to build and sustain positive and constructive relations between states (Sarner et al, 2000). In this way, diplomatic activity contributes to accomplishing the desired organisational performance of 'providing order in the relations between states' (Lee and Hudson, 2004). The actors involved in this activity – diplomats – play a fundamental role of facilitators, whose ideal features are often characterised as encompassing traits of “truth, accuracy, calm, patience, good temper, modesty, loyalty, intelligence, knowledge, discernment, prudence, hospitality, charm, industry, courage, and tact” (so-called 'Nicolson test'; Sarner et al, 2000).

Within diplomacy, both professional and academic circles generally acknowledge a more specialised field of activity named 'economic diplomacy' or 'commercial diplomacy'. Economic diplomacy is the process through which national governments engage with the outside world with the aim of achieving economic gains and advantages (Rana, 2002; Lloyd, 2003; Coolsaet, 2004; Yeung, 2004). The aim of economic diplomacy, that is generally conducted through bilateral, regional, or multilateral negotiation venues, ultimately is to benefit the home country in terms of jobs creation, tax revenues, and economic growth (Kotabe and Czinkota, 1992). This aim is accomplished through various activities, including advising, assisting in the participation to international trade fairs and other venues for meeting other trade and investment parties, negotiating, gathering information and analysing it, and conflict handling (Naray, 2008; Carron de la Carrière, 1998; Hibbert, 1990), that are primarily intended to promote exports, attract inward foreign investments, and stimulate other economic activities (e.g., attracting tourism flows). The role of the actors involved in this activity (especially, specialised professional commercial diplomats) is often portrayed as 'salesmanship', in the sense of being able to actively formulate and persuasively present advantageous agreements.

Public relations, instead, is a field of managerial activity that is especially keyed to performing organisational functions related to marshalling public support for an activity, cause, movement, or institution (Bernays, 1955). Although variously defined (Hutton, 1999), public relations is often conceived as a “distinctive management function that which helps establish and maintain mutual lines of communication, understanding, acceptance and co-operation between an organization and its publics; involves the management of problems or issues; helps management to keep informed on and responsive to public opinion; defines and emphasises the responsibility of management to serve the public interest; helps management to keep abreast of and effectively utilise change, serving as an early warning system to help anticipate trends; and uses research and sound ethical communication techniques as its principal tools” (Harlow, 1977). Public relations encompasses a relatively wide range of activities, that may be directed to serve the interests of the organisation or of the public, may be conducted in a proactive rather than in reactive way with respect to environmental opportunities and threats, and may be intended to tackle more or less substantive or concocted issues at stake. Depending on the focus of public relation, the actors involved in these

activities may play the roles of persuaders, advocates, educators or dispensers of information, crusaders, image-makers or reputation managers, and relationship builders or managers (Hutton, 1999). According to Hutton (1999), it is especially the last role – relabelled as 'strategic relationship manager' – fully captures the essential features of public relations efforts.

The conceptualisation of 'diplomacy', 'economic diplomacy', and 'public relations' help clarifying the contours of the meaning of 'business diplomacy'. With respect to the organisational context, business diplomacy is typically understood to refer to the venues established between business companies (i.e., inter-organisational) or between companies and the government. In terms of desired performance, business diplomacy is generally intended to pursue economic gains and advantages for business companies, rather than for countries or the public or other kinds of organisations. The objectives of business diplomacy are conceived as intended to establish favourable conditions for business companies' activities rather than being expressed in more abstract or general terms. Accordingly, the ways in which business diplomacy is performed includes quite specific activities. Finally, the role of the actors that engage in business diplomacy maybe characterised in a peculiar way. Rather than a 'facilitator' of positive and constructive relations, or a professional of 'salesmanship', or a 'strategic relationship manager', the business diplomat may be conceived as an 'entrepreneurial broker', in the extent to which she needs to combine skills related to bridging differences between parties of a potential business transaction and to actively engage the environment in search for potential business opportunities.

Finally, we may also draw a distinction between 'business diplomacy' and the related concept of 'corporate diplomacy'. Corporate diplomacy is defined as “a complex process of commitment towards society, and in particular with its public institutions, whose main added value to the corporation is a greater degree of legitimacy or 'license-to-operate', which in turn improves its power within a given social system” (Ordeix-Rigo and Duarte, 2009). While business diplomacy and corporate diplomacy may overlap in some dimensions (such as the organisational venue and the desired performance), they also diverge with respect to the objectives of activity and role of actors. Corporate diplomacy, in fact, aims to make a company recognised as representative of legitimate values or claims within the social system, while business diplomacy pursues a rather more narrowly conceived objective of accomplishing economic gains and advantages for business companies. Corporate diplomacy, moreover, is typically conducted by company's members (or salaried professionals) for the pursue of the company's interests, while business diplomacy is understood as carried out by any organisational actor (also working independently from any company) who aims to establish favourable conditions for business companies' activities.

3. Activities and types of Chambers of Commerce Abroad in Asia

Empirically, business diplomacy carried out by European CCA in Asia consists of various activities conducted through more or less institutionalised channels.

Generally, the CCA originate from the spontaneous gathering of business company executives based in the same local area within foreign countries. Once a formal business association is established, and is kept in operation for some years, the prospective CCA may apply to have recognition of its status from home country authorities (e.g., Ministry of Foreign Affairs and Trade) or from the national association of Chambers of Commerce. The CCA are established as purely private sector organisations that are based on the principle of freedom of association and that operate for the interests of their members without any obligation to assist the government (i.e., they resemble the so-called 'Anglo-Saxon model' of Chamber of Commerce, while the 'Continental Model' provides that the Chambers of Commerce are established under public laws as organisations with obligatory membership for all business establishments and subjected to special statutory obligations and mandate). Membership to CCA is voluntarily, hence the CCA generally seek to provide members efficient and effective chamber services commensurate to the yearly fees. Although the CCA operate as non-profit organisations, lack of financial resources flowing from membership may be a serious constrain for their maintenance of operations and growth, provided that access to public budget funds of the home country may be limited to targeted projects only.

Within the EU, the four main national economies (Germany, France, the UK, and Italy) are supported by an extensive network of CCA worldwide. The Italian association of CCA (*Assocamereestero*), for example, counts about 24,000 companies associated in 49 countries. The French CCA association (*Union des Chambres de Commerce et d'Industrie Françaises à l'Etranger*, UCCIFE) numbers about 25,000 companies associated in 78 countries. The German CCA association (*Die Deutschen Auslandshandelskammern*, AHK) includes about 40,000 companies associated in 80 countries. The British Chambers of Commerce, instead, recognises the presence of business associations or British CCA in over 90 countries. Many among the CCA of these four countries are established in Asia, although several among Asian countries miss a stable association of the British, German, French or Italian companies based abroad. Those CCA based in Asian countries, moreover, exhibit remarkable differences in terms of resources, scope of activity, and visibility (including, of course, Internet presence).

Evidence on the role of CCA formed by German, French, British, and Italian companies has been collected through the survey of registered CCA resulting from the respective national CCA associations, survey of their web sites and related documentary sources, and interviews. The total number of surveyed CCA is 50, and their distribution across origin and host countries is exhibited in Table 2. Interviews were conducted on various means (telephone, Skype, email) with 14 CCA officials and one EU Directorate General for Trade functionary. Analysis of data consisted, first, of the classification of activities conducted by the CCA, and secondly, of the identification of patterns based on a variation-finding approach to comparative research (Ragin, 1989).

	Origin country	
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Host country	Germany	France	UK	Italy	Total
Bangladesh		√	√		2
Cambodia		√	*		1
China	√	√	√	√	4
HK	√	√	√	√	4
India	√	√	**	√	3
Indonesia	√	√	√		3
Japan	√	√	√	√	4
Korea	√	√	√	√	4
Laos			***		
Malaysia	√	√	√		3
Philippines		√	√	√	3
Singapore	√	√	√	√	4
Sri Lanka			√	****	1
Taiwan	√	√	√		3
Thailand	√	√	√	√	4
Vietnam	√	√	√	√	4
<i>Total</i>	11	14	13	9	47

Table 2. Surveyed CCA (* = Presence of a British Business Association; ** = Presence of UK-India Business Council; *** = Presence of British Business Group; **** = Presence of Sri-Lanka-Italy Business Council).

Host countries	Origin country			
	Germany	France	UK	Italy
Bangladesh		1996	1991	
Cambodia		1998		
China	1981	1992	1980s **	1991
HK	N.A.	1986	N.A.	1997 ****
India	N.A.	1977		N.A.
Indonesia	1970 *	1979	1990s	
Japan	N.A.	1918	1950s	1972

Korea	1981	1986	1977	2000s
Laos				
Malaysia	N.A.	1991	1964	
Philippines	N.A.	1919	1997	2011
Singapore	2004	1979	1998 ***	N.A.
Sri Lanka			N.A.	
Taiwan	1981	1991	N.A.	
Thailand	N.A.	1960s	1946	1978
Vietnam	N.A.	1989	1990s	1996

Table 3. Year of establishment of the CCA (* = A Chamber was already present in 1924, but was later dissolved during World War II; ** = A China-Britain Business Council was already present since the 1950s; *** = a British Business Association was present since 1974; **** = a business association was established in 1993).

By and large, the activities of the CCA generally include both common membership services and 'on demand' membership services. The former include such services as access to members directory, subscription to newsletters and bulletin, access to sectoral industry publications and country reports, participation to social events, workshops, and seminars, attendance to language courses, benefits from CCA's media presence, and access to job seekers databases. The latter include services like the provision of information on specific companies or markets, the search and screening of potential suppliers and business partners, the organisation of and assistance for business meetings and trade missions, the organisation of and assistance for participating to trade fairs and exhibitions, the legal assistance for the establishment of businesses, business domiciliation and secretary services, legal assistance and advice, translation and interpreter services, advertisement and sponsorships, and employment services.

Apart from servicing their members, the activities of the CCA also include various consultative and advocacy functions. Some CCA (especially those located in the main Asian economies, such as China and Japan) host members' committees focused on various thematic areas such as corporate social responsibility, industrial relations, education, young professionals, government relations, policy and consultation, sustainable development, taxation and regulation. These committee typically work as experts' forums for sharing information and updates on legislation, policy initiatives, government officers' political orientations, and turnover of key officers positions within the governmental bureaucracy. The aim generally is to secure the CCA and their members with up-to-date information and contacts with governmental actors. The working of the CCA committees, however, also allows to form a shared policy view among the CCA members, and to engage in consultation with other organisational actors and public authorities, such as other countries' CCA, diplomatic authorities, and host countries' governmental bodies.

The activities of the CCA take place within the shifting context of international economic policy processes. At both the inter-governmental and super-national level, both European countries and the EU had intensified their efforts to negotiate free-trade agreements and market regulation with Asian countries during the last decade. Since the coming into force of the Lisbon Treaty in 2009, however, all fundamental aspects of trade policy, including trade of services, trade-related intellectual property rights, and foreign direct investments, fell in the area of exclusive EU competence. The new role of the EU as a super-national actor within the arena of international economic relations came to the fore on 6th October 2010, when – in the margin of the EU-South Korea Summit in Brussels – the first ever Free Trade Agreement (FTA) between the EU and the Asian country was signed. Partially applied since 1st July 2011, the EU-South Korea FTA is unprecedented in terms of scope and rapidity of tariff liberalisation and removal of non-tariff barriers across several sectors, including automotive, pharmaceutical, and consumer electronics. As such, the EU-South Korea FTA is currently regarded as a 'PTA template' that could possibly inspire the design of other FTA with other main Asian countries. Negotiations of other FTA between the EU and Asian countries, however, are hampered by country-specific controversial issues, such as the design of market opening in relation to the country's industrial development, the defence of selected industries considered as strategic for the country's stability and development prospects, and the protection of ethnic and other minorities from the threats posed by market opening.

Albeit detached from the negotiations between the EU and Asian countries, the CCA may play a role in the making of international trade and foreign investment policies through indirect forms of representation. Generally established by Eurochambers (association of European Chambers of Commerce and Industry) under the patronage of the EU Commission, organisations such as the European Business Council in Japan, the European Business and Technology Centre in India, and (more recently) the European ASEAN Business Centre (based in Thailand), provide venues through which policy positions formed within single CCA can escalate from the national to EU-level international trade policy communities. European Business Centres, in particular, form an important component part of EU's strategy to support the internationalisation of European small-medium enterprises, as they facilitate the formation of shared 'European' views on local trade policy issues such as tariff and non-tariff barriers, intellectual property rights, and public procurement.

Evidence of the activities carried out by the CCA in Asia suggests that some CCA have relatively narrow scope of action while others have extensive ones. At least five types of CCA can be identified and characterised in terms of variety and main orientation of their activities (Table 4). At the minimum, a CCA carries out activities intended to establish a membership base and to enlarge membership through the maintenance of a registered address, the activation of some networking between members, and the accomplishment of some visibility – a range of activities that typically characterise 'proto-CCA', i.e., business associations in their early life stage. At a more advanced level, a CCA operates as a 'transit node' within the network of its members, through activities (such as gathering data and

providing general information on the country and industries, facilitating networking through social events and other venues) that aim to strengthening ties between members and diffusing useful information. A 'service provider' CCA carries out activities intended to meet business needs of specific members, by providing services like legal assistance and advice, advertisement and sponsorship, translation and interpreter services, organisation and assistance for business meetings and trade missions, and organisation and assistance for participating to trade fairs and exhibitions. A CCA may also act as a 'prospector' because of the efforts exerted to help the members realise business opportunities, by gathering data and providing information on specific companies and markets, and searching and screening potential suppliers and business partners. Finally, a CCA can operate as a 'policy advocate' when managing issue-specific committees, formulating policy issues, and communicating issues and policy proposals to policy-makers for the sake of representing CCA's position on international trade and foreign investment policy issues within policy-making venues. These five types of CCA are conceived as non mutually exclusive, however. Different CCA may focus their efforts in some selected activities, depending on stage of development, country-specific circumstances, and membership features.

Type of CCA	Activities	Orientation
'Proto-CCA'	Maintenance of registered address, at least minimal networking between members, emergent visibility	Establishing membership base and enlarging membership
'Transit node'	Gathering data and providing general information on the country and industries, facilitating networking through social events and other venues	Strengthening ties between members and diffusing information
'Service provider'	Providing legal assistance and advice, advertisement and sponsorship, translation and interpreter services, organisation and assistance for business meetings and trade missions, and organisation and assistance for participating to trade fairs and exhibitions	Meeting business needs of specific members
'Prospector'	Gathering data and providing information on specific companies and markets, searching and screening potential suppliers and business partners	Realising business opportunities

'Policy advocate'	Managing issue-specific committees, formulating policy issues, and communicating issues and policy proposals to policy-makers	Representing policy positions on international trade and foreign investment issues within policy-making venues
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Table 4. Types of CCA, non mutually exclusive.

The empirical evidence suggests that the CCA may vary considerably depending on the type of activities that they perform. One 'polar' type may be exemplified by the British Business Association in Cambodia, a business organisation formed in 1996 and that provides business directory services, public speeches, and various social events to its members, and that is set on a course of intensifying its efforts to promote business ventures in the host country. At another 'polar' corner, CCA of various European countries (including Germany, France, the UK, and Italy) in Thailand are exemplar of organised efforts to provide both general services to members and targeted services to meet specific members' needs, promote and explore business opportunities, and engage in cooperative efforts to convey policy positions at the inter-governmental level. The establishment of the European-ASEAN Business Centre in Thailand by various EU CCA is illustrative in this respect. The European-ASEAN Business Centre aims to “drafting, publishing and dissemination of joint European industry position papers and lobby them to the Royal Thai Government in regards to new and existing regulations; Supporting with trade related information, legal analysis and advisory services (IPR & Standard Helpdesk); Organizing European Flagship events/ conferences, seminars and EU pavilions at trade fairs to foster the European dimension in the business community; and Interacting as the European business voice in Thailand” (EABC, 2011). As such, the joint efforts of EU CCA in Thailand may result in enhanced influence on the making of international trade and foreign investment policies at the inter-governmental level.

4. Managerial issues for the Chambers of Commerce Abroad

The CCA face various types of managerial issues, depending on the type of activities performed. With respect to the tentative classification proposed above (proto-CCA, transit node, service provider, prospector, and policy advocate), we can at least identify five strategic issues that the CCA must confront. First, the CCA – especially those focused on establishing a membership base and enlarging membership – need to devise ways for showing their presence in the host country and for persuading prospective members to join. Conceptually, their strategic issue is comparable to the one faced by business companies when entering a new market and trying to form and consolidate a customers base. Attention to 'market size' (i.e., number of potential members interested to join), environmental conditions (i.e., industrial organisation, economic and social venues for interaction, and local culture), and mechanisms of diffusion (i.e., word-of-mouth or other more technologically-assisted forms of communication) seem pivotal in order to reach

the potential members. Considerations pertaining to incentives for joining should also be included in the communication strategy as well as in the service offer package. Special issues may be confronted by proto-CCA in the very early stage of development, especially because of the need to overcome the 'liability of newness' (Singh et al, 1986) that affects newly established organisations in search for recognition and legitimacy.

Second, the CCA that are focused on strengthening ties between members and diffusing information need to be attentive to attract financial (and other) resources needed to install and operate their membership services. Provided that the CCA do not generally receive funding for their operations from public authorities, financial resources are primarily leveraged from membership fees. Stability of operations and growth, therefore, heavily depend on the delivery of 'value-for-money' general membership services and on an attentive economy on the use of financial resources. While most of CCA general membership services are relatively 'labour-intensive' rather than 'capital-intensive', the scope and volume of their activity may be significantly constrained by staff resources available for attending to organisation of events, maintenance of directory, newsletters and other forms of communication, membership services, and other activities. In part, financial resources may be occasionally obtained from public budgets in relation to programmes related to the promotion of international trade and foreign investment initiatives.

Third, the CCA that operate for meeting business needs of specific members confront the competition from private service providers. Services such as providing legal assistance and advice, advertisement and sponsorship, translation and interpreter services, organisation and assistance for business meetings and trade missions, and organisation and assistance for participating to trade fairs and exhibitions may be well provided by business firms and professionals, either in the home or in the host country. Provided that membership to the CCA is voluntary (as opposed to compulsory as in the 'Continental model' Chambers of Commerce), the CCA need to find sources of sustainable competitive advantage with respect to other service providers for catering the needs of specific members, in such terms as enhanced quality, more affordable price, or better targeted features. While fidelity related to membership itself may put the CCA at advantage with respect to other service providers, experience and skills developed through the repeated interaction between the CCA and its members seems important in order to learn how to design and delivery services that meet members' expectations better than those in the marketplace.

Fourth, the CCA that aim to help their members to realise business opportunities need to develop resources and distinctive capabilities in order to enhance their members' success prospects. Activities such as gathering data and providing information on specific companies and markets, and searching and screening potential suppliers and business partners, require special intellectual and relational efforts for obtaining, processing, and understanding information and for establishing linkages with potential trade or investment partners. Additionally, these activities need to be performed in such a way as to surpass comparable efforts exerted by other national CCA in the same country, that may compete for

realising business opportunities for their national companies within the same business areas. It seems, in this respect, that the CCA need to place careful attention to the generation, preservation, and sharing of knowledge about the particular institutional, industrial, and organisational features of the host country environment. Access to key actors within the government, bureaucracy, and corporate world are valuable assets, as well as the capacity to understand local norms, customs, and business practices. Selection, training, and retention of employees, as well as possibly the set up of a knowledge management system, appear crucial activities for enabling CCA to well perform.

Finally, the CCA that intend to represent policy positions on international trade and foreign investment issues within policy-making venues may find it advantageous to collaborate with other countries' CCA in 'pushing' policy views to the attention of key decision makers. The route undertaken by various EU CCA of establishing a European-level organisation for voicing the interests of EU businesses in ASEAN countries, for example, shows how collective forms of representation may be orchestrated. Such initiatives, however, also call for skilful management of the collaborative relationship between different CCA, that may pursue diverse policy objectives depending on their membership structure, dominant industrial fields of activity of their members, and degrees of penetration in the foreign host markets. Clear boundaries need to be drawn between the activities performed by such joint establishments such as European Business Centres and those carried out by incumbent CCA, in order to avoid actual or perceived overlaps of areas of activities that may generate confusion among CCA members and the public.

Conclusion

The presence of CCA in foreign host countries gives rise to the emergence of a field of activity that has been labelled here 'business diplomacy'. This label encompasses a wide range of activities, that partially relate to the field of action of diplomacy and, more specifically, economic (or commercial) diplomacy, and partially to public relations. The conceptualisation of this domain of activity probably is still to gain widespread attention in both the professional, policy, and academic circles. A tentative analysis of what business diplomacy is suggests that this area of activity bears some resemblance of traits to both diplomatic efforts (e.g., being attentive to inter-governmental or business-government venues, and aiming at facilitating economic activity albeit at the business company level rather than the industrial or national level) and public relations practices (e.g., pursuing the interest of specific organisations rather than countries as wholes, and being concerned with actively reap emergent opportunities or promptly reacting to threats). Business diplomacy, however, is identified as a distinctive social practice with specific issues of problem identification, analysis, and performance standard.

The identification of business diplomacy has implications for the activity of CCA, that are exemplar of organisations established for helping creating and seizing business opportunities, safeguarding image and reputation of business companies, affecting rule-making, and preventing conflict. These organisations have their roots

in basic networking and information-sharing functions aiming at supporting business companies of a given nationality in their activity abroad a host foreign country. Over time, however, the role played by CCA abroad has significantly enlarged, by including general membership services, 'on demand' membership services, and various consultative and advocacy functions. These organisations face several managerial issues, including establishing a membership base and enlarging membership, strengthening ties between members and diffusing information, meeting the business needs of specific members when facing competition from private service providers, developing resources and distinctive capabilities in order to enhance their members' success prospects, and skilfully managing collaborative relationships between different CCA for establishing collective representations of the interests of CCA in foreign host countries.

This study collected data on the features of CCA established by four main European countries (Germany, France, the UK, and Italy) in Asia. Evidence shows that the CCA in Asia differ significantly in terms of age, scope of activity, and participation to processes of international trade and foreign investment policy-making. Of particular interest for the understanding of the process of creating markets in Asia is the role played by CCA as collectors of policy views, as creators of shared policy positions, and of vehicles for advocating policy change at the governmental, inter-governmental, and super-governmental level. While each single CCA can perform these functions, recently some EU CCA also engaged in collaborative efforts – exemplified in the establishment of European-ASEAN Business Centres in Thailand – for articulating and conveying a unified European business companies' view on international trade and foreign investment issues in Asian countries and regions. The novel competences on international trade and foreign investments granted to the EU by the Lisbon Treaty and the accomplishment of the first 'new FTA' between the EU and an Asian country (namely, South Korea) suggest that forming collective forms of representation at the EU level may be increasingly important for European business companies interested in Asia in the years to come.

This study provides a partial contribution to tackling the issue of how private sector organisations take part to the construction of market institutions in Asia. The intellectual approach followed in this study provides that the CCA are actively engaged in negotiating and shaping social arrangements in such a way as to establish relationships and marshal support for the benefit of their business company members. This study suggests that the CCA play an important role in organising economic and social networks between members and in constructing forms of collective representation of their interests, at either the national or super-national level. A number of issues, however, are opened up. Questions arise with respect to how initiatives to affect international trade and foreign investment policies are generated, how CCA members (or different CCA) reach a consensus on shared policy positions, and how the CCA voice gets heard within the policy-making process. Further research, therefore, could further elucidate how the CCA among other private sector organisations may contribute shaping the political and policy process of reforming market institutions and re-regulating international trade and foreign investment in Asia.

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