

ECONOMIC DIPLOMACY DURING THE PERIOD OF ECONOMIC TRANSFORMATIONS

Tatul MANASERYAN

Doctor of Economic Sciences, Professor

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Introduction

The purpose of our study is to identify the relationship between the basic principles of economic diplomacy and modern trends in economic globalization, especially in post-Soviet countries (using Armenia as an example). In our opinion, the effectiveness of the second-generation economic reforms carried out in the Republic of Armenia is closely related to the state's ability to adequately respond to both internal and external challenges. If the impact of internal problems can be mainly assessed using indicators and variables in the field of economic threats and identify the appropriate level and potential of economic security, then the need to reduce and neutralize external economic threats requires a clear focus and program of economic diplomacy.

Methodology

It is obvious that the meaning, forms and methods of economic diplomacy vary from country to country depending on the level of economic development [Saner & Yiu, 2021, 10]. At the same time, almost every state in the modern dynamically developing world pays close attention to the role of economic interests in political processes, to the trends and patterns observed in the development of international economic relations, as well as to identifying a new role for the state in regulating foreign economic relations. Therefore, it is necessary to develop both applied and theoretical methods and approaches that can be used in economic diplomacy, thereby explaining possible changes in relation to shifts in the relevant directions. Meanwhile, one cannot overlook the issues of the effectiveness of the participation of economic agents, the problems of ensuring favorable conditions with the use of traditional and alternative methods used by the government to solve problems, taking into account the specifics of diplomatic approaches in international economic relations.

Literature review

Ensuring economic growth and human development, as most international experts claim, as well as issues of economic diplomacy are closely linked to economic security and its strategies in the country [Moons et al., 2009, 37-54]; [Kapitsa et al., 2010, 62-63]. Taking into account the fact that traditional threats to economic security are supplemented by new ones day after day [Glazyev, 1997; Glazyev, 1998], the role of economic diplomacy is obviously increasing in neutralizing threats to the country's economic security (ensu-

ring conditions for fair competition, unlimited access to products from other countries, raw materials and other markets, joint programs for the use of the world's oceans and space, safety of international transportation, prevention of natural disasters, support for the Republic of Armenia in integrating into global economic processes, enhancing its political and economic image, etc.). In general, economic security indicators have maximum values, and if they are exceeded, they become threats.

Currently, the most important problems facing the economy are the chronic budget deficit, balance of payments and trade. Thus, there is no doubt that it is necessary to create favorable conditions for the development of trade and export through economic diplomacy [Glasser, 2012]. In particular, it is the role of foreign bilateral and multilateral trade that is of decisive importance in economic development. At the same time, it is possible to significantly strengthen the position of a country through effective foreign trade in both the field of international and multilateral economic cooperation, which, in turn, can become a reality through consistent and joint efforts of highly qualified, competent and professional agents in international relations. Naturally, the main efforts should be directed to multilateral and bilateral negotiations, the goals and main directions of which depend on the draft trade agreements proposed by other, opposing parties, which protect the positions and views of individual or groups of states.

Scientific novelty

In this article, an attempt is made to justify the role of economic diplomacy both locally and internationally. While most of the experts concentrate more on economic diplomacy as an external tool to be used for the foreign trade, foreign investments, etc., we focus also on its role in local markets. It will not be an exaggeration to state that economic diplomacy currently provides Armenia with additional opportunities to more actively set strategic goals from a new perspective and to select the most important priority tasks and effective methods for their solution. Foreign economic policy can be more effective, given the ongoing socio-economic reforms, if the role of the state is reconsidered the content, goals and principles of foreign economic policy, which are being revised in one way or another.

Analysis

Under the current circumstances, it is especially important to develop a conceptual framework for economic diplomacy, taking into account the deepening process of economic globalization, when the expected impact of the latter on the state of the national economy in different ways forces politicians to look for ways to stabilize the situation and effectively respond to possible new trends in the future. It is expected that, after the ‘‘velvet revolution’’ in Armenia, both senior government officials and the economic elite of Armenia will set more specific tasks for the development and formulation of priorities for

economic diplomacy that promotes economic development, as well as for the education and training of competent specialists for the relevant government agencies.

It should be noted that the dynamic development of the world economy directly affects the forms, methods, instruments and principles of economic diplomacy, expanding the circle of influence and involving new players in diplomacy. At present, the most important subjects of economic diplomacy are not only states and international organizations, but also regional economic and financial organizations, specialized institutions, private companies and non-governmental organizations (chambers of commerce and business unions), other legal entities and individuals, the number of which is constantly growing. Not only the developed and applied instruments and policies have changed significantly, but also the modern methods used in economic diplomacy. They are more often used and improved during bilateral and multilateral negotiations [Juma, 2013, 76].

The above-mentioned tools and methods were especially actively used by the Republic of Armenia in the period preceding Armenia's accession to the World Trade Organization (WTO), when questions arose about the compliance of the economic and state system with WTO requirements and prospects for mutually beneficial trade and cooperation with other WTO member states, while the issues were discussed in bilateral and multilateral formats. It is worth noting that since 2003, when Armenia joined the WTO, the number of existing challenges in relation to economic diplomacy has been constantly increasing. In addition to international financial and economic organizations, Armenia is currently forced to clarify the main areas of foreign economic cooperation with regional economic and political structures. The most difficult situation has arisen in recent years within the framework of economic cooperation with the EAEU and the EU, mainly taking into account the conditions put forward by the mutually exclusive provisions of the latter. In this case, the possibility of effectively choosing the foreign economic development vector using Armenia's economic diplomacy may be limited without the participation of a third party or the coordination and convergence of the above-mentioned provisions, tariffs and principles between the EAEU and the EU. One of the ambiguities in this political and economic puzzle is that the majority of post-soviet countries facing the choice between the EAEU and the EU, including Armenia, are WTO member countries, which basically provides an additional opportunity to apply international standards and principles. As a rule, half of the post-Soviet countries are WTO members, which in principle can facilitate the application of any format of economic integration with the same international standards in the region. As for bilateral and multilateral procedures and principles, they are developed and applied by the UN, WB, IMF, WTO and other international institutions. Moreover, they are enriched due to the direct influence of new trends and events observed in the global economy. In this regard, the functions of the WTO, the main agreements on mandatory ratification by member countries, the principles and mechanisms of protection are applied in the rules of international trade [www.wto.org]. Before

the establishment of the WTO, such activities were carried out within the framework of the General Agreement on Tariffs and Trade (GATT), which mainly played an important role both in the formation of the international trade regime and in clarifying the roles of its main participants, in the formation of an effective institutional structure, organizational components, principles and conditions of participation, and in improving the dispute settlement mechanism [World Investment Report, 1999-2012, 6]. The successful solution of these problems follows from the multilateral negotiations on a new round of GATT (Doha Development Round). At this stage, in particular, the conditions and procedures for membership in the WTO were clarified. As for Armenia's accession to the WTO, the purpose and issues of this process were discussed in detail during the negotiations through a special working group, through bilateral and multilateral consultations through economic diplomacy channels, which, in turn, determine the main results. All this was recorded at successive stages of the negotiations.

There is no consensus on the special restrictions imposed on monopolies through government intervention, the application of antitrust laws and the need to apply these laws in a market economy, when capital is highly concentrated. Based on our observations of recent trends in intervention related to legislative changes in the world economy, state regulation, without exception, tends to increase. The solution of the above-mentioned problems is equally important for both the regulation of domestic economic relations and for the assessment, interpretation of trends in international trade in order to rely on them in the interests of the created economic system and solve it with the help of economic diplomacy. Meanwhile, all this helps to choose the most realistic methods of solving and achieving the goals of economic policy with the support of the government. It should be noted that the role of diplomacy aimed at the development of the state is considered as a tool for ensuring that foreign policy and economic interests are taken into account, which is mainly related to the structure, size, dynamics and geographical location and the place where support is directed, political and economic measures of influence. Development issues have always been considered by special conferences organized in different formats, in particular, taking into account the priorities and favorable conditions for development assistance, the rules of decision-making and negotiations, the role of international institutions in mobilizing and coordinating donors, strategic partners and business. Recently, special attention to the role of economic diplomacy development has been paid by the G-7, G-20, UN global conferences and the UN General Assembly, the International Bank for Reconstruction and Development, World Bank institutions, regional banks (Asian Development Bank, African Development Bank, Inter-American Development Bank, European Bank for Reconstruction and Development), UN Special Organizations and Funds, USAID, Canadian International Development Agency and others.

Today, the most important issue for Armenia are long-term trade agreements on leading science-intensive sectors with export potential, as well as on issues of export of agricul-

tural products and services. It is especially important to increase the resources allocated to science, which can be solved with the help of not only domestic but also external financing. But now, as we know, these resources are not enough. In fact, diplomatic support in bilateral and multilateral negotiations plays a significant role, mainly in international negotiations for formulating the position of the national delegation, as well as for mobilizing the assistance of potential partners, achieving consensus or compromise to develop solutions on key issues and ensuring the participation of interested national economic agents. Economic diplomacy plays an important role in providing information and analytical support to government agencies and in reliably and comprehensively informing the public about the negotiation process on specific priority issues of the country [Economic Club, 2011; MacLeod, 2012]. Economic diplomacy support is also more in demand in investment activities. In particular, in the context of foreign direct investment and portfolio investment, diplomatic support is expected to properly provide opportunities for preferential investment regimes and other relevant measures. In recent years, bilateral and regional investment agreements on ensuring a favorable investment environment have gained particular importance.

At the same time, the components of investment agreements and investment regimes based on the most favorable, reasonable and effective principles of national interests are more effective. With the help of these principles, it is possible to single out, in particular, international investment programs initiated by transnational organizations, and these programs may not always be equally useful and effective for these companies and for the host countries. This, in turn, suggests that it is better not to depend on and not to wait for investments to come from abroad, but to develop a proactive position, use diplomatic methods to attract new foreign investments. These include organizing a forum for foreign investments not only in a specific country, but also in countries with more realistic expectations; ensuring favorable conditions for national investments in host countries, coordinating national investment activities by embassies in host countries, etc. Particular attention in the investment process should also be paid to the relevant information and analytical activities, providing legal advice and assistance to investment projects, etc. At the same time, in our opinion, of great importance is the promotion of local investments, lobbying for special programs of interstate significance, easing political pressure in the investment climate and forming attractive mechanisms for domestic investors. No less important for local investors is assistance in participating in investment tenders in foreign countries, which is considered one of the main functions of diplomacy [Bose, 2013, 27].

Conclusion

Thus, the main goal of economic diplomacy is to strengthen professional assistance to national development and active policy. In particular, for development purposes, it is important to meet the needs of the economy for additional financial resources, including attracting external financial resources (both public and private). In this sense, issues

related to the effective use of attracted financial resources to ensure the development of the country are of vital importance. Among these issues, the following stand out: debt management, debt reduction, development of an effective debt structure and issues related to growth dynamics. Despite the government's policy on providing forms and rules for the conditions of financial resources, international financial organizations, UNDP, specialized UN agencies and other countries also regularly address the problems of servicing external and domestic debt. Various national organizations, as well as unions of donor countries and other organizations carry out functions to provide development assistance, so they combine their efforts leading to the solution of the same problems by different parties. In our country, these functions are carried out by the Development Fund of Armenia, the performance of which is far from perfect. Referring to the practices used and adopted in economic diplomacy by individual countries and regional groups, it should be noted that the goals, objectives, instruments and methods used in economic diplomacy by Western developed countries sometimes differ from those used by developing countries and countries with economies in transition. For example, some experts argue [Roche, 2012] that US economic diplomacy is based on the "economic expansion" scenario, while the "conservative" version is specific to UK economic diplomacy, and Germany's economic diplomacy is characterized by a more "flexible" approach. While developing countries are trying to adopt the goals and objectives characteristic of developed countries' economic diplomacy and use the most effective tools, there are significant differences in the methods used, taking into account the specifics of each country. In the case of China, economic diplomacy is closely linked to the "big numbers" effect and the use of the potential of the Chinese diaspora [Bijian, 2005; Glaser, 2012]. India's economic diplomacy stands out as a system of concepts and advantages that support the development of information technology, pharmaceuticals and agriculture. South Korea's economic diplomacy is also the subject of special analysis, which has managed to promote a more effective use of the country's competitive advantages in a relatively short period of time. Finally, the "Collective Group" variant of developing countries' economic diplomacy is not a unique phenomenon (Group of 77). A number of countries promote their economic interests not separately, but together, sometimes preferring to create strategic alliances. The most popular of these is the economic diplomacy of commodity exporting countries, such as OPEC, the Organization of the Petroleum Exporting Countries, which has allowed them to not only unite and protect the interests of these countries, but also, in a sense, to shape and control prices on the world oil market. Regional economic diplomacy is becoming increasingly common. This usually occurs in the case of regional groupings; for example, the North American Free Trade Area, the Association of Southeast Asian Nations, the Customs Union and the economic diplomacy of the European Union have a "continental" context of cooperation. It has become a common policy, including the global strategy of the European Union towards third countries [Van Ber-

geij, 2009, 127]. The latter has several forms of expression and forms of cooperation: "EU enlargement", "European Neighbourhood Policy", "Good Neighbourhood Agreements", "Stability and Growth Pact", "Common Economic Space", "Eastern Partnership", which necessarily require instruments, standards, harmonization of rules and procedures, liberalization and development of trade, convergence of investment regimes, economic and technical assistance. It is also important to take into account the forms of unification in economic diplomacy, especially in the context of terms that are dynamically developing between developed and developing countries, and also require the development of mechanisms for a common approach [De la Carrière, 2018, 201], which should be adopted by donor countries and organizations in cooperation with developing countries. This has made it possible to create the Paris Club and the Transatlantic Partnership in recent years, and to apply the principles of the Washington Consensus. Moreover, for this purpose they rely on the "club of developed countries", consultations with the Organization for Economic Cooperation and Development (OECD), new negotiating tactics, and the use of economic incentives and political pressure. The Eurasian Economic Union can be considered a kind of format for Armenia, which allows it to consider new forms of regional economic integration and benefit from new opportunities.

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Tatul MANASERYAN

Economic diplomacy during the period of economic transformations

Key words: economic diplomacy, economic transformations, competitiveness, globalization, regionalization, the role of the state

The increasing role of economic diplomacy is mainly associated with the problems of economic globalization and regionalization, as well as with new emerging conditions and opportunities for the national economy, which in turn requires real strategic rules for partnership between the state and business in the field of trade. Meanwhile, the goals and objectives of globally changing regimes require new approaches to managing processes and concepts based on these approaches. In all this, public diplomacy is called upon to play a decisive role, which in an informal and friendly environment allows to focus on comparing the interests of different nations and benefit from the prospects for the effective use of competitive advantages, as international experience shows, public diplomacy, in turn, can be more effective if it is implemented by specific and targeted groups through the active participation of large enterprises, small and medium-sized businesses, scientists, artists and representatives of other sectors.