

Economic Diplomacy: Leveraging Trade and Investment Policy Goals for Foreign

Outline

1. Introduction

Thesis statement:- Foreign policy goals can be secured through leveraging trade and investment. Thus, some measures should be taken to address the issues of economic diplomacy.

2. A brief overview of economic diplomacy

- Foreign aid
- Economic sanctions
- Economic cooperation

3. How does trade and investment help to achieve foreign policy goals?

I. Trade and investment helps to seek political interests

Case study: Economic policy of United States of America

II. It increases soft power of states

Reference: World Bank report 2021

III. Economic diplomacy results in trust building

Case in point: Flow of Foreign Investment

IV- It increases economic weight
of the country
Case study: Rise of China

V- It ensures security of
states
Case in point: USA - Israel nexus

VI- It helps to spread the
political ideologies
Reference: US aid to west
during second world war

4- What are the challenges of economic diplomacy?

I- Backlash against globalization leads
to failure of economic diplomacy
Case in point: Rise of global south

II- Increasing US - china conflict
undermines prospects of economic
diplomacy:
Case study: US - China trade war

III- Presence of multipolar world
order is challenge for economic diplomacy
Book: New World Order

IV- Absence of consensus between
foreign and domestic economic
policies hinders economic diplomacy

5. What are the measures to address the issues of economic diplomacy for achieving foreign policy goals?

I - Ensuring rule based economic system is essential
Case study: India's economic policy

II - Alligning economic diplomacy with domestic economy
Case in point: World Economic Forum Survey 2024

III - Ascertainning economic engagement through soft power tools
Case study: South Korea

IV - Guaranteeing rule based world order is imperative
Reference: Resolving tensions between United States and China

V - Improving peaceful image of states is indispensable
Case study: Nordic states position in peace index

6. Conclusion

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Economic diplomacy is the fundamental tool to achieve the foreign policy objectives. For instance, European Union was established not only for economic cooperation, but also for securing foreign policy goals. Signing of trade agreements among all the member states of the Union has resulted in peace and security of the states. This clearly shows how economic diplomacy helps achieve foreign policy goals. Trade and investment also helps seeks political ends. Trust building and increase in soft power can also be ensured through economic cooperation. Economic weight along with security can also be guaranteed via economic diplomacy. Similarly, states also spread their political ideologies by leveraging economic tools. However, there are various challenges of economic diplomacy like backlash to globalization, economic sanctions, presence of multipolar world order and others which, in turn, undermine foreign policy objectives. Some prudent measures including ensuring rule based order can address the issues of economic diplomacy.

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Alignment of economic diplomacy with domestic economy is also needed for securing strategic goals. Moreover, economic cooperation, and trust building are also essential in this context. Foreign policy goals can be secured through leveraging trade and investment. Thus some concrete measures should be taken to address the challenges of economic diplomacy.