

STRATEGY AS AN INSTRUMENT OF ECONOMIC DIPLOMACY

Jana Marková

University College Prague - College of International Relations
and Institute of Hospitality Management and Economics, Ltd.,
markova@ucp.cz, ORCID: <https://orcid.org/0000-0002-2321-2853>

Abstract:

The paper focuses on strategies in economic diplomacy. Economic diplomacy as an economic dimension of foreign policy uses various instruments, one of which are strategies. The paper uses an analytical method, literature search and in the analytical part of the paper, which focuses on the comparison of specific strategies in economic diplomacy, the comparative method is applied to compare individual strategies and evaluate their effectiveness. The paper discusses the theoretical perspective on strategies and their importance in public policy, specifically theories by authors Buchanan, Stiglitz, North and Lindblom. Subsequently, the most important strategies of the Czech government, especially the Export Strategy of the Czech Republic 2012-2020 and the latest Export Strategy of the Czech Republic 2023-2033, are highlighted. The paper shows the important link between economic diplomacy and strategies, in the context of public policy theories, by finding elements that are relevant for strategic decision-making. The strategy in the new export promotion setting is based on the state and needs of the Czech economy and, in addition to export growth, should contribute to the transformation of the Czech economy into a knowledge-based economy that will be more competitive and resilient to external negative influences.

Key words: Economic diplomacy, strategy, economic policy instruments, Public Choice Theory, Public Policy Theory

JEL: A13, E60, F13, F40, F50

1 Introduction

Economic diplomacy as one of the forms of diplomacy has various instruments for its application. Given the diversity of economic diplomacy, the context of strategies is important regarding long-term goals. In this paper, attention is paid to strategies within the framework of economic diplomacy. First, the concept of economic diplomacy is defined in the context of other types of diplomacy, followed by a theoretical perspective on strategies and their importance in public policy. The theoretical foundations related to strategies in economic policy are briefly presented in the text. These are the public choice theory of James M. Buchanan (Buchanan, 2002) and Joseph E. Stiglitz (Stiglitz, 1997). Furthermore, the institutional theory according to Douglass C. North, and the strategic nature of decision making by Charles E. Lindblom in his concept of "muddling through".

Placing economic diplomacy in the context of strategies is guided by linking economic diplomacy to foreign policy as described by authors Peter A.G. van Bergeijk or Selwyn Moons (Bergeijk and Moons, 2018). The most important books by Judita Štouračová are also mentioned (Štouračová, 2008, Štouračová, 2012).

Strategies as a factor in the decision-making of international institutions are significant. A very important international strategy is the development of joint long-term plans at the United Nations level. The UN Sustainable Development Strategy, presented as 17 Sustainable Development Goals, acts as a long-term trend linking the different functions of many international institutions and organizations. The Czech Republic is mentioned in the text as an example of a country that uses strategies in economic

diplomacy. The most important strategies of the Czech government are presented, in particular the Export Strategy of the Czech Republic 2012-2020 and the latest Export Strategy of the Czech Republic 2023-2033. The importance of strategies and their development for economic diplomacy is then evaluated.

The aim of this paper is to highlight some important links between economic diplomacy, the tools it uses on the one hand, and the strategies that are an important element of public policy making on the other.

The main result of the article is to underline the importance of strategy in the diplomatic context. The paper is tied to the mainstream literature in the field of diplomacy by using the traditional linking perspectives on the institutional framework of economic diplomacy from the foundational literature of Judita Štouračová (Štouračová, 2008, Štouračová, 2012) and authors Nicholas Bayne and Stephen Woolcock (Woolcock, Bayne, 2016). Strategies as part of economic diplomacy are an important tool for economic policy making. The article answers two research questions. How can strategies be integrated into economic diplomacy? Are export strategies an appropriate tool for economic diplomacy?

2 Methods

The paper uses an analytical method, where the individual parts examined provide a more comprehensive picture of economic diplomacy as a whole. A literature search is used to describe the strategies in the theoretical concepts. In the analytical part of the paper, which focuses on the comparison of specific strategies in economic diplomacy in the Czech Republic, the comparative method is applied to compare individual strategies and evaluate their effectiveness.

The significance of strategies in the context of public policies is then examined using the example of export strategies that have been developed in the Czech Republic since the beginning of the century. Using the main objectives and indicators, the strategies are compared.

Both the case study method and content analysis are valuable research tools that offer significant advantages in exploring topics and concepts in the context of export strategy research. The main advantages of the case study method are in-depth exploration, quantitative study, understanding the context and practical application. In-depth exploration facilitates a thorough understanding of complex issues that might not be captured in a broader context. Practical applications mean that detailed knowledge of specific cases can inform policy and practice. The main advantages of content analysis are systematic analysis, identification of themes and patterns, and comparative analysis. Together, they can provide comprehensive insights that contribute to theory building, practical applications and a deeper understanding of complex phenomena.

3 Economic diplomacy and strategies

Economic diplomacy is classified alongside traditional diplomacy in the sense that it pursues foreign policy positions in the economic sphere. Thus, economic diplomacy requires a variety of tools that support foreign policy influence. If long-term goals are pursued, these include, above all, strategies that imply a wide scope for decision-making not only in the economic sphere. In the following section, the theoretical perspectives of economic diplomacy will be linked to the theoretical concepts associated with strategies.

3.1 Economic diplomacy

Since the second half of the 20th century, economic diplomacy has been perceived in the expert community as the economic dimension of foreign policy, where it clearly occupies a priority position. In addition to being a means of fulfilling the aims and objectives of the economic dimension of foreign policy, economic diplomacy is also a means, and to a certain extent a prerequisite, for the implementation of the foreign dimension of the internal economic policy of the state, especially its pro-export policy, a policy related to the inflow of foreign investment, programmes to support investment abroad by domestic

entrepreneurs, and last but not least, programmes to support the export activities of small and medium-sized enterprises and others (Štouračová, 2008).

Export promotion measures are one of the instruments of economic diplomacy. These measures are one of the important forms of economic diplomacy at the level of national activities. This includes EU trade policy instruments aimed at removing barriers to trade in third country markets (Marková, Havlová, 2020).

Official Development Assistance is a way for developed countries to help solve the problems of developing countries. In addition to its primary objective of reducing poverty, it also has secondary objectives. This secondary objective is to contribute to building good relations with developing countries and to help secure economic, social and environmental interests (Štouračová, J., 2012). Such assistance includes the development of strategies, including UN strategies, as will be discussed later.

Carol Lancaster also analyses foreign aid. She sees foreign aid as an expected element of international relations that is primarily a tool of diplomacy and serves a mixture of different objectives. Lancaster shows how domestic politics and international pressures combine to shape how and why donor governments provide aid (Lancaster, 2006). Similarly, author Jeníček takes a similar approach to the impact of development aid and global issues (Jeníček, Foltýn, 2010).

The economic interdependence of countries is a common phenomenon today. The development of international economic relations is accompanied by many phenomena in foreign trade. The assessment of the importance of foreign trade must be based on an evaluation of internal and external conditions. The internal conditions are determined by natural resources, climate, the size and structure of the population and its educational level, as well as technical sophistication, industrial potential and the size of the market. External conditions are determined by geographical location, the maturity of neighbouring economies, the overall international political and economic situation and the country's position in these political-economic relations (Kalínská, 2010).

In addition to the intensity of trade between countries, a specific type of foreign policy can be observed, where specific means of economic policy are used to follow the economic interests of countries. Economic diplomacy is then an important means of promoting the economic interests of the state abroad. The historical anchorage of this concept can be found as early as BC, since any commercial activity in international political relations clearly has an economic dimension. For the purposes of the modern concept of economic diplomacy, we trace the promotion of this type of diplomacy particularly after the end of the Cold War (Marková, Havlová, 2020).

Jiale Shi also points to the importance of strategies in diplomacy and economic diplomacy when he traces the effectiveness of strategies in addressing modern global challenges. Multilateral debates are effective for this purpose. Multilateralism is also associated with major international institutions and is based on the principles of collective action and international cooperation (Shi, 2024). Multilateralism as a component of diplomacy is also described by Geoffrey Wiseman, who considers multilateralism as a more flexible approach to incorporating non-state actors, such as NGOs, that are involved in the development and advancement of society (Wiseman, 2004). These non-governmental organisations are then suitable partners for the development of different strategies.

Transformations of economic diplomacy in the postmodern environment are characterized by the fact that traditional interstate diplomacy is becoming fragmented and complicated due to the increasing number of non-state actors and the increasing number of other government ministers who participate in international economic relations (Bouyala Lambert, 2017). Non-state actors such as trade diplomats and diplomats of transnational economic NGOs have added an element of supra-territorial relations to the traditional domain of economic diplomacy, thereby partially undermining the sovereignty of states in establishing international economic relations. (Saner, You, 2006).

Diplomatic relations are increasingly diverse, as are the range of players who deal with bilateral external relations representing various branches of government as well as non-state entities (Veenstra M.-L., Yacob, M., & Bergeijk, P.A.G. van., 2010). Today's world is an interdependent world whose leitmotif is globalization. Globalization has uncertain benefits, sharpening the gap between the haves and have-

notes. In bilateral relations, a crisis can appear through various means reasons, some of which may be exogenous. The reaction to it can be complex, but with the tools of economic diplomacy in the form of strategies, it is easier to react (Rana, 2007).

Authors Peter A.G. van Bergeijk, Maaïke Okano-Heijmans and Jan Melissen point out that economic diplomacy is an important part of a much broader set of international arrangements that strengthen trust between nations. These arrangements can be seen as joint strategies that are not only developed at the international level. They also push the understanding of economic diplomacy further by pursuing the positive non-economic spillover effects of economic diplomacy in the field of high politics. These effects may be associated with international engagement in the long term (Bergeijk, Melissen, Okano-Heijmans 2011).

Decision-making methods are important for strategies in economic diplomacy. The way that international institutions make decisions is a key factor. There are a number of key measures to be taken at the bilateral level, for example, to promote exports and foreign direct investment through a range of specific measures. These measures should be included in the strategic approach to decision-making (Rana, 2013).

For economic diplomacy, it is essential in which space it is applied, what are the main institutions that make it up and what tools economic diplomacy uses. In terms of actors, economic diplomacy is structured by a complex hierarchy of institutions, both institutions within a country, i.e. governments, banks or agencies and businesses, and institutions and organisations at the international level (Bergeijk, Moons, 2018). The main instruments can be considered as both those with a positive influence, i.e. supportive instruments, and those within the framework of negative economic diplomacy, i.e. various sanctions, and trade restrictions (Amariei, 2014) In addition to treaties as a basic type of instrument, strategies are an important part of the development of economic diplomacy. Within a comprehensive background not only in the EU, it can be observed bilateral and multilateral relations between countries. Economic diplomacy is a large set of activities in the EU's submission and significantly influences the economic diplomacy of the Member States, including the Czech Republic.

3.2 Strategies

Strategies are plans of action designed to achieve a specific goal or set of objectives. They are often developed to address complex situations or challenges where multiple factors need to be considered. Strategies are developed with a clear purpose in mind. In the context of economic policy, and therefore economic diplomacy, it is about solving a problem or achieving a desired outcome; the purpose is a guide to the formulation and implementation of strategy.

Effective strategies are usually based on a thorough analysis of the internal and external factors that may impact the attainment of the goal. This analysis often involves assessing strengths, weaknesses, opportunities, and threats (SWOT analysis), as well as understanding market trends, competitor behaviour, and other relevant factors. A good strategy aligns the resources, capabilities, and actions of an individual or organization toward the achievement of the desired outcome. It ensures that everyone involved understands their role and how it contributes to the overall goal. While strategies provide a roadmap, they also need to be adaptable to changing circumstances. Flexibility allows for adjustments to be made in response to unexpected challenges or opportunities without losing sight of the ultimate objective.

Developing a strategy is only the first step; it must be effectively implemented to be successful. This involves assigning responsibilities, setting milestones, allocating resources, and monitoring progress to ensure that the strategy stays on track. Regular evaluation of the strategy's effectiveness is crucial. This involves measuring performance against predetermined metrics, identifying areas for improvement, and making adjustments as necessary to optimize outcomes.

Strategies can vary widely depending on the context and goals. They can include marketing strategies, financial strategies, operational strategies, competitive strategies, and more. Some common

strategic approaches include differentiation, cost leadership, market segmentation, diversification, and innovation. Overall, strategies play a vital role in guiding decision-making and resource allocation to achieve desired outcomes efficiently and effectively.

From a theoretical point of view, the strategies are described mainly in terms of Public choice theory, Institutional theory, Models of political processes, Public values theory, Network governance theory or within the framework of incrementalism. Incrementalism suggests that policymaking and decision-making in government often occur gradually and incrementally, rather than through large-scale, comprehensive reforms. It emphasizes the importance of small, incremental adjustments to existing policies based on feedback and learning over time.

Public choice theory applies economic principles to the study of political decision-making. It focuses on understanding how individuals and groups, including government officials, make decisions to maximize their self-interest. Public choice theory helps analyse various aspects of public policy, including taxation, regulation, and public spending.

By looking at the relevance of Public Choice Theory for strategy making, one can follow J. M. Buchanan's practices in describing positive economics and welfare economics, which he links to economic policy. He argues that economic theory is largely associated with utilitarianism, i.e. the measurability of utility and its comparability across people, and also the acceptance of utility maximization as a morally justifiable social goal. The social role of economists therefore remains to ensure better legislation and the gradual accumulation of the very knowledge that positivist economics would place outside the scope of an economist's professional competence. Buchanan systematizes the importance of economists for economic policy (Buchanan, 2002).

Joseph E. Stiglitz makes a similar point in the framework of Public Choice Theory. In addition to the importance of welfare economics for efficiency and equality, he points to economic policy making including public goods and publicly provided private goods. There he also brings in the idea of efficient government as a public good. Such government is then useful in economic policy, including the foreign dimension in the form of economic diplomacy. Strategy-making as one of the tools not only of economic diplomacy is then part of the evaluation of the effectiveness of the whole system in the context of cost-benefit analysis. (Stiglitz, 1997)

Institutional theory examines how formal and informal institutions shape behaviour and decision-making in government and public organizations. It highlights the role of rules, norms, and organizational structures in influencing policy choices and administrative practices. This ties it to the creation of strategies in public space. One of the important authors within Institutional Economics was Douglass C. North. North's work in institutional economics emphasizes the role of institutions in shaping economic behaviour and outcomes. While his focus is primarily on economic institutions and their impact on economic development, his framework can inform strategic decision-making within organizations and governments as they navigate institutional environments to achieve desired outcomes (North, 2005).

Various Policy process models describe the stages and processes involved in policymaking, such as the Rational-Comprehensive model, the Incremental model, the Garbage can model, and the Advocacy coalition framework. These models offer different perspectives on how policies are formulated, implemented, and evaluated within government institutions. And then they are used to develop strategies.

One significant theory related to public strategies is Public policy theory. Public policy theory focuses on the study of how public policies are formulated, implemented, and evaluated within governmental institutions. It encompasses a range of approaches and perspectives aimed at understanding the dynamics of policymaking and the factors that influence policy outcomes. Public policy theory often involves the study of various models that describe the stages and processes involved in policymaking. These models may include stages such as agenda setting, policy formulation, adoption, implementation, and evaluation. Examples of such models include the Rational-Comprehensive Model, the Incremental Model, the Garbage Can Model, and the Advocacy Coalition Framework.

Charles E. Lindblom's concept of "muddling through" acknowledges the strategic nature of decision-making in complex policy environments. He argues that policymakers often adopt incremental approaches and make decisions based on limited information and bounded rationality, navigating through complex political and institutional constraints (Lindblom, 2001). Overall, public policy theory provides a framework for analysing the processes, actors, institutions, and outcomes of public policymaking. By studying these dynamics, scholars and practitioners can better understand how policies are developed, implemented, and evaluated, and how they impact society.

While these scholars may not explicitly use management-based strategic frameworks in their work, they do recognize the strategic nature of policymaking and the importance of understanding the political, institutional, and social dynamics that influence policy outcomes. Their contributions to public policy theory offer valuable insights into the strategic behaviour of actors within the policymaking process and the complex interplay of interests, ideas, and institutions in shaping public policies.

Since the second half of the 20th century, economic diplomacy has been perceived in the expert community as the economic dimension of foreign policy, where it clearly occupies a priority position. In addition to being a means of fulfilling the aims and objectives of the economic dimension of foreign policy, economic diplomacy is also a means, and to a certain extent a prerequisite, for the implementation of the foreign dimension of the internal economic policy of the state, especially its pro-export policy, a policy related to the inflow of foreign investment, programmes to support investment abroad by domestic entrepreneurs, and last but not least, programmes to support the export activities of small and medium-sized enterprises and others (Štouračová, 2008).

Strategies from the perspective of economic diplomacy are an essential element for long-term development. They use elements of economic policy as well as instruments with a positive impact in export promotion. Strategies are important both at global level but also in the context of coordination at regional and country level. An example of an international strategy is the development of joint long-term plans at United Nations (UN) level. The UN Sustainable Development Strategy, presented as the 17 Sustainable Development Goals (SDGs), acts as a long-term trend linking the various functions of many international institutions and organisations. This is the Sustainable Development Agenda (Transforming our World: The 2030 Agenda for Sustainable Development), of which the Sustainable Development Goals (SDGs) are a part. The SDGs represent a 15-year development agenda (2015-2030) and build on the successful agenda of the Millennium Development Goals. These were set in 2000 with the adoption of the UN Millennium Declaration, in which world leaders committed to a new global partnership to reduce extreme poverty and set a series of time-bound targets, with a deadline of 2015, which became known as the Millennium Development Goals (MDGs) (United Nations, 2000).

The Sustainable Development Goals are the result of a three-year negotiation process involving all UN Member States, civil society, business, academia and citizens from every continent (United Nations, 2020).

Another important approach is the separation of strategy from the planning process. The difference between planning and strategy is mainly in the timing and the degree of generality of the view.

Strategy focuses on the long-term vision and goals of the organization and defines the direction the organization wants to take. This is well applicable to the economic strategies of a country. The planning process focuses on the specific steps and actions needed to implement the strategy and includes detailed plans, timelines, milestones, and resource allocation. The planning process adapts to changing conditions and current needs.

The link and separation of the planning and strategy development process is explained, for example, in Henry Mintzberg's book (Mintzberg, 2013), where he discusses strategic planning. He explains that strategy cannot be planned because planning is based on analysis and strategy is based on synthesis. Of particular interest for the context of diplomacy is that discontinuities and economic crises cannot be anticipated and the process of strategy development itself cannot be simply formalised. The difference between strategy and planning is also highlighted, for example, in the article by S. Miller, D. Wilson, D. Hickson (Miller, Wilson, Hickson, 2004).

3.3 Export Strategies of the Czech Republic

The Czech Republic is used as an example of a country that uses strategies in economic diplomacy. The most important strategies of the Czech government are presented, especially the Export Strategy of the Czech Republic 2012-2020 and the latest Export Strategy of the Czech Republic 2023-2033. These examples are also given as part of important current strategies in the EU related to the digital transformation and other priorities of the European Commission until 2050, in which the Czech Republic as an EU Member State is involved.

The European union is a single actor in trade with third countries, with the European Commission representing the EU as a whole. In finance, there are several actors in the EU, so it can be considered more of a specific forum (Woolcock, 2012).

The first major and comprehensive document with which the Czech Republic reacted to the need for more effective export promotion after our accession to the EU was the Export Strategy for 2006-2010, which was extended until 2011 (Ministry of Industry and Trade CR, 2006). It is therefore almost 20 years since the first strategy within the framework of economic diplomacy. The export situation of the Czech Republic was analysed and the optimisation of support measures in the following years was proposed by the government's *Export Strategy of the Czech Republic for the period 2012-2020*, which, however, due to changes in external and internal factors, has undergone considerable changes in the meantime.

In December 2012, the Government of the Czech Republic *approved the Export Strategy of the Czech Republic 2012-2020*, which summarises the overall vision of the state's pro-export activities ((Ministry of Industry and Trade CR, 2011). The Export Strategy is the basic strategic document of the Czech Republic creating a framework for export promotion until 2020. The Strategy summarises the overall vision of the state's pro-export activities, their objectives and also the measures through which these objectives are to be achieved.

The Export Strategy proposes a system of instruments that will be efficient, comfortable for entrepreneurs, compatible with the rules of the market economy, flexible and effective in terms of the use of state resources. The Strategy was based on the principles of the 2005 Economic Growth Strategy, which built on the previous Export Policy Concept for the period 2003-2006. In terms of strategy development, the original export strategy is in line with the Sustainable Development Strategy of the Czech Republic of 2004 and the Concept of Foreign Development Policy of the Czech Republic for 2002-2007 of 2002 as well as the Concept of Foreign Policy of the Czech Republic of 2003.

The Export Strategy of the Czech Republic 2012 - 2020 is based on the state of the Czech economy at the beginning of the second decade of the 21st century, at the height of the global crisis, and responds to the condition of Czech companies, their sectoral composition, capital strength and the technical and technological level of Czech products and services. It also responds to the situation on European and world markets, i.e. to developments on the main export markets of the Czech Republic, including the general open trade commitments of the EU, and monitors the uneven growth of the world economy and the situation on global financial markets.

The original Export Strategy was built on three pillars: export intelligence, export development and trade promotion. The strategy consists of 12 core projects and identifies key objectives and attributes. The main objective is to increase the number of exporters and increase the volume of exports and the resulting benefits to long-term sustainable growth, employment and public revenues, with a view to increasing per capita exports by 25% by 2020 with a control target of 12% in 2016, increasing the number of exporters by 15% by 2020 and increasing the number of SME exporters by 50% by 2020. The specific objectives of the Export Strategy 2012 - 2020 are to diversify exports to non-EU countries, to move Czech exporters in value chains to segments and sectors with higher added value and to maximise the positive synergies of individual state activities for exports and savings resulting from complementarity of activities, effective coordination and cooperation of all stakeholders.

In 2011, the strategy was based on the principle of defining priority and interest markets for Czech exporters in cooperation with the business community. These markets were identified on the basis of

growth potential, absorption capacity and compatibility in relation to the Czech economy with the maintenance of existing positions and further development of these positions, especially in the segment of small and medium-sized enterprises. On the basis of the territorial approach and the requirements of business representations, 12 priority countries were defined - Brazil, PRC, India, Iraq, Kazakhstan, Mexico, Russian Federation, Serbia, Turkey, Ukraine, USA, Vietnam and 25 countries of interest - Angola, Argentina, Australia, Azerbaijan, Belarus, Canada, Colombia, Croatia, Egypt, Ethiopia, Chile, Ghana, Israel, Japan, Morocco, Moldova, Nigeria, Norway, Peru, Senegal, Singapore, Switzerland, UAE and Thailand. In the following years, the list was subsequently updated with a sectoral approach, which was one of the reasons for updating the Export Strategy of the Czech Republic 2012-2020.

The update of the Export Strategy of the Czech Republic 2012 - 2020 from November 2016 (Ministry of Industry and Trade CR, 2016) proposes a more effective use of pro-export policy instruments, specifies more precisely the objectives and ways of achieving them, uses the cooperation of export-oriented organisations of the state and assumes continuous communication with corporate representations and social partners. This updated strategy already responds to the new Foreign Policy Concept of the Czech Republic (from 2015), builds on the National Innovation Strategy and also takes into account the intentions of Industry 4.0.

The main objective of the updated Export Strategy is to increase the number of exporters, especially innovative companies, to ensure the sustainability of their export activities, to increase the volume and added value of their exports and the number of jobs. This objective has been further specified by measurable targets: Increase in the volume of exports of firms benefiting from state export support; Increase in the number of jobs in firms benefiting from state export support; Increase in the volume of exports of supported innovative firms.

In the updated version, the territorial approach is complemented by the sectoral approach, where key markets are determined on the basis of identified sectoral opportunities, and it is also assumed that the export support system will be more oriented towards cooperation in the field of science, research and innovation with the aim of building on the results of Czech research and development through their commercial exploitation in the form of exports. Three pillars have been defined in the strategy: financial instruments, assistance and consultancy services, development of business opportunities and related measures to ensure the fulfilment of the set objectives.

In addition to updating the strategy, the government provides an annual report on the implementation of the strategy and in it we find many important assessments of developments in export markets. The Export Strategy Implementation Report summarises the activities carried out by ministries, export and investment promotion agencies or other state institutions in the field of export promotion and economic diplomacy.

A new strategy is currently being prepared for the Czech Republic within the framework of economic diplomacy, the *Export Strategy of the Czech Republic 2023-2033* (Ministry of Industry and Trade CR, 2023). The time gap between the export strategies of three years was a period of significant instability, when there was no direct continuity between the strategies. The period was primarily influenced by two major events, namely the SARS-CoV-2 pandemic and the Russian aggression in Ukraine associated with the energy crisis.

The new strategy up to 2033 is aimed at supporting exporters who have the ambition to operate permanently on foreign markets and sell final products, services and complex solutions; it is primarily about export promotion and internationalisation. Both of these processes are important both in terms of economic diplomacy and public policy strategies. The strategy presents the Czech Republic as a knowledge and technology centre. The strategy proposes a holistic transformation of the Czech economy as an import-dependent open market economy. The strategy responds to trends such as strategic security, resilience in strategic sectors, geopolitics, as well as climate and environmental trends, technological and demographic trends.

The vision of the export strategy is to focus on quality as a prerequisite for long-term sustainable export growth. The mission of the export strategy is to strive for a journey from the provision of individual export support services to a comprehensive approach to government service offerings.

At the same time, the strategy sets out the objectives that can be pursued in terms of their fulfilment: to increase the internationalisation of Czech companies, to increase the competitiveness and innovativeness of Czech exports and to increase the diversification of Czech exports.

At the same time, the development of the internal pro-export ecosystem, including the necessary institutions and actors, is also highlighted. In terms of the external environment, the development of the EU's internal market, the EU's common commercial policy, bilateral trade relations and external development cooperation are highlighted.

The provision of appropriate resources to exporters is also considered crucial, through state services and the promotion of capital entry into Czech firms, including investment abroad. The implementation of the export strategy will be carried out in cooperation with departmental and business partners according to the medium-term plan. The implementation of the strategy will then be evaluated annually, and the implementation plan adjusted as necessary.

4 Discussion

The paper shows the important link between economic diplomacy and strategies, in the context of public policy theories, by finding elements that are relevant for strategic decision-making. In the context of economic diplomacy as an economic dimension of foreign policy, the example of the Czech Republic was used to highlight specific government documents, in particular the current Export Strategy of the Czech Republic 2023-2033 in comparison with earlier strategies as well as current strategies in other ministries linked to the economic dimension of foreign policy.

A comparison of the export strategies for the period 2012-2020 and 2023-2033 shows common and different elements. Both strategies are designed as medium-term for a period of almost 10 years. The framework in which both strategies are built is also the same, i.e. the starting economic and socio-political conditions in the Czech Republic and in the surrounding environment. The Export Strategy of the Czech Republic 2012-2020 works with three pillars and, after revision, is significantly oriented not territorially, but by sectors. The advantage of this strategy is the introduction of annual decision-making on the fulfilment of the goals it has set. In contrast, the current strategy The Export Strategy of the Czech Republic 2023-2033 is significantly more general, concrete goals and their monitoring are missing here. Although the vision and goals are set, the concrete analysis and action is not so precise. The strategy for the period until 2020 was updated during its operation, it is possible that this process awaits the current strategy as well.

The new setting of export promotion in this strategy is based on the state and needs of the Czech economy. The ambition of the new Export Strategy of the Czech Republic is to contribute, in addition to export growth, to the transformation of the Czech economy into a knowledge-based economy that will be more competitive and resistant to external negative influences. Its mission is to focus its support on Czech innovative companies that produce and deliver final products and services with unique solutions and high added value.

The main advantage of the Export Strategy of the Czech Republic 2012-2020 compared to the newer version until 2033 can be the expert team that was at the birth of this strategy. It was a group of economists similar to the current expert group of NERV (National Economic Council of the Government). Such an expert approach is certainly more appropriate and effective than the creation of strategies directly by the ministry. Another important improvement to the original 2020 strategy was the sectoral approach. This improvement of the strategy has been partly incorporated in the new strategy up to 2033. The main drawback of the new strategy is that it does not set specific measurable targets.

Both strategies are, from a theoretical perspective, a managerial view of strategy making and lack a detailed planning process.

At the same time, however, it is worth highlighting the fact that at the level of the ministry it has been possible to follow up on the development of the strategies and, after the pause caused by the covid-19 pandemic, a new strategy has been developed for the 10 years up to 2033. Strategy-making, not specific planning, is difficult but necessary. Public policy making is tied to the very continuity that can be achieved through strategies.

5 Conclusions

The aim of this text is to highlight the important links between economic diplomacy and the tools it uses and the strategies that are an important element of public policy making. The linkage between economic diplomacy and strategies in the context of public policy theory is made by identifying elements that are relevant to strategic decision-making.

Using public policy theory as an example, elements that are relevant to strategic decision making were identified. In relation to economic diplomacy as an economic dimension of foreign policy, specific government documents, in particular the current Export Strategy of the Czech Republic 2023-2033, were highlighted using the example of the Czech Republic.

In terms of the specific link between the strategy and the instruments of economic diplomacy, it appears that the setting of guiding principles and the link to foreign policy is important. Export promotion instruments as part of the strategy are the most important link between economic diplomacy and public choice theory. The process of transforming the economy into a knowledge-based economy that is more competitive and resilient to external negative influences, including the promotion of innovation, is also important.

The strategy can be used as a tool of economic diplomacy. In this paper, a research question was answered regarding the use of this strategy in economic diplomacy. From a theoretical point of view, this use of the strategy is made up of public policy and also of the institutions involved that have a mandate to develop this strategy. Then, in practical terms, specific examples of export strategies were given, identifying the drawbacks and benefits they bring. The research question of whether export strategies are an appropriate tool for economic diplomacy can be answered in the definite positive, as past strategy making and subsequent return after the covid break has shown the importance of this tool in economic diplomacy.

The paper suggested possible connotations between economic diplomacy and public policy strategies. A deeper analysis of these links with possible theoretical and practical overlaps would be the next phase of research on economic diplomacy.

6 Bibliography

- Amariei, A. – C. (2014). *Economic Diplomacy in the Context of Economic Crisis*. Hogeschool Universiteit Brussels, Belgium. *EUROPOLITY*, vol. 8, no. 1. <https://ideas.repec.org/a/epl/eplnew/y2014v8i1p7-31.html>
- Bergeijk. P. A.G. van, Moons, S.J. V. (2018). *Research Handbook on Economic Diplomacy*. Edward Elgar Publishing Ltd., England. ISBN 978 1 78471 083 5.
- Bergeijk, P., Melissen, J., Okano-Heijmans, M. (2011). *Economic Diplomacy: Economic and Political Perspectives*. Leiden: Martinus Nijhoff Publishers. s. 229. ISBN 978-90-04-20960-2.
- Bouyala Imbert, F. (2017). *EU Economic Diplomacy Strategy*. Research Paper. European Parliament – DG EXPO/B/PolDep/Note/2017_66. Brusel.
[http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/570483/EXPO_IDA\(2017\)570483_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2017/570483/EXPO_IDA(2017)570483_EN.pdf)
- Buchanan, J. M. (2002). *Politika očima ekonoma*. Translated by Daniela Kratochvílová a Mojmír Hampl. Prague: Liberální institut. ISBN 80-8638-921-9.
- Jeníček, V., Foltýn, J. (2010). *Globální problémy světa – v ekonomických souvislostech*. Praha: C. H. Beck. ISBN 978-80-7400-326-4.

- Kalínská, E. (2010). *Mezinárodní obchod v 21. století*. Praha: Grada Publishing, a.s. ISBN 978-80-247-3396-8.
- Lancaster, C. (2006). *Foreign Aid: Diplomacy, Development, Domestic Politics*. Chicago: University of Chicago. ISBN: 9780226470627.
- Lindblom, C. E. (2001). *The Market System: What it Is, how it Works, and what to Make of it*. Yale University Press. ISBN 978-0-3000-9334-6.
- Marková, J., Havlová, H. et al. (2020). *Ekonomická diplomacie nové doby*. Prague: Professional Publishing. ISBN 978-80-88260-44-8.
- Miller, S., Wilson, D. & Hickson, D. (2004). *Beyond Planning: Strategies for Successfully Implementing Strategic Decisions*. Long Range Planning, Volume 37, Issue 3. ISSN 0024-6301,
- Ministry of Industry and Trade CR (2006). *Exportní strategie České republiky pro období 2006-2010*. <https://www.mpo.cz/assets/dokumenty/36360/40978/488757/priloha001.pdf>.
- Ministry of Industry and Trade CR (2011). *Exportní strategie České republiky pro období 2012 – 2020*. <https://www.mpo.cz/dokument103015.html>.
- Ministry of Industry and Trade CR (2023). *Exportní strategie České republiky 2023 – 2033*. <https://www.mpo.cz/assets/cz/zahranicni-obchod/podpora-exportu/exportni-strategie/2023/9/Exportni-strategie-2023-2033.pdf>.
- Mintzberg, H. (2013). *Rise and Fall of Strategic Planning*. The Free Press. ISBN 978-1476754765.
- North, D. C. (2005). *Understanding the Process of Economic Change*. Princeton University Press. EISBN 978-1-4008-2948-4.
- Rana, K. S. (2007). *Bilateral Diplomacy*. Geneva: DiploFoundation. ISBN 99989-55-16-6.
- Rana, K. S. (2013). *Economic Diplomacy: What Might Best Serve a Developing Country?* In: *International Journal of Diplomacy and Economy*. Jersey: Inderscience Enterprises. s.8-11. DOI 10.1504/IJDIPE.2013.05700: https://www.researchgate.net/publication/262850388_Economic_diplomacy_what_might_best_serve_a_developing_country
- Saner, R., Yiu, L. (2006). *International Economic Diplomacy: Mutations in post-modern times*. Discussion Papers in Diplomacy, Netherlands Institute of International Relations Clingendael, ISSN 1569-2981.
- Shi, J. (2024). *Multilateral or Polyilateral Approaches? To More Effectively Address Contemporary Diplomatic Challenges*. Proceedings of the 2nd International Conference on Social Psychology and Humanity Studies. DOI: 10.54254/2753-7048/42/20240835
- Stiglitz, J. E. (1997). *Ekonomie veřejného sektoru*. Translated by Ondřej Schneider and Tomas Jelinek. Prague: Grada Publishing. ISBN 80-7169-454-1.
- Štouračová, J. (2008). *Ekonomická diplomacie České republiky*. Prague: Professional Publishing. ISBN 978-80-86946-71-9.
- Štouračová, J. (2012). *Proměny ekonomické diplomacie v ČR a ve světě*. Prague: Professional Publishing, ISBN 978-80-7431-081-2.
- Veenstra M.-L., Yacob, M., & Bergeijk, P.A.G. van. (2010). *Economic Diplomacy, the Level of Development and Trade*. Discussion Papers in Diplomacy, Netherlands Institute of International Relations Clingendael. ISSN 1569-2981.
- Wiseman, G. (2004). *Polylateralism' and New Modes of Global Dialogue*. Diplomacy, vol. 3: Problems and Issues in Contemporary Diplomacy. Christer Jönsson and Richard Langhorne (eds). London: Sage.
- Woolcock, S. (2012). *European Union economic diplomacy: the role of the EU in external economic relations*. Burlington, VT: Ashgate. ISBN 9780754679301.
- Woolcock, S. & Bayne, N. (2016). *The New Economic Diplomacy: Decision-Making and Negotiation in International Economic Relations*. Routledge; 4th edition. ISBN 978-1472483164.
- United Nations (2000). *Millennium Development Goals (MDGs)* www.un.org/millenniumgoals/bkgd.shtml.
- United Nations (2020). *The Sustainable Development Goals*. www.un.org/sustainabledevelopment