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*Economic diplomacy in the international system.  
The role of economic and commercial diplomacy in regional  
cooperation.*

**ABSTRACT:** Fino ai tempi recenti, la diplomazia economica era condotta principalmente da dipartimenti governativi di minore importanza politica. Negli ultimi trent'anni l'aumento dell'interdipendenza economica tra gli Stati ha scosso l'autonomia economica nazionale e provocato varie reazioni all'interno di strati sociali più ampi, rendendo difficile la distinzione tra politiche nazionali e internazionali e obiettivi economici e sociali. Questo fenomeno ha portato all'inclusione di più servizi, rappresentanze nazionali e attori non governativi come società commerciali multinazionali, investitori e fattori sociali attraverso organizzazioni non governative. Il rapido ritmo dello sviluppo economico colpisce tutti i livelli dell'attività umana, influenzando le priorità e le scelte politiche. La particolare importanza delle caratteristiche del mercato spiega

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in qualche modo la natura multiforme della diplomazia economica basata sul coinvolgimento di numerosi fattori. In altre parole, questa complessità spiega perché i governi si sentono spinti a sviluppare un quadro specifico per la diplomazia economica, fondato su procedure dinamiche e ripetitive, considerando che le domande e le tensioni nelle relazioni politiche ed economiche sorgono naturalmente sia in contesti nazionali che internazionali.

**ABSTRACT:** Until recently, Economic diplomacy was primarily conducted by government departments of lower political importance. The rise of economic interdependence among states has shaken national economic autonomy and provoked various reactions within broader social strata over the past thirty years, making it difficult to distinguish between national and international policies and economic and social objectives. This phenomenon has led to the inclusion of more services, national representations, and non-governmental actors such as multinational trade companies, investors, and societal factors through non-governmental organizations. The rapid pace of economic development affects all levels of human activity, influencing political priorities and choices. The particular importance of market characteristics somewhat explains the multifaceted nature of economic diplomacy based on the involvement of numerous factors. In other words, this complexity explains why governments feel pressured to develop a specific framework for economic diplomacy, grounded in dynamic and repetitive procedures, considering

that questions and tensions in political and economic relations naturally arise in both national and international contexts.

**PAROLE CHIAVE:** Diplomazia economica; Diplomazia commerciale; Sistema internazionale; Cooperazione regionale

**KEYWORDS:** Economic Diplomacy; Trade Diplomacy; International System; Regional Cooperation

**SUMMARY:** 1. The new economic diplomacy after the Cold War. - 2. Economic diplomacy and international trade diplomacy. - 3. The Importance of Economic Diplomacy as a Tool for Strengthening Regional Cooperation. - 4. Conclusion

### **1. The new economic diplomacy after the Cold War**

Undoubtedly, the end of the Cold War underscored the significant role of economic diplomacy, reformulating its composition and objectives. Before then, it functioned more as a framework of economic aid with political goals. This aid was a tool for the leading powers of the bipolar world to exert pressure on states within their spheres of influence. The economic clash of the two opposing poles of the international economic system—market economy and Western liberal system on one side, and

Soviet centralized economy on the other—did not entirely translate into economic interests but was largely connected to security objectives and confronting the main adversary based on the political, military, and ideological conditions of traditional foreign policy.

After the Cold War, the confrontation became a blank slate. The international community expanded with the emergence of newly independent states seeking to undertake more significant initiatives for their development. The world appears more complex and uncertain, with international actors operating in a higher-risk environment. The end of the Cold War and the absence of its political envelope resulted in the emergence of religious, national, and cultural diversities, as well as development asymmetries among states, particularly in the former Russian Republics, Africa, and Latin America<sup>1</sup>. These differences, stemming from incorrect interdependence over the past thirty years, became more pronounced due to the rapid penetration of globalization in these societies. The new confrontation is not about the antagonism between politico-economic systems but is based on development levels or access to financial-economic services or advanced technology within a homogeneous economic system. The clash increasingly has a North-South nature, with the market economy playing a central role.

Following the terrorist attacks of September 11, 2001, economic issues were temporarily overshadowed by security concerns. Nevertheless, economic diplomacy efforts remain important, considering realistic

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<sup>1</sup> J. KARBO, J. LEE RAY, *Global Politics, tenth edition*, Boston, 72-79, 2010.

approaches to contemporary threats like terrorism, particularly addressing its root causes such as poverty and economic deprivation, which significantly contribute to tackling insecurity.

In a world where markets appear omnipotent and their uncontrollable failures—exemplified by numerous global financial crises—states increasingly depend on each other. National institutions operate with constrained economic autonomy due to the lack of physical borders. The use of the framework of economic diplomacy (both as a state and within international organizations), as shaped after the Cold War and the challenges of the new millennium, offers states an opportunity to meet societal demands for the combination of democracy and accountability.

The new economic diplomacy provides governments primarily with a composed framework for initiatives that can be more effective in meeting modern societal demands, such as economic well-being. Simultaneously, it offers sustainable alternative strategies for coordinated international activities addressing not only the symptoms of contemporary threats but also their deep-rooted causes. A characteristic example is the international fight against terrorism by addressing its deep-seated causes like poverty, disease, and economic blockades. It also includes economic crises that spread and transmit within the international economic system due to profit-driven pressures from international financial markets. The new economic diplomacy does not address problems ad hoc. Analyzing old and new issues, such as the various Balkan wars, conflicts in Africa during the 1990s, the proliferation of weapons of mass destruction, delicate

balances in the Middle East, the war in Syria, the destabilization of Iraq for the creation of the Islamic Caliphate, ethnic conflicts in Africa, and the relationships of the European Union with its political and economic allies like the Russian Federation, Japan, China, the USA, India, the developmental challenges of the 21st century for the Balkans, the case of the African continent heading towards degradation under perpetual dictators and the exploitation of natural resources, as well as issues like the COVID-19 pandemic, the Kyoto Protocol for environmental preservation, international organized crime, international drug trafficking, illegal immigration, legal security and transparency in international trade, access to water resources, would reveal a mosaic of international problems with significant political and economic importance, likely causing strong political antagonism, resulting in global confrontation and destabilization. The new economic diplomacy, when closely linked to the processing and decision-making process within the state framework and international institutions and organizations, can provide substantial responses to the questions and demands of social and international communities for more transparency and accountability of political elites, which inevitably impact the interests of different groups. It employs a wide range of tools and methods to achieve important political and economic objectives. These tools or measures are implemented within frameworks ranging from negotiations and informal collaborations to the exercise of mandatory rules and regimes. Positive measures include motivations, favorable trade measures, credits, and development aid, where the fundamental issue is

development, without which problems like poverty and regulatory issues cannot be successfully tackled. They primarily rely on developmental cooperation to create a relationship between investors and investment beneficiaries within an economic cooperation framework, where aid fundamentally requires an adaptation program from the recipient states through reforms and good governance.

There are also negative measures (sanctions)<sup>2</sup> such as cutting development aid, freezing financial exchanges, boycotts, embargoes, quotas, etc. The implementation of sanctions relies on the asymmetrical dependence between states. One state is more dependent than the other, which can more easily impose sanctions to achieve a political outcome. Often, it results from a new perception of the limited role of military means as pressure tools, possibly due to reduced military spending. In the international bibliography, economic sanction techniques are viewed as part of political skill in providing alternative solutions to replace high-cost military policies and traditional diplomacy<sup>3</sup>. It should be noted that there is no predictable relationship between economic pressure and political impact. In cases where sanctions aim to target the political regime of the objective state, efforts are made to define "smarter sanctions" that impact the regime but not the population. It is always necessary to analyze the relationships between political elites, economic elites, and working classes

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<sup>2</sup> G. CLYDE HUFBAER, J.J. SCOTT, K.A. ELLIOTT, *Economic Sanctions Reconsidered. History and Current Policy*, second edition, Washington, 1990, 36-38.

<sup>3</sup> M. MASTANDUNO, *Economic statecraft, interdependence and national security: Agenda for research*, in J.F. BLANCHARD, E.D. MANSFIELD, N.M. RISPMAN (eds), *Power and the purse: Economic Statecraft, Interdependence and National Security*, New York, 2000, 290-295.

to create a legitimate framework for implementing sanctions, even when targeting authoritarian regimes. There are more benefits to using soft tools of economic diplomacy. The long-term objective in these cases is to make the target state an economic satellite, preventing it from exercising political resistance in the future<sup>4</sup>. The development of economic sanctions also stems from the rapid increase in global trade exchanges, which in turn causes increased friction among actors in institutional negotiations at trade forums<sup>5</sup>. The choice between trade and military armaments does not constitute an antagonism between an economic and a non-economic objective. The advantage of trade exchanges has risen to a decisive factor in determining the military and political strength of an international actor. The new economic diplomacy is characterized by its multidimensional nature. This means that governments when undertaking initiatives, exploit the interaction between different levels in the decision-making process, whether this interaction involves actors—state or non-state, national or otherwise, or peripheral structures—or involves the choice of the level of international negotiation. Depending on the political importance of the subject matter, the most effective level is selected—bilateral, peripheral, or multilateral. For example, in the field of economic agreements with

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<sup>4</sup> A typical example is the permanent policy of the Russian Federation towards other peripheral states that were once under the umbrella of the Soviet Union. A similar case, but with a different typology, is the aid of the European Union through Euro-Mediterranean aid, which had the objective of transforming the internal reality of the state that would receive the aid, if it becomes a friendly state towards the European Union.

<sup>5</sup> P. VAN BERGEIJK, *Economic Diplomacy trade and commercial policy. Positive and negative sanctions in a new world order*, Hague, 1994, 6-7.



political significance, the peripheral level of interaction is chosen for the benefits of peripheral agreements with neighboring states in unifying markets for trade and investment or the multilateral level in matters concerning environmental protection, where the involvement of all states is necessary. In the case of sanctions, the most effective are bilateral and multilateral. Multilateral sanctions increase the political isolation of the target regime by utilizing the homogeneous international distribution of power and are implemented under the coordination of international institutions within a common framework of shared rules. Bilateral sanctions clarify the link between aid and the foreign policy of the donor states or may respond to the internal realities of the sanctioning country. The notion of decentralization and multi-level governance clearly describes a situation where governments cannot monopolize the exercise of politics and seek a more effective role. This is particularly evident within the European Union framework, emphasizing sub-national and peripheral structures.

The inevitable involvement of numerous actors in the international economic environment, such as national state actors (governments, parliamentary bodies, peripheral and local structures), non-state actors (trade groups, consumer organizations, multinational companies, international organizations, scientific communities), all demand a more active role in promoting their heterogeneous interests. Thus, there arises a need for understanding the framework of contemporary economic

diplomacy within which effective work aligns different strategies into a common denominator.

Undoubtedly, the increase in the number of actors active in economic diplomacy will have a noticeable impact on the decision-making process. Due to heterogeneous interests, the decision-making process will become less effective. On the other hand, the existence of numerous actors will provide more information and move towards more democratic procedures with greater legitimacy and accountability. Actors in the international environment—primarily states—operate within a global architecture that produces new challenges<sup>6</sup>. In their efforts to project power, states inevitably engage in peripheral and international negotiations, presenting their demands with the objective of broader political benefits. In recent years, such interactions have increased, starting with an economic dimension and followed by diplomatic management forms.

## **2. Economic diplomacy and international trade diplomacy**

Trade is one of the most important activities in the development of human relations, between states, peripheries, but also globally. In this context, trade has also been used by diplomacy to serve its activity. The

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<sup>6</sup> M. OKANO- HEIJMANS, *Conceptualizing Economic Diplomacy: The Crossroads of International Relations, Economics, IPE and Diplomatic Studies*, page 14, 2011, at <https://eclass.aueb.gr/modules/document/file.php/DEOS296/Supporting%20Material%20for%20Lectures%20GP/Conceptualizing%20Economic%20Diplomacy%20Okano-Heijmans.pdf>.

development of trade has been one of the main reasons for conflicts, negotiations, and cooperation among state entities throughout history. It can be widely accepted that trade has been used as a crucial motive for developing relations between countries. Trade exchanges have been reasons for trade agreements between city-states in Ancient Greece and in Ancient Egypt. The exchange of goods between regions, even distant ones, was of particular importance for the recognition and exploration of certain areas. Thus, the Silk Road, which traversed China, and India, and ended in Europe, is evidence of the importance that trade played, as emphasized above. Furthermore, the discovery of the “New World” came precisely as a result of trade development but also the demand for primary resources and new markets. It can be confidently stated that trade was among the first activities that sparked the development of interstate relations. In a global economy, states and economic regions are competing for access to markets and natural resources. This raises the question, of how to organize trade diplomacy effectively. States have their diplomatic services organized in different ways, and international businesses also rely on various methods and tools. International relations approaches can help us analyze and understand political and organizational aspects that are not covered in business studies<sup>7</sup>.

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<sup>7</sup> D. LEE, H. RUWL, *Commercial Diplomacy and International Business: Merging International Business and International Relations*, at [https://www.emerald.com/insight/content/doi/10.1108/S1877-6361\(2012\)0000009004/full/html](https://www.emerald.com/insight/content/doi/10.1108/S1877-6361(2012)0000009004/full/html), 18, (Accessed on 14/01/2021, 2:38 p.m.).

In the framework of international relations, a state's trade diplomacy aims to increase the country's exports. Essentially, it implements export policies and promotes the country's products in foreign markets. According to Naray<sup>8</sup>, trade diplomacy is an activity carried out by state representatives with diplomatic status to promote business between a country and a host country. It aims to encourage business development through a series of promotional and facilitation activities. The spectrum of actors in trade diplomacy varies from a) high-level politics (head of state, prime minister, minister, or a member of parliament), to b) the ambassador and the lower level of diplomatic envoys. Trade diplomacy places the role of government at the center, defining itself as a government service for the business community and the state, aiming to develop international business enterprises<sup>9</sup>. It is the task of diplomatic missions to support the business sector and the country's finances by trying to support domestic and foreign investments, as well as trade<sup>10</sup>.

Trade diplomats stationed outside the country undertake facilitating activities for business in trade, investments, tourism, country image, and the promotion of science and technology. They are usually members of the diplomatic mission staff or responsible for commercial representation outside the country with diplomatic status. The term trade diplomat can

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<sup>8</sup> O. NARAY, *Commercial Diplomacy: A Conceptual Overview*, 7th World Conference of TPOs – The Hague, The Netherlands, 2008, 2.

<sup>9</sup> O. NARAY, *Commercial Diplomats in the Context of International Business*, *The Hague Journal of Diplomacy*, 6, 2010, 121-148.

<sup>10</sup> M. ILKER OZDEM, *Government Agencies in Commercial Diplomacy: Seeking the Optimal Agency Structure for Foreign Trade Policy*, USA, North Carolina State University, 2009, 8.

be expressed in various forms such as “trade counselor”, “trade attaché”, “trade representative” etc. Ambassadors and embassy staff support and actively prepare government visits and contribute to trade negotiations with the host country, especially regarding their significant business aspects. Trade diplomacy also helps organize trade missions and business visits. Both types of activities constitute a classic method of promoting trade and investment<sup>11</sup>. Some business promotion tasks carried out by trade diplomacy can be assigned to non-diplomatic institutions, such as promoting trade in international organizations, in chambers of commerce, etc. According to Xaralampos Tsardanidis<sup>12</sup>, the members of diplomatic missions should fulfill the following tasks:

First, they should monitor and analyze the overall situation and economic developments of the countries for which they have competencies.

Second, they should take care of the development of trade exchanges with the aim of continuous and progressive increase in exports.

Third, they should offer any possible facilitation for attracting foreign investments in their country as well as offer assistance for the expansion of domestic businesses in third countries.

Fourth, they should ensure continuous communication with importers of products in the host country to inform them about the products offered by the country of origin.

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<sup>11</sup> E.P. HIBBERT, *The principles and practice of export marketing*, London, publications: British Library Cataloging in Publication Data, 1990.

<sup>12</sup> X. TSARDANIS [Χαράλαμπος Τσαρδανίδης], 2018, 120-128.

Fifth, they should organize business and trade missions from and to the country where they are accredited.

Sixth, they should study and propose the organization of exhibitions for products of their country, advertising the services and products exported by the country.

Seventh, they should organize congresses, conferences, and daily discussions to promote the opportunities and perspective of the country of origin.

Eighth, they should undertake preparatory work for the conclusion of economic cooperation agreements between the state they represent and the countries where they are accredited.

Ninth, they should follow, record, and inform about cooperation programs, development aid as well as international tenders in the field of public works.

Tenth, they should mediate for the resolution of trade disputes through arbitration.

Eleventh, they should take necessary actions to protect the industrial and intellectual property rights of businesses and individuals of the country of origin.

Trade diplomacy is a growing field of importance for governments but also for businesses at the same time. This happens because governments encourage the competition of their economies to respond to the opportunities and threats of global markets by using trade diplomacy tools and formats as efficiently as possible. For reasons of globalization but also

the interconnection of economies, some small but also medium-sized countries raise the question of whether diplomacy should focus exclusively on trade diplomacy to survive in the era of globalization as well as expanded competition. Moreover, the expansion of the network (internet), free movement, and the emergence of new economic poles require the resizing and repositioning of many services offered by trade diplomacy. However, skeptics still ask, for example, why should the Albanian government support an Albanian company that is willing to expand in Skopje (North Macedonia) while the same government does not help the company to return home to Tirana or Korça? States are increasingly prioritizing trade and economic diplomacy concerning foreign and domestic policy. This is also related to the direct importance of economic security with state security. Thus, the Department of State of the United States of America has placed trade and economic diplomacy among the priorities of American foreign policy. This is because, the USA is not only competing with Europe, Canada, and Japan anymore but also with China, India, Korea, Brazil, Mexico, and Singapore, which among others now have world-class businesses and companies with aggressive support from their governments. This happens because we are already in a new globalized world. For this reason, according to Shaun Donnelly and Daniel Crocker<sup>13</sup>, they present six important elements for successful economic and trade diplomacy:

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<sup>13</sup> S. DONNELLY, D. CROCKER, *Six Elements of Effective Economic/Commercial Diplomacy*, in *The Foreign Service Journal*, January/February 2021, at:

First, trade and the international economy should be the top priorities.

Second, senior state leaders must be involved to achieve the best results.

Third, the existence of cooperation between the Department of State and the Department of Commerce is critical for success.

Fourth, cooperation between departments is not enough. (Cooperation of all state entities is needed);

Fifth, there is a need for greater involvement and activation of individual states in America (federal states) as well as cities through the construction of strategies to attract foreign direct investments (FDI).

Sixth, American businesses must play a crucial role in the future global economy agenda.

The above points should be both guiding principles and guidelines for other countries, adapting them to the administrative and political realities of the states.

Trade diplomacy has also been of interest to researchers. The most important studies address trade diplomacy in the context of promoting exports. Some studies indicate the importance of trade diplomacy firstly for the role it plays in enabling governments to achieve their objectives regarding international economic integration, aiming for more economic development and employment, and secondly, in achieving business objectives for their internationalization. Businesses rely on the assistance of economic diplomacy. The objectives of governments in promoting

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<https://afsa.org/six-elements-effective-economic-commercial-diplomacy> (Accessed on 15/01/2021, 13:50).



business (including trade, investment, and tourism) - although varying from country to country - ultimately aim at job creation, increased tax revenues, and economic growth<sup>14</sup>. Governments ultimately seek involvement in various business promotion programs using trade diplomacy. On the other hand, businesses (beneficiaries) seek to gain. Their involvement in international markets poses a risk, but through trade diplomacy, businesses can reduce the risk of entering a foreign market while simultaneously receiving service at a competitive or free price (funded by tax money). If we were to define a state's trade diplomacy as a mechanism through which economic interests are pursued, then the approach to other countries' markets cannot help but be at the center of efforts<sup>15</sup>.

Is there a difference between economic diplomacy and trade diplomacy? Is there a need for both? Although trade is one of the most important and influential activities in historical development, studies on trade diplomacy have not developed to the same extent as the importance of trade. Some reasons account for this. One of the main reasons is the non-public nature of trade diplomacy development. This occurs due to the constant clashes and competition between states for access to and profit from new markets and consequently the limited opportunities for official information at

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<sup>14</sup> M. KOTABE, M. CZINKOTA, *State Government Promotion of Manufacturing Exports: a gap analysis*, Journal of International Business Studies, Vol. 23, No. 4, 1992.

<sup>15</sup> H. RUWL, L. ZUIDEMA, *The Effectiveness of Commercial Diplomacy: A Survey Among Dutch Embassies and Consulates*, Discussion Papers in diplomacy, Netherlands Institute of International Relations 'Clingendael', No. 123, 2012 at: [https://www.clingendael.org/sites/default/files/pdfs/20120504\\_cling\\_research\\_artikel\\_discussionpaperindiplomacy\\_123\\_ruel\\_and\\_zuidema.pdf](https://www.clingendael.org/sites/default/files/pdfs/20120504_cling_research_artikel_discussionpaperindiplomacy_123_ruel_and_zuidema.pdf)

diplomatic and governmental representations<sup>16</sup>. For a long period, trade activity was seen through the prism and lens of political diplomacy. It was precisely career diplomats who engaged in negotiations and trade agreements between states. Over the years, with the modernization of diplomacy, trade attaches were also attached to diplomatic missions. There are various perspectives on the questions raised above. One perspective sees trade diplomacy as a branch of economic diplomacy. For example, both economic aid offered by the state and received by the state as well as the state's relationship with international economic organizations are now handled by trade diplomacy. Undoubtedly, these relationships are within the realm of economic diplomacy activity and therefore part of a country's foreign policy. From other perspectives, trade diplomacy serves the private sector. According to Stephen Woolcock<sup>17</sup>, trade diplomacy is a non-mandatory collaboration between state institutions and businesses to promote the trade interests of the latter or aid private companies. In this view, trade diplomacy takes various forms, from shaping specific policies to using diplomatic missions to promote exports to empowering

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<sup>16</sup> O. NARAY, *Commercial Diplomacy. An Integrative Framework*, Int J. Diplomacy and Economics, Vol 1, No 2, 120, 2012.

<sup>17</sup> S. WOOLCOCK, *EU economic diplomacy: The factors shaping Common Action*, in P. VAN BERGHEIJK, M. OKANO-HEIJMANS, J. MELISSEN (eds), *Economic Diplomacy Economic and Political Perspectives*, Boston, at: [http://khoaqth.ufl.udn.vn/img/uploads/quoctehoc/sachmoi/Economi%20Diplomacy\\_Economic%20and%20Political%20Perspectives.pdf](http://khoaqth.ufl.udn.vn/img/uploads/quoctehoc/sachmoi/Economi%20Diplomacy_Economic%20and%20Political%20Perspectives.pdf), accessed 13/01/2021 (Accessed on: 19:26, 85) 2011.

and supporting local businesses for their expansion into third countries or attracting foreign investments<sup>18</sup>.

Trade diplomacy is often seen as a shield that affects economic sustainability and the expansion of a country's influential power. Trade diplomacy brings benefits to various actors. The direct main beneficiaries of trade diplomacy are private business firms that turn to trade diplomacy for support. Governments benefit from trade diplomacy services because the influence of image goes in two directions: successful companies can improve the country's and government's image, just as a successful government positively affects the image of business firms. In the long run, if an international business develops successfully through trade diplomacy, both the economy of the country of origin and the economy of the host country will benefit from expanded economic exchange and integration. As a result, trade diplomacy encompasses all aspects of business support and promotion such as trade, investment, tourism, science and technology development, intellectual property protection, etc.<sup>19</sup> Donna Lee<sup>20</sup>, mentions the role of the private sector by defining trade diplomacy as “the work of a network of public and private actors who manage trade relations using diplomatic channels and processes”.

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<sup>18</sup> S. REUVERS, H. RUWL, *Research on Commercial Diplomacy: A review and Implications*. In Huub Ruwl (ed), *Commercial Diplomacy and International Business: A conceptual and Empirical Exploration*, Advanced Series in Management, Vol 9, Bingley, 2012, 5.

<sup>19</sup> O. NARAY, *What a good commercial diplomat has to know and be capable of Exchange*, the Magazine for International Business and Diplomacy, 8-9, (2 December 2010)

<sup>20</sup> D. LEE, *The Growing Influence of Business in UK Diplomacy*, International Studies Perspectives, 5, 2004, 51.

Trade diplomacy focuses on a range of activities that promote and facilitate international business. These activities have been identified and classified by many researchers. Olivier Naray distinguishes six types of activities: intelligence, referral, communication, advocacy, coordination, and logistics. He links these activities to specific areas such as markets and goods or intellectual property rights. These can be added to country image building, network building, conflict resolution, etc.

According to Lederman, Olarreaga, and Payton<sup>21</sup>, country image building, export assistance services, marketing, and market research, as well as publications are other activities belonging to trade diplomacy. At the same time, Kotabe and Czinkota<sup>22</sup>, differentiate only between export service support and market development programs. The former focuses on advice for export support and promotion while the latter focuses on market opportunity identification. Evan H. Potter makes the distinction between external and internal activities. Internal activities are carried out by local actors and aim to prepare businesses to expand beyond borders. External activities, on the other hand, are carried out by actors in host countries and focus on market development. These latter activities are even more important as they are carried out in host countries. Donna Lee divides outdoor activities into two main categories. She distinguishes between gathering and disseminating market information as well as developing and presenting governmental relationships.

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<sup>21</sup> D. LEDERMAN, M. OLARREAGA, L. PAYTON, *Export Promotion Agencies: What works and what doesn't?*, CEPR Discussion Papers, No. 5810, August 2006.

<sup>22</sup> M. KOTABE, M. CZINKOTA, 21.

### **1.3 The Importance of Economic Diplomacy as a Tool for Strengthening Regional Cooperation**

The surge of significant changes resulting from globalization processes at the end of the 20th century and the beginning of the 21st century has inevitably influenced the processes of economic diplomacy. The dominant system is that of the free market and neoliberalism, consequently, international relations are adapting precisely to these new realities. Specifically, economic diplomacy has entered a phase of re-dimensioning, adapting its elements for higher efficiency in the service of state objectives. Traditional diplomatic tools are no longer the only means for fulfilling the economic needs of states; from a realist perspective, economic diplomacy, conceived as a tool serving state interests, should be implemented by state services (the Ministry of Foreign Affairs). The exercise of economic diplomacy is part of the exercise of state sovereignty, engaging in inter-state relations, viewed within the context of an anarchic international system.

On the other hand, it is difficult today to find states that do not use economic diplomacy or its forms in the conduct of foreign policy. States are reinforcing and adapting their strategies to maximize the efficiency of economic diplomacy. Different states include the implementation of economic diplomacy under the umbrella of Foreign Ministries or other ministries, depending on the model followed by their governments. There

can also be mixed models, where one institution is the leader and others—agencies, chambers of commerce, NGOs, etc.—may be followers, supporters, and implementers of the central institution's policies and strategies, but they can also develop an independent agenda serving the final objective. This approach was analyzed by Brian Hocking in what he calls “Multistakeholder Diplomacy”<sup>23</sup>.

In a globalized world and globalized diplomacy (keeping in mind that globalization involves not only economic and market issues but also security, environment, energy, terrorism, etc.), the state no longer solely monopolizes the exercise of foreign policy. The parallelism applies to economic diplomacy, where factors of the new international economic system act upon economic diplomacy. Certainly, some factors and actors are not always part of state institutions. Consequently, the sectors of the foreign ministry need to be adapted as efficiently as possible.

From this perspective, academic studies present several options for organizing economic diplomacy in the most efficient, based on the characteristics and specifics of states. In the study “Modern Economic Diplomacy” by Pavol Baranay<sup>24</sup>, three models of organizing economic diplomacy are presented:

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<sup>23</sup> B. HOCKING, *Multistakeholder Diplomacy: Forms, Functions, and Frustrations*, 16-19, 2021 at [MultistakeholderDiplomacy\\_Part1.pdf/](#), (Accessed on: 19/05/2021, 14:32).

<sup>24</sup> P. BARANAY, *Modern Economic Diplomacy*, Publications of Diplomatic Economic Club, 2009, 8, at: [https://www.dec.lv/mi/Baranay\\_Pavol\\_engl.pdf](https://www.dec.lv/mi/Baranay_Pavol_engl.pdf), accessed on 23/05/2021, 18:56. X. TSARDANIDIS, 216-217.

**The “Unified Model”** represents an integration of bilateral trade development under the leadership of the Ministry of Foreign Affairs. This ministry is the main coordinator of the state's economic interests at the international level. It determines the strategy and priorities in cooperation with all state organizations and those of regional executive authorities in the host state.

**The “Partially Unified or Composite Model.”** The Ministry of Foreign Affairs and the Ministry of Economy jointly organize work for the development of trade and economic relations in the sector of the diplomatic mission. This way, the process is under the dual dependence of both ministries. This model offers the independence of the trade and economic mission as well as its budget. The head of the trade and economic mission reports to the head of the diplomatic mission who oversees the work. The priorities of the trade and economic mission are set by the Ministry of Economy.

**The “Decentralized Model.”** The role of the Ministry of Foreign Affairs is to coordinate foreign economic relations. Delegating tasks for organizing economic and trade relations to a third party, while independent services or third parties carry out their implementation.

Xaralampos Tsardanidis notes that Guy Carron De La Carrière in his work “La Diplomatie Économique” distinguishes three categories for organizing economic diplomacy. The first category includes states where economic ministries dominate the decision-making system, having full competencies over economic institutions, economic relations, and areas

related to the World Trade Organization. However, decisions are made at an inter-ministerial level, ensuring comprehensive information. Coordination between institutions is not systematic except for areas of the European Union and the OECD, where all guidelines given to delegations or diplomatic missions originate from an inter-ministerial body. States in this system include France and Spain.

The second category includes states where the Ministry of Foreign Affairs predominates, without rejecting the possibility of cooperation, in certain cases, with the Ministry of Economy. States that implement this scheme are Italy and the Netherlands. The dominant position is due to the high reputation of the diplomatic network and the strong connections they have, offering the minister the possibility of more effective coordination. The third category refers to states that have a balance in the participation of ministries in administering issues related to economic diplomacy. However, final decisions are made by inter-ministerial commissions chaired by a member of the government cabinet, but sometimes it can be an envoy of the Prime Minister. This category includes the United Kingdom. It should be noted that through Commissions, inter-ministerial discussion at an administrative level but not a political one is ensured<sup>25</sup>.

The transitional developments caused by the post-communist period have greatly influenced the political, economic, and diplomatic situation in Albania. Albania had to face an emergency within the country, but at the same time, it had to re-dimension its entire profile and orient all its fields

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<sup>25</sup> Ibidem, 217-218.



towards the liberal system and market economy. Additionally, Albania needed to establish relationships with all the countries in the region on new bases and reposition itself economically and commercially. After the 1990s, Albania faced great challenges but also risks. Just like other sectors such as political, economic, and social, Albanian diplomacy has undergone many turbulences to achieve its objectives in serving the building of successful and sustainable relationships with neighbors, the region, the path toward European Union integration, and beyond. To achieve this, Albania has used elements of foreign policy and traditional diplomacy as well as new forms. One of them is economic diplomacy, which has taken substantial development and priority for achieving the country's political, trade, and economic objectives. The development of economic diplomacy is considered an efficient tool for increasing state revenues for rapid and sustainable economic development and advancing the country's economic and trade interests<sup>26</sup>.

Economic diplomacy has gained significant importance, developing into an important instrument of foreign policy. Such is the importance for Albania as well. For this reason, Albania needed the institutionalization and structuring of economic diplomacy as efficiently as possible. The model that Albania has been following since 2013, according to a political decision by the Prime Minister, is where the responsible ministry for

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<sup>26</sup> Based on the *National Strategy for Development and Integration 2015-2020* of the Republic of Albania, in Chapter 8, *Foundations: good governance, democracy, and the rule of law*, one of the Strategic Objectives of Foreign Policy regards precisely the development of Economic Diplomacy (Point 6).

foreign affairs, in this case, the Ministry for Europe and Foreign Affairs, has been given the leadership of economic diplomacy. In this framework, the Directorate of Economic Diplomacy was created under the General Directorate of Political and Strategic Affairs, which is responsible for building strategies and pursuing state policies for economic diplomacy. The Directorate of Economic Diplomacy is seen as a foreign policy instrument and as a unit whose primary function is the interaction, coordination, and cooperation with structures within and outside the Ministry of Foreign Affairs, directly linked to promoting the country's economic interests in attracting foreign investments, promoting the country as a tourist destination, and promoting “Made in Albania” products and services<sup>27</sup>.

Based on “Law no. 23/2015 On the Foreign Service of the Republic of Albania,” in point 6, point 2c, “On the Functions of the Foreign Service,” it is cited: “The Foreign Service, through its activity: c) develops political, economic, social, and cultural relations with other countries.” To express the growing importance of international economic cooperation and economic diplomacy, the legislator has specified in article 27, point 2b, that: “The head of the diplomatic mission may be selected and a person who meets the following criteria: ... b) has at least 10 years of experience

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<sup>27</sup> <https://punetejashme.gov.al/al/misioni/diplomacia-ekonomike>. (Accessed on 25/05/2021,16:52).

in foreign policy, international relations, international economic relations or international law, of which three years in managerial positions<sup>28</sup>.

Certainly, no state leaves the development of economic diplomacy solely in the hands of diplomats, just as the state itself does not have a monopoly on the development of international economic policies, since other actors in the international economic system intervene in international economic diplomacy and international economic and trade relations. These interventions certainly do not always carry the “blessing of the state”<sup>29</sup>.

In its current form, Albania's economic diplomacy operates at three levels: bilateral, regional, and multilateral. Bilateral economic diplomacy plays an important role in economic relations with other countries. It is based, among other things, on bilateral agreements on trade, investments, employment, and taxes, and it also engages in addressing a series of formal or informal economic issues between two countries. Bilateral Free Trade Agreements have long been "on the agenda," and a large number of countries around the world implement such agreements.

Regional cooperation constitutes a particularly important and growing dimension of economic diplomacy. The practice has shown that national interests and the liberalization of domestic economies have been significantly facilitated and favored within the framework of mechanisms and instruments with a clear regional focus. Removing borders and

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[http://arkiva.punetejashtme.gov.al/files/userfiles/ligji\\_per\\_sherbimin\\_e\\_jashtem\\_nr.\\_nr.\\_23\\_-2015.pdf](http://arkiva.punetejashtme.gov.al/files/userfiles/ligji_per_sherbimin_e_jashtem_nr._nr._23_-2015.pdf), (Accessed on 25/05/2021, 16:36).

<sup>29</sup> X. TSARDANIDIS, 221.

opening markets are more easily and successfully achieved in a regional context.

Multilateral economic diplomacy is developed within the framework of the World Trade Organization, as well as several international economic and financial organizations such as the World Bank, the International Monetary Fund, various agencies of the United Nations, etc<sup>30</sup>.

In terms of bilateral agreements, Albania has strived to build and strengthen economic and trade relations with various countries outside the Balkan region. Here, one can mention strong economic lobbying to attract investments from Canada, Italy, the Netherlands, Turkey, China, Austria, etc. Data from the Bank of Albania<sup>31</sup> and the Institute of Statistics show an increase in investments from these countries over the years. Besides traditional investors coming from neighboring states like Greece and Italy, Albania has sought to attract foreign direct investments from other countries, primarily concentrated in oil extraction, energy, telecommunications, banking, the textile industry, call centers, etc.

In the context of important political, economic, and trade relations, concerning bilateral agreements for economic and technical cooperation, Albania has signed over 42 agreements or memorandums of economic and technical collaboration with various countries such as Saudi Arabia, Argentina, Austria, Belgium, Greece, Hungary, Israel, Japan, Qatar, China,

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<sup>30</sup> <http://punetejashtme.gov.al/diplomacia-ekonomike/>

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<https://www.bankofalbania.org/?crd=0,8,1,8,0,17027&cuni=20181001205451791061269413921792&ln=1&mode=alone>

Croatia, South Korea, Kuwait, Libya, Romania, Russia, Serbia, Slovenia, Slovakia, Sweden, Turkey, Ukraine, Uruguay, the USA, and Switzerland. Albania has approved and signed several Agreements and Memorandums of Economic and Technical Cooperation, specifically: The Memorandum "On Economic Cooperation" between the Ministry of Finance and Economy of the Republic of Albania and the Ministry of Economic Development of the Republic of Italy, approved, signed, and entered into force on 19.02.2018; The Protocol of the Economic Cooperation Commission Albania-Czech Republic, approved, signed, and entered into force on February 22, 2018; Agreement between the Council of Ministers of the Republic of Albania and the Federal Government of the Federal Republic of Germany for the technical cooperation project "Sustainable economic development and regional cooperation, promotion of employment and financing of VET - part II," ratified by Law No. 11/2018 and approved on March 5, 2018; The Protocol of the Joint Intergovernmental Commission "For Economic Cooperation" Austria-Albania, approved, signed, and entered into force on April 11, 2018; The Protocol of the Joint Intergovernmental Commission "For Economic Cooperation" Albania-Croatia, approved, signed, and entered into force on May 15, 2018; The Protocol of the Joint Committee for Economic, Scientific, Technical Cooperation Albania-Romania, approved, signed, and entered into force on November 9, 2018; The Agreement "On Economic Cooperation" between the Council of Ministers of the Republic

of Albania and the Council of Ministers of Bosnia-Herzegovina, approved by Decision of the Council of Ministers No. 373 dated 31.12.2018<sup>32</sup>.

Furthermore, Albania has concluded 45 bilateral investment agreements (BITs), of which 23 have been signed with EU Member States. The countries with which Albania has signed agreements for the promotion and reciprocal protection of investments are Austria, Azerbaijan, BLEU (Belgium-Luxembourg Economic Union), Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus, the Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Israel, Italy, Korea, Kuwait, Lithuania, North Macedonia, Malaysia, Malta, Moldova, the Netherlands, Poland, Portugal, Qatar, Romania, the Russian Federation, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, the United Kingdom, and the United States of America<sup>33</sup>. European countries accounted for 94% of total exports in 2020. Italy is the main destination for exports, followed by Kosovo, Spain, Germany, Greece, and North Macedonia<sup>34</sup>.

To promote economic development, fruitful interstate relations, and regional stability, Albania has contributed to the enhancement of cooperation and strengthening of good neighborly relations with countries in the region. This effort is supported by the principles of the country's foreign policy as well as Albania's European journey, reflected in the joint

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<sup>32</sup> NATIONAL PLAN FOR EUROPEAN INTERGATION [Plani Kombëtar për Integrimin Evropian 2019-2021], at: <https://integrimi-ne-be.punetejashme.gov.al/wp-content/uploads/2020/04/PKIE-2019-2021.pdf> , pp. 465, accessed on 03/06/2021, at 19:10.

<sup>33</sup> Ibidem, 465.

<sup>34</sup> Republika e Shqipërisë, Ministria e Financave dhe Ekonomisë, *Strategjia e Zhvillimit të Biznesit dhe Investimeve 2021-2027*, Tiranë, May 2021, 25.

endeavor of the Western Balkan countries for integration into the European Union. Albania has developed its regional economic diplomacy by supporting the multi-year action plan for a regional economic area in the Western Balkans, as well as the Regional Investment Reform Agenda, with investment policies based on EU standards and best international practices. In this context, Albania has aligned its domestic legislation with that of the EU, by its commitments to this organization. Negotiations for EU membership require the harmonization of the legal and regulatory framework. EU membership means opening up to new markets and facilitating trade. More than 90% of Albanian products already enter the European market without customs duties. Additionally, Albania has Free Trade Agreements with EFTA countries (Iceland, Liechtenstein, Norway, and Switzerland) and Turkey, and operates under the Generalized System of Preferences with the USA, Australia, Japan, New Zealand, the Russian Federation, Belarus, and Kazakhstan.

Trade in goods and services in 2019 constituted 77% of GDP, and the overall volume of trade has steadily increased in recent years. However, Albania exports less than most countries in the region, with exports of goods and services constituting 31.6% of GDP compared to 40.1% in Bosnia and Herzegovina, 43.7% in Montenegro, 51.0% in Serbia, and 62.3% in North Macedonia.

The Draft Multiannual Action Plan for a Regional Economic Area in the Western Balkans<sup>35</sup> was developed at the request of the six Prime Ministers of the Western Balkans to prepare a “proposal for a common approach to further economic cooperation in the Western Balkans” in the context of the Berlin Process and the Trieste Summit. The MAP outlines a structured agenda for regional economic integration along the lines proposed by the Leaders’ Meeting, specifically: promoting further trade integration, introducing a dynamic regional investment space, facilitating regional mobility, and creating a digital integration agenda. The MAP stems from commitments made under the Central European Free Trade Agreement (CEFTA) and the Southeast Europe 2020 Strategy (SEE2020) and is based on CEFTA and EU rules and principles, as reflected in the Stabilization and Association Agreements (SAA). The plan envisions the implementation of measures at all levels during the period 2017 to 2020 (with some measures extending to 2023).

The implementation of the measures listed here aims to finalize a Regional Economic Area in the Western Balkans 6, based on CEFTA rules and in line with the EU. This will enable the free movement of goods, services, capital, and highly skilled labor, making the region more attractive for investment and trade, accelerating convergence with the EU, and bringing prosperity to all its citizens. The Regional Economic Area is based on the

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<sup>35</sup> [https://www.rcc.int/priority\\_areas/39/multi-annual-action-plan-for-a-regional-economic-area-in-the-western-balkans--map#:~:text=03%20JUL%202018-.The%20Multi%2Dannual%20Action%20Plan%20\(MAP\)%20for%20a%20Regional,the%20potentials%20for%20growth%2C%20create](https://www.rcc.int/priority_areas/39/multi-annual-action-plan-for-a-regional-economic-area-in-the-western-balkans--map#:~:text=03%20JUL%202018-.The%20Multi%2Dannual%20Action%20Plan%20(MAP)%20for%20a%20Regional,the%20potentials%20for%20growth%2C%20create)



principles of non-discrimination, creating a level playing field for all within the region.

On the other hand, the Regional Investment Reform Agenda<sup>36</sup> outlines the path for creating a dynamic investment space in the Western Balkans according to the MAP REA, in the context of the Southeast Europe 2020 Strategy and the CEFTA legal framework and in line with the individual economies' SAAs. The agenda prioritizes the private sector at its core while recognizing the individual development priorities of the six Western Balkan economies. In line with these dual objectives, the agenda focuses on key investment policy areas and related policies that are most important for the private sector and the region's governments. It guarantees a comprehensive framework for achieving greater harmonization of investment policies in the Western Balkan economies with EU standards and best international practices, focusing on a series of targeted reforms that are politically feasible, economically necessary, and capable of generating tangible results in the near term.

The Regional Investment Reform Agenda aims to contribute to and add value to individual efforts undertaken by the region's economies for investment reform. The agenda takes into account the different starting points for reform and implementation capacities across the region's economies, as well as the different stages of the EU integration process. To support the effective implementation of the reform agenda, tailored

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<sup>36</sup> <http://punetejashtme.gov.al/wp-content/uploads/2018/08/seeic-ministerial-statement-final-11-may-2018.pdf>.

approaches will be developed to address the range of constraints faced by the region's economies, including knowledge exchange, learning, knowledge-sharing activities, targeted capacity building, institutional development support, and drawing necessary guidance from best practices to achieve the reforms.

The Regional Investment Reform Agenda will ensure transparent and fair competition among economies by mitigating “unfair competition,” while not hindering the interests of the Western Balkan economies. The ultimate goal of the agenda is to improve the situation to make the region more attractive for foreign and inter-regional business and thereby facilitate greater absorption of investments and generate entrepreneurial activity, trade, and consequently, jobs. The Regional Investment Reform Agenda was adopted by the Ministers of Economy of the 6 Western Balkan countries with a Joint Declaration in May 2018, in Bar, Montenegro.

Albania's multilateral economic diplomacy is conducted within the framework of international economic and financial organizations where it is a member, such as the World Trade Organization, the World Bank, the International Monetary Fund, and various United Nations agencies, etc. Since 2000, Albania has been a member of the World Trade Organization, and consequently, the country's trade policies follow the principles and rules of this organization.

In the aspect of implementing multilateral diplomacy, Albania has shown its utmost commitment to achieving one of humanity's greatest challenges embodied in the Millennium Development Goals (MDGs). With the dawn

of the new Millennium, Albania was one of the states that adopted the Millennium Declaration (September 2000) and agreed to meet the Goals within the timeframes set in the Declaration. Throughout the period set for achieving the goals, Albania prepared and submitted five National Reports on the country's achievements. A sixth report was prepared by the United Nations Development Programme (UNDP Albania). Albania was the country that, through a resolution adopted in the country's Parliament, added a Goal to achieve, namely the establishment and strengthening of good governance.

In 2003, the Albanian Parliament adopted the resolution supporting the Millennium Declaration. Taking 2002 as a reference year, Albania made significant progress towards achieving and fulfilling the Millennium Development Goals. All of Albania's efforts were also within the framework of the country's integration process into the European Union as well as the National Strategy for Development and Integration, which included sectoral strategies at the national and regional levels.

In summary, we can say that by 2015, when the timeframe for achieving the Goals was marked, Albania had met expectations for reducing child mortality (MDG 4), improving maternal health (MDG 5), and combating HIV/AIDS and tuberculosis (MDG 6). Significant progress was also made in achieving the goals for ensuring sustainable environmental development (MDG 7), while satisfactory results were recorded in reducing extreme poverty (MDG 1), ensuring high-quality universal education (MDG 2), and promoting gender equality and empowering

women (MDG 3). Less progress was made in addressing the challenges of developing a global partnership for development (MDG 8) and improving governance for all citizens, especially for marginalized groups. Thus, it can be said that Albania met the targets for five goals and was very close to achieving four others, although it did not meet the targets for ten goals out of the twenty-two set under the nine objectives for each Millennium Development Goal<sup>37</sup>.

To summarize, it should be emphasized that the implementation of the framework for economic diplomacy by small countries is quite different from that of large countries. Here too, economic diplomacy comprises a variety of tools for exercising foreign policy and must be in sync with the main strategic objectives of the state exercising it to be successful. However, the lack of significant influence and dependency on resources highlights the need for finding specific methods and processes for decision-making, negotiations, and careful diplomatic maneuvers. For countries like Albania, the only viable path is integration into larger markets. This can only happen through the creation of regional common markets and integration into the European Union. Based on this, small countries, like Albania, which constitute the majority of the world's countries today; since the executive activity of economic diplomacy largely depends on the activity of the governing body; to successfully economic

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<sup>37</sup> Millennium Development Goals Albania 2000-2015 Report, at <http://www.globalamalen.se/wp-content/uploads/2016/05/From-MDGs-to-SDGs-Lessons-of-15-years-of-practice.pdf>, 8, accessed on 02/06/2021,15:41.

diplomacy, must take a careful approach to face the challenges and be dedicated to:

1. Harmonizing political objectives with economic ones;
2. Harmonizing political methods with economic methods;
3. Fully committing to EU membership;
4. How governments internally form a unified position;
5. How governments approach the demand for democratic legality, control, and transparency from voters to achieve the best balance between results and accountability for the positions they support and the actions they undertake;
6. How governments interact with the market and business;
7. How governments respond to the demands of non-governmental organizations and various pressure groups from society at large;
8. Selecting the right model for the country's economic development, based on the real capabilities of the Albanian economy;
9. Continuously supporting policies aimed at sustainable export growth;
10. Digitizing administrative procedures to facilitate foreign investment processes;
11. Creating structures for the education and specialization of the new workforce according to contemporary demands;
12. Creating policies for the development of a competitive and attractive environment for foreign investors;

13. Supporting and developing green policies.

#### **1.4 Conclusion**

Economic and trade diplomacy have undergone significant transformations since the end of the Cold War, adapting to the new realities of a globalized world characterized by increased interdependence among states. The rise of economic interdependence has blurred the lines between national and international policies, necessitating a more complex and multifaceted approach to economic diplomacy. This evolution has included a wider array of actors, from governmental bodies to multinational companies and non-governmental organizations, all of which play a crucial role in shaping economic policies and international relations.

The end of the Cold War marked a shift from a bipolar world where economic aid was used as a political tool to a more complex international environment. The emergence of new independent states and the rapid pace of globalization introduced new challenges and opportunities for economic diplomacy. Issues such as poverty, economic deprivation, and the root causes of terrorism have become central to economic diplomacy, emphasizing the need for sustainable development and international cooperation.

Trade diplomacy, a critical component of economic diplomacy, has historically been a driving force in fostering international relations. The development of trade has not only been a primary reason for conflicts and negotiations but also a crucial motive for cooperation among states. In the modern context, trade diplomacy aims to increase a country's exports, promote international business, and attract foreign investments. It involves a wide range of activities, including market research, export assistance, and the promotion of science and technology.

The role of economic and trade diplomacy has become increasingly important as states prioritize economic security alongside national security. Effective trade diplomacy requires the involvement of senior state leaders, cooperation between different government departments, and the active participation of businesses. The challenges of globalization and expanded competition necessitate a reevaluation of traditional diplomatic strategies, emphasizing the need for more integrated and coordinated approaches.

In conclusion, economic and trade diplomacy are essential tools for promoting regional cooperation and addressing global challenges. By fostering international trade, attracting investments, and supporting sustainable development, these forms of diplomacy contribute to economic growth, political stability, and improved international relations. The dynamic and multifaceted nature of economic diplomacy reflects the interconnectedness of today's world, where economic policies and

diplomatic efforts are crucial for achieving long-term global stability and prosperity.