

DOI: <https://doi.org/10.32836/2521-666X/2018-2-60-5>
УДК 339.522:341.72

Shaïda O.Ye.

PhD, Associate professor,
Lviv University of Trade and Economics

Poliakova J.V.

PhD, Associate professor,
Lviv University of Trade and Economics

Stepanov A.V.

Senior teacher,
Lviv University of Trade and Economics

ECONOMIC DIPLOMACY AS A COMMUNICATIVE TOOL FOR FOREIGN ECONOMIC POLICY

The article is aimed at disclosing the role of economic diplomacy in strengthening the foreign economic relations of the country and deepening its cooperation with international business partners. The main modern tools of diplomatic support of domestic exporters are considered. The analysis of the cooperation of state institutions of economic diplomacy with entrepreneurs is carried out. Special features of the activity of the Council of Exporters and Investors of Ukraine, and the Export Promotion Office are highlighted.

Key words: economic diplomacy, export strategy, diplomatic support, export consulting, communicative toolkit.

Статья посвящена раскрытию роли экономической дипломатии в укреплении внешнеэкономических связей страны и углублении ее сотрудничества с международными бизнес-партнерами. Рассмотрены основные современные инструменты дипломатической поддержки отечественных экспортеров. Проведен анализ сотрудничества государственных институтов экономической дипломатии с субъектами предпринимательской деятельности. Освещены особенности деятельности Совета экспортеров и инвесторов Украины, Офиса по продвижению экспорта.

Ключевые слова: экономическая дипломатия, экспортная стратегия, дипломатическое сопровождение, экспортный консалтинг, коммуникативный инструментарий.

Шайда О.Є., Полякова Ю.В., Степанов А.В. ЕКОНОМІЧНА ДИПЛОМАТІЯ ЯК КОМУНІКАТИВНИЙ ІНСТРУМЕНТ ЗОВНІШНЬОЕКОНОМІЧНОЇ ПОЛІТИКИ

Глобальні економічні тенденції визначають посилення вимог до конкурентоспроможності вітчизняної економіки, яка повинна забезпечувати представництво національного продукту на світовому ринку. Оскільки в сучасному світі міжнародна торгівля є важливим інструментом економічного зростання, то пріоритетом зовнішньоекономічної політики держави має бути сприяння розвитку експортного по-

тенціалу, що дозволяє розширити мережу зовнішньоекономічних зв'язків країни та поглибити її співпрацю з міжнародними бізнес партнерами. За таких обставин, зростає роль економічної дипломатії та, зокрема, її інституційної бази. Експортна підтримка національних товаровиробників на міжнародних ринках є складним завданням. У динамічному міжнародному середовищі економічна дипломатія повинна шукати нові підходи та механізми для виконання завдань захисту економічної безпеки держави та сприяння її зовнішньоекономічним інтересам. Дипломатичний супровід зовнішньоторговельних операцій та інвестиційних проектів сприяє створенню найбільш сприятливих умов для діяльності вітчизняних експортерів та інвесторів. Міністерство закордонних справ та посольства України у взаємодії з Міністерством економічного розвитку і торгівлі постійно проводять дослідження на ринках країн проживання з метою усунення перешкод на шляху розширення торговельно-економічних відносин. Зростання глобальних процесів, посилення конкуренції на світових ринках товарів та послуг впливають на трансформацію зовнішньоекономічної діяльності, яка набуває комунікативних рис, визначає та збалансовує міжнародне співробітництво та сприяє позиціонуванню країни в глобальному середовищі. Виклики, що стоять перед вітчизняними суб'єктами зовнішньоекономічної діяльності, вимагають ефективної системи державної підтримки експортерів. Практика використання інструментів підтримки експортерів визначається традиціями, інноваціями, європейською інтеграцією, і не лише інституційними, а й економічними та політичними змінами. Враховуючи важливість допомоги національним виробникам у вивченні, розвитку та диверсифікації перспективних експортних ринків, а також у реалізації експортних можливостей, установи економічної дипломатії повинні якомога швидше реагувати на їх звернення, використовуючи всі доступні інструменти підтримки для експортерів.

Ключові слова: економічна дипломатія, експортна стратегія, дипломатичний супровід, експортний консалтинг, комунікативний інструментарій.

Formulation of the problem. The development of modern international economic relations takes place in the conditions of intensification of globalisation processes, which causes a higher interdependence of all participants in the world economic space. This leads to an increase in the role of the economic potential of the state providing it with strong positions in the world economy and abilities to effectively implement its own development strategy. Therefore, proper fulfilment of tasks of protection and defence of national interests becomes possible when taking into account modern tendencies of economy-oriented foreign policy and the development of effective institutions of economic diplomacy capable of promoting the European integration course, improving investment attractiveness, and bringing our country closer to world social and economic standards.

Global economic trends determine the strengthening of the requirements for the competitiveness of the domestic economy, which should be able to ensure the representation of the national product in the world market. Since in the modern world international trade is an important tool of economic growth, the priority of foreign economic policy of the state should be the promotion of export potential development,

which allows expanding the network of foreign economic relations of the country and deepening its cooperation with international business partners. Under such circumstances, the role of economic diplomacy and especially its institutional basis are growing.

Analysis of recent research and publications. Trends in the development of economic diplomacy were analysed in the works of many foreign and domestic scholars, specialising in international economy, among them H. Kissinger, M. Lebedev, G. Nicholson, O. Sahaidak, P. Sardachuk, O. Sharov, V. Verhun and others. Besides, at the present stage of development of economic theory, there are many fundamental works by Guy Carron de La Carrière, V. Popov, V. Shchetynin, K. Flissak, V. Nyzhnyk, which reveal the conceptual foundations of economic diplomacy and characterise the tools of resolution of its tasks as well as mechanisms of protecting economic interests of the state in the modern globalised world. At the same time, in our opinion, it is necessary to increase the emphasis on the issues of establishing effective mechanisms of direct cooperation and communication between departmental institutions, which assist to Ukrainian manufacturers in entering the foreign markets, and representatives of domestic export-oriented business.

The purpose of the article is to study current trends in the development of tools for diplomatic support of domestic exporters and to analyse the cooperation of state institutions of economic diplomacy with entrepreneurs.

Presentation of the main research material. The importance of expanding the export of goods, capital and services, and supporting and protecting the interests of Ukrainian business in foreign markets is due to internal and external factors. Successful activity of national commodity producers in international markets provides an increase in foreign currency earnings, reduces unemployment, and thus facilitates the process of fulfilling the state's social obligations by. The question of filling the state budget is also quite acute due to the need to increase expenditures on military funding. Nowadays, Ukraine faces the problem of diversification and expansion of the geography of its foreign trade relations, and the search for new trading partners is topical, as the realities of the military conflict with Russia have led to the loss of the product market, which was the main target market for a considerable part of domestic exporters.

The issue of export support for national commodity producers in international markets is complex and challenging. In a dynamic international environment, economic diplomacy ought to seek new approaches and mechanisms for fulfilling the tasks of protecting the state's economic security and promoting its foreign trade interests. Particularly relevant is the establishment and coordination of cooperation between institutions traditionally engaged in foreign policy issues and those that ensure implementation of the economic development strategy. Practical implementation of measures to ensure foreign economic policy of the state and its foreign economic activity is entrusted to central executive authorities, primarily the Ministry of Foreign Affairs and the Ministry of Economic Development and Trade of Ukraine. The task of promoting Ukrainian exports and strengthening the economic component of foreign policy requires, first and foremost, coordinated efforts by these government departments.

In December 2017, the Government approved of the Export Strategy of Ukraine, developed

by the Ministry of Economic Development and Trade with the participation of business and expert representatives, which is the Roadmap for Strategic Trade Development for the period 2017–2021. The Strategy defines a common position of the Government and business organisations in the context of the main directions of development of trade relations of Ukraine and expansion of export opportunities of domestic business entities. As stated in the Strategy, “the key to the implementation of foreign trade policy is the creation of a single integral, full-fledged network of trade support institutions that should respond dynamically to the needs of exporters and provide a wide range of services and support facilities such as policies and regulations, advisory and consulting services, financing and insurance of trade operations, testing and certification of products, international logistics and forwarding of cargoes” [1].

Diplomatic accompaniment of foreign trade operations and investment projects promotes the creation of the most favourable conditions for domestic exporting companies' and investors' activities. The Ministry of Foreign Affairs and the embassies of Ukraine in coordination with the Ministry of Economic Development and Trade continuously carry out research on the markets of the countries of residence in order to eliminate the barriers to the expansion of trade and economic relations. The mechanism for supporting national business is the joint work of the Ministry of Foreign Affairs and the Ministry of Economic Development and Trade with a view to creating favourable trade regimes, in particular the signing of relevant agreements with countries of significant economic interest.

It is impossible to ensure the dynamic development of Ukrainian exports without an established mechanism of effective communication between the government departments that determine and ensure the implementation of the foreign trade strategy of the state, and direct participants in foreign economic activity, i.e. the exporting enterprises. Therefore, domestic economic diplomacy has been strengthened by the creation of a number of specialised institutions designed to provide a comprehensive range of

services necessary for the effective support of Ukrainian exporters in international markets. The Export Promotion Office established under the Ministry of Economic Development, and the Council of Exporters and Investors under the Ministry of Foreign Affairs are among them.

In the wide range of important areas of work of the Ministry of Foreign Affairs, one of the priorities is political and diplomatic support of domestic exporters by expanding the presence on the international market and diversifying the flows of domestic exports to new world centres of growth and to regions, which demonstrate high dynamics of economic development. In order to properly implement the national foreign policy and foreign economic priorities, to facilitate the entry of Ukrainian exporters to foreign markets, to protect their economic and trade interests abroad and to attract foreign direct investment to the Ukrainian economy, in April of 2013, the Foreign Investors Council established the Council of Exporters and Investors of Ukraine. The Board consists of more than 60 representatives of branch associations and unions, leading Ukrainian enterprises and companies that actually represent the entire spectrum of export-oriented industries of Ukraine.

The Council's activities are focused on the following main tasks [2]:

- assistance to Ukrainian exporters in expanding the markets for their products;
- enhancement of participation of Ukrainian enterprises and companies in tenders and competitions, implementation of infrastructural and investment projects abroad;
- attraction of financial resources for the production of competitive and export-oriented products in Ukraine;
- promotion of national manufacturers in the sale of high-tech products abroad and in the introduction of foreign innovative technologies;
- attraction of foreign investments for implementation of priority projects in Ukraine;
- promotion of the advancement of Ukraine's economic interests abroad at the bilateral and multilateral levels.

On the basis of immediate and strategic information from permanent foreign relations bodies,

the Ministry of Foreign Affairs promptly informs the members of the Council on promising directions for expanding Ukraine's presence on world markets, and communicates proposals from foreign companies to establish mutually beneficial cooperation with Ukrainian partners. The proposals by the members of the Council of Exporters and Investors of Ukraine are being worked out on advancement of business conditions, improvement of the regulatory environment, stimulation of investment activity in Ukraine taking into account advanced foreign experience.

Membership of the Council of Exporters and Investors under the Ministry of Foreign Affairs enables business representatives to participate in business forums during high-level visits and to formulate proposals that will be taken into account in the preparation of bilateral meetings with officials of foreign countries.

An important aspect of disseminating information about one's own export opportunities in the international business environment is the participation of Ukrainian producers in prestigious exhibitions and fairs events abroad. The Council of Exporters and Investors administers appropriate information support for such events and provides representation of domestic enterprises wishing to expand the network of their foreign trade contacts and consolidate themselves in international markets.

The Board is also attended by the leaders of the American Chamber of Commerce in Ukraine, the European Business Association and the American-Ukrainian Business Council, whose member companies are implementing a number of large-scale investment projects on the territory of Ukraine. Direct cooperation with representatives of foreign business and capital provides an opportunity to inform them about the main measures taken by the Ukrainian authorities in order to improve the business and investment climate, as well as on promising forms of partnership cooperation with domestic business entities.

The analysis of the Council's practice shows that there is a strong interest of domestic export-oriented businesses in a transparent and effective mechanism for communication

with the Ministry of Foreign Affairs and official representatives, which is confirmed by a significant increase in the number of appeals from Ukrainian enterprises for the provision of diplomatic assistance in order to enter the external markets. Since the beginning of 2016, more than 6,000 national business applications have been processed, more than 300 Ukrainian companies have been provided with specific and effective support for expanding their presence in the markets of particular countries, as well as for solving problematic issues with foreign partners. As a result of the work of the Council and owing to the direct assistance of the Ministry of Foreign Affairs, domestic manufacturers signed foreign trade contracts worth approximately 700 million USD [3] in 2016.

Formation of export policy at the state level falls within the competence of the Ministry of Economic Development and Trade of Ukraine. The fulfilment of such a large-scale task will be successful with effective communication between businesses, the Ministry of Economic Development and Trade as one of the governmental institutions and technical assistance projects. In order to help Ukrainian companies to succeed in international markets, the Export Promotion Office was established as a consultative and advisory body under the Ministry of Economic Development and Trade of Ukraine in accordance with the Order of the aforementioned Ministry No. 1861 issued on November 3, 2016 [4]. Realisation of the set goal is ensured by development of export competences of Ukrainian business, assistance in establishing cooperation and partnership between Ukrainian and foreign business, as well as promotion of Ukrainian goods and services abroad.

The office cooperates with domestic companies, business associations, foreign business representatives, various foreign associations, trade and import support organisations, and foreign consultants. In March 2018, the government decided to change the status of the Export Promotion Office from an advisory and consultative body to a government agency.

The main work of the Office focuses on five priority areas [5]:

1. Information for exporters: databases, analysis of priority markets and industries.

2. Education for exporters: trainings, seminars, webinars and other educational activities for exporters.

3. Services for exporters: assessment of export readiness, initial consulting, assistance in finding business partners, consulting on participation in foreign tenders (GPA).

4. Business opportunities: events that open up new export opportunities (trade missions, exhibitions, B2B and B2G meetings).

5. SheExports Platform: support for female entrepreneurs and female exporters.

The Export Promotion Office created and tested the exporters support model through providing export services, export advice, education projects for exporters, trade missions and exhibitions to countries that are promising for the export of Ukrainian goods and services. The office is part of the European Trade Promotion Organisations (ETPO) and the She Trades Platform Verifier, providing access to the best international exporters support practices and creates new export opportunities. Since December 2016, the Office is supported by the Western NIS Enterprise Fund and the Expert Deployment for Governance and Economic Growth (EDGE) project. In 2017, 265 companies took advantage of the export consulting services by the Export Promotion Office; more than 300 passed an export readiness test; more than 8000 joined different educational activities in various formats; 112 companies opened new foreign markets [6].

Helping exporters in obtaining the demanded analytical information, providing them with the necessary consulting services and creating opportunities for communication with prospective foreign partners potentially increases the likelihood of successful business activities of exporters, and, consequently, strengthening the international business reputation of Ukraine.

It is clear that small and medium-sized enterprises need more services to promote expansion of export opportunities, as large corporations usually have their own specialised units for doing similar work. But in any case, when considering requests from exporters, it is necessary to outline

a system of criteria that the applicant companies have to meet, in particular, belonging to the priority sectors or areas of economic development of the country, transparency of activity and reporting, indicators of financial and economic activity, degree of detail of business plans, availability of illustrative material and samples of products, information about companies' owners and managers, etc. In particular, one of the problems faced by commercial diplomacy professionals is to service requests from manufacturers who are not represented on the network and do not have their own website. In addition, the reality of modern business environment requires that company representatives should speak English or provide proper translation, be prepared for successive negotiations with international partners and, most importantly, be competitive, have the so-called export potential and ensure the delivery of goods in the amount and terms stipulated by the partner. Of course, the important strategic importance for the country is the support of export companies operating in the priority sectors of the economy and engaged in the export of high value-added goods / services [7].

The Export Promotion Office, which advises on the internationalisation of business for Ukrainian producers of goods and services, implies the need to test a company for readiness for export. The company must pass an export readiness test on the EPO website. For companies that meet the necessary criteria, the next step is to verify the export idea. The Office's specialists provide companies with argumentations about the relevance of their export ideas. This is done by analysing trade statistics, existing tariff and non-tariff regulation, consider-

ing possible obstacles, etc. If the exporter has already clearly identified in exporting of which products or services it is interested, and also selected the priority countries and the profile of potential partners in these markets, the Office's specialists individually help it to develop a further step-by-step plan for the exit of business into specific markets. If the export readiness test results are 69% and lower, companies need to improve their export knowledge and skills. The Office's Educational Programmes can be used to this purpose. In 2017, the Office has established a network of 72 highly qualified foreign and local consultants that can provide services in 42 countries worldwide [8].

Conclusions. The growth of global processes, the intensification of competition in world markets for goods and services affect the transformation of foreign economic activity, which acquires communicative features, defines and balances international cooperation and promotes positioning of the country in the global environment. Challenges faced by domestic actors of foreign economic activity necessitate an effective system of state support for exporters. The practice of using the tools of support for exporters is determined by traditions, innovations, European integration, and not merely institutional changes but also economic and political ones. Taking into account the importance of assistance to national producers in the study, development and diversification of promising export markets as well as in the realisation of export opportunities, the institutions of economic diplomacy should respond as quickly as possible to their appeals, using all available support tools for exporters.

References:

1. Export strategy of Ukraine: Road map of strategic trade development for the period 2017–2021. URL: <https://www.kmu.gov.ua/ua/npas/pro-shvalennya-eksportnoyi-strategiyi-ukrayini-dorozhnoyi-karti-strategichnogo-rozvitku-torgivli-na-20172021-roki>.
2. Council of Exporters and Investors under the Ministry of Foreign Affairs of Ukraine. URL: <https://rei.mfa.gov.ua/ua>.
3. How does the Council of Exporters protect Ukrainian business abroad. URL: <https://image.ua/business/how-the-exporters-council-protects-ukrainian-businesses-abroad>.
4. Official website of the Ministry of Economic Development and Trade. URL: <http://www.me.gov.ua/Documents/Detail?lang=uk-UA&id=88ac5bdc-ba3b-47e7-9545-65a29c3e63d9&title=OfisZProsuvanniaEksportu>.

5. Export Promotion Office. URL: <https://epo.org.ua/pro-nas>.
6. Report of the Export Promotion Office for 2017. URL: <https://epo.org.ua/epo-annual-report-2017>.
7. Sydorenko S. New challenges of the Ministry of Foreign Affairs – “self-trolling” of diplomats and incorrect business requests. European truth. 19.08.2015. URL: <https://www.eurointegration.com.ua/articles/2015/08/19/7037168>.
8. Panchenko Yu. Head of the Export Promotion Office: We do not do business instead of exporters, but create opportunities. European truth. 06.04.2017. URL: <https://www.eurointegration.com.ua/rus/interview/2017/04/6/7064093>.