



Innovative Approaches in International Relations: Promotion of Economic Diplomacy as an Instrument of Economic Development: An Analysis

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Abstract

An attempt is made in this paper to analyze the innovative approaches in international relations – promotion of economic diplomacy as an instrument of economic development. This paper covered various diplomacy aspects and found that India has engaged in economic diplomacy primarily through the use of trade and aid. Further it explained various promotions by the international relations and concluded that Economic diplomacy can be used to generate and increase economic security has become a tested method and several countries all over the globe are initiating drives towards adoption of this policy

Key words: Economic Diplomacy, innovation, promotions, liberalization, globalization, development

1. Introduction

Diplomacy is a technique to uphold excellent affiliation among different states, to negotiate divergence & conflict or to facilitate additional good commodore relationship. We come across several instances of use of diplomacy to preserve & protect

divergent economic situations. Use of diplomats to achieve mutual interest started from ancient India. Various forms of diplomacy in ancient India were used as a tool of achieving good economic relationship. Previously a group of negotiators recognized as diplomats were sent to a particular Nation or region with a specific task



of negotiating. They used to discuss & parley about a particular issue with their counterpart in several rounds. This was called as informal diplomacy.

But today use of diplomatic mission is more acknowledged around the world Diplomats are appointed in embassy offices & embassies are a highly grown up bureaucracy. They reside in the country with which they have to maintain good relations along with their paraphernalia. They will attend all issues connected with mutual cooperation & assistance. This is called as formal diplomacy.

But these days with the rise of global economic liberalization the international relations has taken up a modified role acting as an economic promoter as well. The political aspects of international relations have taken a back seat & economic advocacy has come to the fore front. Priorities have changed; Nations have adopted Economic diplomacy as a device of promoting international relations. Economic diplomacy is the use of the full spectrum economic tools of the state to achieve its national interest (Balachandran, 2005). Economic diplomacy includes all the economic activities, including

export, import, investment, lending, aid, free trade agreements, tourism, Marketing, currency etc (Moons, 2009).

2. Classification of diplomacy

We can classify diplomacy based on these objectives and nature of tasks like

- ✓ Conciliatory & pacifying moves
- ✓ Peace Keeping & peace maintenance
- ✓ Negotiating for monetary & fiscal gains
- ✓ Avoiding Hostilities
- ✓ Envisaging Partnership In Economic Development,
- ✓ Cultural Exchange,
- ✓ Environment & Eco management
- ✓ Human Rights Issues.
- ✓ Tours & Travel
- ✓ Export & Import Policy

From other aspect we are observing aggressors / allies to boycott aggressors, soft power diplomacy based of relationship and respect, gun board / military power



diplomacy, public diplomacy and nuclear diplomacy in practice Srinivasan, T.N. (2002). From all the above types and forms of diplomacy we would like to discuss with the economic diplomacy and how it can be used as a tool of economic development. Several under developed countries around the world are suffering from scarcity of resources, over pressure from population growth, unemployment, extreme poverty etc (Van Bergeij, Peter A. G 2009). Existing internal resources are not enough for developing these nations by themselves Datt, Sundharam, K.P.M. (2009). But without further economic development it is impossible to ensure basic needs of human life such as food, cloths, shelter, education and health care Srinivasan, T.N. (2002).

The objective of foreign policy may be shifted from existing "is to develop and maintain friendly relations with other States and foster cooperation with developed, developing and least developed countries, and various regional, sub-regional, political and economic groups" is to develop and maintain friendly economic / trade relations with other States and foster

cooperation with trade, commerce and manpower placement to developed, developing and least developed countries, and various regional, sub-regional, political and economic groups"

India has engaged in economic diplomacy primarily through the use of trade and aid Achs, D(2002). For example, in order to build a stronger, more stable relationship with Bangladesh, India granted it an \$800 million soft loan, and provided \$200 million in aid. India set up a development wing in its government in January 2012 (Panagariya, Arvind (2008). The Development Partners Administration (DPA) is a primary way India uses economic diplomacy, in this case development aid, as a way to engage diplomatically. The DPA is building 50,000 housing units in Sri Lanka, a large transmission line in Puli Khumri, Afghanistan, and extends Lines of Credit projects globally, particularly in Africa. Economic diplomacy and the DPA are very important to Indian foreign policy. As the former Indian foreign secretary Lalit Mansingh stated: "The fact that the DPA division is located in the ministry of external affairs shows it is



in sync with our foreign policy objectives of transforming India into a global player” Roche, Elizabeth (2012). That means the goal would be developing and maintaining friendly economic / trade relations with other states Panagariya, Arvind (2008).

- ✓ It is necessary to deploy trade and business related professionals for better achievement in economic diplomacy.
- ✓ Usually LDC countries use same set of negotiators in every platform. As a result they become hub of everything but master in none Sankaran, S. Indian Economy (1994).
- ✓ Time have to develop different set of negotiators specialized in different field like (1) bilateral trade negotiators, (2) regional trade negotiators, (3) multilateral trade negotiators master in different WTO agreements, (4) separate set of negotiators for negotiating with development partners / donors, (5) trade promoters in the missions in aboard, and (6) supreme council of negotiators for coordinating all these platforms and harmonizing and directing uniformity with the

national foreign policy Roche, Elizabeth(2012).

To get a strategic platform to exploit the coming multilateral regime countries has to priorities country Srinivasan, T.N. (2002).

1. Promotion & branding & trade marking
2. Trade sponsorship,
3. Investment appeals & Investment magnetism,
4. Acquiring Innovative Technology
5. Employing New Technology,
6. Managing enhanced External Economic Assistance

3. Promotion of Foreign Investment

For attracting foreign investment countries needs to project a positive image in abroad (Achs,D) Country Branding would be essential, because without a brand image it would not be easy to get foreign investment(Sankaran). The government should promote the country at abroad, which is a primary action of economic diplomacy. The image of a country affects its trade, global politics, and international relations.



4. Economic Diplomacy

1. To promote to mobilize investment,
2. Promote tourism and better management of national image.

Promotion of Investment Mobilization

Investment mobilization would call for a global presence of the competent companies or internationalization of the local companies.

1. Developing panoramic tourist destinations and improving their infrastructure especially communication & transport amenities to attract foreign tourists would boost the economy. It also generates recurring & enduring employment.
2. For projecting a positive national image abroad, the political leaders have to be responsible about what they say regarding their country. They should know that the world media report what they say. Their statements can and do damage the image of the country. Structuring a fine representation & image building about the country will act as promotional activity in the world media.

3. The ministry of foreign affairs, the embassies and diplomats of the country will be accountable for the projection of a 'correct' image of the country overseas. This will automatically balance the financial arrangements (Achs, D). But their capacity to project a positive country image or change the undue negative perception may be limited. The diplomats abroad have to be proactive rather than reactive. The foreign ministry has to give importance to promote trade and development by organizing trade fairs, participating foreign exhibitions, organizing investors' conferences and holding up B2B dialogues etc. mission abroad should act as facilitators of joint business councils, joint chambers, joint trade facilitator taskforce etc. between the countries (Srinivasan, T.N).

5. Promotion of a National Image

Through a constructive national image, a better promotion of products and services abroad consequently is boosted up and this ameliorates to create a brand image of the products in the consumers' mind Panagariya,



Arvind (2008). This would facilitate better market access, salesmanship, networking and regulatory (customs & procedural) management would facilitate the export of commodities, services and projects. Value creation of products is essential (Sankaran). The missions abroad have to identify the demand for his country products in the host market and facilitate B2B interactions to promote export to that country. Opting for economic diplomacy to magnetize foreign investment would thus become a great political strategy these days (Roche, Elizabeth).

6. Promotion Of Employability

Large unemployed population is a major problem in most of the LDCs. But this burden may be transform into resources if proper arrangement can be done through manpower export. Remittance is one of the main sources of foreign currency in many countries. Population growth of many developed countries is negative (Panagariya, Arvind). Over populated countries could bargain with those countries to send professionals and semi-skilled workers to those markets (Datt, Ruddar; Sundharam). Diplomatic missions in the respective country

has a great job to collect demands for professional / workers and making arrangement of proper placement of native people there. Thus economic diplomacy could increase manpower export as well as foreign remittance earnings of a country.

7. Promotion of Ensuring Proper Education

Ensuring proper education and training up people on latest technical knowhow is also important for proper growth of a country.

- ✓ providing scholarship in higher education
- ✓ short training
- ✓ diploma facilities
- ✓ Orientation programs
- ✓ Organizing international seminars
- ✓ international Short stay programs
- ✓ Cultural exchange programs
- ✓ Inter university study programs
- ✓ Organizing international Entertainment & Cultural study tours
- ✓ Coherent image building articulations



- ✓ Increasing foreign visits
- ✓ Incorporating global language & media devices
- ✓ international Campaigning for best practices
- ✓ submission for hi-tech media coverage of the country's customs

A genuine diplomatic mission can facilitate more representatives in affording these options Panagariya, Arvind (2008). Thus it can play a vital role in technology transfer and up gradation and transfer of latest knowledge .The economy soon after will pick up as it naturally attract technicians globally.

8. Promotion of Technology

Economic diplomacy needs technology for rapid development and industrialization. When TRIPS agreement will come into force on LDCs, then absorbing foreign technology will be costly and difficult to achieve. Before mandatory enforcement the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) LDCs should concentrate on obtaining it (technology) for industrialization.

1. The Business & the Global Economy Directorate

2. Increased Mobilization of the Network Abroad
3. Ministerial Visits With an Economic Dimension
4. Promotion Of country's new Innovation
5. Attracting Foreign Investment to country
6. Mobilizing Soft Power Tools
7. Support For transportation
8. Better Communication With Businesses

9. Promotion of up gradation of Technology

A major problem of LDCs country's product quality is inferior; as a result they failed to compete with superior qualitative products in local or export market. This is because they do not have upgraded technology. So facilitating technology up-gradation may boost up production. There are several international bodies working to facilitate technology transitions and technology up-gradation. Diplomatic assignments to those countries can play a vital role to secure local bodies with those international technology transfer organizations (Panagariya,



Arvind (2008). Stable Supply Of Resources,

1. Energy & Food To Country ,
2. Exportation Of Infrastructure Abroad ,
3. Inbound Tourism Promotion &
4. Promotion Of "Country's Brand"

10. Promotion Of Industrial Infrastructure

Industrialization would need infrastructure development, better value services and other logistics support. All these require money which has to be generated through following methods.

1. Improving Logistic Sustenance
2. Developing Infrastructure
3. Deployment Of Optimum Transport Facilities
4. Expansion Of Communication Amenities
5. Bridging Inter Connectivity With Rails & Roads
6. Deep Sea Port, Sea Port,

7. Extension Of Highways, Sub Ways, National Highways, Express Highways, Corridors ,
8. Expansion Of Industrial Parks
9. Eco Tourism
10. Opening Out Of Amusement Parks
11. Creating Under Water Amusement & Water Sports
12. Organizing A Mega Sporting Event
13. Kicking of Musical Concert
14. Film Award Ceremony
15. Organizing Cricketing Event
16. Hosting Beauty Pageants
17. Hospitality Services
18. Therapeutic & Medicinal Symposia
19. Beginning Pleasure Trips
20. Initiating Cruise Tours
21. Promotion of Pilgrimage destination
22. Encircling with Educational Hub activities
23. Advertizing Musical Operas / Concerts/ live shows



24. Endorsing Musical Nights/ events
 25. Installation Of awards such as Best Tourist Award, best citizen award/ best traveler
 26. Sponsoring International Film Festivals
 27. Sponsoring gallantry / bravery awards
 28. Hosting Foreign Investment Drives
 29. Pioneering Hosting Job Fairs
 30. Accommodating International Business Deals
 31. Introducing innovative contests like motto cross, formula car race, mud bike race , skiing , Para jumping , para gliding fencing ,sailing ,karaoke ,taekwondo etc
 32. Organizing Science exhibitions ,
 33. Venturing Adventure sports
 34. Reinventing traditional sports
 35. Massage centers spa facilities ,herbal health products
 36. Introducing new contests like spelling bee, young scientist, young achiever ,young Brain, etc
 37. Co -hosting new entertainment activities such as launch o f new cars . Electronic items, mobile phones, I pods, tablets etc.
 38. Conduct of Consumer friendly events on Nutrition & edibles
 39. Wide range of Incentives for Shopper friendly customers
 40. Encompassing festivities & celebrations & partying
 41. Show casing best practices
 42. Promotional activities through brochures & handbook
 43. Hosting jeweler exhibitions
 44. Initiating Aqua sporting events
- The government has to mobilize resources from domestic as well as foreign sources The World Trade Organization's (WTO) Aid for Trade to the developing countries could be a good source. Besides appealing for foreign investment in major local infrastructure project may be another approach to build industrial infrastructure like.
1. Maintaining good relations with the donor agencies / countries is a major task on the negotiators in this regard.



2. Gathering Concurrence of issues of common interest
3. Creating consensus on universal topics
4. Debating for propelling positive approach towards resource management
5. Accommodating good will gesture
6. Signaling strategic economic prudence through political diplomacy
7. Gesticulation of thematic approaches

8. Promotion of best Practices

Replicating best practices could be a good means for economic development for any country. It is quite easy to duplicate any development models rather than inventing the same. Collecting best practices from different regions would assist in addressing serious economic problems. Ambassadors particularly to the countries developed with similar backdrop could be vigilant to know preminent practices there and facilitate replication in back home. A country can argue to adopt best practices on par with other countries through innovative thinking combining culture & convention

together. The ethnicity, evolution of civilization, historicity, and customary practices of a country will guide in formulation of a vision statement which can be its best practice.

9. Conclusion

Thus Globalization has expanded and accelerated economic interdependence among Nations. Economic diplomacy thus is rooted in the vision, efficacy, organization and motivation of its people and institutions, including the leaders, the officials, and civil society at large. The diplomatic missions of a country have so many important roles to play for quick sustainable economic development of the country. Economic diplomacy could be a very effective tool to foster all round development of a nation. Various under developed countries can handle this tool for quick access to economic resources & promotion of financial benevolence. Thus Economic diplomacy and economic security have risen to the top of international policy agenda these days .That Economic diplomacy can be used to generate and increase economic security has become a tested method & several countries all over the globe



are initiating drives towards adoption of this policy.

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