

Economic Diplomacy

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Abstract:

Diplomacy aroused initially as a kind of message that diplomat transmits from his country to the host country, then developed with the progress of international relations and became a mean of negotiation between countries. Historical challenges then occurred, which made diplomacy change its course as well, to be more concerned with deepening relations between countries according to their economic interests.

The definition of economic diplomacy became the use of the state's economic tools to achieve national interests, in other words, "The state's political weight that is used to serve its economic interests".

The global economic system focused on economic diplomacy in international relations, and became, in today's world, one of the primary means to penetrate world markets and also an integral part of modern diplomacy.

The thesis essentially aims at pointing the relevance of the term "Economic Diplomacy" to official diplomatic activities that focus on increasing exports, attracting foreign investments, promoting cross-border trade and investment flows and participating in the work of International Economic Organizations, that is, the activities that focus on recognition of the country's economic interests at international level.

The thesis emphasizes on the fact that economic diplomacy is of great importance as a long-term tool for conflict prevention, international security enhancing, providing a "risk management" system for critical international situations, as well as to maintain the conditions for international economic cooperation, which promote and raise the level and quality of the population's livelihood, and ensure a participatory relationship between the public sector and the private sector, in consideration of market entry decision.

The thesis suggests that more attention should be given to the potential role of economic diplomat not only in state-to-state interactions but state- organization relation.

The research's methodology is based on a desk research and a literature review. The thesis identifies factors and instruments of economic diplomacy that provide an understanding to the nature of economics in the world of diplomacy. Importantly, the thesis furnished detailed, insider perspective on the effectiveness of economic diplomacy.

The thesis identifies the success of model countries, and highlights the challenges faced in applying their own economic diplomacy.

Finally, the thesis furnishes recommendations for improved implementation of the economic diplomacy.

Chapter one

Introduction:

1.1 Economic diplomacy between words and real life:

The term "Economic Diplomacy" means when a country uses a wide range of economic tools to ensure its national and international interests which consist of three goals:

- To facilitate access¹ for national companies to foreign markets.
- To attract foreign direct investment to the national territory.
- To influence the international rules of national service interest, with the participation of a group of actors (civil society, the public sector and the private sector) in its scope of work, in addition to the role of diplomatic delegations in international organizations, where economic diplomats monitor economic policies in foreign countries, report them to the local government, and advise them on the best ways to invest with them.

In pursuit of a specific foreign policy goal, this is sometimes called an "Economic Craft". Because of the increasing globalization and the resulting interdependence between countries during the 1990s, economic diplomacy was required to participate in local decision-making process related to the policies of producing goods, services, imports and exports so the scope of trade was no longer local, national or even regional, but rather extended to all parts of the world, especially after national issues became a global issue, such as peace, security, development, climate and water.

The economic diplomat relied in his work, on three pillars²:

¹ "Economic Diplomacy and the Role of Diplomatic Missions Nowadays" www.researchgate.net/publication

- ❖ The use of his country's political influence in the international trade and investment, with the aim of improving market performance and reducing the costs and risks of cross-border deals (including property rights).
- ❖ The use of economic relations to reduce the cost of conflict, and to promote the mutual benefits of increasing economic security.
- ❖ Finding ways to promote the right political and economic climate at the international level to facilitate, and achieve these goals, this includes multilateral negotiations in international organizations such as the World Trade Organization³. (see also Graph1)

Economic diplomacy is often understood as a tool for promoting projects, especially for small and medium-sized enterprises, in which the opportunities for job creation are greater than the opportunities for establishing multinationals in foreign markets. This is called, “Corporate Diplomacy” or “Commercial Diplomacy”.

The commercial diplomacy focuses on building a network of diplomats and business representatives in diplomatic missions, and promoting trade and investment. For many developing countries, trade diplomacy is also concerned with promoting tourism, as the diplomatic network provides rich trade information and markets for tourism, and works on establishing links in the business sector to find suitable business partners.

Another major area of the global economy is international finance, which is at the heart of economic diplomacy, and here we are talking about “Financial Diplomacy”, Which goes a long way in shaping a broader perception of Economic Diplomacy,

² “Economic Diplomacy and Economic Security” ,Peter A.G. van Bergeijk and Selwyn Moons

* DID YOU KNOW? Cheery blossom diplomacy: is China’s way of offering its friendship by sending cheery blossom seeds .

³ www.dcrs.sy

because it refers to the role of unconventional actors in diplomacy such as the Ministry of Finance Central Banks and the banking sector, as well as diplomatic forums such as the World Economic Forum.

The majority of countries supported the internationalization of developing projects in the first decade of this century, when economic growth was promising in emerging countries, particularly in the BRICS countries.

A lot of countries use their diplomatic networks and powers to boost business and attract foreign investment to their lands. Commercial diplomacy concept has evolved to economic diplomacy, while some countries have moved from focusing on promoting business abroad, to develop a strategy involving the expansion of diplomatic networks in the economic sphere, and the use of its officials as personalities important to represent and sell their products and technologies in international markets, working as economy-consultants for their embassies.

Economic diplomacy The three pillars		
<p>- International activity</p> <p>1-market research (publications for investors\exporters)</p> <p>2- promotional events</p> <p>3-cooperation within international competitiveness policies (production factors' aimed policies e.g. human capital exchange; technology flow);</p> <p>4-clusters promotion infrastructure investments connected with international events organization.</p> <p>5- International Collective Response</p>	<p>-Resources diplomacy</p> <p>1-Negotiations</p> <p>2- Products and export conditions</p> <p>3- bilateral, multilateral agreements; analysis</p>	<p>-State's interest representation</p> <p>1- multilateral and regional forum bilateral agreements</p> <p>2-national-aim-driven economic resources employment (sanctions, rewards, etc)</p> <p>3- work of diplomatic missions; promotion (trade, tourism), national brand management</p>

Economic diplomacy requires the application of technical expertise that analyze the economic situation of the country (receiving State), based on the political climate and its business interests, where foreign businessmen are working together with the makers of decision / governments on most traded issues in foreign policy, such as technology, the environment, and traditional areas of trade and finance. This requires the diplomat to be flexible, obtain sound trial and strong business skills to practice economic diplomacy.

Non-governmental organizations are also involved in economic activities at the international level, side by side with the economic companies and investors which are also actors in the economic application of diplomacy, especially when they facilitate contact with governments.

Developing economies have learned that they are not flowers and that companies are not like bees. In other words, the country that wants to attract business must be proactive rather than passive. They must search for opportunities and learn how to attract investment into their homes.

Reducing or exempting taxes and other concessions is likely to be necessary to attract investment, although in the short term they are considered costly. The state's support for creating new job opportunities is also part of its strategy to implement economic diplomacy. Here are some examples of applied economic diplomacy around the world in several ways:

⁴ "The role of economic diplomacy in enhancing national competitiveness", Marta Czarneka-Gallas, January 2012, www.researchgate.net

1- Through the establishment of specialized economic bodies, e.g. Brazil⁵, which relied in its economic diplomacy strategy on establishing the “Brazilian Cooperation Agency” that works under the supervision of the Brazilian Ministry of Foreign Relations, and is concerned with matters of negotiation, coordination and implementation of projects and technical cooperation programs with countries, especially developing countries.

2- Through international conferences, such as the United States, which has a long history with economic diplomacy, and dates back to “Dollar diplomacy” and “Diplomacy of the thick stick”. The United States is also the focus of the most important economic event, the “Bretton Woods Conference”, which witnessed the emergence of the International Monetary Fund and the World Bank for Reconstruction and Development. The United States participated in one of the most prominent economic diplomacy, by developing “Marshall Plan” to rebuild the economies of Western European countries after World War II.

3- By providing loans and aid, such as India, which has worked to build stronger and more stable relations with neighboring countries such as Bangladesh, by giving it a soft loan of \$ 800 million, and providing \$ 200 million in aid to it⁶. India has established a development wing in January 2012, the "Development Partners Management", which works to provide development assistance, as a diplomatic engagement. The department has built 50,000 housing units in Sri Lanka and has

⁵ www.wikipedia.com

⁶ "Economic Diplomacy, Indian Style", Bose, Pratim Ranjan, the Hindu business line, 28 March 2013.

<http://www.thehindubusinessline.com>

*DID YOU KNOW? Twiplomacy:is using Twitter app by the heads of states as a way of expressing their political point of view

established a large transportation line in Afghanistan, and is working on global credit projects, especially in Africa.

The economic diplomacy has been a part of the foreign policy of states as a key mechanism for achieving fruitful economic and trade relations at the bilateral and multilateral levels. It is no secret that economic factors have the greatest impact on shaping foreign policy, and the promotion of economic interests is an important component of ensuring national interests in a country's foreign policy.

Work is being evaluated to attract investment at the level of diplomatic missions, in which each diplomat is considered responsible for attracting foreign investment to his country. The⁷ Ministry of Foreign Affairs operates, through a network of national and foreign missions abroad, as a first point of contact, as well as a link between the foreign business community and local partners. Regular round tables and seminars, with the participation of businessmen and the diplomatic delegation encourage dialogue between governments and the international business community. These meetings include topics such as protecting the rights of foreign investors, governmental support in the development of small and medium-sized enterprises, and visa and immigration issues.

The question that rises here: What are the practical capabilities for engaging diplomatic missions in this field?

- ❖ First and foremost, diplomatic missions can convey a lot of useful information about the investment situation abroad, and the extent to which work contracts with their country can be concluded. It is true that we are able to get a lot of

⁷ " Economic Diplomacy Is Key Part of Foreign Policy", Rapil Zhoshybayev, 9 June 2014, [www. astanatimes.com](http://www.astanatimes.com)

* DID YOU KNOW? Cow boy diplomacy: Is the previous American president–Roosevelt– diplomacy” speak softly but carry a big stick”

this information from other sources, such as electronic sites and chambers of commerce, but diplomatic missions can reach information considered by the majority of companies difficult (if not impossible) to obtain at the time of need.

- ❖ With regard to obtaining information, diplomatic missions have an advantage, by virtue of their assigned tasks, which is the access to politicians and senior officials from the host country, with information that has not yet been published, can be obtained, so the diplomatic missions act as a medium for the transmission of useful information which provide good job opportunities for their national companies and ensure that foreign investments are attracted to its lands.
- ❖ However, the awarding of contracts of investment and construction projects on political considerations, creates the same place for political pressure, which may be used by diplomatic missions in the most important area, in the legal field and the formulation of economic legislation at the international level and at the national level (in the host country).

In general, the presence of the mission on the territory of the host country helps in its harmony and familiarity with the political and economic environment, which allows to play an important role in negotiations related to economic cooperation agreements between the mother country and the host country, and to provide highly qualified consultations to the relevant bodies in their motherland is about drafting international treaties.

1.2: Statement of the problem:

This thesis focuses on economic diplomacy as implemented by governments. Chapter 2 investigates the role of economic diplomacy in prospering bilateral relations, also shows the great diversity of (possible) effects of economic diplomacy on international economic activities, and pictures the interaction in a form of a “diamond”⁸: firm strategy, structure and rivalry, factor conditions (e.g. natural resources), demand conditions and related and supporting industries.

The study suggests the need to address the role of embassies when the state is interested in its firms to export or launch business enterprise where the role of embassies and consulates are recognized not only as state representation, but also as “the eyes and ears” in the host country.

And their informational role eases the process of overcoming market failures- they are located in or in proximity of export markets (embassies, consulates) and in exporting country (trade promotion agencies), serving as a source of information for domestic firms willing to internalize or foreign firm willing to enter the market.

The thesis promotes the desirability to conduct further research into the role of economic diplomats in enhancing international economic interactions within the frame work of the in their embassies and when facing global challenges, taking into account, that in most publications on diplomacy, it is underlined that economy, practically until 90s century, was regarded only as an “accessory” to the core work of professional diplomats.

⁷ “The role of economic diplomacy in enhancing national competitiveness”, Marta Czarneka-Gallas, January 2012, www.researchgate.net, page5

The analysis is supplemented in “Chapter 3” by a review of couple of studies on the sensitivity of successful states’ economic diplomacy to the change of the market conditions, and the innovation in the economic diplomacy which is crucial to stay up to date with actual global and domestic situation.

The Chapter eventually answers the following questions:

- ❖ Why economic diplomacy is growing in popularity? And how much is actually known about the effect of economic diplomacy and the determinants of its effect?
- ❖ How can economic diplomacy contribute to bilateral relations between countries?
- ❖ How can economic diplomacy face Global challenges?
- ❖ Which is fundamental to economic diplomacy: does economic diplomacy lead to more trade, or does the total trading volume determine the use of economic diplomacy?

Finally, Chapter “4” discusses the states’ response to the spread of COVID19, and their individual and collective diplomatic efforts to step out of this crisis.

1.3: Methodology of the thesis:

The research’s methodology employed in the thesis has two basic elements:

The first is the researcher’s observation, in which case, the researcher is actually interrogating a subject in which he is an active participant, since the researcher has been in the diplomatic field for 4 and a half years.

The second element of the methodology is Literature Review, in which

books, academic articles, newspaper reports, official documents, and internet materials are carefully perused and subjected to critical analysis.

1.4: Objective of the thesis:

This thesis is a worthwhile academic endeavor because it contributes in two important ways:

1. The thesis shows in Chapter 2 that the agenda of economic diplomacy is connected to the agenda for development cooperation, and it clarifies how various components of economic diplomacy can play a role in the transition of bilateral relations, in which the combination of development cooperation and trade and investment relationships can be mutually reinforcing.
2. This thesis is to present the positive and significant effect of economic diplomacy on international trade and investment, and its role in addressing any crisis on a global scale (Chapter 4).

Chapter 2

When Economy Meets diplomacy

2.1 Defining diplomacy through history:

The origins of the word “diplomacy” date back to the Greek word “diploma” that means folding a piece of paper into two, which was used by Greeks to describe official travel documents.

Diplomacy in modern context is “the conduct of relations between states and other entities standing in the world of politics by official agents and peaceful means”. Another concept of diplomacy, is the American “donkey psychology” or the “Carrot and Stick” approach, an expression that indicates the offer of a combination of rewards or punishments in order to induce certain behavior, that has been used in the field of international relations, in order to describe the realist concept of “hard power” and “soft power”, the “all means necessary”. This principle could, however, be counterproductive, as countries could run away in the opposite direction, feeling threatened.

A more simplistic definition of diplomacy is “the art of communication between powers”, which highlights the importance of diplomacy in state of collaborations, considering it to be a dialogue between states, which grew from merely discussing the needs of states into communicating with each other in all economic, political, cultural and military fields. What these definitions confirm is the importance of communication in states collaborations. However, these considerations of diplomacy, at present, are insufficient, without recognizing the multilevel diplomatic actors’ engagement or the complexity of the new diplomatic models.

A more comprehensive definition of diplomacy is the mediation between estranged individuals, groups or entities, where mediation is a connecting link, or intervention, in other words “Multi Track Diplomacy”. And elaborating on the consideration of diplomacy as managing alienation -which means the state of being isolated from a group or an activity to which one should belong or in which one should be involved, according to The Oxford Dictionary, and building bridges in order to foster collaboration between different actors, which could take place in different settings (e.g. political, social, economic).

Diplomacy can be described here as a tool of foreign policy and influence which might be used to advance strategic national interests, as well as to support (or export) the normative values of peace, human rights, democracy or good governance.

Diplomacy “toolbox” is: negotiation, mediation and dialogue support. If diplomacy has been traditionally defined quite narrowly as “the art and practice of conducting negotiations between nations” (Merriam Webster Dictionary 2015), this rests on a comprehensive understanding of diplomacy as encompassing three distinct (but overlapping) strategies that can be employed consecutively or simultaneously to effect change: **negotiation, mediation and dialogue.**

Negotiation can be broadly defined as a direct encounter aiming to reach an agreement on a situation that is perceived as a problem or conflict, “negotiation is a basic means of getting what you want from others”, in processes of negotiations between the primary parties to an armed conflict, external actors might also provide one-sided negotiation support to one or the other party, in order to promote the overall goal of sustainable peace building. As pointed out by leading conflict resolution scholars, power parity (or at least mutual recognition) between the disputants is a crucial factor for successful negotiations to come about.

Mediation also aims to reach an agreement among two (or more) parties through negotiation processes, but it “involves an additional party who is responsible for directing and supporting the flow of communication”. Most scholars distinguish formal mediation settings from unofficial facilitation, a third-party approach which “does not necessarily strive to reach an agreement, but primarily seeks to improve the relationship between the parties. Consequently, the participants in facilitated encounters do not have to be mandated to enter into a binding agreement”.

Dialogue, like facilitation, is a less directive approach than mediation. The EU 2009 Concept defines it as “an open-ended process which aims primarily at creating a culture of communication and search for common ground, leading to confidence building and improved interpersonal understanding among representatives of opposing parties which, in turn, can help to prevent conflict and be a means in reconciliation and peace building processes. Successful dialogue can de-escalate conflict and render more formal mediation unnecessary. Formal political dialogue settings can be used to convey political messages in support of peace processes, and thus might “serve as entry points for dialogue and mediation processes aiming at conflict prevention and resolution”.

Yet, in order to achieve a deeper understanding of diplomacy, given its changing nature, we must consider a few features that will help us in addressing the researcher’ questions in this thesis, as highlighted in the introductory chapter: (1) how diplomacy has evolved over time moving away from the concept of statecraft, becoming more complex, (2) different actors in the field of diplomacy, becoming more inclusive by welcoming new actors and (3) changing functions of diplomacy, speaking to the agile nature of diplomacy.

It is important also to consider the effect of **globalization** on diplomacy, as its different development phases lead to the existence of different types of diplomacy, an increased range

of actors and different functions and instruments of diplomacy. Scholars in the field of International Relations have acknowledged and considered the current role and the effects of globalization on diplomacy, some define globalization as a complex set of interdependencies and an increasing number of actors whose aim is to impact the outcome of these relationships, as new types of diplomacy and in particular Economic Diplomacy, together with new diplomatic instruments. The European Commission acknowledges the impact of globalization as a strong force in changing the global environment for the past century.

Through empowerment of individuals and promotion of soft instruments of power in the form of influence, globalization has shifted the focus away from government and national states, towards other actors, such as markets businesses, societies and individuals. Globalization has facilitated a shift in diplomacy, to become more complex by facilitating communication, increasing trade and promoting the engagement of different state and non-state actors. Hence, the new diplomatic model has become more complex.

Despite the effects of globalization on diplomacy, we shall not only limit our consideration to this matter, but also present various forms of diplomacy emerging over time to the current Technodiplomacy, in order to see how diplomacy has evolved over time.

Early diplomacy starts with the assumption that diplomacy has its roots in faith, traced back to God's relationship with Adam and Eve, where angels were to be the first diplomats when serving as messengers between heaven and earth.

The ideal ambassador in Mytho-diplomacy is identified as a man ruled by flexibility, practicality and reason, having a wide knowledge of a variety of subjects. Following Mytho-diplomacy and Proto-diplomacy, dating back to the Middle Ages, was facilitated by advances in technology innovations, and was inseparable from war in the form of hard power.

Neo-diplomacy, or “Nouvelle Diplomatie” emerged at the end of 18th century and is recognized during the French and Russian revolutions. Again, we can observe that the foundation of Neo-diplomacy is the focus on “All Means Necessary” to advance the world, including neutrality in wars, relations based on free commerce and a natural bond between free people as the guarantor of peace.

The final and contemporary form of diplomacy is Technodiplomacy. In this context, the expansion of the European states system did not only leave room for cooperation, but also for confrontations through increased levels of travels and advances in technologies, for example, the advance of nuclear and chemical weapons as well as technocratic forms of government.

We can identify the shift in diplomacy from the events themselves to the velocity of events, due to instantaneous communications, weapon delivery and response times. While an increasing tendency has been identified among statesmen to “treat each other as objects of information, rather than subjects in communication”. Time showed a need for improved and increased communication between states and states representatives (which is consistent with the effects of globalization as discussed above), in order to become more effective in making the correct decisions and implementing diplomatic instruments effectively, instead of having to employ crisis management as a result of poor decision-making and lack of effective communication.

Various types of diplomacy¹ have been developed as a result of the changing face of diplomacy, that evolved from purely political one, addressing topics including war and peace,

¹ Japan’s New Energy and Resource Diplomacy: In recent years, dramatic changes that could even be described as cataclysmic have been taking place in the global energy landscape. Firstly, there has been “ the shift in suppliers” with the rise of new energy exporters such as the U.S. as a result

of technological innovation. Secondly, there has also been “the shift in consumers” as the center for rising energy demand moves towards emerging economies, in particular Asian countries such as India, China. Thirdly, as climate change becomes a common challenge faced by all countries in the world, the wave of “ the shift towards low-carbonization” has been applying pressure on the energy sector, which makes up more than two-thirds of the greenhouse gas emissions generated in the world. Moreover, policy trends in countries around the world including changes of the energy policy in the U.S. are also drawing attention to the impact they may have on the global energy situation. Responding to such changes in the international situation, Japan is fully aware of the need for its energy and resource diplomacy. With this awareness, in 2017, MOFA conducted in depth discussions on how to reshape Japan’s energy and resource diplomacy, harnessing the opportunities such as meetings involving Special Assistants for Natural Resources deployed in Japan’s diplomatic missions all around the world. Taking into account the outcome of the discussions, a new vision and strategy were unveiled in July entitled “Energy and Resource Diplomacy of Japan – global vision for a shared future.” Given Japan’s limited resources, securing a stable supply of energy and resources continues to be a greatly important issue. However, it is difficult for any country to achieve energy security on its efforts alone under the current international situation; rather, there is a need to consider an approach for energy and resource diplomacy on the premise of mutual dependence. The Global Vision sets out five points of particular emphasis based on the idea that contribution to providing solutions for global key issues concerning energy will assure Japan’s own energy security. “ Win-win” relationships with resource-rich countries will be strengthened by making Japan’s utmost efforts to achieve this vision, eventually leading to a stable supply of energy and resources to Japan. At the same time Japan can demonstrate leadership in strengthening energy security in the world. In addition, towards realizing this vision, Japan has also announced that it will focus on “three pillars” as the core of its “ Roadmap for a strengthened energy

borders, trade disputes, with the primary goal of defending state territoriality and sovereignty, into new forms of diplomacy. There are now various forms of diplomacy, that focus on areas of interest, including Public Diplomacy, Health Diplomacy, Visa Diplomacy, Knowledge Diplomacy And Economic Diplomacy.

While scholars acknowledge the existence of international organizations and multinational corporations, they do not consider them actors in diplomacy, but rather platforms for diplomacy state actors: international organizations are not just objects, but they are rather becoming subjects, being new actors and agents. Hence, the new diplomatic model has become more inclusive.

Scholars recognized **four functions** the diplomacy exercises as an international actor: communication, negotiations, participation in multilateral institutions and the promotion of economic goods (Economic Diplomacy):

- ❖ Firstly, **communication** is a political and economic activity of the highest importance, since states and governments need to be careful in terms of the signals they aim to send in important matters and the actual signals delivered, as they might leave room for misinterpretation. Although, any actor needs to keep some information confidential, the policy of being in the open is important, even if negotiations took place in confidentiality as miscommunication can lead to disastrous consequences. With the increased focus on communication, diplomacy is expected to become better connected and agile, facilitating dialogue between its different structures and agents.

and resource diplomacy.” Energy and resource security is a challenge not only for Japan, but also for the world, and is directly connected to economic, social, and environmental issues on a global scale.

The new diplomatic model should also ensure transparency within its increasingly complex structures.

- ❖ The second function of diplomacy is the capacity to conduct (often) technical and complex **negotiations**, highlighting that negotiations in the international environment require highly skilled and experienced diplomats. For example: Japan moved on four dimensions of negotiations in the frame work of its economic diplomacy, namely: the Trans-Pacific Partnership (TPP) Agreement, the Japan-EU Economic Partnership Agreement (EPA), Regional Comprehensive Economic Partnership (RCEP), and the Japan-U.S. Economic Dialogue. The four dimensions of Japan's economic diplomacy are not dealt with separately as individual issues; rather, they have been tackled based on the basic strategy of expanding a network of free trade across the world with Japan as a central hub, and at the same time, creating a virtuous cycle where the dimensions are deeply linked to one another, and where the conclusion of one negotiation gives impetus to other negotiations.
- ❖ The third function of diplomacy is the **participation in multilateral institutions**, as both state and non-state actors need to be aware of their behavior in environments that require a balance of interests between states. In this sense, diplomacy has become more agile, being accountable for its dealings with different diplomatic structures and actors .
- ❖ Finally, the **promotion of economic goods**, in the form of Economic Diplomacy focusing on boosting export efforts and attracting foreign investment in order to boost employment, represents the fourth function of diplomacy.

Many scholars have considered a growing importance of Economic Diplomacy, not only in terms of trade and investment but also negotiations. And having discussed the changing role of diplomacy over time, moving away from state level actors towards non-state actors,

diplomacy should be better connected, as a result of technological and communication advances. As a result, the economic focus of diplomacy has become highly important in the world environment, as it shows in the next section.

2.2 Defining Economic Diplomacy:

After having established an understanding of what diplomacy is, its changing nature, main actors and functions, we will now consider Economic Diplomacy in more detail, an area of diplomacy that has been growing in importance over the past decades.

Some scholars argue that Economic Diplomacy is defined by the issues that provide its content, which are policies relating to goods, services, money, investment and more, stressing its sensitivity to market developments. They highlight the importance of Economic Diplomacy as: the consideration of economic affairs and in particular, economic policies, in order to manage and build partnerships.

In addition, some analysts argue that Economic Diplomacy is concerned with what governments do rather than what foreign ministries do, acknowledging the participation of non-state actors in Economic Diplomacy. However, that does not provide a clear definition of Economic Diplomacy, so it is suggested that Economic Diplomacy takes place at a governmental level, without consideration of business and individual levels, and a lack of inclusivity in the economic diplomatic model.

With Economic Diplomacy being sensitive to market changes, it is thus even more important to ensure appropriate communication and collaborations between different economic diplomatic actors. While the understanding of Economic Diplomacy is somehow complex, there are some missing links in terms of new economic diplomatic actors' acknowledgement.

Building on this consideration, we can understand Economic Diplomacy as a set of activities related to cross border economic activities, such as investment, export, import, aid and migration, which are pursued by actors globally. **Thus comprising of three main activities:**

- ❖ The use of political influence and relationships in order to promote, influence and improve investments, trade and the way markets function and/or address market failures.
- ❖ The use of economic assets and relations in order to increase economic security.
- ❖ Means to consolidate the appropriate political environment and collaborations in order to institutionalize these objectives.

However, looking back at the changing face of diplomacy over time as earlier noted, there is a lack of theory of Economic Diplomacy, due to its focus on the interaction between international and domestic factors and between political and economic concerns. Various scholars provide different considerations of Economic Diplomacy, the concept of diplomacy, together with the changing nature of diplomacy, provide the definition of Economic Diplomacy as managing relationships and building bridges between different state and other actors including private enterprises, using influence in order to further economic collaboration and achieve economic objectives.

Economic diplomacy then targets the inefficiencies that hinder international trade and foreign direct investment. The aim of Economic Diplomacy, as discussed above, is to influence decisions on cross-border economic activities.

To summarize, Economic Diplomacy can be characterized as follows:

- ❖ **Trade and investment promotion:**

This includes the promotion of exports as well as imports. It furthermore includes the promotion of cross border investments. The multilateral trading system centered on the World Trade Organization (WTO) plays a vital role in negotiations aimed at trade liberalization as well as putting existing rules into practice, including disputes settlement. With regard to WTO negotiations that have been stalled for many years efforts are ongoing to explore approaches towards revitalization, including addressing issues that are current and relevant.

❖ **Securing property rights and the stability of economic relations:**

This involves negotiating bilateral investment treaties and bilateral trade agreements (see Chart -1-). It aims at strengthening the benefits of favorable political relations, thereby reducing the risk of international flows.

❖ **Influencing foreign national policy making in favor of domestic multinational enterprises:**

These activities involve the use of bilateral contacts aimed at tackling specific barriers that hamper the commercial interest of internationally active domestic companies.

❖ **Maintain a favorable international policy environment:**

This involves the governments' multilateral efforts to preserve a functioning global governance system for trade and financial flows. Which mainly falls within the international conventions frameworks that are divided into three categories:

- ✓ **Investment Treaties** which are important pieces of legal infrastructure to promote investments by stipulating the protection of investors and their investment, enhancement of transparency in laws and regulations, expansion of investment opportunities, procedures for investment dispute settlement, etc.
- ✓ **Tax Conventions** are intended to eliminate international double taxation in cross-border economic activities (e.g. to reduce or exempt withholding taxes imposed on investment

income such as dividends etc.), or to prevent tax evasion or avoidance, and provides an important legal basis for promoting sound investment and economic exchanges between two countries.

- ✓ **Agreements on Social Security:** The purpose of agreements on social security is to resolve the issues of double payment of social security insurance premiums and no refund of annuity insurance.

In this thesis the main focus is the econometrically measurable effect of (instruments of) Economic Diplomacy deployed by state actors in their bilateral relations. Typically nations interact with other nations through a broad range of actions of semi-permanent international representations (embassies, consulates and other public sector business support facilities) and diplomatic bilateral activities (trade and state visits). Governments also interact with foreign and domestic companies to stimulate trade and investment through domestic institutions (investment and export promotion offices) that stand under the auspices of economic diplomats that use information from the diplomatic network, and form, in many countries, the home basis for trade and investment promotion activities in the diplomatic network.

2.3 Advantages and Challenges Of Economic Diplomacy:

This Section lists several advantages of Economic Diplomacy, including increased foreign direct investment (FDI), trade and economic security, and addressing market failures:

- ❖ Governments' priority is the development and improvement of their economies and Foreign Direct Investment that contribute to growth, where a series of economic political and social effects would occur; national gains through taxes on foreign profits; increase in real wages at the expense of profits; reduced tariffs and liberal economic policies. Also, Investment Promotion Agencies (IPAs) have emerged in several countries as a popular tool and as key institutions to promote and attract foreign investment, and

the majority of the worldwide IPAs were created by national Governments, Firms internationalize to seek resources, markets, efficiency, strategic assets and competitive positioning. Their location decisions are influenced by national Governments' policies and IPAs activities. Within the Government, embassies are highlighted as the foreign representative of a country's goals abroad. Throughout the years, the coordination activities among embassies and IPAs has become more common. Ministries of Foreign Affairs made use of various means of diplomacy in an effort to strengthen comprehensive and mutually-beneficial relationships with resource-producing countries and to engage in strategic resource diplomacy such as by diversifying the supplier countries.

In light of the structural changes in the energy industry worldwide, a vision was launched by Japanese Ministry of Foreign Affairs in July 2017 after numerous reviews on the approach for an energy and resource diplomacy policies in the future. As for food security, faced with the possibility of global food shortages in the future, Japan has been implementing initiatives to secure a stable food supply through balancing the world's food supply and demand by increasing the world food production. Taking the opportunity of first visit of the Director General of Food and Agriculture Organization (FAO) to Japan in 2017, to put effort into further strengthening its relationship with the FAO².

² The Food and Agriculture Organization of the United Nations (FAO) is the leading United Nations' specialized agency in the fields of food, agriculture, forestry and fisheries, and plays an important role in strengthening food security around the world. Since it became a member of FAO in 1951, Japan has maintained its cooperative relationship with the organization for many years, FAO Director-General Graziano da Silva visited Japan in May for the first time in four years. During his

- ❖ It is important to mention that FDI is only one of the benefits of Economic Diplomacy with another highly important advantage being increased trade, as trade leads to higher economic growth, which the empirical analysis of this study focuses on.
- ❖ While all of these advantages could be seen at macro level, the benefit of a more competitive environment would lead to developments in local industries. This is a highly important matter for businesses and enterprises at the microeconomic level, as increased competition encouraging innovations and product developments, which, in turn, lead to job creation and economic growth not only at a national level, but also at a regional and

stay, he held **dialogues with key government officials** including Foreign Minister Kishida, **attended various events** in Tokyo, visited a site designated as Globally Important Agricultural Heritage Systems (GIAHS) in Gifu Prefecture, and **gave interviews to various media outlets** as a part of their active efforts to spread information about overview and importance of FAO's activities. With the aim of increasing the number of Japanese employees at FAO Director-General Graziano da Silva also delivered **a lecture at Sophia University**, where he spoke about FAO's role in increasing food production, improving nutrition and promoting sustainable agriculture and fisheries, as well as about the appeal and rewarding aspects of working at FAO to Japanese youths, and contributed to potential candidates for FAO employees. Director-General Graziano da Silva also tasted sweets made from fruits produced in Fukushima City at the Fukushima Sweets Tasting Event organized by MOFA. He highly appraised the safe and delicious agricultural products of Japan, and explained that food products from Fukushima are safe and that there is no need to raise concerns about safety. In this way, he provided support for Fukushima's reconstruction to counter the reputation damage forward, as the "face" of FAO in Japan, they are expected to continue spreading information about FAO's activities and the importance of these activities in an easy-to-understand and friendly manner.

global level. This is an advantage that is highly relevant to the concept of diplomacy: a more competitive national economic environment requires individuals to increase their business acumen, increasing trade and building economic partnerships between different countries and regions.

Despite the several advantages mentioned above, Economic Diplomacy today also faces important challenges, which include:

- ❖ The emergence of new economies with very different institutions and cultural backgrounds.
- ❖ Weak global security leading to decreased trade.
- ❖ And new players that will influence global values and norms, having a significant impact on international trade and investment. And while these challenges are experienced at a global level, they could also impact on new participants engaged or subject to Economic Diplomacy such as businesses and individuals, which is why it is highly important for all diplomacy, and Economic Diplomacy, actors to be able to manage alienation and promote economic, political and social growth .

Having explained the concept of Economic Diplomacy, its changing nature and its advantages and challenges, the research will now assess the role of the most important actors in Economic Diplomacy world: States and Embassies.

Which Countries Have the Most Trade Agreements?

Active regional trade agreements as listed by the WTO (as of Aug 12, 2019)

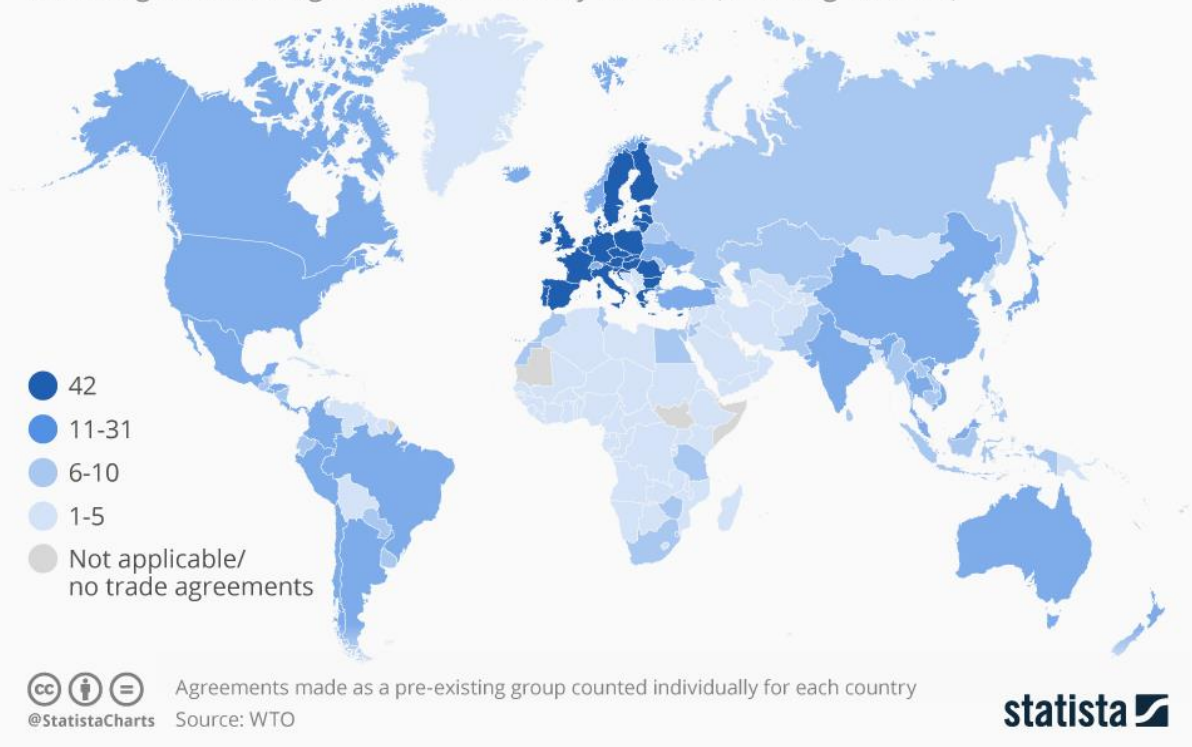


Chart -1-

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Chapter 3

Diplomatic leading roles

3.1 The role of States:

Economic Diplomacy provides opportunities for States to set strategic objectives more aggressively, from new perspectives and to choose the most efficient methods and techniques to address them.

Foreign economic policy can be more efficient in case of rethinking the role of the State, the meaning, objectives and principles of foreign economic policy that are somehow reconsidered.

Based on the observation of recent trends in the global economy interventions related to legislative changes supporting the State regulation, with no exceptions, tend to increase.

Addressing the above-stated issues is equally important both for regulating domestic economic relations, and for estimating, interpreting the trends in international trade to rely on them for the benefits of the economic system being established and to be tackled in Economic Diplomacy.

Meanwhile, all this help to choose the most realistic methods to address and meet the objectives of the economic policy with the support of the government.

It is worthy to note that, the role of diplomacy aimed at the development of the nations is considered as a tool to ensure that foreign policy and economic interests are addressed that is mainly associated with and the structure, size, and dynamics, and of geographic location the support is channeled to, and political and economic conditions.

Development issues always have been under the consideration of organized special conferences with different formats, especially, keeping on the priorities and favorable conditions development aid, decision and negotiation making rules, role of international institutions, strategic partners, and in business activation. The G-8, G-20, UN global conferences and UN General Assembly, International Bank of Reconstruction and Development, regional banks, UN special organizations and foundations, and others pay a special attention to the role of development of Economic Diplomacy and human development, as the majority of international experts are stating, the issues of Economic Diplomacy are closely related to the economic security and its strategies of the country.

Taking into account the fact, that traditional threats of economic security day to day are supplemented by new resources, the role of Economic Diplomacy is obviously growing in neutralizing the threats to the country's economic security (providing fair competition conditions, unrestricted exit to foreign country's products, raw materials and other markets, joint programs on use of global ocean and space, security for international transportation, prevention of nature disaster, support the world economic processes integration, increase political and economic image and etc.).

The role of foreign bilateral and multilateral trade is crucial in economic development. At the same time, it is possible to strengthen significantly country's positions through effective foreign trade both in international and economic multilateral cooperation, which in its turn could become a reality by the consistent and joint efforts of highly skilled, competent and professional foreign relations agents.

The main efforts, naturally, need to be channeled to multilateral and bilateral negotiations the objectives and main directions of which depend on the drafts of the trade agreements at stake proposed by other negotiating parties that defend the positions and views of separate or

groups of nations. Today the most important are the long-term trade agreements on knowledge-based leading sectors with export potential, as well as on exportability issues of agricultural products and services.

It is important to increase resources allocated for science which could be solved with the assistance of not only internal, but also external funding. But now as we know these resources are insufficient.

In reality, a diplomatic support in bilateral and multilateral negotiations plays a substantial role mainly in international negotiations for formulating position of national delegation, as well as mobilizing assistance of possible partners, on reaching a consensus or a compromise for developing solutions on key issues and providing participation of interested national economic agents.

Economic diplomacy has an important role in providing information-analytical support to country's government bodies and reliable and comprehensive public awareness about the negotiation process on country specific issues.

Support of Economic Diplomacy is more demanded in investment activities as well. Particularly, within the framework of foreign direct and portfolio investments, diplomatic support is expected to properly introduce opportunities preferential investment regimes and other relevant measures.

In recent years, bilateral and regional investment agreements on ensuring a favorable investment environment have been acquired a special importance. At the same time, the components of investment agreements that are based on the most favorable, reasonable and effective principles of national interests are more effective.

By the help of these principles it is possible to distinguish, particularly, international investment programs initiated by organizations, and these programs are not always can be equally useful and effective for those companies and for host countries. This, in turn, suggests, that more often it is better to decide/orientate not only on investments coming from abroad but being proactive, use diplomatic methods for attracting foreign investments.

These include organizing a foreign investment forum, not only in a given country but also in countries with more realistic expectations; ensure favorable conditions for national investments in host countries, coordination of national investments activities in host countries by embassies and etc.

A special attention in investment process should be paid also on the appropriate informational and analytical activity, ensure legal consultancy/assistance to investment projects and etc. At the same time, the promotion of national/local investments, and formation of attractive mechanisms for national/local investors are of great importance. It is not less important for national/local investors the assistance at dealing with intellectual property, taking into account the fact, that one of the most important competitive advantages is the country's intellectual potential, the Economic Diplomacy should be directed to the proper presentation of intellectual resources abroad, providing commercialization of national intellectual resources and technologies, access to international markets through diplomatic agencies and international organizations.

Unlike other goods and services, intellectual resources have their specific features. Country's intellectual property and its main forms are regulated not only by national/local legislation, but also by the procedures of international regime for the protection of intellectual property and should be equal to the WTO and WIPO (World Intellectual Property Organization) standards, which regulates the international trade of intellectual product.

Among other issues in the commercialization of intellectual resources (evaluation, patent protection, efficiency of IP market structure) is the acquisition of international patents and licensing procedures clearly regulated by the international organizations, which determines the specific features of investments in IP. There is no doubt that without the use of diplomatic methods, it would make insurmountable difficulties for individual scientists, innovators to promote national/local intellectual product abroad.

Thus, Economic Diplomacy, on the one hand, should ensure the participation of scholars and practitioners in research and knowledge exchange in international projects, on the other hand, it should provide an access to international markets of new technologies to economic agents, as well as attract foreign intellectual resources and new technology to the national economy. Providing equal market conditions for new technologies markets and diplomatic support for joint investment and technology innovative projects should be directed to support the same goal.

The best practices suggest that some public and private interests could clash in this sector. These contradictions might be successfully addressed within the framework of country's priorities on the economic development priorities. And acknowledging the existence of non-state actors in Economic Diplomacy (e.g. individuals, independent businesses, business groups, NGOs), show that Economic Diplomacy has become more inclusive.

Hence, there are three different levels of analysis of economic relations between states:

- (1) Systematic Theories, concentrating on the relations between states as single entities.
- (2) Domestic Theories, concentrating on international behavior within the State.
- (3) Ideas and individuals, having a significant impact on policies.

Yet, while the study take into consideration the domestic contribution of diplomacy, the study also places a strong focus on negotiation and decision-making, which are mainly practiced within formal political or economic groupings at State or ministerial level.

3.2 The Role Of The Embassies And Diplomats :

Embassies are privileged instruments for the projection and strengthening the prestige of a country internationally. In the past, embassies main function was the resolution and dissolution of international conflicts through international negotiations. Nowadays, embassies have become essential in the promotion of foreign investment, trade and tourism.

The third article of the Vienna Convention on Diplomatic Relations (United Nations, 1961), defined that “the functions of a diplomatic mission consist in:

- a) Representing the sending State in the receiving State;
- b) Protecting in the receiving State the interests of the sending State and of its nationals, within the limits permitted by international law;
- c) Negotiating with the Government of the receiving State ;
- d) Ascertaining by all lawful means conditions and developments in the receiving State, and reporting thereon to the Government of the sending State) Promoting friendly relations between the sending State and the receiving State, and developing their economic, cultural and scientific relations ”.

The advantages and disadvantages of having an economic diplomat in the embassy could be listed as follows:

The advantages:

- Close links between trade promotion, investment and policy

- Part of the embassy's digital platform
- Better coordination of national branding and related campaigns
- Easier access to host government
- Maintaining close links with home government
- Easier to involve head of mission in trade and investment promotion

The disadvantages:

- Embassies are often outside of business centres, and sometimes not in a country's main business city
- Consular and cultural duties can distract from trade promotion
- Dual reporting, to head of mission and to trade and investment support agency at home can cause tensions
- The diplomat could be appointed without having commercial experience

Economic diplomacy entails the promotion of a home country's external economic interests and Governments all over the world are involved deeply in this area. Embassies and consulates can act as the public service overseas outposts of the country, to help real actors of economic diplomacy, the home enterprises and businessmen (look BOX1,2,3 and the checklists below).

Embassies produce more significant coefficients for their effect on trade and investment flows as compared to consulates and other foreign representations of lower order. The overall effect of embassies and consulates on bilateral trade flows is positive and significant comparing to the effect of export promotion agencies. The latter is only efficient to promote exports of developing countries.

Embassies have the task of providing information and facilitating their customers - home enterprises, businessmen, consultants, among others - to increase their overseas interactions. Meanwhile, embassies are crucial as a supporting body, since the initial impetus to trade or investment emerges from its initiative. Besides the promotion of trade and investment, embassies also have influence on the regulatory environment, aid management, building partnerships with other non-state actors – universities, think tanks, business schools, media institutions, enterprises, and business associations, and technology acquisition .

Economic diplomacy connects closely with the country brand, because a country's trade and investment destination profile both contributes to, and is influenced by the reputation that the country enjoys internationally. The network of embassies and foreign ministries are directly concerned with this. Although, the authors also argue that the image building of a country takes many forms. The increasing efforts of developing countries and economies in transition to attract foreign investment have led over the years to the establishment of investment promotion agencies or similar Government institutions with the prime function of attracting foreign investment. In their daily operations, these institutions not only extend their network and services to transnational corporations, but also to institutions in so-called home countries that facilitate outward and inward investment.

• <u>BOX 1: Range of duties of a economic diplomat:</u>
• Export promotion
• Contributions to national export plans
• Business-related programmes for government ministers and other VIPs
• Contributions to major public procurement tenders

<ul style="list-style-type: none"> • Economic intelligence and new opportunities for exporters
<ul style="list-style-type: none"> • Tailored market research, business visit programmes, participation in trade fairs and exhibitions for exporters
<ul style="list-style-type: none"> • Buyer visits to the home country
<ul style="list-style-type: none"> • Seminars and business meetings for exporters or inward investors
<ul style="list-style-type: none"> • Identification of potential local partners for exporters
<ul style="list-style-type: none"> • Introducing exporters to key local people, including regulators
<ul style="list-style-type: none"> • Trade enquiries from home country Investment promotion
<ul style="list-style-type: none"> • Organizing events to promote the home country to investors
<ul style="list-style-type: none"> • Seeking out potential investors
<ul style="list-style-type: none"> • Helping national inward investment agency prepare pitches
<ul style="list-style-type: none"> • Organizing visits to home country by potential investors Tourism promotion
<ul style="list-style-type: none"> • Participating in travel expositions
<ul style="list-style-type: none"> • Advertising and planning promotional campaigns for tourism
<ul style="list-style-type: none"> • Tourism trade missions
<ul style="list-style-type: none"> • Researching country branding and perceptions Trade policy and embassy representation
<ul style="list-style-type: none"> • Identifying and reporting on barriers confronting home country exporters Supporting information flows between government and business on potential trade agreements
<ul style="list-style-type: none"> • Liaising with policy lead at the embassy and engaging with host government on trade policy
<ul style="list-style-type: none"> • Developing close relationships with various trade-related ministries and

organizations
<ul style="list-style-type: none"> • Preparing economic reports on the host country
<ul style="list-style-type: none"> • Providing economic and commercial advice to the ambassador, identifying opportunities for him/ her to help
<ul style="list-style-type: none"> • Providing commercial insight to home-based government agencies on technology, education and tourism
<ul style="list-style-type: none"> • Organizing events for other government agencies, which commercial or industry angle
<ul style="list-style-type: none"> • Representing the country at national days or celebrations Public relations
<ul style="list-style-type: none"> • Media relations, including social media; programmes for business journalists to visit home country
<ul style="list-style-type: none"> • Representation at meetings, speaking assignments, participating in activities of trade representatives of other countries
<ul style="list-style-type: none"> • Activities with local representatives of home-based companies Office management
<ul style="list-style-type: none"> • Property, staff, resources and information systems
<ul style="list-style-type: none"> • Finances and budget control
<ul style="list-style-type: none"> • Monthly and other activity and outcome reports
<ul style="list-style-type: none"> • Staff training

Box2: Performance measurement: From inputs to impact

	<u>Logical framework</u>	<u>Example</u>
inputs	The elements and activities required	Time and resources to carry out primary market research of market for luxury men's leather shoes.

	produce the deliverable	
output	The deliverable to be used by the target audience.	Market report of potential for increased exports of fine leather shoes for men in the host country, including key players and distribution channels.
outcome	The decisions and actions that the target audience makes as a result of having consumed the output.	Decision to carry out an exporter mission to host country focused on men's fine leather shoes, with pre-arranged meetings with importers, distributors and key retailers.
impact	The ultimate intended objective resulting from the target audience's actions and decisions.	Increased exports of men's fine leather shoes from the home country to the host country.

Box3: Potential partners for the economic diplomat to work with		
Partner	Likely scope of cooperation	Observations
Trade promotion organization	First point of contact. Trade representatives may report to it. The organization can set direction, resolve issues, organize programmes in home country and trade missions abroad, and maintain a website.	Takes the lead in preparing new exporters and can help coordinate activities of all other partners.
Investment promotion agency.	Trade representatives often work closely with this type of agency, which can supply material for meetings with high-level people	Organizes and accompanies visits by investors from

	and potential investors. Trade and the host country to investment objectives are linked, and trade the home country. representatives will often have investment targets	
Tourism agency	Trade representatives work with tourism agencies to develop and implement campaigns in the host country.	Can organize inward and outward missions to promote tourism. The branding work and marketing campaigns used for tourism promotion can affect investment and trade, positively and negatively.
Other trade institutions and business support organizations	Chambers of commerce, trade associations, economic development agencies, regional and city authorities, and professional institutions work with the trade promotion organization and can organize trade missions, market visits, seminars etc.	Useful intermediaries for accessing companies in the home country.
Other government departments	These can include: foreign affairs, industry, export credit, export licensing, agriculture, education, patent office, standards and	Office of the president or prime minister can also

	inspection agencies, central bank, tax and customs authorities, and health.	become involved in high-profile activities.
Home country companies Useful partners on initiatives involving both governments.	Trade representative's networks with home country companies, directly or via home country partners help to identify potential exporters. Without a pipeline of exportready companies from the home country, a trade representative will struggle to deliver results.	Use visits home to bolster ties with companies and stimulate interest in market.
Other economic development actors	These may include upstream and downstream value-chain actors, incubators, accelerators or technology hubs and facilitators.	
Facilitators	These include banks, insurance companies, freight forwarders, consultants, producers of trade directories, and representatives of international trade fairs.	Can assist in identifying potential exporters.
Embassy of host country in the home country	Useful partners for a trade representative.	Visit by a head of state, for example, is a project that would be of interest to both
Education	Higher and further education institutions	Leading universities

institutions help to ensure home country has skills to can be a key meet needs of investors and potential component of the exporters. May also export educational national brand. services or seek to attract foreign students using the trade networks in the host country.

Checklist 1: market attractiveness:

There are factors to take into consideration when assessing the market attractiveness of specific sectors and the competitiveness of home country suppliers in a given market. Trade representatives usually consult people in their network of contacts to help make such assessments.

Checklist: Market attractiveness of specific sectors and opportunities

- √ Total size of the market
 - √ Volume and proportion of imports
 - √ Growth rate of imports 5 Import barriers and regulations (tariff and non-tariff)
 - √ Ease of doing business
 - √ Competition (both domestic and foreign)
 - √ Quality and packaging issues
 - √ Market trends
-

Checklist: Competitiveness relevance of suppliers in the market :

- ✓ Knowledge of any current exports by exporters from home country
 - ✓ Relative pricing
 - ✓ Branding and appeal within host market
-

Checklist 2: Market reports:

Trade representatives at times must produce reports on their market. Big-picture reports are particularly useful to government ministers or senior officials and can help correct distorted and out-of-date perceptions about the host country.

Checklist: Market report structure:

- ✓ Overview of main opportunities for exporters
 - ✓ Introduction with the country's geography (size, major cities), brief history, business culture, list of public holidays, population and ethnic makeup, government, GDP and per capita income
 - ✓ Trade statistics and trends at high level, including total figures for imports and exports, as well as major categories; how the country is positioned internationally, for example 15th largest importer
 - ✓ Trade between the home and host countries, including top exports and imports most significant home country companies participating in trade, issues in trade relations
 - ✓ Main inward and outward investors between the two countries
 - ✓ Major development or infrastructure projects
-

- ✓ Macro trends of significance to the home country. A sector-specific report prepared ahead of a trade mission or a trade fair, such as oil and gas, mining, food and drink, might aim to supplement the high-level report described above.

Checklist: Sector-study structure :

- ✓ Executive summary of market potential for home country exporters
- ✓ Introduction and brief background on the industry
- ✓ Basic statistics on production, consumption and growth
- ✓ Breakdowns by subsector
- ✓ Trends in consumption and local tastes, including commercial intelligence that might change trends
- 5 Import and export statistics and trends
- ✓ Composition of the industry, such as amount of production generated by largest company
- A The regulatory environment, including laws, labelling requirements and tariffs
- ✓ What competitors in the market are doing
- ✓ Logistics, including examples such as shipping issues
- ✓ Distribution networks, including information on importers, wholesalers and retailers
- ✓ Promotion and publicity
- ✓ Suggested reference material, with links to websites. The generic nature of these reports means they are typically distributed at little or no charge to users. In some cases, trade promotion organizations publish them online for public access. Information sheets on specific topics may not form part of the country brief, but are

of value. To prepare a report tailored to specific business requests, see the following chapter.

Checklist: Time-saving information sheets:

- ✓ Trade office and Embassy/High Commission address, contact names and numbers, e-mail address and hours of operation, plus emergency contact number
 - ✓ Major government departments, with addresses and contact details
 - ✓ Major trade fairs and exhibitions, dates and contact details for organizers
 - ✓ Forthcoming visits and events, such as government ministers and trade missions
 - ✓ Reputable lawyers, with contact details 5 Five to 10 accounting companies, with contact details
 - ✓ Public relations firms
 - ✓ Competent marketing consultants
 - ✓ Interpreters and/or translators and their contact details
 - ✓ Useful websites with a brief description
 - ✓ World Bank listing of local business regulations
 - ✓ Sources of tariffs and customs information
 - ✓ Standards and certification
 - ✓ Serviced office premises where visitors can access office and communications facilities
-

- ✓ A template for an import agency agreement
 - ✓ Names of key journalists who write about trade matters
 - ✓ Five to 10 reputable hotels, with contact details and special rates negotiated for clients
 - ✓ Information on local transport – car rental companies, taxis, buses and trains
 - ✓ Doctors, dentists, hospitals and pharmacies
 - ✓ Public holidays, major events and festivals.
-

Checklist3: Capturing client needs :

After identifying potential investors, the economic diplomat should arrange a meeting to discuss investment opportunities and client needs. Securing a meeting with the appropriate person can be a challenge.

Diplomat should research potential investors, their businesses and the potential offered by the home market. Preparation is key, companies invest when they anticipate a good return or when it brings access to markets, raw materials or joint ventures.

A meeting is an opportunity to ask questions. What is the company's strategy? What type of opportunities would it find attractive and in which sectors? How much would the company be willing to invest? The diplomat should take materials, such as fact sheets and useful information about industries that investors might target. They should be confident about adding value to any investment discussion and underline the home country's attractiveness as a place to invest.

After the first meeting, the diplomat should work with the home country investment agency to develop a specific pitch tailored to the client's needs.

Checklist: Pitching for investment :

- ✓ Detailed home country economic data; the political climate
 - ✓ Success stories of previous investments
 - ✓ Specific investment locations, including access to scarce resources, as well as availability and price of office and factory space
 - ✓ Transport links: nearest airport; distance from other major cities; flight time from host to home country
 - ✓ Ease of access to other markets, covering both logistics and trade agreements
 - ✓ Access to nearby universities and research institutions
 - ✓ Labour, skills, salary levels; labour laws, including those on mobility
 - ✓ Quality of the banking sector for payments and international funds transfer
 - ✓ Tax environment, levels of corporation tax, income tax, VAT, etc.
 - ✓ Government incentives for inward investment
 - ✓ Domestic and other foreign competition in the sector
 - ✓ Laws on repatriation of profits and protection of international investments
 - ✓ Attractions of living in the home country for the foreign investors and their families
 - ✓ Mitigation of potential risks.
-

3.3 Case Study: The Asian Tigers' Economic Diplomacy

Introduction:

In 21st century, the international relations and diplomacy dimensions has pivoted from the Euro-centric focus to a more eastern or specifically, the Asian region. The emerging powers in Asian region are challenging the world order mainly in the economic terms and thus, the role of diplomacy itself has become very crucial in all respects. The diplomatic practices follows one major facets in the current era i.e. adapting a Total Diplomacy framework to conduct state to state relations. Essentially, diplomacy is the art of negotiations and representation between states. It is one of the vital instruments to conduct foreign policy of states.

- **What are the four Asian Tigers?**

The Four Asian Tigers are the high-growth economies of Taiwan, Singapore, South Korea and Hong Kong. The Four Asian Tigers have habitually sustained high levels of economic growth since the 1960s and is included in the category of 35 most advanced economies of the International Monetary Fund. Singapore and Hong Kong have been the most distinguished global financial centers, while South Korea and Taiwan are essential hubs for the Global Manufacturing of automobile and electronic components, as well as information technology

- **The four tigers (4Ts) economic diplomacy: general view**

Although the world economy has been on a recovery trend in 2017, the recovery has not been a complete one; the downside risk is still present in the medium-term, and it is necessary to establish a robust foundation for the economy precisely at this time when the economy is improving. Based on this recognition of the economic conditions, the four tigers (4Ts) set out a strategic target that aims, in its economic diplomacy, to maintain and strengthen an international economic system that is free and open, and founded upon the rule of law.

Alongside this, it has moved forward on the four dimensions of negotiations, to expand a network of free trade across the world with “4Ts” as central hub, and at the same time, creating a virtuous cycle where the dimensions are deeply linked to one another, and where the conclusion of one negotiation gives impetus to other negotiations. “4Ts” have developed their economic diplomacy with the aim of further accelerating the promotion of economic diplomacy as one of the priority areas, centered around the following numerous aspects:

- (1) Rule-making to bolster free and open global economic systems;
- (2) Supporting the overseas business expansion of companies through promotion of public-private partnerships;
- (3) Promoting resources diplomacy along with inward investment.
- (4) Partnerships The promotion of high-level economic partnerships
- (5) International Discussions
- (6) Support for National Companies’ Overseas Business Expansion
- (7) Promoting of Resources Diplomacy along with Foreign Direct Investment (8) Security Import Regulations on Agricultural, Forestry, and Fishery Produce as well as Food Products Produced in “4Ts”
- (9) Sustainable Use of Living Marine Resources
- (10) Tax convention/ investment treaties and agreements on social security

- **Overview Of the current situation of the Asian Tigers with the spread of COVID19:**
 1. **Taiwan:**

Taiwan seems to be the only winner among the 4 economies. Taiwan's expected GDP can be revised upward for the first time thanks to the government's "Triple Stimulus Vouchers" against the impact of the Wuhan coronavirus (COVID-19), a top Taiwanese think tank said Wednesday (July 22), reported Taiwan News.

The unprecedented revision saw the island's economy grow by 1.77 per cent in 2020, compared to the 1.03 per cent the Chung-Hua Institution for Economic Research (CIER) predicted in April. The new figure released Wednesday was the first upward revision by a Taiwanese think tank since the outbreak of the pandemic, going against earlier international forecasts of negative growth. Taiwan is one of the few states that has handled the Coronavirus Crisis with just 455 positive cases on the island. Out of 455 infections, Taiwan treated 440 infections and recorded just 7 deaths to date.

2. South Korea:

The other 4 Asian Tigers plunged into a recession with its worst economic decline in exports by most since 1963. Asia's fourth-largest economy shrank by a seasonally adjusted 3.3% in the June quarter from three months earlier, the Bank of Korea said on Thursday. That is the sharpest contraction since the first quarter of 1998 as per news agency Reuters.

3. Singapore :

South Korea was the next country to slide into recession after Singapore. Singapore's trade-reliant economy plunged into a recession with its GDP plummeting 4.1% in the second quarter. The contraction was worse than economists' expectations for a 3.7% decline in the quarter when Singapore was under lockdown to curb the spread of the virus.

The government expects full-year GDP to contract in the range of -7% to -4%, the biggest downturn in its history. Citi analysts see an 8.5% contraction and expect another downgrade

to official forecasts next month when final GDP data is released, according to news agency Reuters.

- **China: One Belt One Road Initiative:**

Economic Diplomacy is the fundamental feature of China's Foreign Policy. China's remarkable economic rise applies carrot approach to accumulate soft power.

In the contemporary context, China's One belt One Road (OBOR) Initiative is reflected as an aspect of Economic Diplomacy. Simultaneously, it can be portrayed as one of the feature of regional economic diplomacy. One Belt One Road Initiative is a regional cooperation which seeks to promote connectivity via land and maritime silk routes.

It is a development strategy and framework, proposed by China's President Xi Jinping focusing on connectivity and cooperation among states. Utilizing the domestic strategy of western development to correct the economic imbalance, China views Belt and Road as a grand strategy to link China by first connecting it with the world.

The "One Belt" and "One Road" is focused on 'Silk Road Economic Belt' and 'Maritime Silk Road' respectively. This initiative comprises of two main apparatus. First, the land-based economic belt and second, the ocean-based economic belt. The Silk Road Economic Belt focuses on connecting China to Europe via South Asia, South East Asia, Central Asia and Russia.

The Maritime Silk Road focuses on utilizing the sea ports to connect China with Europe and Africa. The prime focus is based on promoting connectivity across Asia, Africa and Europe. The one belt one road initiative encompasses of countries situated on original Silk Road. Traditionally, it was a bottom-up trade activity driven by states outside China, however OBOR is designed as a top-down activity which has been proposed by China's ruling leaders.

KMC Journal 145 According to OBOR document, this project is planned along the principles and codes of the United Nations Charter. It supports the Five Principles of Peaceful Coexistence also known as the Panchasheel that was circulated during Non-Aligned Movement in the early days of cold war period. Based on these principles, the document articulates comprehensible course of action that outlines the future policies of the initiative. The cooperation priorities encompasses of five vital areas: Policy Coordination, Facilitating Connectivity via Infrastructure Construction, Unrestricted and Free Trade across borders, Financial Integration and escalating people-to-people ties.

In these five areas, Facilitating Connectivity via Infrastructure Construction has been the dominant element of this initiative. Therefore, OBOR initiation reflects the economic diplomatic approach where the focus resides on expanding the infrastructure development and economic prosperity from regional level to the systemic level.

In the contemporary International Relations, China posits a strong position where it illustrates itself as a rising power. This has completely changed the dynamics of world order in the international system. Since the end of Cold War, the international structure has shifted from a unipolar international system to a Multi-polar international system.

The international structure can be seen to reside on two dimensions. Firstly in political paradigm, United States of America is still politically powerful but in economic paradigm, China is growing its economy tremendously which can be demonstrated as one of the powerful states in economic context.

With this note, China's OBOR projects could be one of the factors that may facilitate it to be a powerful state in the international system. This augmentation in economic sector will eventually help to enhance the economy of its peripheral states where in China shares its border with five South Asian Countries. Therefore, OBOR can be a vital project for South

Asian countries to promote its connectivity and also become a bridge to South East Asian States.

Elaborating on the opportunities advanced by this initiation, China is one of the leaders in context to high-speed rail technology and other infrastructure engineering. China has created a miracle in the development sector and thus, OBOR project can be one of the initiatives to reflect this efficiency and promote connectivity via railways and infrastructure development in South Asian countries.

The economic corridors can be one of the examples in this background. The infrastructure projects prior to Belt and Road Initiative known as China-Pakistan Economic Corridor (CPEC) and Bangladesh-China-India-Myanmar (BCIM) Economic cooperation had provided an enthusiastic and binding institutions to amalgamate key players. Similarly, in infrastructure perspective, OBOR is seeking to develop infrastructure linking Kunming to Kolkata and Mandalaya to Myanmar.

China comprises of huge capital and a surplus capacity for infrastructure building. Consequently, the surplus capacity building can be a chief aspect for development of South Asian countries because states in this region lag behind in development sectors and infrastructural development.

Similarly, in futuristic perspective, physical development will eventually change the social thinking connecting China-India-Nepal with modern transport infrastructure. A Study through Economic Diplomacy Perspective countries are infinite but in India's context, OBOR initiative will push both the states to work closely.

South Asian Association for Regional Cooperation (SAARC) is an organization that has collaborated the South Asian states. The organization comprises of eight sovereign states

wherein China neighbors with five of them. China is an observer state in SAARC and has close bilateral relations with all the individual states.

In this context, OBOR has created a huge opportunity for trade and investment in this region and can boost the regional integration further. Therefore, this will assist to persuade more fragmentation of production and services within the states promoting connectivity further.

OBOR project is a cross border phenomena that caters to regional integration on economic perspective. As mentioned in the OBOR document, one of the priorities of the project is to facilitate connectivity. Hence, the success of OBOR project will lead to reducing the trade costs and will fill the regional infrastructure gaps. With increase in the trade flows will lead to creating employment and eventually lead to reducing poverty. Therefore, regional economic interaction will gain higher growth in South Asian countries.

Connectivity via sub regional cooperation will end the isolation of landlocked countries like Nepal because the OBOR initiative will provide global access to such landlocked countries.

One Belt One Road Initiative (OBOR) is anticipated to result into achieving economic and infrastructural opportunities by various countries, chiefly by South Asian Countries, which would eventually lead to multitudes of benefits. All in all, this initiative can be considered as one of the evolutionary project, which shall eventually have a greater impact on the global economic affairs and probably to introduce a New International Economic Order through OBOR projects.

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Chapter 4

Mask Diplomacy: COVID19 and Economic Diplomacy

4.1 Diplomacy's response to COVID 19:

- **Introduction:**

The Corona virus outbreak has demonstrated the strengths and weaknesses of modern diplomacy. In this Chapter, I will attempt to analyze how diplomats grappled with Coronavirus pandemic and how international diplomacy prepared to meet similar challenges in the future.

This Chapter focuses on the practice of diplomacy during the COVID-19 outbreak.

- **Diplomatic Assistance to citizens Abroad**

Diplomats played an important role during the Coronavirus pandemic in helping fellow citizens abroad. As the Coronavirus migrated from country to country, thousands of people found themselves stranded in foreign countries and airports, often without the means to return home.

Embassies and consulates provided citizens with information, funds and documentation. During the pandemic, diplomats contacted foreign governments, non-governmental organizations and businesspersons to secure financial support or much needed medical aid.

Diplomats were also instrumental in exchanging information between governments on border closures, quarantine guidelines, and new entry policies. Ministries of Foreign Affairs (MFAs) conducted press briefings, and together with their missions abroad extensively used

websites, social media and chat boxes and held conferences to communicate with citizens wishing to return home.

In many countries, diplomats have been granted a special status that simplified procedures in leaving and entering countries affected by COVID-19. In some places, diplomats entering a foreign country were allowed to settle for two-weeks' self-isolation instead of strict quarantine. Diplomatic missions were among those who obtained permission to use official cars despite the limited traffic. All these conditions were created to help diplomats carry out their tasks.

However, diplomats' involvement in crisis management during the Coronavirus outbreak received little media attention as public interest was more focused on those who played an even more prominent role in fighting the pandemic – doctors, local and national leaders, and law enforcement officers. But on social media networks, citizens often expressed their gratitude to those diplomats who helped them return home.

During the pandemic, different forms of digital diplomacy were employed by diplomats. Prior to the Coronavirus outbreak, video-conferences were rarely used in communication between foreign diplomats and representatives of local authorities, businesses and the public. Yet during the pandemic, online video-conferences became an important part of the everyday work of foreign ministries, diplomatic missions and international organizations.

Video-conferences were not only used to conduct international summits, ministerial meetings, but diplomats also employed these technologies to converse with foreign populations. Some embassies organized digital cultural events such as online exhibitions and concerts live-streamed from one country to another. Even the presentation of Ambassador's credentials in video-conference format took place.

Since the outbreak of the Coronavirus, some countries have focused on foreign aid activities be it through the provision of medical equipment or doctors. For example, China's efforts in this respect were substantial and received praise from different countries. Chinese diplomats clearly sought to change the country's Coronavirus narrative from being the place where the pandemic has started to the country which had successfully beaten COVID-19.

- **Diplomacy and Public Health**

In the wake of the Covid-19 pandemic, public health will become an important realm of diplomatic activity. For instance, collaborate with public health experts is required to ensure that the international system is better equipped to face future pandemics. This will include taking a more active role in public health policy making at the global level.

At the national level, foreign ministries may develop new working procedures, and digital tools, to contend with consular demands during global health crises. Governments will also modify consular response strategies while diplomatic academies are likely to add public health crises to the curriculum.

Most importantly, diplomats took an active part in the search for a vaccine, now dubbed by the media as "**vaccine diplomacy**". On the one hand, their work is collaborative: to foster international collaborations between governments, health and institutions, scientists, doctors and pharmaceutical companies. These all aided in the testing, and the production of Covid-19 vaccine. They also played a role in coordinating the distribution of it.

The Covid-19 pandemic crystalized the need to improve the effectiveness of international organizations and their ability to respond to crises. Diplomats seeked to enhance the World

Health Organization's¹ analytic and interventional capacities; the International Monetary Fund's and the World Bank's readiness to assist countries whose economies cannot endure

¹ What are the core functions of WHO?

The main negotiating forum for health diplomats at WHO comprises the two governing bodies – the World Health Assembly and the Executive Board – and the many formal and informal platforms that provide inputs to their work. Since WHO deals with many different areas, it is important to be aware of the Organization's core functions.

Article 2 of the WHO Constitution lists 22 functions, which may be summarized as follows:

- Providing leadership on matters critical to health, and engaging in partnerships when joint action is needed;
- Proposing conventions, agreements and regulations, and making recommendations on international health matters;
- Setting norms and standards, and promoting and monitoring their implementation;
- Shaping the research agenda and stimulating the generation, transfer and dissemination of valuable knowledge;
- Articulating ethical and evidence-based policy options;
- Providing technical support, catalysing change and building sustainable institutional capacity;
- Monitoring the global health situation and assessing health trends; and
- Responding to health emergencies.

Decision-making at WHO:

Decision-making is formally governed by the principle of one vote per Member State. The Rules of Procedure of the World Health Assembly and those of the Executive Board provide for decision making by a simple majority except for decisions on important questions, such as the adoption of conventions or agreements, amendments to the Constitution and suspension of the voting privileges of Member States, for which a two-thirds majority of the Member States present and voting is required.

However, virtually all negotiations are conducted with the goal of reaching consensus, and almost all decisions are indeed adopted by consensus.

In WHO practice this means the adoption of decisions without a formal vote. Consensus does not imply unanimity, that is, a situation in which all Member States have formally accepted a decision, but, rather, that no Member State actively opposes the decision.

The adoption of new policies often requires a difficult and long process of consensus building. It may be necessary to drop strong wording from the draft text or to abandon certain policy options in order to secure the adoption of a resolution that proves acceptable to all 194 Member States. Briefings

prolonged quarantines, and the World Trade Organization's² ability to facilitate global trade mid-way through a crisis.

and consultation sessions are held to support the consensus-building process – these are often for Member States only.

²The world Trade Organization:

The overriding objective of the World Trade Organization (WTO) is to help trade to flow smoothly, freely and predictably, supported by a rules-based, inclusive international trading system that benefits all its members.

The WTO provides a common institutional framework for the conduct of trade relations among its members in matters related to trade in goods and services and to trade-related intellectual property rights.

In addition to operating a global system of trade rules, the WTO serves as a forum for negotiating trade agreements, settles trade disputes between its members, and it supports the needs of developing countries. The WTO has 164 members, which together account for 98% of world trade.

A total of 23 countries are in the process of acceding to the Organization. Both negotiations and decision-making at the WTO are member-driven processes.

The WTO Secretariat conducts activities that are instrumental to the functioning of the system, including maintaining regular dialogue with non-governmental organizations and other international organizations, coordinating activities and preparing reports such as the Trade Policy Reviews.

What are the core functions of the WTO?

Article III of the Marrakesh Agreement Establishing the World Trade Organization lists five core functions:

- Facilitating the implementation, administration and operation of WTO trade agreements;
- Providing a forum for trade negotiations;
- Handling trade disputes;
- Monitoring members' trade policies; and

- Cooperating with other international organizations. In addition, the WTO supports developing and least developed countries through technical assistance and training so that they are able to build their capacity to engage in trade, to handle disputes and to implement technical standards. Decision-making at the WTO Decisions are made by the entire membership by consensus. A majority vote is also possible on the basis of one vote per member, but such a procedure has never been used at the WTO as yet; it was extremely rare under the Organization's predecessor, the General Agreement on Tariffs and Trade (GATT).

The WTO's top-level decision-making body is the Ministerial Conference, which meets usually every two years. The Ministerial Conference can take decisions on all matters under any of the multilateral trade agreements. The General Council acts on behalf of the Ministerial Conference on all WTO affairs. It meets as the Dispute Settlement Body and the Trade Policy Review Body to oversee procedures for settling disputes between members and to analyse members' trade policies, respectively.

All WTO members are represented in three councils, the Council for Trade in Goods, the Council for Trade in Services and the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS Council), which are responsible for facilitating the operation of the WTO agreements covering their respective areas of trade.

Numerous specialized WTO bodies (committees, working groups and working parties) deal with the individual agreements and other areas, such as the environment, development, accessions and regional trade agreements. Subsidiary bodies dealing with the plurilateral multi-stakeholder agreements (not signed by all WTO members) on trade in civil aircraft and government procurement also report regularly to the General Council on their activities.

Where are the WTO negotiating rules to be found?

Most of the WTO agreements are the result of the 1986–1994 Uruguay Round negotiations and were signed at the Marrakesh Ministerial Meeting in April 1994. These agreements are not static: they can be renegotiated from time to time. New agreements can also be added, and WTO bodies may adopt decisions or guidelines. Accordingly, negotiations have led to the adoption of a number of

additional legal texts since 1994, including the 2005 Protocol amending the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), intended to enable the manufacture of affordable generic medicines under compulsory licence for export to countries with insufficient or no manufacturing capacities; and the 2013 Agreement on Trade Facilitation, which aims to reduce border delays by slashing red tape. New negotiations were launched at the Doha Ministerial Conference in November 2001.

They are taking place at the Trade Negotiations Committee and within specific negotiating groups.

Health-related issues at the WTO:

Health-related work at the WTO covers numerous areas, such as tariffs, import licensing procedures, regulatory issues, intellectual property rights, government procurement, trade in services and trade facilitation, to name but a few.

While WTO disciplines influence the public health-related policies, strategies and laws of WTO members, the rules were designed to take into account 92 Global Health Centre members' obligation to protect public health.

WTO members have stressed the need for a positive, mutually reinforcing link between public health and the global trading system. Thus, the 2001 Doha Declaration on the TRIPS Agreement and Public Health recognized the gravity of the public health problems faced by many developing countries and least developed countries – in particular those arising from HIV/AIDS, tuberculosis, malaria and other epidemics – and called for the TRIPS Agreement to be part of national and international efforts to tackle these problems.

Various aspects of trade that may have an impact on health policies are regularly considered by the competent WTO bodies. At the TRIPS Council, for example, members have discussed the importance of intellectual property rights for the development of new pharmaceutical products and the role of TRIPS flexibilities in facilitating access to affordable medicines.

Moreover, members regularly review the functioning of the system that permits the granting of special compulsory licences exclusively for the export of medicines (Article 31bis of the amended

TRIPS Agreement). They also review health-related intellectual property laws or regulations that have been notified to the TRIPS Council.

The Committee on Technical Barriers to Trade (TBT Committee) and the Committee on Sanitary and Phytosanitary Measures (SPS Committee) are key WTO bodies in the context of health policies that affect trade.

A wide range of domestic health-related policies, standards and regulations prepared and adopted by governments are collectively discussed at these committees. Both the Agreement on Technical Barriers to Trade (TBT Agreement) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) encourage members to base their measures on international standards. The TBT and SPS Committees receive for consideration many of the health-related trade measures notified by members to the WTO.

Both committees frequently negotiate and adopt general guidance for members on how to enhance implementation of the TBT and SPS Agreements. Much of this guidance, in particular that adopted by the SPS Committee, has a direct bearing on some human health-related issues as well as on animal and plant health.

Import licensing procedures (such as licences, permits, authorizations and other procedures requiring the submission of an application to a competent authority as a prior condition for importation) are used by many members for health policy reasons and are reviewed by the Committee on Import Licensing.

In addition, two sectoral initiatives have provided for the elimination of import duties on certain health products. The Agreement on Trade in Pharmaceutical Products (Pharmaceutical Agreement) covers pharmaceutical products, including the chemical components and active ingredients used in their production.

Negotiated during the Uruguay Round by a number of members, it eliminated tariffs on these products. The product coverage of the Pharmaceutical Agreement is subject to periodic reviews in order to ensure that it remains up to date. In 2015, 24 A guide to global health diplomacy 93 participants (including the European Union) agreed on an expansion of the Information Technology

However, multilateral organizations' dependence on states though multilateral settings are political ones in which states find it hard to agree on a single policy. In the post Covid-19 environment, one might also expect enhanced diplomatic participation in drafting, and executing national economic strategies. This is because national policies are dependent on the policies of other states. In Covid-19, no state is an island (see Box1,).

Box1: negotiations with G7 and G20:

Agreement (ITA) to provide for the elimination of tariffs on a number of high-technology products, including medical equipment, such as scanners, machines for magnetic resonance imaging, tomography, dental care and ophthalmology.

By 2020 the ITA Expansion Agreement had 26 participants covering 55 WTO members that together account for approximately 90% of world trade in these products. In addition to the elimination of import duties, the ITA Committee is also engaged in efforts to eliminate non-tariff barriers to international trade in those products. Although only a few market access commitments have been made by WTO members in the area of health to date, trade in health-related services is covered by the General Agreement on Trade in Services.

During discussions at the Council for Trade in Services, members have considered the various ways in which health services are delivered, such as e-health, the provision of medical treatment abroad, foreign investment in the health sector, and certain aspects of the cross-border movement of health professionals.

Health-related discussions at council and committee meetings can be complementary. For instance, proposals on plain packaging measures for tobacco were initially discussed at both the TRIPS Council and TBT Committee before they were moved on to the dispute settlement stage. Furthermore, a number of international bodies (including those in charge of setting health related international standards) and intergovernmental organizations (such as the World Health Organization (WHO)) regularly participate in health-related discussions at meetings of various WTO entities.

Introduction:

The Group of Seven (G7) and the Group of 20 (G20) are multi-stakeholder summit institutions that are playing an increasingly prominent role in the governance of global health.

The Group of Seven The G7 :

The G7 which comprises Canada, France, Germany, Italy, Japan, the United Kingdom and the United States (and the European Union as a non-enumerated member) – began convening at annual summits in 1975 for the stated purpose of promoting democracy and individual liberty worldwide.

How does the G7 contribute to global health governance?

As an informal international institution, with no charter or permanent secretariat, the G7 has mainly a deliberative role. Discussions among its members are conducted at the Group's annual summits, which are usually held in late spring or early summer. Its key functions in relation to health are:

Discussing key health issues and publicly recording conclusions in the summit communiqués. The health agenda of the G7 has expanded over the years. From 1979 to 1995 the Group dealt with a few selective issues. From 1996 to 2009 it focused on HIV/AIDS, tuberculosis and malaria, and then on severe acute respiratory syndrome and avian flu. Maternal, newborn and child health dominated the agenda in 2010 and a few years later Ebola was the principal item. Most recently, on 16 March 2020, the G7 held an emergency summit (via videoconference) on COVID-19.

Direction-setting by affirming principles and norms to guide members and others in their approach to health policy and its determinants. Thus, the G7 upheld the importance of human rights from 1985 to 1987, and it has been standing up for democracy from 1997 onwards. The Group focused on women's health rights in 2016

and 2017. There were no references to democracy in the summit communiqués of 2018 and 2019, but the G7 once again upheld that concept at the emergency summit of 16 March 2020. The Group has increasingly addressed health matters in connection with hunger, poverty, nuclear safety and proliferation, biotechnology, the natural environment, drugs, ethics, gender equality and climate change. There are now plans to expand the G7 into a D10.

Decision-making through specific, future-oriented and politically binding public commitments that oblige all or some members to act at home and abroad by changing or introducing policies, supporting outside actors and mobilizing funds to achieve key health goals. From 1979 to 2020 the G7 adopted 435 core health commitments, averaging 10 a year, with peaks of 69 at St. Petersburg, Russian Federation, in 2006; 61 at Schloss Elmau, Germany, in 2015; 85 at Ise Shima, Japan, in 2016; and 21 out of a total of 33 commitments at the emergency summit on COVID-19 on 16 March 2020.

Developing global health governance by shaping the evolution and work of international institutions. From 1987 to 2020, G7 summits made 330 references to such institutions, led by the World Health Organization (WHO) with 110 references, the United Nations with 65 and the Global Fund to Fight AIDS, Tuberculosis and Malaria with 61.

Decision-making at the G7:

Decision-making at the G7 depends largely on the outcomes that the summit's host and the other members wish to see emerging from the annual summit. Up to two years in advance, the designated host country privately shares with the other members its priorities for the year of its G7 presidency. Every year, from 1 January, the leaders' personal representatives, called "sherpas", meet several times. The first meeting is often held to discuss a thematic paper from the host, which gradually develops into a

draft communiqué that can be agreed on by the eve of the sum- 34 Global Health Centre February 2021 mit. During the summit itself, the sherpas assist their leaders in resolving any outstanding issues and working out the definitive text of the communiqué. The G7 leaders discuss and negotiate over two or three days; there are also some sessions at which they meet alone without the sherpas and other advisers. At the end of the summit, the agreed communiqué is released and each leader gives a news conference to explain what has been achieved. Decisions are reached by consensus, with no formal votes. While the host country's preferences and the ability of its leader obviously influence the final result, the norms of equality and collegial consensus prevail throughout. The host country's leader will not propose an agenda item or text that he or she knows will be adamantly opposed by another G7 member. Moreover, the host will withdraw proposals at the end if two or more members are in opposition. If only one leader is opposed, he or she will usually acquiesce, though in recent years leaders in such a situation have explicitly not agreed to the commitment in question. The necessity, born out of domestic political considerations, to display leadership on a particular initiative often results in lengthy and multiple communiqués. At the summit itself, leaders often introduce new issues and initiatives spontaneously. In the case of controversial texts, they usually adopt the alternative wording presented by their Sherpas, political directors and finance deputies. Throughout the year, an increasing number of G7 ministerial meetings are held to iron out differences among countries and ease the leaders' task, or to decide on specialized, non-contentious issues. The G7 health ministers, for instance, first met in this format in 2006, when they made 14 commitments, to which were added 36 in 2015, 40 in 2016, 101 in 2017 and 13 in 2019.

Outstanding issues:

The G7 faces several outstanding issues or questions. For example, how can the Group return to the continuously high level of performance that it showed from 2000 to 2010? How should it relate to civil society, WHO and the G20? Should it focus on mobilizing funds for poor countries (first and foremost in Africa), as it has done in the case of the Global Fund, or should it move to a broader array of instruments and also deal with issues that affect developed countries, such as road accidents, “diseases of despair” and universal health coverage? Finally, taking its cue from the Sustainable Development Goals, should the G7 explicitly address the determinants of health, including health as a cause and consequence of gender equality; the natural environment; and climate change?

The Group of 20:

The G20 is made up of the G7 member countries, the BRICS countries (Brazil, Russian Federation, India, China, South Africa), the MIKTA countries (Mexico, Indonesia, Republic of Korea, Turkey, Australia), Argentina, Saudi Arabia and the European Union. The International Monetary Fund A guide to global health diplomacy 35 and the World Bank Group participate in the G20’s deliberations but are not members.

Since it started convening as a meeting of finance ministers and central bank governors in 1999, and as a leaders’ summit in 2008, the Group’s main objective has been to promote financial stability and make globalization work for all.

The G20 countries, drawn from a diverse array of developed, emerging and developing economies, represent a large majority of the global population, economy and health-generating capabilities. Their leaders are now supported by many ministerial meetings, international organizations and civil society engagement groups.

They can thus shape the health agenda in a uniquely inclusive, comprehensive and

synergistic manner. As an informal international institution, the G20's functions are similar to those of the G7.

The scope of G20 summit deliberations on health has expanded considerably since 2008, in particular in 2013 and 2014, and then in 2017 and 2019 and at the emergency summit on COVID-19 held (via videoconference) on 26 March 2020. From 2011 to 2019, the G20 leaders adopted a total of 75 commitments on health, with peaks of 33 (all on the Ebola outbreak) at Brisbane, Australia, in 2014, and 19 (on antimicrobial resistance, strengthening of health systems and polio) at Hamburg, Germany, in 2017. In March 2020, 22 further commitments were added (all on COVID-19). From 2008 to 2019, the G20 leaders made 11 health-related references to entities within the G20 countries and 56 to external actors.

The latter were led by WHO with 17 references and the United Nations with 15, the remaining entities receiving far fewer mentions. Decision-making at the G20 Decision-making at the G20 is much like that at the G7. However, members must choose which of the 19 country members is to host the annual summit. Each country thus hosts summits far less frequently than at the G7. The leaders' G20 sherpas are sometimes the same as their G7 ones. Since 2017, annual meetings of the G20 health ministers have helped to prepare and implement their leaders' decisions. The inherited agenda, which has branched out from economics to cover social, environmental and security issues as well, gives hosts less flexibility to discard old agenda items in favour of new ones that they may consider to be more relevant.

Box2: Humanitarian diplomacy:

Humanitarian diplomacy aims to mobilize public and governmental support and

resources for humanitarian operations and programmes, and to facilitate effective partnerships for responding to challenges and meeting the needs of communities in fragile settings.

The International Federation of Red Cross and Red Crescent Societies (IFRC) is the world's largest humanitarian network; it helps communities worldwide to be safer and healthier and to respond to and recover from crises more effectively.

Founded in 1919, the IFRC comprises 192 National Red Cross and Red Crescent Societies and is guided by seven Fundamental Principles: humanity, impartiality, neutrality, independence, voluntary service, unity and universality. These principles underpin the IFRC's humanitarian diplomacy at all levels. By engaging in humanitarian diplomacy, the IFRC is living up to a responsibility emanating from the important role of Red Cross and Red Crescent National Societies as auxiliaries to the public authorities in the humanitarian field. This responsibility further reflects the international status of the IFRC and the global reach of its members' humanitarian and development activities, carried out at the community level by over 14 million volunteers.

Humanitarian diplomacy consists of a range of activities designed to change mindsets and ultimately to improve the well-being and resilience of individuals and communities, particularly the most vulnerable living in humanitarian settings. These activities include: Profile-building: achieving widespread understanding of, and gaining the appreciation and trust of policy-makers, partners and the public for, the role, achievements and working methods of Red Cross and Red Crescent National Societies and of the IFRC network as principled humanitarian actors; Public diplomacy: influencing public behaviour so that individuals and communities take the steps that are available to them to safeguard their health, strengthen their resilience to crises, and build peaceful, caring and inclusive communities free from any sort of discrimination; and Influencing States and other actors:

influencing policy-makers at the domestic, regional and global levels to uphold, adopt or enforce new or updated decisions, laws, policies and practices that promote the safety, well-being and resilience of vulnerable persons and enable the work of National Societies, particularly in humanitarian settings.

Humanitarian and health diplomacy often intersect in the work of IFRC at various levels. While diplomacy at the global level (for example, in multilateral institutions) addresses issues of global concern (such as advocating universal health coverage), humanitarian diplomacy and health diplomacy at the national level are critical to the delivery of health programmes for the most vulnerable through complex partnerships.

Within the harsh economic environment that will follow Covid-19, governments will draw on the expertise of diplomats to support exports and attract foreign investments. Foreign ministries and diplomatic missions may become more involved in new realms of diplomatic activity including supply chains, quality control and sourcing products.

Different forms of travel restrictions lasted some time as states introduced new medical requirements for issuing entry visas and mandatory quarantines for new arrivals. All these will further complicate international travel. Once air travel finally resumes, states are expected to open their skies selectively, signaling out "safe" and "dangerous" destinations. This may result in diplomatic spouts.

States may thus find themselves managing diplomatic crises because of public health guidelines. One can expect a prolonged reduction in non-essential diplomatic travels and conferences. Many meetings and conferences have already been cancelled. Instead, videoconferences and other forms of remote communication were increasingly used.

As was the case during the Covid-19 outbreak, foreign ministries will rely on digital solutions to keep the wheels of international diplomacy in motion. In this respect, the issues

of privacy and information security in diplomatic communication will become increasingly more relevant. International organizations will invest heavily in new technologies that help prepare them for future crises. Yet such organizations need not "invent the wheel", as they may build on digital expertise and practices gained by national governments over the past decade.

The effectivity of international organizations will rest on their abilities to practice remote diplomacy. Preserving international diplomatic activity in Covid-19's aftermath is essential as global challenges have not disappeared. The protection of human rights will become paramount given the expected economic downturn.

Covid-19 was a global crisis, still the diplomats can play an important role by keeping the future of Sustainable Development Growth on the global agenda, formulating public diplomacy campaigns through the media and social media, mediating rifts between states and reaching out to multiple stakeholders.

The immediate, post-Coronavirus world may be more inward looking and less favorable to globalization. The blame game – blaming foreign countries and immigrants for spreading the Coronavirus will inevitably create an isolationist's paradise while hindering international cooperation.

Under such conditions, diplomats will be ineffective unless they can restore trust in the international system, and in other states. Shared fears, and shared concerns, may give way to a shared vision. Diplomats' core communication should thus focus on regaining public trust in the institutions and processes of diplomacy.

The way forward is a collaborative one. The ability to react to global challenges will be one of the main concerns. Diplomacy can cope with new challenges as far as it can help preserve

a spirit of cooperation, demonstrate the continued relevance of multilateral diplomacy and remain open to new technologies and new actors. Global health crises require a multi-stakeholder approach that leverages the capacity, knowledge and experience of non-government organizations.

4.2 Diplomacy and Economy recovery: Trade Post-COVID :

The year 2020 was truly a disruptive time in world history. The fast-spreading Covid-19 pandemic managed to halt even the wave of globalisation and compelled governments to go into lockdown. Businesses were forced to close, in some cases leading to furloughs or unemployment, and further widening the existing social inequalities. Everyone came to the realisation that business would never again be the same, and began to accept the concept of a “new normal.”

The pandemic is a harsh reminder that our life is full of uncertainties and unknown parameters. In worst-case scenarios, we don't even know what we don't know, leaving us completely off guard once it happens. The damage from these ‘unknown unknowns’ or ‘black swans’, as called by some theorists, is increasingly troublesome since the world is getting smaller and more intertwined.

In these conditions, for a medium-sized nation, multilateralism, aiming for sustainable growth, will be the prevailing solution in response to black swans. The idea is that the challenges that hit the hardest are usually the ones that undermine human security. Therefore, countries need to work in concert; otherwise, the problem will just linger, by perpetually shifting elsewhere.

Non-major powers have to combine capabilities to enhance political leverage or achieve shared goals that going solo will not succeed, such as climate change, sustainable development and, of course, pandemic management. COVID-19 has proven that traditional “great powers” have no power over such disruptions and need collaboration and networking to defeat this common foe. Recognising that “no one is safe until everyone is safe” underlines the significance of multilateral cooperation more than ever.

Online diplomatic summits may be one of the unexpected legacies of the Coronavirus pandemic. Traditional close-contact diplomacy seems likely to be essential to some progress towards more collective fiscal responsibility to pay for the cost of recovering from Covid-19.

The leaders will have to bridge deep divisions to produce a combined agreement on a recovery fund, extra debt issuance to finance other policies and draft plans for the next budget.

To prevent the negative consequences of potential barriers to trade, governments should implement measures to trade strategically through international negotiation, over sanitary management that focuses on public health, and offensive business promotion tactics, that both constitute the Sanitary Diplomacy.

- **Sanitary Diplomacy:**

This strategy would comprise a series of initiatives to harmonize international regulations, improve internal sanitary management systems, and promote business activity abroad, which would enable countries to strengthen their capacity to increase international trade during and after the pandemic. The pandemic has understandably increased sensitivity over sanitary issues related to the global flows of people and goods. After all, these flows caused the global spread of the virus.

This new reality has prompted further and more demanding checks and controls for goods entering countries. More significant sanitary and phytosanitary measures are more visible at borders, as are more sophisticated processes and technologies for overseeing and enforcing these measures.

The proliferation of health regulations may sow the seeds for abuse, meaning that new measures against COVID-19 can become an unnecessary obstacle to international trade. These obstacles may be due to measures being disproportionate or impertinent. It applies to the strictness of parameters and the requirements for documentation, specific treatments, and even laboratory tests. All to prevent imports and protect national production.

As part of the domestic sanitary management process, countries will need to develop capacities that enable them to align their sanitary management strategies and controls with international requirements. They will also need to contribute by facilitating international trade and the effective and efficient management of checks and controls at ports of entry.

The business promotion process consists primarily of carrying out the necessary sanitary procedures at the production, marketing, certification, and export levels to access rigorous sanitary markets. For example, Colombia is implementing a sanitary diplomacy agenda for trade that is proactively seeking to open new markets to Colombian agribusiness.

This strategy focuses on identifying markets with export potential and working together with health authorities in strategic markets to meet their sanitary, phytosanitary, and safety requirements. They do this by prioritizing export's supply adaptation and focusing on the market rather than the product itself.

No one knows for sure when the pandemic will end or its ultimate socioeconomic impact, but it will be profound. Therefore, both international institutions and countries must begin to identify and use the tools that will put them on the road to economic recovery.

4.3 The rise of Digital Economic Diplomacy

Like dominoes, we witnessed an exhibition, conference, event or meeting being postponed or cancelled after the next, faced with so much uncertainty, how do we continue the valuable work we do? How do we evolve diplomacy, be it economic, public or otherwise?

Diplomacy, at the heart of it, is the crisscrossing paper-cup-phones that we often played with as children. It is about maintaining channels of communication, strengthening relationships and increasing cooperation towards common objectives and goals. While diplomacy is unquestionably made easier with the shake of a hand, sharing a cup of coffee, or breaking bread together, COVID-19 has certainly awoken us to the opportunities of “digital diplomacy”.

But perhaps we need to take a step back and ask some important questions first:

What is “digital diplomacy”?

Digital diplomacy is a diplomacy equipped with a range of new tools. The main tasks of diplomacy are still to observe, analyze, report and act with the goal of promoting a country’s interests. The task is still to gather and analyze information of importance to a country’s foreign policy positions and communicate these, safeguard your own country’s economic, political and commercial interests abroad and help your country’s citizens in emergency situations. But the digital environment offers new ways to communicate and opportunities to express yourself.

This requires a new approach and constant adaptation for everyone who works with diplomacy. Obtaining information, which traditionally takes place via embassies, permanent delegations and temporarily posted diplomats, can now be helped along by digital information sources, such as social networks, microblogs and search engines. Digital channels can also be used to inform governments, international organizations and others of a country's position on a certain issue.

In a nutshell, digital diplomacy **is the digitization of the various activities performed under the diplomacy umbrella**, including political diplomacy, public diplomacy, economic diplomacy along with a whole range of other “diplomacies”.

The digitization of diplomacy has in fact been taking place for quite some time now, evolving alongside social media. This is especially true for political and public diplomacy, while digitization in economic diplomacy is taking off.

With public diplomacy, communication, which was once one-directional and through limited channels, has now evolved significantly and become more online. Through social media, governments, via their representatives, institutions, embassies etc. began communicating directly with the public, reaching a much broader audience than before. This is undoubtedly a positive development.

The digital shift has allowed for greater transparency, accountability, and access - with citizens being able to reach out to their representatives and vice-versa. Looking at COVID-19, the ability of government institutions to pass on useful information and updates to the public on new rules and regulations, testing, repatriation etc. highlights the benefits of having greater engagement.

The digitization of political diplomacy on the other hand, may have taken a darker turn. While foreign policy positions have become more transparent than ever, it might not necessarily be a good thing. Moving conversations that usually took place behind closed doors to the public social media arena has in many cases eroded the meaningful and constructive dialogue within and between nations. “Twitter diplomacy” is a good example of this, whereby statements are sensationalized for public appeal, and bilateral relations are reduced to a game of individual ego and machoism.

This finally brings us to economic diplomacy, which has experienced the most lag when it comes to digitization – up until now that is. While many digital tools have emerged over the past 20 years that can facilitate trade and business, it remained largely traditional, with bilateral trade meetings having continued to take place in person and trade missions rooted in physical conferences and exhibitions. The majority of government instruments that support business development, internationalization and export remained physical in nature. However, like many other areas in today’s world, economic diplomacy was also ripe for disruption, and nothing could have been more disruptive than COVID-19.

So how do we evolve economic diplomacy? Especially in these turbulent times when people, businesses, and the whole world is looking to their governments for leadership and guidance. It is a difficult question to answer, especially from the microcosm of a single Embassy. Nevertheless, I do believe that we’re on the right track. As businesses and organizations globally adjust, re-evaluate their business models and prepare for a post-corona world.

It would be wrong to suggest that every human interaction can be reduced to a digital equivalent, especially in diplomacy. Moreover, digital fatigue is a serious issue that many of

us are facing. Countries are still experimenting digital diplomacy, based on their own experience and emerging best practices, in enhancing economic cooperation, as follows:

1. Developing Joint Economic Committee among countries,
2. Holding multiple video calls with ministries and ministers on areas of strategic cooperation such as food security, culture and education,
3. Maintaining and expanding local networks, reaching out to local companies and organizations that can partner with businesses and knowledge institutes,
4. Partnering with other organizations where possible to improve services and reduce redundancy,
5. Checking up on companies in the country,
6. Carrying out calls, video calls and virtual roundtables to see how companies are doing understand their concerns/priorities, and support them where possible,
7. Sharing information on economic stimulus measures in the countries,
8. Supporting small and medium sizes enterprises (SMEs),
9. Raising awareness on market opportunities in certain regions through a series of webinars on: food security, water technology, clean energy, logistics, health care and beyond,
10. Organizing virtual match-making sessions between SMEs, industry associations and local stakeholders,
11. Developing an energy technology portal showcasing innovations to be used for export promotion.

Ministries of Foreign Affairs are continuously collecting best practices and cooking up new ideas and tools for enhancing their economic diplomacy, while some of these measures are temporary due to COVID-19, the vast majority are not. The world is undoubtedly in a period of transition, and the question that rises: how can we do business and facilitate it?

There are two interconnected perspectives to the broader context of diplomatic change and adaptation in the digital diplomacy debate: diplomatic processes, geared towards the functions of diplomacy, and diplomatic structures such as foreign ministries. Debates about diplomacy have regularly muddled arguments about the role and importance of the key functions of diplomacy with arguments about specific institutions.

The interpretations of the consequences of change in information and communication technologies tend to focus on the specific features of technology. They place less emphasis on the context in which they develop. "Digital diplomacy" therefore becomes a shorthand term for developments conditioning and conditioned by the emergence of digital modes of communication.

States have already begun conceptual work on the idea of "networked diplomacy" that is, moving beyond the traditional approach to information gathering in capitals, where every embassy closely guards all its information, to a networked approach where information is easily shared between governments. "Networked diplomacy" can here be identified as the underlying theme at the interface of hybrid diplomacy and marked by a growing range of non-state players, linked policy agendas and a greater space for citizen involvement.

Self-help books claiming to offer signposts to developing "digital diplomacy" are only useful as generic guides to social media dressed up with public relations principles. In order to take our discussion forward, what are the key questions focusing on the character of diplomacy as an activity? Does the rise of a more participative, interactive diplomatic environment transform our understanding of the very essence of diplomacy? What is the right mix between "online" and "offline" diplomatic activities?

Hybridity blurs the distinction between these two forms. Nonetheless, there is a debate to be held as to the utility of, for example, social media in specific diplomatic domains. What are the risks and rewards of their use?

- **Expo- Diplomacy: Bringing the World Expo 2025 to Osaka, Kansai- Japan**

Preparations for the Olympic and Paralympic Games 2021 Tokyo have been generating much excitement across Japan. However, Japan is also bidding to be the host country for the World Expo 2025, and the public and private sectors of Japan are now working together on activities to pitch Osaka, Kansai as the host for the World Expo in 2025.

In 1970, about half a century before today, the World Expo was held in Osaka based on the theme “Progress and Harmony for Mankind.” It attracted as many as 64 million visitors—the largest number of visitors to an Expo up to that point, and became an Expo that would be much talked about by future generations. That had precisely been the apex of Japan’s period of rapid economic growth, and the World Expo, alongside with the Tokyo Olympic Games of 1964, provided Japan with a splendid opportunity to disseminate the new image of postwar Japan to the international community.

The proposed theme for EXPO 2025 Osaka, Kansai is “Designing Future Society for Our Lives.” It places the focus on people, and aims to consider, together with people around the world, the future vision for a sustainable socio economy that supports that life. The approach is to connect the 8 billion people of the world to co-create the society of the future.

To realize this aim, the plan is to come up with mechanisms that can offer various encounters and discoveries even to those who are not able to come to the venue itself by harnessing technologies to facilitate participation by all the people around the world, such as the Internet and Virtual Reality (VR).

The World Expo is also a venue that provides people with an opportunity to experience new technologies of the future. Technologies such as the moving walkway and mobile phones, which were featured at the last World Expo held in Osaka in 1970, have now become indispensable parts of the daily life.

The World Expo 2025 will provide mobility systems that harness self-driving technology which can be used by the elderly and disabled. Health check-up services that utilize Internet of Things technology in the pavilions and restrooms that automatically check the participants' health conditions as well as mechanisms that enable participants from around the world to enjoy the World Expo without being hindered by any language barriers using machine translation systems are also under consideration.

Participants may even have the chance to experience delivery systems of future societies, such as the delivery of a pre-booked lunch to a specific location using drones.

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Chapter 5

Summary, conclusions and recommendations

5.1 Summary:

Economic diplomacy is defined as the actions of both state and non-state actors aimed at promoting cross-border trade and investment flows. This thesis focused on the effects of economic diplomacy as implemented by national governments.

The subject of economic diplomacy is increasingly popular in economic literature and is also a widely used tool in the policies of governments.

Within bilateral relations between developed and developing countries, economic diplomacy plays an increasingly important role.

The thesis discussed the development of the economic diplomacy from the perspective of development studies. Insights from this thesis can be helpful for the development of further research on economic diplomacy and policy design on this subject.

This thesis showed the great diversity of (possible) effects of economic diplomacy for this, various research methods are used, varying from document analysis, literature reviews and statistical analyses for which new and unique data were collected. The thesis showed that economic diplomacy promotes international economic activities and the need to differentiate to the specific economic diplomacy instrument used.

This thesis contributed to the literature in four important ways:

1. The agenda of economic diplomacy is connected to the agenda for development cooperation. Various components of economic diplomacy can play a role in the

transition of bilateral relations with other countries, in which the combination of development cooperation and trade and investment relationships can be mutually reinforcing.

2. This thesis presents the effect of economic diplomacy on international trade and investment as positive and significant. The diplomatic network is shown to be especially relevant to the market entry decision and traded volume for products that are not traded in organized exchanges. In this type of transaction, trust between buyers and sellers plays an important role and can be enhanced through the use of economic diplomacy trust between buyers and sellers.
3. It seems that, on average, countries with a larger share in the total number of diplomatic representations in the host country facilitate more investment from their home country.

5.2 Conclusions:

- 1- **The Economic Diplomacy (ED) is a policy tool for any country to expand its international trade, attract foreign direct investment, promote tourism and culture, and enhance the national competitiveness in support of the comprehensive reforms.**

The EDS will establish a synergistic link between the foreign policy and diplomacy and the national economic development. In other words, it incorporates country's economic priorities into its foreign policy objectives and employs the various diplomatic mechanisms available to the government to advance the integration agenda of the country by ways of strengthening and deepening bilateral and multilateral cooperation, with the ultimate aims of diversifying the sources of economic growth and transforming challenges into opportunities for social and economic development.

Moreover, it will contribute to the national effort to secure sustainable development and the pursuit of the realisation of (X) country medium and long-term visions, including in the short-term the socio-economic recovery plans during and after the COVID-19 pandemic.

Indeed, the successful implementation of this economic diplomacy strategy will contribute to strengthening the economy growth, reducing dependence on foreign aid, promoting interests regionally and globally, and responding to the needs of the people, both at home and abroad. To achieve this goal, the Ministries of Foreign Affairs will continue to nurture a qualified diplomatic corps and strengthen its institutional capacity to support the implementation of economic diplomacy.

Such an endeavour would require strong political will and commitment, enthusiastic participation, and earnest contributions from all relevant stakeholders, including both the public and private sector, to adapt and respond to changes and jointly come up with innovative solutions. Equally important is the adherence by civil servants, when performing their duty to serve the nation, along with the motto of "reform internally, build friendship externally in the spirit of independence".

2- Judging success or failure in diplomacy always depends on the context and the actor. Success should arguably be measured in terms of the extent to which opportunities have been created to change the direction of events.

However, agreements reached at the global level have to be enacted at the national – in some cases also subnational level. This means that success depends very much on States' implementation of agreements and resolutions, not just on achieving certain outcomes in global venues.

In part such implementation is further influenced by the type of agreement reached – for example, if it is hard or soft law. It is important to note that success in diplomacy is at times also linked to extraordinary individuals and negotiators.

Because of the diversity and complexity of the issues involved, a strong personality and passionate commitment can make a big difference in many negotiations.

Success depends of course on what a country or other interested party had set out to achieve in the first place. What one negotiator considers to be success may represent failure for another, which is why organizations should strive for decision-making by consensus, trying to ensure that all countries are on board.

However, this can sometimes result in outcomes based on the lowest common denominator. Member States may occasionally try to push specific issues that do not merit global attention at the time (such as a control plan for a single disease) on to the agenda of the organization governing bodies just to please domestic audiences or, in some cases, to promote vested business interests.

Furthermore, certain agenda items keep recurring, on which progress has yet to be achieved, such as tackling substandard and falsified medical products (a topic which has occupied a WHO working group for many years), or the destruction of any remaining stocks of smallpox virus. In these cases, public health interests are overshadowed by political agendas.

The COVID-19 pandemic posed new challenges, and work was made harder by the political tensions between countries, and which had to coordinate a response using limited resources.

Well-conducted global health diplomacy can lead to the following key results:

- Better health: better population health outcomes for each and every one of the countries involved, along with an improved global health situation.
- Improved global solidarity: improved relations between States and a commitment of a wide range of actors to working together to advance health, common goods for health and support multilateralism; and
- More equity: outcomes that are deemed fair and support the goals of promoting human rights, reducing poverty and increasing justice.¹

¹ **Twelve tips for successful global health negotiations**

1. Be prepared for all scenarios
2. Start by offering a clear road map, schedule and deadlines
3. Build trust with secretariat (WHO staff)
4. Understand the subject: read up on it and consult the experts
5. Know your partners and their strengths and weaknesses; identify how far they are willing to compromise (their red lines); consider how flexible they may be in their positions
6. Identify any vested interests: personal ambitions, geopolitical agendas and so on
7. Create alliances with key Member States, like-minded groups in the negotiation hubs, fellow diplomats and so on
8. Know and apply the rules of procedure
9. Adapt to the cultural context

All of the information presented in this chapter demonstrate that tackling complex global health challenges calls for multilevel diplomacy (that is, involvement in negotiations in different forums) combined with multi-stakeholder diplomacy (involving different types of actors), usually over a significant time period.

5.3 Recommendations:

- **Economic diplomacy efforts on complex issues have become more difficult owing to the large number of actors and the diversity of cultures and diplomatic styles.**

Together with a weakening commitment to multilateralism, this is making it harder to reach agreement and leads to increasingly unpredictable outcomes. These examples also illustrate another significant new development in international relations: the way in which international organizations are becoming important players in multi-stakeholder diplomacy, as shown by the involvement of WHO in G7 and G20 summits and various inter-agency arrangements in the above areas.

This is very much the case with diplomatic efforts on, for example, environmental protection and health. The examples further serve to illustrate synergistic health diplomacy, which is yet another feature of contemporary global health diplomacy –

10. Be aware of tactics: ask for time; introduce constructive compromises, package deals, face saving solutions and so on

11. Consider options outside the conference room: informal side meetings, coffee breaks

12. Remember that nothing is agreed until everything is agreed.

namely, where States strive for the synergistic interaction of diplomatic efforts at various levels and within the framework of different organizations, processes and meetings.

This thesis contributed to understanding the effects of economic diplomacy on international trade and investment. The following policy recommendations should be taken into account in order to optimize the deployment of economic diplomacy by governments:

- a) Economic diplomacy can be a useful part of bilateral relations with developing countries and amongst developing countries. Economic diplomacy can contribute to shaping these relations because the subject of economic diplomacy offers benefits to both developed and developing countries. Economic diplomacy serves to reduce markets access barriers and enhances trust. This is a precondition for establishing (mutually beneficial) trade and investment relations.
- b) The significance of economic diplomacy instruments is that it depends on the instrument that is used and characteristics of the primary study under investigation. Governments can use the presented results when evaluating economic diplomacy policies and when shaping their bilateral economic diplomacy efforts. Researchers can use the presented results to improve their study design.
- c) The network of diplomatic representations is an effective instrument to increase the number of trade relations. Economic diplomacy can consequently be used to diversify exports, which is particularly relevant for developing countries.
- d) The focus of economic diplomacy is best targeted on products that are not traded in organized exchange (i.e. more complex products/transactions). This result is reported for both the market entry decision and the bilaterally traded volume of

goods. Trade promotion efforts are thus best focused on trade in more complex products.

- e) The effects of economic diplomacy on bilateral trade and investment are more pronounced when transactions are towards more culturally and institutionally distant markets.

Strong internal communication within the ED network is key. Embassies have access to vital information concerning the local situation and opportunities in the foreign country while the ministries and agencies have crucial knowledge about the business world and are closer to the development and the meaning of the policy in terms of ED. The government has already highlighted its focus on increasing visibility and findability of the services provided at its foreign missions network.

Additionally, this study has shown that sometimes interest from the businesses in some countries is still relatively low. It would thus be recommended to increase these visibility aspects even further. This can be done by spreading the information on opportunities in these countries and the activities and services of the Embassy among companies and organizations in the country for as much as possible.

Media for doing so are already in place but need continuous updating. Lastly. Since it the priority sector approach seems to be successful, the obvious recommendation would be to keep the priority sector strategy within the Embassy.

Furthermore, in case this is possible it might be to communicate the strategy with companies. In this way the companies and organizations in these sectors can keep track of what is happening when. However attention should be paid not to demotivate companies from other sectors.

- **Strategies:**

To achieve the goals set out for a successful economic diplomacy, we can set out the Economic Diplomacy Strategy 2021-2023 as follows:

1. Human Capital Development:

Human capital is the most important factor in national development, as emphasised in many development strategies, it reflects the country's determination to strengthen the quality of education, science and technology, and technical training.

Human resource development in the field of diplomacy and foreign affairs has undergone remarkable improvement after the establishment of the National Institute for Diplomacy and International Relations and specialized academies.

However, further capacity development programs are needed to equip diplomats with up-to-date knowledge and skills, especially in the field of economic diplomacy. Therefore, it is important to develop a comprehensive training program and capacity development on economic diplomacy for diplomats and relevant stakeholders in order to advance economic interests at home and abroad.

The key topics to be delivered under the economic diplomacy training program include among others: communication skills, nation branding, trade negotiation and facilitation, investment promotion, tourism promotion, marketing strategies for products and services, the law on investment, and other aspects of the countries and international economy.

2. Communication and Information Sharing Mechanisms:

Enhancement Building communications networks and information sharing mechanisms between ministries and other relevant stakeholders are vital for ensuring a seamless flow of

timely information deemed crucial for the implementation of strategies aimed at enhancing trade, investment inflow, cultural exchange, and tourism.

To that effect, pertinent information should be shared with the responsible line ministries for their direct feedback and cooperation, thus ensuring effective collaboration between the ministries of foreign affairs and responsible line ministries.

Diplomats, professionally trained and well-versed in cultural diplomacy, could contribute to the action branding of their countries abroad. Other intangible culture heritages such as music, theatre, and cuisine will also be an integral part of the overall economic diplomacy strategy.

3. Public-Private Partnership Enhancement :

Public-private partnerships are powerful actors in national economic development as well as in international economic cooperation. Countries needs to enhance its engagement between the public and private sector through more efficient communication networks and well-structured partnerships that are capable of identifying opportunities, policy issues, and implementation gaps in the delivery of a shared vision towards the realisation of national interests.

- **Implementation Timeline Of Economic Diplomacy Strategy:**

Phase 1: 2021 :

1. Improve the capacity of diplomats and relevant stakeholders to implement economic diplomacy.
2. Gather, formulate, and regularly disseminate socio-economic related information with relevant institutions.

3. Improve the coordination and collaboration between the public and private sector.
4. Initiate the implementation of the Economic Diplomacy Strategy 2021-2023.
5. Conduct monitoring and evaluation (M&E) and optimise the implementation.

Phase 2: 2022 :

1. Develop information sharing platform to store and share information.
2. Extend training programs on economic diplomacy for diplomats and relevant stakeholders
3. Strengthen public-private partnerships and multi-stakeholder dialogues to promote economic interests.
4. Improve the performance of economic diplomacy.
5. Further conduct M&E and optimise the implementation.

Phase 3: 2023 :

1. Continue update training program curriculum and roll out courses on economic diplomacy for diplomats and relevant stakeholders.
2. Regular update of tools to improve the information sharing platform.
3. Further improve the performance of economic diplomacy.
4. Consolidate overall M&E and achievements of the EDS 2021-2023.
5. Prepare the Economic Diplomacy Strategy 2024-2028.

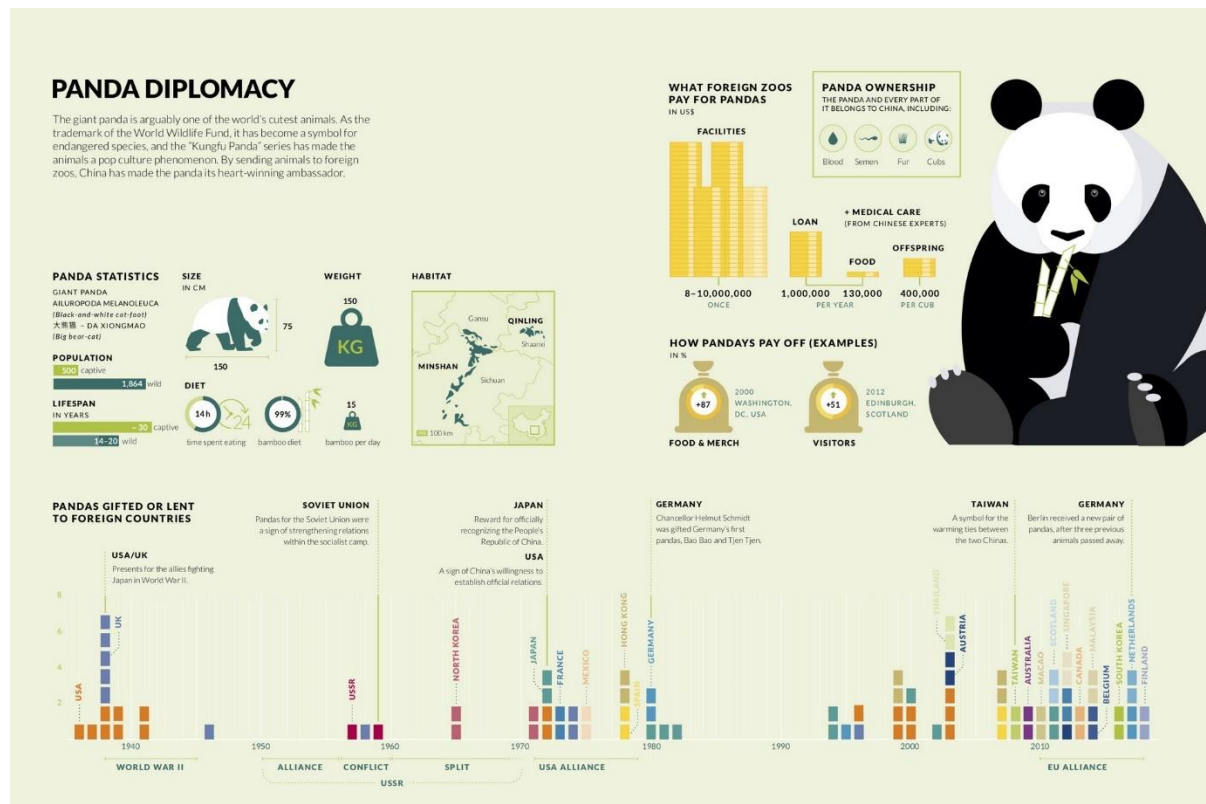
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Appendices:

Annex A:



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Panda Diplomacy:

Introduction:

Diplomatic tools, by definition, can be anything used to affect the relations between two countries. China, however, possesses one unique diplomatic tool that no other country can use — its very cute and adorable pandas. Both the panda and the Great Wall have become symbols of China, the former having served as a part of Beijing diplomacy.

The Chinese government has been giving pandas as gifts to other countries for many centuries. For instance, preserved Japanese historical documents tell of the Tang dynasty offering the Japanese emperor a pair of pandas in AD 685.

However, it is the People's Republic of China (PRC) that makes the best use of panda diplomacy. The panda has become an integral part of China's soft power, as these adorable creatures can easily conquer the hearts of people in foreign countries, particularly with the younger generation, and win favor for China.

II. The evolution of China's panda diplomacy:

The PRC's panda diplomacy can be divided into three phases. The first phase runs from 1957 – 1982, when Beijing would offer pandas to other countries as gifts. The first country to receive this gift from the PRC is, of course, the Soviet Union. The Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance, signed on February 14, 1950, gave China an ally in the Soviet Union, who would serve as a protector of national security and a provider of technology as well as foreign aid. In return, Beijing gave two pandas to Moscow in 1957 and 1959 as a sign of friendship.

North Korea, another Chinese ally and one who fought shoulder to shoulder with China during the Korean War from 1950 – 53, received a total of five pandas from the PRC from 1965 – 1980.

The panda is an especially wonderful gift to Western countries. China's Premier Chou Enlai announced the offering of a pair of pandas to the United States in his meeting with President Nixon in February 2 1972. It was the first time that the PRC sent pandas to a Western country. Beijing sent a total of 16 pandas to seven countries from 1972 to 1982. Besides the United States, the other six lucky countries were Japan, France, the United Kingdom, West Germany, Mexico, and Spain.

Japan received a total of four pandas in October 1972, 1980, and 1982; the other four countries received a pair of pandas each.

The second phase runs from 1982 – 1994, when China would lend pandas as commercial goods to other countries. After 1982, Beijing no longer would give pandas to other countries for free because it would violate the Convention on International Trade in Endangered Species of Wild Fauna and Flora of 1975.

The countries that would rent pandas from China included the United States, Japan, the United Kingdom, the Netherlands, Belgium, Germany, Ireland, Mexico, Australia, and New Zealand. But this approach drew even harsher criticism from international environmental organizations because it endangered the health and safety of the pandas.

Beijing's panda diplomacy entered its third phase in 1994. The common practice is that China signs a contract and lends pandas to other countries in the name of mutual scientific research exchange. The rent, however, is not cheap. For example, a zoo in the United States pays up to US\$1,000,000 per year to rent a pair of pandas for a period of about ten years. If any cubs are born during the period, they automatically become the property of the PRC and should be returned to China after a period of two years; furthermore, before those two years are up, the United States needs to pay US\$500,000 extra rent per year for each cub.

The United States, South Korea, Thailand, Australia, Spain and Japan are some of the countries that take this approach to acquire pandas.

III. The timing of China's panda diplomacy :

China chose to give pandas to the United States at the time when President Nixon made his historical visit to China. Likewise, Japan received pandas during the occasions when

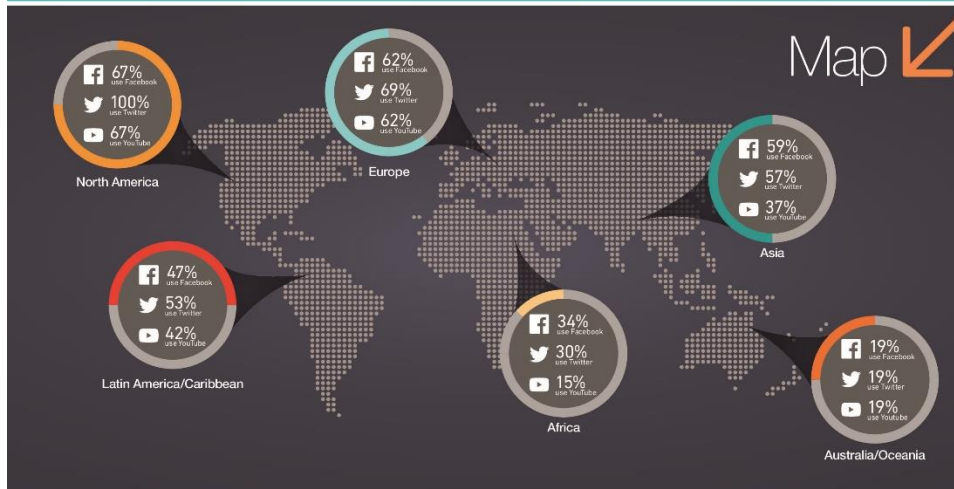
China's premiers Hua Guofeng and Zhao Ziyang visited Japan in 1980 and 1982 respectively. France received pandas when French President Georges Pompidou visited China in September 1973, the United Kingdom received pandas when Prime Minister Edward Heath visited China in 1974, and West Germany received pandas before Premier Helmut Schmidt visited China in 1975.

Also, Hu Jintao signed with his counterpart Prime Minister John Howard to loan a pair of pandas to Australia when he visited the country in September 2007; Beijing also agreed to rent a pair of pandas to Spain when King Juan Carlos visited China on June 29, 2007. Lastly, Tokyo requested to borrow pandas from Beijing when Hu Jintao visited Japan.

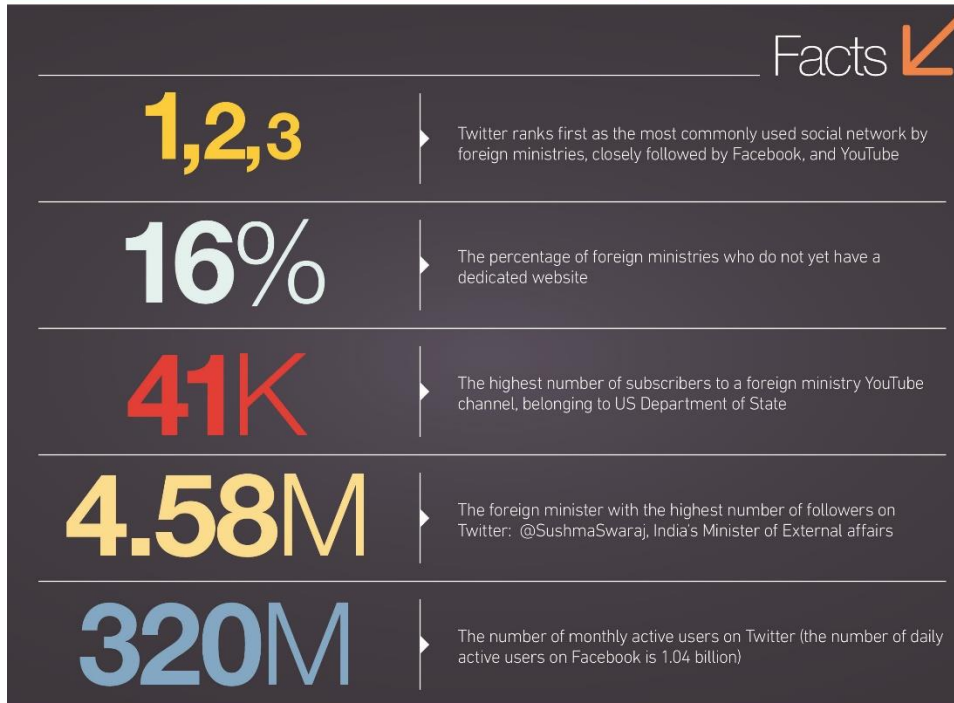
In sum, the gift or loan of pandas symbolizes China's good will. The timing that Beijing chooses to make such an announcement has both diplomatic and political considerations. It is usually made during mutual state visits or summits between the two countries.

Annex B:

Social media FACTSHEET OF FOREIGN MINISTRIES



Global use of social networks by foreign ministries:



Twiplomacy:

Apparently, Twitter is widely used by state leaders, governments, foreign ministries and diplomats for public diplomacy implementation. It was quickly noticed that Twitter is useful for transmitting short messages and receive feedback from other users. It has to be mentioned that Twitter is not the only one social network which is used by governments and diplomats for public diplomacy implementation, but it is most commonly used for this purpose.

Twitter is widely used by diplomatic missions. At the moment, more than 4,100 diplomatic missions and diplomats use Twitter and 172 states leaders have personal accounts.

In governmental institutions, especially in foreign ministries work people who are responsible for Twitter accounts, and this fact shows that Twitter is important for governmental institutions. All above-mentioned facts suggest that twiplomacy is becoming increasingly important on a global scale.

This sort of twiplomacy popularity can be explained by individual intention to be personally involved and participate in politics. People don't want to be passive observers anymore, but they want to be involved in political process. Twitter and other social networks provide this opportunity because people can express their opinions, share relevant information or participate in discussions.

Furthermore, social networks help to contact and connect public with leaders, governments and diplomats, who previously seemed unreachable. Thus it promotes higher levels of transparency and public availability/accessibility as well as it develops higher level of trust in governmental institutions and states leaders and creates greater sense of community.

Generally speaking, goals of various messages are to develop and promote a certain country image, to express foreign policy priorities and to communicate with foreign audiences. Thus

communication is supported not only with home country society but also with foreign societies.

Therefore, Twitter creates new opportunities for states leaders and governments by creating dialogue amongst them and other Twitter users by enabling to influence their opinion vis-à-vis their country.

Twitter gains increasing popularity as public diplomacy mean. Its popularity amongst states leaders, governments and other institutions can be explained not only by facilitation of the dialogue between politicians and wider audience people but also by the fact that this public diplomacy mean helps to introduce foreign policy goals and to develop certain image of state.

World leaders, governmental institutions and diplomatic missions have opportunity to reach wide audiences quickly and effectively by sharing information, which draws public attention.

Twitter can also be used as a tool in shaping public opinion in order to get support from other users of Twitter and thus based and strengthen certain positions. Therefore, it can be said that Twitter can be used to create contacts and develop dialogue with foreign audiences, as well as introduce state's foreign policy goals and priorities, shape and direct Twitter users' opinion about certain issues.

Taking into account the above-mentioned dimensions of public diplomacy, twiplomacy can be attributed to the first two dimensions: daily communication and strategic communication.

Daily communication is related with reaction to certain events in such way that reaction coincides with pursued strategic goals. Meanwhile, strategic communication goal is to reach out to domestic and foreign audiences' opinion change. Strategic communication can be described as 'systematic approach to delivering foreign policy or public diplomacy objectives

by generating more effective understanding of audiences and more effective methods of connecting with them to develop solutions that shift attitudes and change behaviours’.

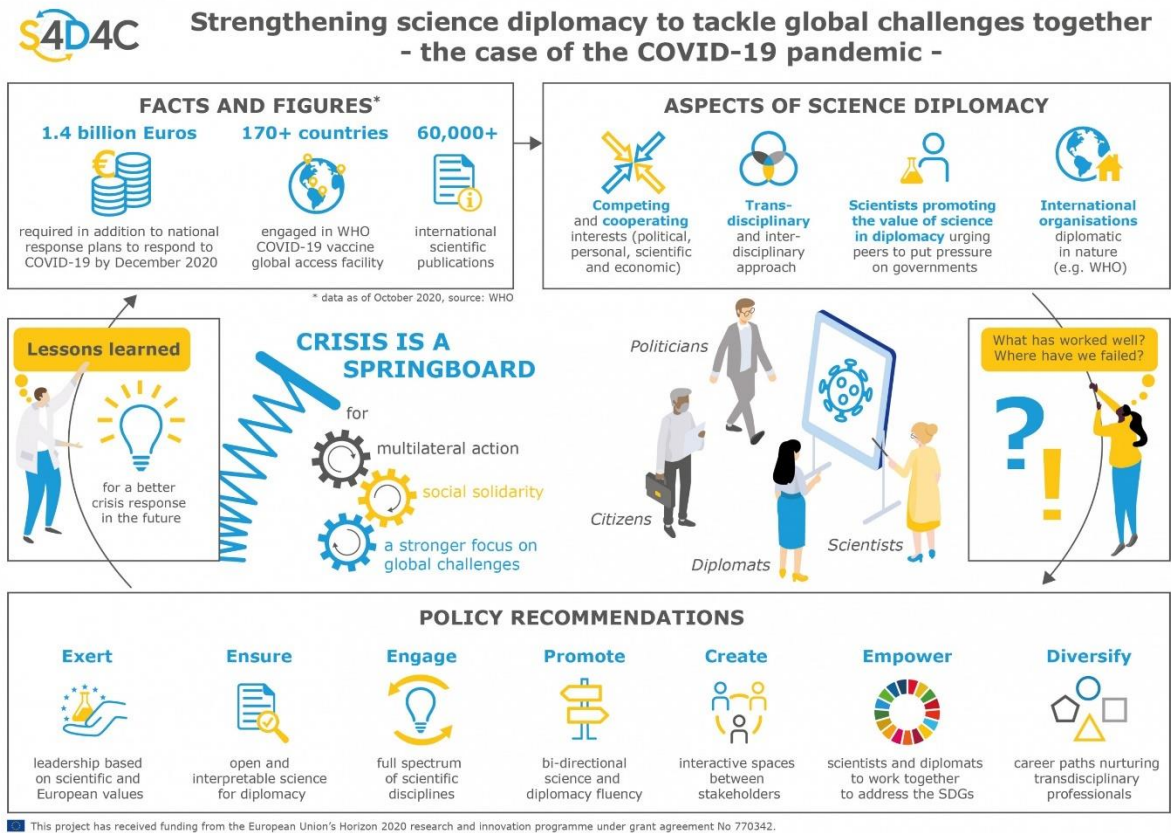
Twiplomacy is used as one of the channels for daily communications and strategic communication. Social networks also create a number of advantages in the implementation of public diplomacy process. One of the advantages was mentioned above – social networks help to create dialogue amongst state officials and foreign audiences.

It also helps to receive feedback that may serve as a mean to get information about other users’ opinion about some policy that country implements and what causes determine that certain policies are successful or unsuccessful.

Feedback also helps to develop higher sense of community, which reduces the gap between state authorities and wider audiences. Another advantage is that twiplomacy helps to determine whether a particular state or leader’s action is effective and what response these actions attract from foreign audiences. It also makes it easier to overtake traditional sources of information dissemination, such as mass media, and reach target audiences

Growing use of social networks encouraged public diplomacy implementers to follow newest trends and use social networks as a public diplomacy mean. The use of Twitter gives opportunity for countries to communicate faster, more efficiently and cheaper with foreign audiences.

Annex C:



United Nations Zoom Diplomacy:

Nothing says diplomacy more than a hearty handshake that represent the daily life in the corridors and at receptions in the world arena of diplomacy.

Now, Covid-19 is striking at the heart of the United Nations itself. And many diplomats believe that the old ways of doing business may be changed forever by the pandemic.

It's been a struggle on the world's highest diplomatic stage. How do you practice the fine arts of diplomacy when the conference rooms sit empty, meetings are via Zoom, and the entire staff is working from home? "Obviously diplomacy needs contact. it needs presence," said Secretary General António Guterres. We are doing our best through these virtual mechanisms."

Gone are the face-to-face conversations that diplomats say can mean the difference in how a nation might vote or a resolution is written.

Typically, the 193 UN Ambassadors and deputies attend hundreds of receptions at each other's homes or offices annually, a tradition that has been upended.

- **Listening while folding laundry:**

The Security Council's lack of unity on important issues, has not improved in the pandemic era. It took three months to even approve a resolution about the virus itself.

The diplomats do seem to have a coping mechanism that sometimes defies norms. After all they have to sit through numbing marathon hours of speeches during an average year. Diplomats shelter inside their homes. and must adjust like all of the people.

A diplomat confided that she and senior diplomats have shared tales of addressing the Security Council, the world's most significant international forum, in jeans but with more formal attire on top.

This diplomat admitted "folding laundry" while listening to some conference calls. And, yes, diplomats, like many of us had to get up to speed on muting, unmuting and camera backgrounds.

Clearly, the stiff trappings of formal international behavior have slipped in the sudden work from home age.

- **Covid-19 hits home at UN**

Diplomats lamented the inability to read the body language of a colleague during face-to-face negotiations. "It's not the same as having a VTC conference," said one diplomat. "You lack flexibility and nuance."

other diplomat said it was a new type of diplomacy with everything now out in the open. "Lacking meta communication, you have to really have to concentrate on the screen and it is even more demanding physically and mentally than a normal day."

The United Nations told hundreds of staffers to work from home. One Security Council meeting was marked by the technical jams that have afflicted many companies who have suddenly shifted to online gatherings. At one point, the panel heard its President at the time, pleading with ambassadors to shut off their microphones.

A deputy had to finish her speech once when the picture failed.

Several diplomats thought the output has been improved. One diplomat not on the Security Council said "people are cutting to the chase more" and countries are finding new ways to work together.

Another diplomat noted: "UN people have been extremely productive with fewer meetings and without traveling. They are just working. They have no other choice."

- **Farewell to handshakes?**

The Security Council members did recently leave their residences to actually meet in person. Nowadays, simply calling a meeting has proved harder, diplomats said. The UN General Assembly, with all 193 countries represented, can't meet in person because of social distancing. There needs to be pre-agreement that everyone is happy with a resolution for countries to say yes remotely by consensus.

At the Security Council, it takes more countries to find accord on the need to have a formal session, which is why some disputed issues end up being cast aside. "It's not great now dealing with substantive issues," a Security Council diplomat said.

Any in-person Council session also means hauling in interpreters and other UN staff who may count as essential services, but who do not live nearby in luxury apartments and would have to take riskier public transportation.

To guard against the spread of the virus, the Council used a different, larger UN conference room, with far fewer aides and delegates allowed to watch in person. The Security Council plans for a second meeting inside the UN , and not every country is enthusiastic.

Regardless of the current concerns, some diplomats believe the UN, may actually change its ways because of the pandemic.

Virtual meetings have shown a new system can save on travel costs and help deal quickly with urgent matters, according to Security Council President. "We will never be able to go back to the old norms," he said.

One diplomat said that he doesn't think hugs and kisses are returning anytime soon. "Actually I do not believe we will go back to where we left our life."