

## **TRANSFORMATION OF ECONOMIC DIPLOMACY ROLE IN THE 21st CENTURY**

There can be no dispute the fact, that effective economic diplomacy helps to avoid global conflicts. Transformation of view on economic diplomacy as on the non-military tools for conflict management and prevention (including ‘preventive diplomacy’ and ‘mediation’) defines it broader political context.

In J.S. Nielsen’s article economic diplomacy is regarded as “policy decisions aiming at promoting business interests for both state and non-state actors through governmental channels. All government agencies that have economic mandates and operate internationally are players in economic diplomacy. Likewise, non-state actors that are engaged in economic activities internationally are also players in economic diplomacy” [1]. It should be noted this definition does not completely reveal its essence. Economic diplomats promote not only business interests, but national interest, in particular, foreign policy goals of country in the international arena, peaceful resolving of conflicts and ways in finding of increasing partners and many other mechanisms to avoiding conflicts.

In researches of Lyashenko O.M. and Boyko Z.M. [2] economic diplomacy is considered as an effective instrument in international economic relations for the systematic promotion of national economic interests countries in overseas markets. Other scientists, in particular [3], adhere to the same position highlighting two levels of economic diplomacy: macroeconomic and microeconomic.

Such scientists as Lyashenko O. and Boyko Z. (2010) [2], Chaziza M. (2019) [4], Baranowski S., Covert L., Gordon B., Jobs R., Noack, C., Rosenbaum A., Scott B. (2019) [5], Desmidt, S. (2019) [6] insist on economic diplomacy role not only as the tool of economic security in foreign economic relations, but effective way of carrying on foreign political issues, especially if traditional diplomatical channels are unreliable. According to Chaziza M. (2019) economic diplomacy has a more flexible and pragmatic interpretive approach [4]. Particularly, Desmidt S. (2019) [6] claims, that economic diplomacy is the tool to promote peace and security across the African continent.

The economic diplomacy role is so undervalued now, when countries neglect trade laws, use illegal schemes in the international trade, including shadows economy. It means that economic diplomacy has not enough influence on eliminating all current problems.

As the instruments and methods of modern economic diplomacy traditional negotiations and lobbying national interests on the global level are often used. They are aimed to reach foreign policy goals, find new partners, gain benefits for country and provide new opportunities for development. Despite that fact that there is high competitiveness among corporations, countries, factories, enterprises in the modern world, diplomacy helps to regulate a balance between states in the form of equilibrium.

It should be noted that there are 5 main problems in modern economic diplomacy:

- autarky (countries with closed type of economy, such as Bhutan, North Korea, threatening the nuclear weapon). and ideas, which do not go out abroad;
- different develop level of countries, defining the leader of in advanced. It means that more powerful country uses its own position in order to influence the less successful one. In practice, less competitive state is inferior to more powerful state and as the result it gets less benefit;
- difficulty of implementing international legislation in national legal frameworks;

–threats of safety for countries and diplomats. History demonstrates that countries are not insured from the aggression of other states and it is so difficult to achieve equilibrium in the world;

–noncompliance of international agreements and memorandums.

The main advantage of modern economic diplomacy is opportunity to broke borders between countries. Diplomacy is becoming more important for cooperatnions and resolving conflicts between countries.

Today, the following key factors that will influence the development of economic diplomacy in the coming years can be distinguished [2, 7, 8]:

- accelerating scientific and technological progress. Global informatization and computerization dramatically facilitates the possibility of obtaining commercial, general economic, special information;
- global changes in the environment. Tools for solving environmental problems can be found at the expense of peripheral countries, which will lead to even greater inequality between the center and periphery, and inevitably cause a decline in living standards;
- growth and constant movement of the population. The massive migration of the "periphery" to the "center" causes a repressive reaction, resulting in economic and social problems;
- increasing the gap between poor and rich countries;
- the growth of the economic interdependence between countries will inevitably lead to unification of the norms of law, cultural values

Thus, modern economic diplomacy is one of the biggest mechanism to control international relations between countries. Well-build strategy of economic diplomacy is opportunity for countries to increase export and investments, develop tourism and improve logistics system, etc.

#### **References:**

1. <https://www.communication-director.com/issues/power-economic-diplomacy>
2. Ляшенко О.М. Економічна дипломатія як складова гарантування безпеки країни [Електронний ресурс]. / Ляшенко О.М., Бойко З.М. // Стратегічні пріоритети. – 2010. – №2. – Режим доступу: <http://sp.niss.gov.ua/content/articles/files/12-1442831202.pdf>
3. Иванов И. Хозяйственные интересы России и ее экономическая дипломатия / И. Д. Иванов. – М.: Российская политическая энциклопедия, 2001. – 318 с.
4. Chaziza, M. (2019). *China's Economic Diplomacy Approach in the Middle East Conflicts*. *China Report*. Volume 55, Issue 1, Pages 24-39.
5. Baranowski, S., Covert, L.P., Gordon, B.M., Jobs, R.I., Noack, C., Rosenbaum, A.T., Scott, B.C. (2019). *Discussion: tourism and diplomacy*. *Journal of Tourism History*.
6. Desmidt, S. (2019). *Conflict management and prevention under the African Peace and Security Architecture (APSA) of the African Union*. *Africa Journal of Management*. Volume 5, Issue 1, 2 January 2019, Pages 79-97
7. Pearson Charles S. *Economics and The Global Environment*. Cambridge University Press. Cambridge, 2000. – 264 p.
8. Markandya, Anil. *Environmental Economics for Sustainable Growth: A Handbook for Practitioners* / Anil Markandya, Patrice Harou, Bellu Lorenzo Giovanni, Vito Cistulli // Cheltenham, UK.: Edward Elgar Publishing Limited, 2002