

Aspects of economic diplomacy

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Abstract- The basic area of economic diplomacy is the promotion and promotion of trade volume, which means creating opportunities to increase exports to existing markets, as well as identifying new potential markets for domestic companies. An important aspect of economic diplomacy in the field of improving the volume of trade is the support of companies involved in negotiations with government bodies or companies from the country in which they intend to invest or are already present in that market.

The nature of economic diplomacy in a particular country is determined by a wide range of variables, which are related to the political issues or political context in a particular country that make up the stability of the legal environment, the ability to satisfy justice in court, or the degree of corruption in the country in which the company intends to invest or improve. the existing scale of pols.

Index Terms- economic diplomacy, economy, trade,invest

I. INTRODUCTION

In the broadest sense, economic diplomacy has the most important role in contributing to the improvement of economic opportunities and performance of the state and the companies established in it. Economic diplomacy fulfills its role and has an impact on many areas with which it is connected in a certain way. The main focus is on politics, trade and security. Nowadays, the economy is not only and exclusively the traditional maximization of company profits, but also touches on the areas of politics and security, while the area of trade is one of the basic activities through which globalization is most visible. Modern economic diplomats are not narrowly specialized in a certain field, but they are equally familiar with each of the listed areas.

The connection of economic diplomacy with political, security and trade issues is important, primarily due to the fact that the economy cannot be seen as an independent activity. The state, ie companies, will not be ready to cooperate with states and companies burdened with internal problems, whether they are of a political or security nature. Accordingly, the following is an overview of the most important aspects of economic diplomacy in the context of globalization.

II. SECURITY AND GEOPOLITICAL ASPECT OF ECONOMIC DIPLOMACY

The geopolitical position of a country is the most important segment of a complex geographical position, which includes natural, economic, political and geographical factors and combines a complex assessment of natural potentials, geodemographic processes and cultural and political status. At the same time, the geopolitical position contains the influences of geographical factors on the political-historical process and it determines the development of the state and the potential of its integration into economic security and political integration processes. Almost all countries of the modern world are considering current models of collective security in the context of the relationship between power and authority, within the process of globalization and the creation of the so-called new world order in terms of achieving the necessary level of defense and security as a whole. Analyzing the current geopolitical and geostrategic environment, in the context of the mentioned challenges that pose a threat to the security of states, it can be concluded that states that rely on their own forces will not be able to achieve a satisfactory level of security and reach the appropriate level of development. In this context, one of the solutions is to establish alliances with other countries through security connections that will enable them to adequately protect key national and state interests and raise the general level of social and defense strength of the state. It is in these processes that economic diplomacy can make a significant contribution, given that achieving goals related to ensuring an appropriate level of collective security of several countries is not entirely possible if economic diplomacy is not involved in these processes. Namely, achieving the set goals in the field of state security in modern conditions implies the engagement of significant financial resources. In that way, the economy becomes a direct partner in this process, because significant amounts of money are allocated for the needs of ensuring security in a large number of countries. At the same time, collective bodies in the field of security, ie international security organizations, also require certain financial resources necessary for their work. In proportion to the economic strength and capabilities of economic diplomacy, states gain a more or less privileged status, ie an influential position within these organizations.

III. THE POLITICAL ASPECT OF ECONOMIC DIPLOMACY

As economic diplomacy is an activity that includes all the most important aspects of the modern state's activities in relations with partners abroad, it is necessary to consider its role from a political point of view. Economic diplomacy does not exclusively ensure the economic prosperity of the state, but, when conditions allow it, it also provides support for the financial and trade foreign policy of the state. Therefore, economic diplomacy is one of the most important agendas in discussions between states. In the first years after the end of the Second World War, the activities of economic diplomacy were included in the field of political diplomacy. An example of the beginnings of the intertwining of economic and political diplomacy is post-war Japan, which lost its political influence very soon after the end of the Second World War. In the mid-fifties of the twentieth century, primarily thanks to well-organized economic diplomacy, Japan succeeded in regaining lost political influence and strengthening its economic status.

When it comes to Europe, political issues have always been ahead of economic ones, and, as such, they have actually been the basis for achieving economic goals. In the modern world, it is almost impossible to separate political diplomacy from economic diplomacy, because in the conditions of globalization, they practically represent two sides of the same coin. Namely, economic and political goals are equal today and it is not possible to draw a clear line of separation between them, because in the background of the realization of every goal in the sphere of politics, there is the economy, and vice versa. In the background of every success in the field of economy, there is a certain political interest in achieving that success. The greatest economic powers of today's world are at the same time the leading political forces, which indicates that there is no economic power without political power, ie that the political aspect of economic diplomacy is an indispensable part of modern economic diplomacy.

IV. TRADE ASPECT OF ECONOMIC DIPLOMACY

The trade aspect of economic diplomacy is as important as the aforementioned security and political aspects. This is important to point out because some of the basic goals of economic diplomacy are focused on trade. "The development of the trade aspect of economic diplomacy took place in the following phases: Trade promotion is usually the first goal of economic diplomacy. The intensification of foreign direct investment during the 1970s laid the foundations for trade to become a significant source of government revenue.

- The second phase of the development of the trade aspect of economic diplomacy coincides with the mid-1980s, when, thanks to economic diplomacy, clusters of participants in the promotion of trade and investment were connected and mobilized.
- The third phase was the promotion of countries, especially those activities that have increased employment and trade.
- The last phase was of a regulatory nature. At this stage, the World Trade Organization was formed (1995) as a body that regulates trade relations between countries on a global level."

Nowadays, the most important goal of most countries is to be more successful in the field of exports compared to the competition. In order to realize a competitive advantage, it is necessary for countries to be efficient and productive in terms of using these opportunities to enter foreign markets. In order to create opportunities of this kind, it is necessary for economic diplomacy to contribute through the results of its actions. The link between economic diplomacy and trade is most pronounced in insufficiently large domicile markets that have limited potential, and to which international trade provides potential in all areas. International trade and economic diplomacy provide the national economy with numerous benefits, the most important of which are those related to the effects of increased competition, which directs domestic companies towards increasing productivity.

Also, there is specialization in certain areas and providing access to new knowledge and development potentials. There are few countries that have created an environment that is characterized by constantly stable business conditions for companies. Namely, frequent changes in the field of trade, changes in economic centers and trade flows, mean that it is not easy to provide stable business conditions, and countries that do not respond to these changes in a timely and appropriate manner are left without the profits they need for further economic growth and economic development. It is obvious that international trade brings numerous benefits to all actors, but there are also certain problems. Namely, insufficiently large economies find it difficult to access sectors based on high-tech knowledge. The barrier is also high production costs and more difficult access to geographically remote markets.

"Thanks to globalization and economic diplomacy, access to hitherto inaccessible markets is no longer an obstacle. Without economic diplomacy, it is unrealistic to expect trade to become an important factor in the stability of the national economy. "Economic diplomacy, that is, economic diplomats who win in the trade sphere of the economy, have real opportunities to further improve the level of economic development of their country."

V. FUNCTIONS AND GOALS OF ECONOMIC DIPLOMACY

According to some analytics, the main function of economic diplomacy is "protection of national interests in international economic relations". In order for a state to receive international recognition in terms of economic strength and developed international economic relations, it is necessary to provide appropriate bodies and services, to determine means and mechanisms and to engage appropriate professional staff who will be able to continuously implement previously established state policy. to represent the national economy at the international level, both bilaterally and multilaterally. The basic function of economic diplomacy presented in this way confirms the previous allegations that economic diplomacy is a very complex activity that cannot reach the maximum if all relevant elements of the system that make it up do not provide their own maximum and if they do not function as a whole.

"Despite the very detailed and complete division of functions of economic diplomacy, it cannot be said that this classification is complete. One of the reasons for that lies in the fact that new functions of economic diplomacy are constantly

appearing, as a result of globalization and increasingly complex economic relations. In modern economic relations, economic diplomacy should contribute to the following goals:

- increasing export capacity and reducing dependence on the country's imports,
- improving international competitiveness in the field of economy,
- providing financial and strategic support from the most important international organizations,
- preserving the security of the state within the national framework,
- active participation in projects of world importance, • positioning of domestic products on international markets,
- creating a world-renowned brand and brand and
- providing a better standard of living for its inhabitants.

One of the key tasks of economic diplomacy is to enable domestic companies to conquer new markets at the regional or global level within the defined trade policy of the state, with the support of the government. Through conquering new markets, preconditions are being created for profit growth, which has its implications for the overall economic growth and development of the country. In the realization of the stated goals, the role of economic diplomacy is related to providing a strategic advantage to export companies through the "elimination" of a foreign competitor from the international market.

The modern international market is characterized by constant economic struggle in which the economic development of one company often leads to business losses and slowing down the development of another company. The redirection of profits from foreign competitors to domestic companies affects the growth of the national income of one country, while reducing the national income of another country. The basic task of economic diplomacy is to protect and promote national economic interests, which can be successfully implemented only if the harmonization of the strategy for ensuring national economic security, the strategy of foreign trade relations and the trade policy of one country is ensured.

Due to these risks, economic diplomats, as a rule, adhere to the criteria prescribed by the competent institutions of the home country in order to ensure that the services they provide are aimed at the appropriate economic entities. In the context of conducting economic diplomacy activities and its planning, in most cases, special attention is paid to start-ups and companies operating in priority areas, in terms of importance for achieving the goals of economic growth of the home country. Numerous examples of economic diplomacy that does not charge for its commercial services are present, but such an approach is increasingly questionable. The prevailing view among economic diplomats is that the services provided by economic diplomacy should be charged, not in order to increase revenues but in order to ensure the quality of services provided and gain a reputation. There are also views that economic diplomacy should charge at least some of the services it provides and offer them to those economic entities that are able to pay for such services. If the company is confident in the quality of its product or service, and if it is

confident in its strategy of internationalization of business, then it will be ready to pay for the service of economic diplomacy.

Performance measurement is also important, although it is complex. There is a growing belief that economic diplomats should be judged for their work by company executives and government. Performance can be measured by industry feedback, number of customers, customer loyalty and revenue generated. Indices can also include earned service earnings, growth in exports by economic diplomat clients, a list of business transactions (or problems) concluded (or resolved) with the help of a commercial diplomat, a business view of economic diplomat relevance, compliments and user complaints analysis, government compliance. selection rules or criteria, the contribution of the economic diplomat to the fulfillment of government goals, etc. The quality management certificate can also be used to improve performance. " The best source of information used in the selection of entities to be provided with economic diplomacy services are recommendations. Anglo-Saxon economic diplomats use recommendations when it comes to buying new companies. Most systems of economic diplomacy in the world obtain the opinions of companies that have served the needs of impact assessment, recognition and implementation of the necessary corrective measures.

VI. CONCLUSION

Accelerated development of information technologies, in turn, has also contributed to significant changes in the field of diplomacy, with the development of the Internet being the factor that has had the greatest impact on changes in diplomatic practice. All these changes have created new challenges for modern diplomacy, which primarily relate to security issues in the world, promoting the need to respect human rights, democratization and sustainable development, as well as economic cooperation and joint struggle against international crime, terrorism and the like. The term economic diplomacy is considered to be all activities of official representatives of a certain country whose primary goal is to increase the volume of exports, increase the volume of investments from abroad and to ensure the active participation of the state in international economic forums. In this context, economic diplomacy is a form of managing and maintaining economic relations between different countries. Economic diplomacy has its most important role in improving the economic capabilities and performance of the state and the companies established in it. Economic diplomacy fulfills its role and has an impact on many other areas with which it has a certain relationship. This primarily refers to the field of politics, trade and security. Today, the economy is not only focused on maximizing profits, but also in the field of politics and security, while trade is one of the activities in which globalization is most visible. Modern economic diplomats are not narrowly specialized in a certain area, but it is necessary for them to know all the mentioned areas equally, ie politics and security and trade.

One of the key tasks of economic diplomacy today is to enable domestic companies to conquer new markets at the regional or global level within the defined trade policy of the state, with the help and support of the government. Through conquering new markets, preconditions are created for the growth of company profits, which has direct effects on the overall economic

development of the economy of a particular country. In the context of achieving these goals, the role of economic diplomacy is to provide a strategic advantage to export companies through the "elimination" of foreign competitors from the international market. The modern international market is in a state of constant economic struggle in which the economic development of one company often leads to business losses and slowing down the development of another company. The basic task of economic diplomacy is to protect and promote national economic interests, which can be successfully implemented only if the harmonization of the strategy for ensuring national economic security, the strategy of foreign trade relations and the trade policy of one country is ensured. Economic diplomacy in the context of improving the volume of trade is a significant factor in the current process of globalization. The basic area of economic diplomacy is the improvement and promotion of trade, which means creating opportunities to increase exports to existing markets, as well as identifying new potential markets for domestic companies.

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