

ECONOMIC DIPLOMACY IN NEW PROJECTIONS OF ACTIVATION

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Abstract. The *purpose* of the article is to analyze the previous widely used approaches to the analysis of the phenomenon of economic diplomacy and to search for new approaches to its consideration in view of the new projection of the process of activation at the global level. Globalization and economic achievements of many countries in the field of international relations lead to the development of various models of diplomacy for an adequate response to challenges and threats. The *subject* of the study is the phenomenon of economic diplomacy in the context of a new projection of activation. Among these prerequisites were identified: international relations and international dialogue expand the range of functions of diplomacy in order to protect the interests of countries in the international arena; strengthen the format of consolidation of countries based on security systems; change the structure of negotiations, ensure the functioning of institutions and networks of cooperation. *Methodology.* The set of studies was based on the analysis of previous widely used approaches to the consideration of economic diplomacy. A new consideration is applied, where the new structure is considered through modern projections of activation associated with new internal features. It is in this context that economic diplomacy has the nature of an international phenomenon, which is associated with its new projections of activation, where the signs of status, integration, adaptability and mobility can radically change the perception of its potential and scope. *Results.* It is noted that the interpretation of the concept of "economic diplomacy" takes into account the interaction of different actors: state and non-state. Approaches to a deep understanding of the concept of "economic diplomacy" are presented in articles and studies of many modern scholars. However, the discourse of "economic diplomacy" is multidimensional and therefore needs to be developed on the basis of other scientific approaches, not only within the "systemic approach". When defining the essence of diplomacy, the following approaches should be taken into account: 1) activity; 2) communicative; 3) presentation; 4) image; 5) management; 6) environmental. *Practical implications.* In general, it is summarized that the availability of the above-mentioned approaches is due to the processes of modernization of the diplomatic systems of countries to form a qualitatively new line of international relations, positioning of the national economy and use of resources to ensure its full status in the geopolitical space. In modern trends of activation, it is globalization, digitalization and democratization that expand the professional boundaries of diplomacy, increase the number of alternative and independent diplomatic actors. It is summarized that the impact of the environmental factor on the competitive advantages of countries stimulates them to develop new forms of cooperation, including diplomatic. *Value/originality.* It was emphasized that in the current conditions economic diplomacy remains in line with the foreign policy of different countries, and, no doubt, the foreign policy of Ukraine as well. Ukraine's economic integration with the EU is deepening not only by strengthening trade and economic opportunities of the Association Agreement, but also by intensifying all spheres and levels of international relations and active diplomatic cooperation.

Key words: economic diplomacy, global challenges, foreign policy, progress, environmentalization, clusterization, integration dominant.

JEL Classification: F01, F02, F29, F42

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1. Introduction

The global space of human development of the XXI century transforms modern international relations, strengthens the links between politics, economics and ecology. The new millennium fundamentally changes the economic consciousness of mankind due to its ambitious and natural aspirations for progress, but at the same time reveals the contradictory and conflict nature of social actions. An important aspect that reflects these trends is the inclusion of countries in the projects "Agenda for Sustainable Development until 2030", "UN Global Compact". The achievements of countries in the dimensions of various systems of international positioning, ranking and image correlate with their ability to apply appropriate models of diplomacy to respond to the challenges and threats of globalization.

International dialogue expands the range of diplomacy functions in order to: represent and protect the interests of countries in the international arena; strengthen the format of consolidation of countries based on security systems; change the structure of negotiations, ensure the functioning of institutions and networks of cooperation; promote the protection of national interests; expand the scope of strategic partnership and international business. Diplomacy of the new era does not exclude risks, opportunities and chances in the field of multilateral international relations, transforming the forms of interaction between countries. However, geopolitical asymmetries complicate the answers of countries to the questions: the price of prosperity, balanced development, energy independence, environmental comfort, information security, civilizational realities, preservation of peace in the context of global interdependence.

Modern mechanisms of diplomacy have changed their classical image to a more strong-willed, pragmatic and aggressive one. The unification of diplomatic forces, resources and professionalism, as well as institutions, missions and associations in solving complex problems in the international arena requires more and more interest. Economic interests of even allied states can come into conflict and aggravate competition in world markets. To prevent political and military tensions between countries, trade and economic relations should be in an active phase of diversification.

In this context, economic diplomacy has the character of an international phenomenon, which is associated with its new projections of activation, where the signs of status, integration, adaptability and mobility can radically change the perception of its potential and scope. The new architecture of diplomacy is of increasing interest to scholars and practitioners, stimulates politicians and businessmen to constructiveness, consolidation and solidarity.

2. Innovative aspects of the scientific discourse of economic diplomacy

The trend of international economic relations is to deepen the relationship between domestic and foreign policy. Global challenges and threats to humanity are often generated by local conflicts, ambitious aspirations for hegemony of certain countries by any means to achieve them, which can pose a great threat to other countries. According to the World Economic Forum's Global Risk Perception Survey 2021–2022, the respondents who answered the question "How do you feel about the prospects for world development?" were as follows: 61% – concerned, 32% – worried; 12.1% – positive; 3.7% – optimistic. According to experts, the lack of optimism creates a vicious circle of frustration, social unrest and slow economic recovery. After contracting by 3.1% in 2020, global economic growth is expected to reach 5.9% in 2021 and slow to 4.9% in 2022. By 2024, the global economy is projected to be 2.3% smaller than it would have been without the pandemic. Risks to economic growth are significant (The Global Risks Report, 2022).

The COVID-19 crisis, economic, geopolitical and military conflicts have led to disagreements in international politics due to slow reactions, fixed perceptions and belated decisions of individual countries. Therefore, effective domestic and international actions depend on building trust in society, activation of national and world leaders in search of new opportunities for cooperation. Diplomacy is a central institution of community development and a basic element of the international order. The evolutionary vector of diplomacy development and critical understanding of its role in the world economy is associated with the expansion of the circle of participants and deepening of the content of their activities.

According to the International Trade Centre, economic diplomacy is defined as the process by which the internal and external efforts of countries contribute to maximizing national benefits in all areas of the economy. Therefore, economic diplomacy is an indispensable element of this process and refers to diplomatic missions to support a country's business sectors, trade, investment and other economically beneficial exchanges. The development of business ecosystems is relevant, which involves cooperation with logistics companies, chambers of commerce, industry associations, business unions, technology providers, banking institutions and other participants. Ecosystems enable commercial diplomats (representatives) to develop trade, investment and partnerships with companies in their home and host countries.

Studies of economic diplomacy are carried out in an interdisciplinary plane, which allows to identify

new signs of its functioning, transformation and diversification (Figure 1). The interpretation of the concept of "economic diplomacy" takes into account the interaction of different actors: state (economic and commercial diplomats), non-state (corporations, business, national and transnational diplomats). For example, approaches to the systematic understanding of this field of activity are reflected in scientific works: "Economic Diplomacy: Foundations, Problems and Prospects" (O. Sharov, 2019) – the symbiosis of science and practice within the framework of economic diplomacy as a political and economic category is considered; "The New Economic Diplomacy" (N. Bayne, St. Woolcock, 2019) – the basic principles of the functioning of economic diplomacy, given national and regional differences, are considered; "Economic Diplomacy and Foreign Policy-making" (Ch. Chatterjee, 2020) – the correlations of economic diplomacy and the system of foreign policy decision-making are analyzed) 4; "Modern Indices for International Economic Diplomacy" (V. Charles, A. Emrouznejad, 2022) 5 – attention is focused on expanding areas of postmodern diplomacy in the context of evaluating the progress and effectiveness of political dialogue, comparing the economic situation between countries and regions of the world; "Economic Diplomacy in the 21st Century: Principles and Challenges" (L. Yueh, 2020) 6 – shows the importance of diplomacy in renewing the global economic system, which will face more serious challenges in the field of international competition of powerful states in the new millennium.

It should be noted that indeed modern studies of the concept of "economic diplomacy", including

the above examples, reveal various aspects of this concept (categories and directions) mainly within the framework of a systematic approach.

However, the discourse of "economic diplomacy" is multidimensional and therefore needs to be developed on the basis of other scientific approaches, such as:

- historical (identification of points of intersection in the environment of subject studies of the history of politics, history of economics, history of diplomacy);
- evolutionary (determining the role of national and international politics in the birth and development of economic diplomacy in the countries of the world);
- institutional (the nature of the functioning of economic diplomacy, forms of interaction between its state and non-state institutions);
- security (development of models of economic diplomacy to improve the level of global, international, national economic security);
- strategic (inclusion of elements of diplomacy in the mechanisms of implementation of strategies of economic development of countries);
- progressive (economic diplomacy in aspects of the development of information and innovative technology).

In determining the essence of diplomacy, the following approaches are considered:

- 1) active (activities of heads of states, governments and special bodies in the implementation of the goals and foreign policy of countries, protection of the rights and interests of countries abroad);
- 2) communicative (application of special strategy, tactics and behavior in the implementation of official relations between governments; conducting

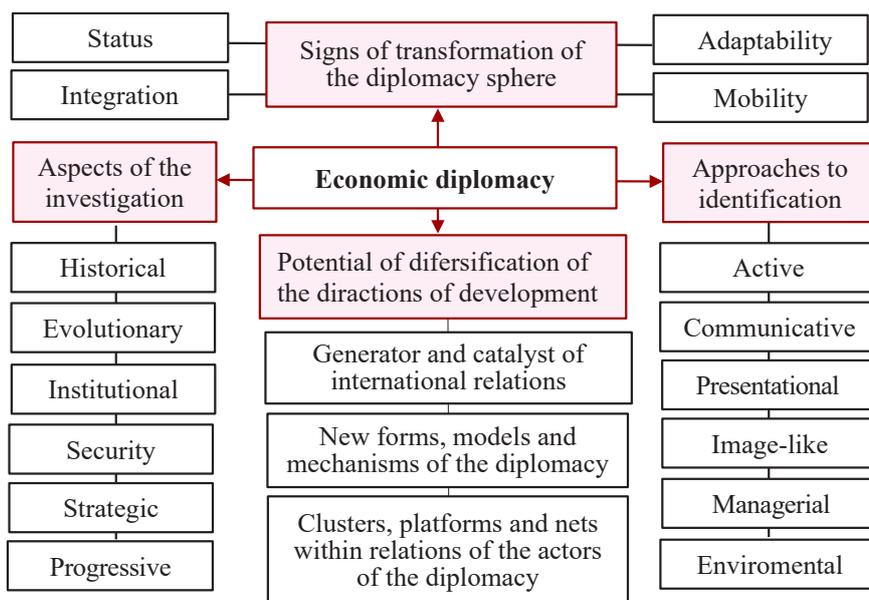


Figure 1. Peculiarities of economic diplomacy research

Source: designed by the authors

business between countries using peaceful means and negotiations);

3) presentational (a kind of expression of the normative logic widespread at the transnational level, which guides countries in their actions in the formation of international identity);

4) image (a dynamic area of international activity, which uses tools and mechanisms to enhance the authority, image and brand of the country);

5) managerial (a form of management of international relations);

6) environmental (synchronization of foreign economic policy and environmental responsibility).

The presence of the above-mentioned approaches is due to the processes of modernization of diplomatic systems of the countries for the formation of a qualitatively new line of international relations, positioning of the national economy and use of resources to ensure its full status in the geopolitical space.

3. The vector of ecologization in the international coordinate system of economic diplomacy

Globalization, informatization and democratization are expanding the professional boundaries of diplomacy, increasing the number of alternative and independent diplomatic actors. Diplomacy as a profession has undergone changes in qualification requirements and expectations of what a diplomat should or should not do. For example, in the scientific work "International Economic Diplomacy: Mutations in Post-modern Times" (R. Saner, L. Yiu, 2003) identifies the following 7 tasks of "postmodern diplomats": 1) creation of conditions for international cooperation taking into account the needs and interests of individuals in the system "politics – economy – ecology"; 2) improvement of cooperation with the international regulatory body, whose decisions affect international trade and financial regulation; 3) prevention of conflicts with foreign governments, non-governmental organizations, participants of economic activity in order to minimize political risks; 4) use of international information channels to form the image of the country and "reputation capital" of enterprises; 5) maintaining the credibility and legitimacy of its representative bodies; 6) stimulating bilateral and multilateral negotiations, coordination of international campaigns, public relations; 7) expanding the functions of international cooperation based on new competencies of different types of diplomats.

However, postmodern economic diplomacy is specific due to the aggravation of global problems and a large number of conflicts since the creation of the UN. In his preface to "The Sustainable Development Goals Report 2022", António Guterres

(Secretary-General of the UN, 2022) noted: "The conflict in Ukraine has also caused soaring prices for food, fuel and fertilizers. This has further disrupted supply chains and global trade and caused a crisis in financial markets. According to current estimates, the war could reduce global economic growth by 0.9 percentage points in 2022. The situation will only worsen with climate change acting as a 'crisis multiplier' and the effects of which are already being felt around the world. Increasing heat waves, droughts and floods are affecting billions of people around the world, contributing to the further spread of poverty, hunger and instability. The COVID-19 pandemic and the war in Ukraine have further delayed the much-needed transition to a greener economy" (Figure 2).

The influence of the environmental factor on the competitive advantages of countries stimulates them to develop new forms of cooperation. Cluster formations, where relations between participants are built on the basis of cooperation, trust, synergy, transparency, long-term agreements, are becoming increasingly important. The terms "groupings", "networks", "clusters" are often used in multilateral diplomacy ("Manifesto of Clustering of EU Countries", "European Cluster Memorandum", "European Cluster Observatory"). For example, cluster analysis was used to study the relationship between economic diplomacy and export flows. It is proved that the positive effect varies depending on the groups of countries (L. Raneta, M. Kunychka, 2015).

In addition, clusters are used in the greening of economic diplomacy, which is focused on: cooperation between diplomatic missions of different countries on the implementation of environmental and economic initiatives (medial type of cluster); exchange of experience between diplomats on new models of contacts in international environmental and economic activities (lateral type of cluster). Activators of actions in these clusters can be national, regional and international actors. Concentration of cluster efforts involves the accumulation of capital, resources, investments, technologies, innovations, etc.

4. Integration dominant in the development of economic diplomacy of Ukraine

In modern conditions economic diplomacy remains in line with the foreign policy of Ukraine and has been formalized in the state strategic documents (National Security Strategy of Ukraine, Economic Security Strategy of Ukraine, Foreign Policy Strategy of Ukraine, National Economic Strategy, Export Strategy, etc.). Deepening economic integration with the EU is taking place through strengthening trade and economic opportunities of the Association Agreement by updating its individual provisions, as

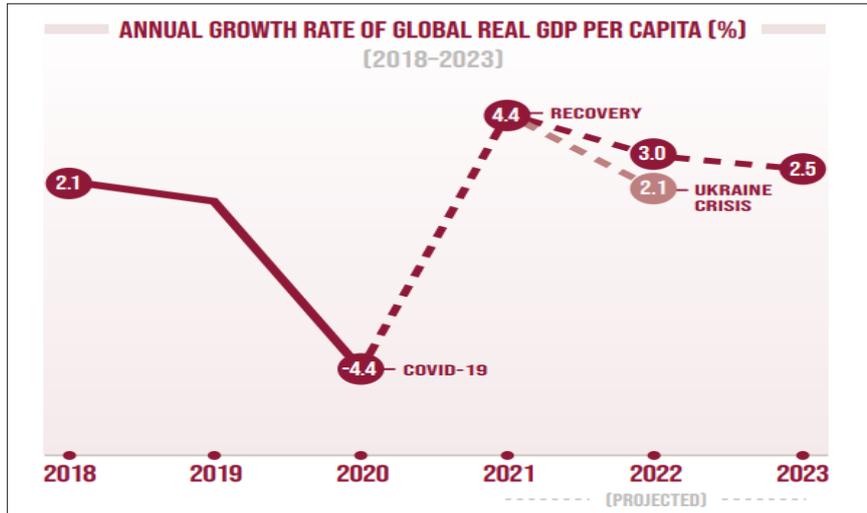


Figure 2. Global economic recovery is slowing down even more by the Ukrainian crisis

Source: The Sustainable Development Goals Report 2022

well as through active synchronization of Ukrainian legislation in accordance with EU legislation, especially after Ukraine officially acquires the status of "Candidate" (candidate status for EU accession) in June 2022. Interest in increasing trade, economic and investment cooperation can be traced in the activities of the country's political actors. In 2021, trade turnover increased compared to 2020 and amounted to USD 140.9 billion, of which exports amounted to USD 68.1 billion and imports to USD 72.8 billion. The positive dynamics of Ukrainian exports was ensured by the growth of demand and prices on the world markets of raw materials, metals and agricultural products. With the help of economic diplomacy, more than 200 Ukrainian companies entered new foreign markets.

The potential of economic diplomacy development is analyzed annually within the framework of the project "Ukrainian Prism: Foreign Policy", which

covers more than fifty areas and is assessed by five main indicators of the state of foreign policy implementation: 1) political interest; 2) institutional cooperation; 3) strategic vision; 4) activity; 5) results and achievements. Each of these indicators is assessed on a five-point scale, where 1 point is the minimum and 5 points is the maximum possible score. For each indicator, the normative and actual base is determined. For all indicators, the overall assessment of the direction is determined by the arithmetic mean. The overall assessment (rating) is indicated in the form of Latin letters (A, B, C, D, E) with arithmetic signs (+/-) depending on the value of the obtained indicator: A (5 points); A- (4.6-4.9); B+ (4.1-4.5); B (4); B- (3.6-3.9); C+ (3.1-3.5); C (3); C- (2.6-2.9); D+ (2.1-2.5); D (2); D- (1.6-1.9); E+ (1.1-1.5); E (1). Studies have shown that during 2015–2021 there were positive changes in the support of Ukrainian exports and stimulation of foreign

Table 1

Achievements of economic diplomacy of Ukraine

Success indicators						
2015	2016	2017	2018	2019	2020	2021
Political interest or involvement of actors in the economic diplomacy of Ukraine						
4	4	4	4	4	5	5
Effectiveness of interaction and coordination between Ukrainian institutions in the field of foreign policy						
3	3	4	3	3	4	4
A strategic vision in the implementation of tasks of economic diplomacy						
4	3	5	3	4	4	5
Specific activity in the field of development of economic diplomacy						
3	4	4	4	4	4	4
Results, achievements and successes of economic diplomacy						
2	4	4	3	4	4	4
Overall assessment						
C+	B-	B+	C+	B	B+	B+

Source: Ukrainian Prism. Foreign Policy Council 2016–2022 (11)

investment in Ukraine (Table 1). State support for exports, expansion of investment and innovation opportunities are among the priorities for ensuring economic security.

It is worth noting that one of the projections of the development of economic diplomacy is its public level due to the increase in public attention to foreign policy. For example, in 2021 the "New Europe" Center conducted a survey within the framework of the "Join!" Public Activity Promotion Program funded by the United States Agency for International Development (USAID) and implemented by Pact in Ukraine. When asked whether Ukraine's foreign policy should be guided by pragmatic interests or based on a value-based approach to the development of democracy, protection of human rights and the rule of law, the answers were as follows: 41.4% – it is necessary to find a balance between these two approaches; 33.6% – the priority should always be the protection of democracy, human rights and international law; 19.3% – exclusively pragmatic interests – to build relations with those countries with which it is most profitable to cooperate; 5.8% – difficult to answer, refused 12. This gives grounds to assert that economic diplomacy includes an element of transparency. In this regard, international actors, business and civil society are interested in promoting new areas of economic diplomacy based on networking.

5. Findings

The mechanisms of formation of new projections of economic diplomacy are associated with the great dynamics of foreign policy actions of countries and the nature of competition in the context of globalization. This affects the expansion of diplomacy functions, the need to strengthen the relationship between domestic and foreign policy, the formation of new levels of institutionalization, updating strategies of economic development, partnership and cooperation. Given the complexity of maintaining international order, diplomacy will continue to be its basic element, a driver of change in the world economy. The topics of modern studies, analyses, expert reviews, international reports on economic diplomacy mostly correlate with the issues of: security, progress, modernity, postmodernity, clustering, integration, ecologization.

6. Conclusions

Studies of economic diplomacy are carried out in an interdisciplinary plane, which allows to identify

new signs of its functioning, transformation and diversification. The interpretation of the concept of "economic diplomacy" takes into account the interaction of different actors: state and non-state. Approaches to a deep understanding of the concept of "economic diplomacy" are presented in articles and studies of many modern scholars. However, the logic of disclosing the concept of "economic diplomacy" is multidimensional and needs to be developed on the basis of other scientific approaches, and not only within the framework of the "system approach". When defining the essence of diplomacy, the following approaches should be taken into account: 1) activity; 2) communicative; 3) presentation; 4) image; 5) management; 6) environmental. In general, it is summarized that the availability of the above-mentioned approaches is due to the processes of modernization of the diplomatic systems of countries to form a qualitatively new line of international relations, positioning of the national economy and use of resources to ensure its full status in the geopolitical space. Globalization, digitalization and democratization expand the professional boundaries of diplomacy, increase the number of alternative and independent diplomatic actors. The impact of the environmental factor on the competitive advantages of countries stimulates them to develop new forms of cooperation, including diplomatic. In modern conditions, economic diplomacy remains in line with the foreign policy of different countries, and, no doubt, the foreign policy of Ukraine as well. Deepening of Ukraine's economic integration with the EU takes place not only through strengthening trade and economic opportunities of the Association Agreement and acquiring the status of a candidate for accession to the EU, but also through intensification of all spheres and levels of international relations and active diplomatic cooperation. For Ukraine, the development of economic diplomacy acquires strategic importance and special status in terms of opportunities: its own representation in the global economic space; increasing the level of competitiveness; generating new forms of international cooperation to strengthen food, energy and environmental security. Today, Ukrainian diplomacy is also at the epicenter of accumulation of financial and economic resources to counter military aggression. Constructive interaction between countries requires a serious awareness of global interdependence, existing threats and potential risks, the manifestations of which can either negate the achievements of civilization or promote peace, humanity, democracy and freedom.

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Received on: 4th of September, 2022

Accepted on: 14th of October, 2022

Published on: 30th of November, 2022