

ESG DIPLOMACY AND NEGOTIATIONS IN THE DIMENSIONS OF A COMPETITIVE WORLD ORDER

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Abstract. The purpose of the article is twofold: firstly, to study modern aspects of the development of ESG diplomacy as an important tool of geopolitics; and secondly, to intensify international negotiations for the implementation of sustainable development goals. The contemporary paradigm of international interaction encompasses the integration of sustainable development diplomacy, environmental diplomacy and corporate diplomacy, with the objective of enhancing the resilience of economic systems. The sustainable development goals require new mechanisms for reaching compromises and making decisions within the framework of multi-level negotiation processes in a competitive world order. The subject of the study is ESG diplomacy and negotiations in a competitive world order. These present the mechanisms by which a modern system of international interaction and global regulation is formed. The research premises were determined by reviewing the transformation of the economic globalisation environment, the institutionalisation of ESG and sustainable development, the expansion of the subject field of international negotiations, the change in strategies and tactics of market actors' behaviour, and the integration of various types of diplomatic activity. *Methodology.* The study was based on the systematisation of scientific approaches to ESG diplomacy, as well as the definition of its role in international economic relations. In the context of identifying the interrelationship of environmental, social, managerial and diplomatic factors in the development of international co-operation, a new view is proposed. The systemic approach adopted substantiates the importance of developing ESG diplomacy as a comprehensive tool for reconciling economic, political and public interests. *Results.* ESG diplomacy is defined as a multi-level system of international coordination that integrates sustainable development values and standards into foreign policy instruments, international negotiations and economic partnerships. It contributes to changing the architecture of the competitive world order, building public trust and promoting responsible global governance. *Practical implementation.* It has been noted that Ukraine's ESG diplomacy is of great importance for safeguarding national economic interests, fostering international dialogue in the context of European integration and post-war reconstruction. On Ukraine's agenda are: European integration, ESG harmonisation, attracting ESG investment, 'green' financing, ESG-based reform of Ukraine's reconstruction, coordination of partners' and donors' actions in the ESG sphere, integration of ESG criteria into negotiation processes with international partners, promotion of the Ukrainian ESG brand on global markets, and so forth. *Value/Originality.* The significance of ESG diplomacy as a form of international interaction and a new dimension of the economisation of diplomacy has been demonstrated. This broadens the scope of theoretical and practical research into international economic, political and diplomatic processes. The proposed approach enables the interpretation of the world order as a contested and competitive arena for the establishment of global regulations. The convergence of SD and ESG approaches forms the basis of the logic of global regulation.

Keywords: ESG diplomacy, sustainable development, international negotiations, global governance, geopolitics, adaptive capacity.

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1. Introduction

The 21st-century agenda reflects a global imperative in that it aims to implement Sustainable Development (SD) and harmonise the economic, social and environmental spheres of public activity. In this context, Environmental, Social and Governance (ESG) factors are driving political reforms, updating countries' economic development strategies, strengthening the institutional capacity of international organisations, expanding the remit of financial institutions and encouraging effective action on a global scale.

Concurrently, diplomatic contacts, international negotiations, and global governance are being intensified against the backdrop of intensifying international competition, increasing climate challenges, decarbonisation of energy, and growing geoeconomic fragmentation. Current trends identify ESG diplomacy as a new direction of international interaction that integrates approaches of sustainable development diplomacy, environmental diplomacy, and corporate diplomacy to increase the resilience of economic systems. Presently, the implementation of ESG principles is contingent upon the capacity of actors in international relations to reach compromises and agreed solutions at various levels of negotiation processes.

This is because the climate policies of individual states affect global economic processes and encourage the adoption of environmentally friendly practices in multilateral diplomacy. It is important to note that achieving climate goals requires the use of modern diplomatic tools, such as mechanisms for trade, finance, security, scientific and technological co-operation, and innovation. The geopolitical dimension of decarbonisation is evident in the transformation of traditional models of international influence and resource distribution (Tänzler, D., Rüttinger B., Wenske J., 2020). In this regard, ESG diplomacy acts as a means of reconciling economic, climate and security interests, thereby contributing to the development of a new global architecture.

2. The Scientific Landscape of ESG Diplomacy Research

Scientists have studied the modern issue of sustainable development in terms of international relations, diplomacy and economic activity. In the spotlight of leading scientists: research on the capacity of public organisations in sustainable transitions, implementing changes through institutional resources, network interaction (Borrás, Haakonsson, Hendriksen, 2024); network analysis to identify key actors, interactions and transformation trajectories in the field of sustainable development (Matschoss, Repo, 2020); features of sustainable development diplomacy through diagnostics of negotiations and

implementation of sustainable development (Moomaw, Bhandary, Kuhl, Verkooijen, 2016); mechanisms of transition to sustainable development in aspects of science and practice transformation for social change (Loorbach, Frantzeskaki, Avelino, 2017); specifics of environmental and economic diplomacy in the strategic context of its development (Mazaraki, 2022); analysis of the global diplomacy index as the basis for the conceptual design of an offensive model of economic interaction and integration of countries (Lutak, Baula, 2026); etc. However, the issues and mechanisms surrounding the influence of ESG diplomacy on international negotiations, geoeconomic competition, and the diversification of international co-operation in the context of climate and geopolitical changes remain understudied.

3. The Competitive Dimension of the Modern World Order

The peculiarities of the way the international system functions are the various formats of interaction between states and international actors. These lead to constant competition for economic influence, expansionism, technological leadership, resources and the rules of global governance. Therefore, the formation of a new competitive world order is accompanied by global risks, as well as changes in information and technology. This makes it necessary to reconsider traditional diplomatic practices and how they are implemented in new geopolitical conditions (Global Risks Report, 2026).

Scholars identify trends through the prism of: the polycentric and fragmented world order, which demonstrates deep competition over rules rather than just power (Lake, 2026); competition between superpowers and networks of actors, and the formation of 'issue-based coalitions' (Borotov, 2025); structural inequality in the world order, and economic asymmetry in the competitive world order (Sacco, Arenas, 2022); the material, ideological and normative competitiveness of the world order (Wojczewski, 2018). This means that co-operation, collaboration and conflict are integral to the structure of international relations, with the negotiation process serving as the main way of coordinating interests, finding compromises and creating joint solutions. International negotiations inherently combine competitive and co-operative elements, striking a balance between rivalry and co-operation. They are the main form of interaction between subjects of international relations, ensuring the resolution of conflicts, the coordination of interests, and the development of co-operation through the creation of agreements and joint solutions of international significance (Vyhovska, 2023).

ESG diplomacy, which integrates diplomatic, negotiation and communication mechanisms to

strengthen global resilience, may be the answer to geopolitical challenges. ESG diplomacy is rooted in the intersection of sustainable development diplomacy, environmental diplomacy, and global governance.

Traditional diplomacy, which focuses mainly on protecting sovereignty and national interests, is insufficient for solving complex global problems such as climate change, the energy transition and social inequality. In contrast, Sustainable Development Diplomacy (SDD) involves negotiating and implementing solutions that combine economic, social, and environmental goals through integrated governance. This process involves a wide range of stakeholders and applies flexible mechanisms to adapt to global challenges. This forms the basis of modern ESG diplomacy. There is a need to: 1) develop a new model of diplomacy in the context of SD; 2) transition from state-centric diplomacy to multilateral partnerships that involve stakeholders in the negotiation process; 3) develop the concept of focusing on needs rather than the positions of the parties in order to create mutually beneficial solutions and reduce conflict during negotiations (Moomaw, Bhandary, Kuhl, Verkooijen, 2016).

In international analytical reports, ESG approaches are linked to investment, corporate, and regulatory practices for climate transition. For instance, the United Nations Environment Programme (UNEP) recognises multilateral environmental diplomacy as a vital instrument for shaping and implementing the global SD agenda via the international negotiation system (Multilateral environmental diplomacy and negotiations. UNEP, 2017).

However, one of the main problems is the lack of a unified SD assessment methodology. This makes it impossible to objectively measure progress and development risks at global, national and local levels. Assessing SD processes and the spectrum of ESG indicators is very complex. The concept of SD combines economic, social, environmental, and managerial dimensions, and presents 'sustainability' through various approaches (technocratic, resource-based, environmental, and ecological) and models (e.g., ecological modernisation, structural greening, and the noospheric transformation of society).

4. Convergence of Elements of SD and ESG Approach in the Diplomatic Sphere

International competition highlights the importance of SD policy through its normative, economic, environmental, geopolitical and diplomatic functions. Additionally, the formation of global rules, competitive advantages and strategic alliances stimulates the adoption of integrated diplomatic strategies. These models should consider elements of SD through the prism of institutional mechanisms, the limitations of

natural resources, the ecological boundaries of economic growth and the necessity of global partnerships. Scientist L. Brown (2001) stated the systemic nature of environmental challenges and the need to transition to sustainable economic models. E. Goldsmith (1996) substantiated the need to form an ecologically oriented civilisation model that takes into account the boundaries of the biosphere. J. Sachs (2020), in turn, considers SD to be the result of effective multilateral co-operation and global partnership, the institutional basis of which lies in international organisations.

The evolution of the SD discourse reflects the international community's response to increasing global instability, environmental risks and socio-economic inequalities. In this context, SD emerges as both a model of a desired future and a response to systemic challenges indicating the global system's deviation from a balanced developmental trajectory.

From the perspective of modern SD theory and the ESG approach, resilience is defined as the ability to maintain balance and respond to challenges by adapting to new conditions and undergoing transformation without losing functionality. This is why, in scientific theses, the following categories are more often used instead of the concepts of 'permanent system', 'border system' and 'hyper-resilient system':

- *Resilience* is defined as the ability of social, economic and ecological systems to withstand hazards, adapt and recover from shocks (Intergovernmental Panel on Climate Change, 2022). It is a central concept in the idea of 'climate-resilient development', combining adaptation and sustainable development (IPCC, AR6). It is also a practical sustainable development policy tool that emphasises its connection to climate adaptation and risk reduction (Climate Dictionary UNDP).

- *Adaptive capacity* is defined as the ability of systems, institutions and societies to adapt to climatic, social and economic changes, with the objective of minimising potential losses and seizing new opportunities (IPCC, AR6). It is identified as a key component of effective governance in uncertain times in documents on climate policy and risk management by the OECD (Borrás, Haakonsson, Hendriksen, 2024).

- *Transformative capacity* is defined as the ability of public sector organisations to implement systemic changes to achieve SDGs (Borrás, Haakonsson, Hendriksen, 2024).

- *Sustainability transitions* are complex, large-scale changes in socio-technical systems and production and consumption models that aim to achieve SDGs (Sustainability Transitions Research Network). They are also defined as the long-term transformation of socio-technical systems and technological institutions towards greater environmental, social and economic sustainability (Loorbach, Frantzeskaki, Avelino, 2017).

The concepts described form an interconnected analytical system that reflects the evolution of modern scientific and practical understanding of SD, ranging from the capacity to respond to crises to the capacity to implement profound structural changes. These concepts demonstrate the capacity of systems to not only maintain stability in response to external shocks, but also to adapt to change, transform their structure, and guarantee a sustained SD trajectory. Together, the concepts form the basis of the ESG paradigm and have been integrated into international diplomatic and negotiation practices. Within the conceptual framework, each category performs a specific analytical function in diplomacy (see Table 1).

5. Features of ESG Approaches in the Field of International Negotiations

The growing importance of ESG approaches in international negotiations is evident in trends in corporate and global governance. According to OECD data, by 2024, almost 12,900 public companies – representing 91% of the global market capitalisation – had disclosed information on sustainable development. Furthermore, more than 9,600 companies (86% of the global market capitalisation) had introduced mechanisms for interacting with stakeholders and shareholders on SD issues. The convergence of the global ESG reporting system around the following standards: GRI (over 6,500 companies); ISSB (around 5,000 companies); and ESRS (around 2,000 companies). This reflects the international harmonisation of regulatory approaches in the field of SD, and the formation of a single ESG governance space. This contributes to increasing data comparability and

international economic interaction (Transforming our world: The 2030 Agenda for Sustainable Development, United Nations, 2015).

Research also focuses on mechanisms for independently verifying ESG data. In 2022, external audits covered 66% of global market capitalisation, rising to 81% in 2024. Issues of climate governance and decarbonisation are becoming increasingly important. The energy sector, for example, accounts for almost a third of corporate greenhouse gas emissions and demonstrates the highest level of ESG reporting, with 94% of companies in the sector disclosing relevant information. At the same time, however, there are still gaps in social responsibility: only companies representing 26% of the global market capitalisation disclose information on their human rights impact. These trends suggest that ESG issues are moving beyond corporate governance and becoming an increasingly important topic in international dialogue, negotiations, and the coordination of the interests of states, businesses, investors, and civil society (Transforming our world: The 2030 Agenda for Sustainable Development, United Nations, 2015).

In these circumstances, ESG diplomacy and international negotiations are becoming increasingly recognised as vital mechanisms for coordinating policies and aligning the interests of states, businesses and international organisations. The aim is to ensure the long-term sustainability and competitiveness of socio-economic systems. This approach is confirmed as relevant by the conclusions of the World Economic Forum's analytical report, 'Global Risks Report 2026'. The search for new formats of international co-operation remains a necessary condition for effective management

Table 1

Projection of the SD concept into the sphere of diplomatic and negotiation interactions

Concepts in the interpretation of SD	Format of SD representation in diplomacy	The functional role of SD in international negotiations
↓	↓	↓
'Resilience' The ability of a system to withstand, adapt and recover from shocks and crises.	'Adaptive' Diplomacy in the context of developing anti-crisis co-operation.	'Stabilisation' Maintaining the stability of negotiations in crisis conditions (wars, pandemics, energy shocks).
'Adaptive capacity' The ability of systems to adapt to changes in the external environment without losing functionality.	'Flexible' Diplomacy of responding to changing global risks and political conditions.	'Preventive' Using negotiation strategies taking into account risks (climate, technological, information, security).
'Transformational capacity' The system's potential to implement structural changes to transition to new models of economic development.	'Reformation' Diplomacy to change the rules of global governance.	'Regulatory' Formation of new international regimes, institutions, norms, standards.
'Sustainable transition' The ability of the system to carry out long-term transformation towards increasing environmental, social and economic sustainability.	'Progressive' Diplomacy to coordinate the transition to a low-carbon and green economy.	'Consolidation' Multilateral and multilevel negotiations in the context of long-term SD goals.

Source: systematised by the author

of global risks in the context of interconnected trends:

- The transition to a state of 'multipolarity without multilateralism', in which geopolitical competition is becoming more prevalent than international co-operation.
- In the long term, this means the prevalence of environmental risks and the intensification of climate-related challenges; in the short term, it means geopolitical conflicts and geo-economic competition.
- The increasing dependence of the effectiveness of climate negotiations on geopolitical context, interstate interaction and political polarisation (UN Development Programme (n.d.). The climate dictionary: An everyday guide to climate change).

In addition, the formation and implementation of ESG diplomacy initiatives should be synchronized with the target guidelines provided for by the UN resolution ('Transforming our world: the 2030 Agenda for Sustainable Development'). In particular, the institutional framework for international dialogue, multilateral co-operation and partnerships is shaped by the following goals¹: *SDG 16* 'Peace, Justice and Strong Institutions' (building effective, accountable and transparent institutions; ensuring inclusive, representative and participatory decision-making; strengthening institutional capacity to prevent conflict and violence); *SDG 17* 'Partnerships for the Goals' (increasing policy coherence for sustainable development; strengthening global partnerships; supporting multilateral partnerships; developing international co-operation on data, monitoring and evaluation). The practical implementation of ESG approaches is largely related to the achievement of *SDG 7* 'Affordable and Clean Energy', *SDG 10* 'Reduced Inequalities', *SDG 13* 'Climate Action', which requires effective diplomatic mechanisms, negotiations and policy coordination at the international level. Accordingly, the effectiveness of these mechanisms hinges on the diversification of areas of international economic co-operation, the activation of new forms of diplomacy, strengthened trust between states, strengthened collective security measures and the adaptation of international institutions to the conditions of geopolitical fragmentation.

6. Results

ESG diplomacy can be defined as a multi-level system of international coordination in which the values and standards of sustainable development are integrated into foreign policy instruments, international

negotiations and economic partnerships. This defines a new architecture of competitive world order, trust and responsible global governance. This study conceptualises ESG diplomacy as an independent, multi-level mechanism for coordinating economic, social, environmental, and management interests in international negotiations. Its defining feature is the integration of the regulatory, negotiation, investment and communication aspects of diplomatic activity. The convergence of SD and ESG approaches has been shown to broaden the scope of international negotiations, incorporating climate commitments, decarbonisation, responsible financing, human rights, corporate responsibility and quality of governance alongside traditional issues of trade, investment and security. This paves the way for a shift from predominantly positional coordination of interests to the development of long-term partnership solutions based on shared sustainability criteria.

The practical significance of the results obtained lies in the possibility of using the proposed conceptual framework to prepare international negotiating positions, evaluate partnership projects, form investment proposals and develop diplomatic strategies. In these strategies, ESG criteria are not an additional element, but rather a tool for achieving economic and foreign policy goals. In the context of Ukraine, the development of ESG diplomacy is of particular importance in the protection of national economic interests and the facilitation of international dialogue concerning European integration and post-war reconstruction. The following practical priorities have been identified: European integration; harmonisation of ESG criteria; attraction of ESG investments and 'green' financing; ESG reform of Ukraine's reconstruction; coordination of ESG criteria with partner and donor interests; integration of ESG criteria into negotiation processes with international partners; and promotion of Ukraine's ESG brand in world markets.

7. Conclusions

ESG diplomacy and international negotiations have emerged as system-forming tools of global governance, with the objective of harmonising economic, social, environmental and technological priorities in response to the growth of complex global risks. The modern development of ESG diplomacy as a tool of geopolitics and international negotiations is implemented by establishing its systemic connection with the principles of sustainable development, multi-level negotiations, and the transformation of the competitive world order. ESG diplomacy has emerged as a distinct area of modern diplomatic practice. In this context, ESG standards play a regulatory and reputational role, as well as a negotiation function. They establish the

¹ SDG (Sustainable Development Goals) – A global set of 17 goals adopted by the UN as part of the 2030 Agenda for Sustainable Development.

parameters of mutual trust, partnership criteria, access to resources and financing conditions, and the terms of international agreements. For Ukraine, the practical value of ESG diplomacy lies in the opportunity it provides to align European integration processes, international economic diplomacy and post-war reconstruction. Integrating ESG criteria into negotiating positions, investment projects, donor coordination and the promotion of Ukrainian economic interests can strengthen international partners' trust

in Ukraine, increase its investment attractiveness and improve its competitive positioning. Therefore, ESG diplomacy is a promising mechanism for economic diplomacy and a tool for establishing long-term partnerships in a fragmented international environment. Further research should focus on developing indicators to assess the effectiveness of ESG diplomacy, methods to integrate it into trade and economic negotiations, and mechanisms to apply it in Ukraine's foreign economic policy.

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