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ECONOMIC DIPLOMACY IN THE VECTOR OF IMPLEMENTATION OF THE FOREIGN-ECONOMIC STRATEGY OF THE STATE

Abstract. The article examines key aspects of economic diplomacy in the vector of implementation of the state's foreign economic strategy, including its essential characteristics and stages of formation. The article emphasizes that the world's leading powers have many years of experience in the field of economic diplomacy, where the main principle is to promote economic growth and the welfare of the nation as the main goal. The principles of economic foreign policy are formed in the context of international practice, taking into account the impact of the multi-vector foreign policy of the main state players on the country's economic strategies. This approach makes it possible to understand the importance of developing economic diplomacy and reaching consensus in the field of foreign economic relations in order to increase the efficiency and stability of economic development of the statehood. The article emphasizes that economic diplomacy is in a constant process of reform, which is not always consistent and this negatively affects its effectiveness. It is noted that the diplomatic corps lacks qualified managers in the foreign economic sphere. It is important to actively develop the institutions of "non-state diplomacy", but no effective model of civil society involvement in this process has been found yet. The article emphasizes the importance of cooperation with international organizations. It is also concluded that in the era of globalization, the role of the social function of the MFA and its diplomatic corps is growing, which includes information support and legal protection of citizens abroad. The author emphasizes the need for maximum support of exporters of products with high added value by foreign economic institutions. It is noted that in pro-government circles there is not always an understanding or desire to understand that a strong economic component of the country's foreign policy and effective economic diplomacy are an
important contribution to the strength of the economy and, consequently, national security, which concerns every citizen. The article still leaves unresolved the problem of delineating the functions of the leading institutions, especially with regard to the powers of the presidential administration/office and the Ministry of Foreign Affairs. It is also pointed out that successful export expansion should be based on more systematic tools than just an adopted export strategy. It is noted that there is an urgent need not only to preserve but also to improve the overall foreign policy strategy, strengthening its priorities and basic principles.

Keywords: economic diplomacy, economization, foreign policy, economic security, national interests, foreign economic strategy of the state.
функції МЗС та його дипломатичного корпусу, яка включає інформаційне забезпечення та правовий захист громадян за кордоном. Автор наголошує на необхідності максимальної підтримки зовнішньоекономічними інституціями експортерів продукції з високою доданою вартістю. Зазначається, що у провадних колах не завжди є розуміння чи бажання зрозуміти, що сильна економічна складова зовнішньої політики країни та ефективна економічна дипломатія є вагомим внеском у міцність економіки, а отже, і національної безпеки, яка стосується кожного громадянина. Стаття досі залишає невирішеною проблему розмежування функцій керівних інституцій, особливо щодо повноважень Адміністрації/Офісу президента та Міністерства закордонних справ. Також наголошується, що успішне розширення експорту має базуватися на більш систематичних інструментах, ніж просто на прийнятій експортній стратегії. Зазначається, що існує нагальна потреба не лише зберегти, а й удосконалити загальну зовнішньополітичну стратегію, посилюючи її приоритети та базові принципи.

Ключові слова: економічна дипломатія, економізація, зовнішня політика, економічна безпека, національні інтереси, зовнішньоекономічна стратегія держави.

Introduction. According to the audit of Ukraine's foreign policy conducted by the Institute of World Policy, the majority of Ukrainians (54.1%) believe that the main priority of foreign policy should be the search for new markets, in other words, the economic component of foreign policy [5]. It is important to note that, despite some fluctuations, the priority of economizing foreign policy is highly supported by representatives of different regions, professional fields and age groups in our country. This indicates that there is a certain consensus in society on this priority. On the other hand, economization, often expressed in the form of economic diplomacy, is a necessary element of foreign policy not only in developed countries but also in most countries of the world, including developing countries [6]. It is also important to note that the issue of economic aspects of foreign policy plays an important role in the science of international relations. This is confirmed by the publication of one of the founders of political realism, Hans J. Morgenthau [7].

This indicates that economic aspects of foreign policy are considered an important component in international relations and occupy an important place in scientific research and analysis.

The purpose of the article is to analyze a new branch of modern diplomacy, namely, economic diplomacy, in the vector of implementation of the State’s foreign economic policy.

Research methods. During the process of scientific research, we used the following methods: general scientific methods such as analysis and synthesis,
analogical comparisons, proposing of hypotheses and assumptions, presentation of argumentations, and making conclusions. The comparison method was also widely used.

Scientific publications of domestic scientists, data from domestic and international statistics, and information from international analysts and experts on issues of foreign-economic strategy became the information base of the work.

**Identification of scientific problematics.** There are many definitions of diplomacy in modern science. One of the most common interpretations in Ukraine is the following: diplomacy is the activity of the government, special organs of foreign relations or representatives of the state to implement the international policy of the state.

The modern foundations of diplomacy, subordinated to solving political and economic problems of a strategic nature, were formed in the nineteenth and twentieth centuries. The "economization" of diplomacy began to manifest itself in the second half of the XIX century (in 1850, the Department of Commerce appeared as part of the Foreign Ministry of the Kingdom of Sardinia; in 1865, the Commercial Department was formed in the Ministry of Foreign Affairs [1, p. 34].

In addition, official interstate negotiations are usually carried out during meetings of the diplomatic corps. Such meetings have their own established protocol form, while they largely depend on the skills, knowledge, and talent of government representatives. Therefore, it can be considered that diplomacy is not only a science but also an art.

Generally, global economic diplomacy has moved to a new, higher level, and one of the features of this transition is the active use of international economic organizations. Among these organizations are the General Agreement on Tariffs and Trade (GATT), the World Trade Organization (WTO), the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD), international standardization and certification organizations, as well as interstate economic organizations of regional and supranational nature, and many others.

Most of these organizations play the role of specific institutions of economic diplomacy, which allows them to study the economic situation of different countries and develop appropriate strategies. These strategies are aimed at achieving goals that often exceed the capabilities of national-level diplomatic structures.

In general, "economic diplomacy is a set of organizational and legal instruments and actions in the foreign economic sphere and coordinated interaction of state and non-state structures to ensure sustainable development of the country and its economic security, especially in the context of globalization" [2, p. 10].

When the question of economization of foreign policy is raised, it is necessary to understand the process of achieving the above characteristics as focusing on the system of goals and measures implemented by public and private institutions. Such
measures are aimed at increasing the economic power of the country and the incomes of its citizens by integrating the state into the world market in the following areas: promoting the expansion of markets for domestic goods and services, attracting foreign investment, integrating the country's economy into regional and international associations, as well as providing information support and security for citizens abroad in the sphere of their vital activity.

Summarizing the institutional and normative aspect of the experience of countries in this process, we can distinguish the following main groups of players. The first group includes countries where the leading place in the field of economic diplomacy is given to the ministries of foreign affairs. Among these countries are Belgium, Denmark, Georgia, Greece, Macedonia, Macedonia, and Ukraine (at least in terms of formal division of competencies). The second group includes countries where powers in the field of economic diplomacy are delegated to foreign policy and foreign economic agencies. These include Australia, Canada, and the United Kingdom. The third group includes countries where these functions are performed by specially created structures, such as departments or directorates. Examples of such countries are Spain and Israel [3].

At the level of microeconomic diplomacy, important elements of the structure of foreign economic bodies are public and private sections, trade and intermediary offices (CCIs), trade and economic missions (TEMs) in Ukraine, and economic agents. For example, France has more than 3,500 agents and 76 CCIs in 120 countries, Germany has 1,200 agents and 48 CCIs in 70 countries, the United States has 900 agents in 134 commercial sections in 69 countries, and 73 CCIs in 65 countries [3].

Businesses are often involved in cooperation with foreign economic agencies. However, an important indicator of the effectiveness of foreign economic structures is the adoption of effective logistics solutions. Lastly, advisory interagency bodies are created to consolidate all institutions and optimize their activities. Last but not least, coordinated work in the field of economic diplomacy brings significant results. For example, commercial and diplomatic missions provide a significant contribution to world trade for the following countries: Germany - 10%, the United States of America - 9.6%, Japan - 6.3%, China - 5.8%, France - 5.2%, the United Kingdom - 4.1%, and Canada - 3.6% [4].

In general, international experience confirms that the strategy of economizing foreign policy is a key tool for stimulating economic development and an important element of ensuring national security. Collaborative work in the field of economic diplomacy can bring significant economic benefits and contribute to the expansion of international trade relations.

Economic integration is a key component of the foreign economic strategy of many countries. This integration can take various forms, including the creation of
regional interstate economic associations. This represents an important step in the globalization of the world economy. Countries that join such associations usually receive certain benefits, such as access to larger markets, reduced tariffs and barriers to trade, and other benefits. However, countries that do not join such associations may experience less favorable conditions on global markets and a decline in competitiveness. The emergence of transnational corporations (TNCs) and their growth in terms of technology and finance have also influenced the need to take into account the transnational aspect in economic relations when developing a national development strategy. TNCs have become important participants in the global market and can have a significant impact on a country's economy. All of this points to the importance of developing and implementing a national strategy that will take into account various aspects of economic integration, the impact of transnational corporations, and help increase the competitiveness of the national economy. Transnationalization has changed the political map of the world. This field has clearly defined international and economic boundaries that reflect national interests, strategic alliances, integration and disintegration shifts, and the contours of economic groupings" [8].

Results. Economic diplomacy is an official diplomatic activity aimed at achieving economic sovereignty and ensuring the economic security of the state. It is focused on promoting the country's economic interests at the international level, helps to increase exports, attract foreign investment and participate in the work of international economic organizations. An important aspect of economic diplomacy is the use of coercive economic diplomacy.

The state's diplomatic service plays a key role in developing and implementing an economic diplomacy strategy to protect the country's strategic interests and economic security. At the same time, national governments should take into account not only their economic interests but also economic opportunities, ensure transparency and develop optimal strategies in a fragmented international system.

At the beginning of the third millennium, economic diplomacy and economic security issues have become extremely important aspects of international politics. In the context of globalization and regional integration, relations between states have become more interconnected and complex. This has led to an intensification of interaction and the opening of new commercial opportunities in global markets. However, at the same time, the level of economic uncertainty is growing, which requires more effective use of economic diplomacy to ensure economic security.

Economic security means the ability of the national economy to develop steadily and meet the needs of the population and the state at a certain level. It implies the ability to withstand destabilizing factors that may threaten the country's sustainable and balanced development. In addition, economic security includes the
task of ensuring the competitiveness of the national economy in the global economic system.

These two aspects - economic diplomacy and economic security - are interrelated and important for ensuring the stability and prosperity of the country in the modern world.

In order to create a model for the formation of a specific foreign economic strategy for a country, we can consider a step-by-step classification of national production sectors according to certain criteria. This will help to identify strategic priorities in the state's foreign economic activity and describe the relevant priorities for each group, which can be used as "typical" strategic actions. Together, these actions form a kind of state strategy.

When conducting the classification, it is reasonable to take into account the broad interpretation of the "sectoral" approach to setting priorities in national production and industrial policy as a way to implement the state's foreign economic strategy.

The first stage of the classification is to divide the national production sectors into those aimed at the foreign or domestic market. This criterion is considered to be the most important, as it determines the position of the industry in the world market (whether it is represented or not, and whether it is oriented towards it) and the degree of its dependence on the external environment, which is not controlled by the state. This aspect also reflects the range of opportunities for state influence.

In the case of an industry that is oriented towards the external market, the possibilities for state influence can be defined as a "support strategy". This is due to the lack of opportunities to directly influence demand and the need to protect against competition from other players.

For domestic market-oriented industries, the state's capabilities can be described as an "enabling strategy". In this case, the state has more opportunities, in particular, to generate demand for the industry's products and create favorable conditions for limiting competition with foreign players and further exporting products to global markets.

After determining whether an industry is oriented toward foreign or domestic markets, we take into account different criteria for further classification of industries. This diversity is due to the fact that we have two main goals: to ensure the competitiveness of specific industries and to strengthen the economic security of the entire national economy. Our approach to classification depends on this.

For example, for export-oriented industries, it is important to determine their competitive position in the market. This means that we analyze whether they are monopolists in the market or hold leading positions among competitors. For industries that have a monopoly position or are leaders in competitive markets, the state should provide maximum support, as they determine the competitiveness of the national economy in these market segments.
Thus, our approach to the classification of industries takes into account their focus and competitive position in the market, providing an effective approach to formulating strategies for the development of national production and economic security.

Conclusions. The methods that the state can and should use for different industries differ only in content. For example, when we consider the monopolistic or close to monopolistic position of enterprises in a particular industry on the world market, it is important to analyze the reasons for this position. Usually, a monopoly can arise from the availability of unique natural resources or from gaining a leading position in the field of high technology and intellectual products.

In the first case, the strategy may be to "maximize the added value" in the industry produced within the national economy. This strategy is to create a closed cycle of processing unique raw materials in the country as much as possible.

References: