

## INTERNATIONAL ECONOMICS

UDC: 339.9.012(497.11)  
Biblid 0543-3657, 66 (2015)  
Vol. LXVI, No. 1157, pp. 108–124  
Original Scientific Paper

### THE STATE AND POSSIBILITIES FOR PROMOTION OF ECONOMIC DIPLOMACY OF THE REPUBLIC OF SERBIA

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**Abstract:** The world is characterised by dynamic changes which intensify interdependence of states, what is especially reflected in the field of economy. In spite of numerous crises and bigger risks in international relations it is clear that the world convergence of systems and institutions is carrying on, what points to the fact that globalisation keeps on going its way. Taking into consideration the current position of the Republic of Serbia on the international scene as well as its economic position it is obvious that big challenges and hard work is before us in order to keep up with developed countries and to take a position after EU accession and in the global order which is being established. In order to achieve such significant economic progress competitiveness of our economy should be constantly strengthened, what is the only efficient way towards achieving increase in exports. The experiences of developed countries show that their highly professional and first-rate economic diplomacy is to a great extent responsible for the success of their export potentials. Therefore, by doing an analysis the paper has attempted to point not to the need, because in an indirect way it can be consider a rhetorical question, but to the possibilities for the promotion of the Serbian economic diplomacy in practice.

*Key words:* economic diplomacy, economic development, globalisation, competitiveness.

### INTRODUCTION

The contemporary world is characterised by strong globalisation which is at the same time shaping the business environment. According to the opinion of the

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author of the article, globalisation is by itself an irreversible process of dynamic integrations and continuous intensification of interdependence of states and people at the world level. Under such conditions the quality of relationships between the state and business is a key element for the success and achieving of a comparative advantage in the global market arena.

In the opinion of Prof. Vukotić, one of the leading economists from this region: “The intensity and nature of economic activities depend on many factors such as climate, size of the territory or population, customs, degree of development, capital and technological level, but it depends most on the rules of the game” (Vukotić, 2005, p. 184). In that sense, the comprehension of the relationship between globalisation, the state and business is of vital importance for finding solutions to achieve economic success.

Be that as it may, the driving forces of globalisation which characterise the post-Cold War surroundings do not substantially decrease the value of the existing international system. They rather encourage as necessary the establishment of the reform process and adjustment to new conditions and systems by which the world works. In that sense, the future of diplomacy will depend on its ability to duly recognise the newly created changes and encourage its governments to undertake transformations that will enable their efficacy and efficiency which are in the interest of the people, states and the whole plant as well.

Therefore, in the present kind of “economic global village”, when capital ignores that there exist all kinds of differences between peoples and states diplomacies of countries of primarily small and medium sized territories and financial power among which the Republic of Serbia is, inevitably moves the focus of its activity from political to economic aspects of international relations.

Bearing in mind what has been said above, considering all available information we have endeavoured to perceive the state of economic diplomacy in Serbia (both in theory and in practice) and to point to the possible directions of its promotion. The article does not intend to give answers to all unknown matters concerning the Serbian economic diplomacy. On the contrary, it should be understood only as a part of efforts that are taken with the aim of improving our economic reality.

## **THEORETICAL DETERMINATION OF ECONOMIC DIPLOMACY**

Although economic diplomacy has a clear historical development dimension, the term itself was created comparatively not long ago. It originates from French - *la diplomatie economique*. Very soon it was adopted by the Russian diplomacy under the term *экономическая дипломатия*. On the other hand, we have Anglo-Saxon variations using the terms such as trade diplomacy, commercial diplomacy, although in recent

times it can be noticed that the term economic diplomacy has been being increasingly adopted (Ruth, 2006). Trade diplomacy puts emphasis on trade promotion, while economic diplomacy is a broader term involving all economic aspects.

In that sense, trade diplomacy implies the activities of the state in international promoting and protecting of the interests of companies, negotiations with the governments and companies in whose countries home offices do business, preventives measures of possible economic conflicts at home or abroad, collecting of information as well as global promotion of domestic export interests through the diplomatic apparatus, what should all be done in co-ordination with domestic companies (Bryde, 1993).

Concerning economic diplomacy it can be perceived from two aspects. One is economic diplomacy in a broader sense and it is more comprehensive regarding all subjects of a society which participate in strengthening of economic competitiveness of a country by applying diplomatic methods. The other is the definition of economic diplomacy in a narrower sense regarding the exclusive activities of the Ministry of Foreign Affairs which protects economic interests of its country. In a broader sense, economic diplomacy implies applying of state diplomatic measures as well as economic measures and instruments bilaterally and multilaterally in order to ensure the development of the national economy and protection of foreign economic interests of a country (Орбатски, 1985, p. 3).

In our country economic diplomacy is theoretically defined by several researchers. For the purpose of this paper we shall mention only two authors and these are Prof. M. Raičević and Prof. V. Prvulović. In his book “Međunarodna ekonomija” (International economy) which was published in 1999 Raičević explains that economic diplomacy “...includes applying of diplomatic mechanisms and methods in co-ordination with the strategic, foreign economic goals and instruments for their operationalisation on the part of the state in bilateral and multilateral flows of international economic co-operation as well as in the domestic economic space. The goal is to actively support the national economy and ensure the achievement of foreign economic interests, positioning and providing of direct support to home offices in international business (what includes reaching of political and some other goals within the foreign policy strategy of the specific state in some geographic and political areas or generally in the world)” (Raičević, 1999, p. 137).

Taking into consideration the “awkwardness” of the definition Raičević had provided Prof. Prvulović decided to apply the procedure of shorter and “gradual defining of economic diplomacy” (Prvulović, 2001, p. 24). According to him, economic diplomacy is a “... specific and sophisticated union of diplomacy in the classic sense and economic sciences, management sciences, negotiation methods and techniques with foreign partners, public relations and collecting of information which are of interest for the economy of one’s own country or one’s company with the aim of making a breakthrough to the world market” (Prvulović, 2001, p. 24).

On the other hand, in our paper, economic diplomacy in a narrower sense will be defined as efforts of the official diplomacy of a country to support pursuing its economic policy.

It is important to have in mind that ministries of foreign affairs generally do not carry out foreign economic relations (with the exception of Australia, Canada and several other countries which combine their activities with the activities of some other ministries). But, following bilateral economic relations, which are in most ministries interwoven with political activities, through the system of territorial organisational units is something that is implied itself and to which special attention is given. This is a sort of confirmation that the economy is vital being often a dominant element of bilateral relations. The other related element is that most diplomatic services combine economic activities with other assignments. However, there is a lot of those that have also specialised trade departments (as is the case with the USA)<sup>2</sup> or they pursue trade diplomacy by combining persons in big embassies who are especially trained and delegated by the Ministry of Trade with regular officers of the Ministry of Foreign Affairs who also deal with these matters.

There are several models by which states support their economic interests abroad. It is interesting to perceive them through trade and investment aspects which are treated in different ways by Ministries of Foreign Affairs. These are as follows: (a) unified model, where the Ministry of Foreign Affairs plays the most important role fully unifying foreign affairs and foreign trade of the country, (b) partially unified model, where the Ministry of Foreign Affairs and Ministry of Trade jointly establish a separate body which deals with trade and investments in diplomatic missions, c) agency model, where the Ministry of Foreign Affairs does not deal with trade issues at all, but this is done by special government bodies under the supervision of the Ministry of Trade, d) competition model, where activities and powers of the Ministry of Foreign Affairs and other ministries overlap, and e) model of rejection, where the Ministry of Foreign Affairs completely leaves foreign trade and investment issues to other ministries, i.e. the Ministry of Foreign Affairs does not play any role in the economic policy of the country (Rana, 2000).

## **THE STATE OF ECONOMIC DIPLOMACY OF THE REPUBLIC OF SERBIA**

It is an indisputable fact that the best results in any activity are achieved by creating a symbiosis of theory and practice. In that sense, when economic

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<sup>2</sup> In 2010, the State Department was reorganised and on that occasion the Office for Economic Growth, Energy and Environment was established. It is also responsible for conducting the US economic diplomacy. See the organisational chart of the State Department at <http://www.state.gov>.

diplomacy is concerned, we shall only partly consider the state of theory of this narrow scientific discipline in our country.

### **Economic diplomacy in the scientific theory of the Republic of Serbia**

The research shows that after the break-up of the SFRY the “father” of economic diplomacy in our country has been Prof. Vladimir Prvulović. In 2001, he wrote the book “*Ekonomska diplomatija*” (Economic diplomacy) of which 5 Serbian editions with all changes and additions have been published so far, while the English edition is also to be brought out (Prvulović, 2001).

Apart from Prof. Prvulović, only few researchers in Serbia have explored or have been still exploring economic diplomacy. Among them, we should, certainly, mention Prof. David Dašić (Dašić, 2013) and Prof. Miroslav Raičević (Raičević, 2006).

To be fair we should also mention several titles which have directly or indirectly dealt with economic diplomacy such as the following: Mitić Miodrag, *Diplomatija kao sredstvo za promociju, ostvarivanje i zaštitu poslovnih interesa* (Diplomacy as a means for promotion, achievement and protection of business interests), Zavod za udžbenike i nastavna sredstva, Beograd, 2003; dr Dobrosav Radovanović, *Geoeconomija, poslovna diplomatija i globalni menadžment* (Goeconomics, business diplomacy and global management), Liber, Beograd, 2008; Petković Todor, *Poslovna špijunaža i ekonomsko ratovanje - Globalna ekonomija i poslovna diplomatija* (Business espionage and economic warfare – Global economy and business diplomacy), Public Triton, Beograd, 2006. i Golubović Zoran, *Komuniciranje u ekonomskoj diplomatiji* (Communicating in economic diplomacy), Službeni glasnik, Beograd, 2012.

The proceedings entitled *Nova ekonomska diplomatija mogućnosti i izazovi* (New economic diplomacy: possibilities and challenges) (Asocijacija nevladinih organizacija jugoistočne Evrope, Beograd, 2012) is especially valuable for the Serbian economic diplomacy because our 15 economic diplomats currently doing this job wrote articles for the book.

In the early 21st century several universities in the Republic of Serbia included the subject “Economic Diplomacy” in their curriculums. After the Megatrend University, i.e. its Faculty of Geoeconomics (today it is the Faculty of International Economics) the subject entitled “Economic Diplomacy” is also studied at the Faculty of Economics and Political Science of the Alfa University, Faculty of Economics and Engineering Management of the Business Academy as well as at some, mostly private universities and faculties.

It is interesting to mention that at the Faculty of Political Science in Belgrade, which could be metaphorically called the “core” of our future diplomats, economic

diplomacy is not studied as a separate subject but only as a thematic entity within the “Contemporary Diplomacy”.

In late 2003, Institute of Economic Diplomacy had been founded in Zemun. For ten years of its work it did not meet the expectations of our scientific and professional public. Apart from group forms of work (seminars, round tables...), which were organised by the Institute “Leksikon ekonomske diplomatije i međunarodnog poslovanja” (Lexicon of economic diplomacy and international business) could be considered its greatest achievement.

### **Economic diplomacy of the Republic of Serbia in practice**

In late 2009, followed by the pomp of media 29 economic diplomats (Minister-Counsellors) were sent to 27 foreign countries. Unfortunately, by the general impression of the public, they have not done their job properly. Therefore, their mission was and has remained unsuccessful. Apart from them, about dozen of representatives from the Chamber of Commerce of Serbia work as representatives in foreign countries as well as a number of persons who are engaged in trade parts of our diplomatic missions.<sup>3</sup>

After the analysis had been done on their performance and the budget funds intended for this purpose were cut, in early 2013, economic diplomats were withdrawn from Skopje, Zagreb, Sarajevo, Podgorica, Ljubljana, Kiev and Budapest.

In perceiving the performance of our economic diplomats the expenses they incurred and which our country had to pay should not be ignored. According to the official date, in late 2013, Serbia had 21 economic diplomats (Minister-Counsellors) in 18 states.<sup>4</sup> The expenses the state covered annually totalled 1,377,470 Euros, i.e. 65,594 Euros by an individual. Monthly expenses of the state totalled 114,790 Euros, i.e. 5,468 by a diplomat. What is the structure of expenses of the Republic of Serbia for its economic diplomats? The greatest part, even 60 per cent, was intended for salaries (69,030 Euros), funds for taxes and fees amounted to 11 per cent (12,974 Euros), accommodation expenses amounted to 26 per cent (29,586 Euros), and finally, all other expenses totalled 3 per cent (3,200 Euros).<sup>5</sup>

It is an indisputable fact that economic diplomacy incurs expenses to the state and this should be as such. This is an assertion which no one should deny. However, one can justifiably put a question whether the data showing the promotion of

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<sup>3</sup> In early 2014 the Chamber of Commerce of Serbia had its missions in Russia, Belgium, Austria, Germany and Italy. Available at: <http://www.pks.rs/ONama.aspx?id=119&p=1&>

<sup>4</sup> Austria, Belgium, Bulgaria, the Czech Republic, France, Greece, Italy, Japan, Canada, China, Germany, Romania, Russia, USA, Slovakia, Turkey and Great Britain.

<sup>5</sup> M.Č. *Za ekonomske savetnike u inostranstvu 1,3 miliona evra* (Minister-Counsellors for Economic Affairs cost us 1.3 million Euros), „Politika“, Beograd, 25. decembar 2013, str. 6.

foreign trade of our country in the last five years have resulted only from the performance of Serbian economic diplomats. The official data for 2009 when Serbia established the current model of economic diplomacy show that exports had amounted to 5,961 million Euros, while imports amounted to 11,505 million Euros (Annual Statistical Bulletin of the Republic of Serbia, 2011, p. 281). Five years later, in 2014, Serbian exports amounted to 11,157 million Euros, while imports totalled 15,526.3 million Euros.<sup>6</sup>

Six years after sending economic diplomats abroad the economic situation in Serbia has almost not improved at all. None of our economic diplomats can say that he has made some great or at least a modest result. Practically, out of 29 none of them has managed to bring to Serbia a tangible investment. One could ask a question: who have we sent abroad to represent us? Are they experts, analysts, experienced business persons or sons, daughters, sisters, friends and “good people”?

The biggest mistake was made in choosing economic diplomats which we sent abroad and it was done too hastily. There were chosen young people with no diplomatic experience who were mostly recruited from government administration services. The criteria were badly established, while their implementation was even worse along with the fact that those economic ambassadors were not thoroughly prepared, so it was hard that they could give any better result. Besides, they were surrounded by envious career diplomats and other servants in the Serbian embassies where they were regarded as undesirable “tenants”. There was no satisfactory co-operation and synergy with them which was necessary, their connections were weak or were even made difficult with the two ministries in the country and they could possibly co-operate only with representatives of the Chamber of Commerce if there were any in the missions in the countries to which they were accredited. Their inexperience, bad preparations for specific jobs and the bad choice of diplomats are sufficient reasons for the prevalent failure of our first economic diplomats. It should be mentioned that the Foreign Office of the United Kingdom train its future diplomats 18 months before they are sent to mission in the receiving country, while from four to six months before the mission begins they get acquainted with the specific assignments which will be set before them. In the SFRY similar practice was also applied.

It should be necessary to additionally stress that our economic diplomats are not adequately educated. For more than ten years France has the Economic Warfare School of Paris. Our country does not consider it appropriate to establish an academy or any sort of school for civil servants that would support the efforts for developing serious personnel that would be capable of responding to the needs for a more intensive foreign economic activity of the Republic of Serbia.

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<sup>6</sup> Available at: <http://www.makroekonomija.org/robna-razmena/robna-razmena-u-2014-godini>.

Concerning the domestic economic faculties, the Faculty of Political Science or the Faculty (former Academy) for Diplomacy and Security and their curriculums we can conclude that they are lagging far behind the contemporary world. Therefore, in our country there is no such thing as is the education in the field of economic diplomacy which requires specialised and specific knowledge.

For this reason, we should additionally stress that a Serbian economic diplomat should be adequately educated, well informed of the country where he would serve, he should study the language of the people that live there and work hard for the purpose of achieving the state's interests. Any other way would make an economic diplomat inefficient. If otherwise, a diplomat would spend some time in a foreign country where he would be paid much better than in Serbia not bringing any benefit to the state, what has been the case so far.

### **POSSIBILITIES FOR PROMOTION OF ECONOMIC DIPLOMACY OF THE REPUBLIC OF SERBIA**

The unfavourable economic situation in our country imposes the need to speed up the integration processes under the conditions where interdependence with highly developed countries prevails. This should be done in order to accelerate its development above all, in the economic sphere. In that sense, Serbia's integration to the EU is for our economy one of the most hopeful opportunities. So far, this process has mostly proceeded in the political sphere, so that one could get an impression that it has been the most important. However, the experiences of the European transition countries show that it is equally important or even the most important to achieve significant economic progress without which such an integration could not be possible.

Undoubtedly, for the achievement of great economic progress the competitiveness of our economy should be continuously strengthened, what is the only efficient way for exports increase. The experiences of developed countries show that partly thanks to their highly professional and first-rate economic diplomacy the achievement of success of their export potentials has been partly made.

There is no dilemma whether the state should help its companies in their access to the European and world markets. The only genuine dilemma is how to ensure necessary funds for the support and what moves should be made in the multi-stage process of promotion of our economy at the increasingly demanding world market.

If there is any dilemma over some political issues concerning the future development of Serbia, there should be no dilemma over the economic development, because economic success is *sine qua non* for the survival of our people. In that sense, whatever efforts are made and means are invested in the economic development, they would never be useless.



### **Economic diplomacy of the Republic of Serbia by applying the Austrian model**

Since we have established the fact above in the text that most of developed countries do not leave the co-ordination of their economic diplomacy to Ministries of Foreign Affairs there is a question what model could produce the best results in our case. Taking into account the existing infrastructure and political reality the most appropriate seems to be the so-called Austrian model. That is the model where economic diplomacy issues are treated, i.e. co-ordinated by the Chamber of Commerce of the country concerned. The “Austrian model” of economic diplomacy is in our public discussed more generally than its details are presented. The essence of this model is the fact that economic diplomacy is “handled” by the Chamber of Commerce (Economic Chamber) of Austria (Foreign Trade Sector) with a network of over 110 branch offices in more than 70 countries all over the world.<sup>7</sup>

In some countries such as Serbia branch offices are attached to the Trade Department within the Embassy of the Republic of Austria. In some other countries branch offices of the Austrian Chamber of Commerce act autonomously from the Embassy.

At this moment, 750 people from the Austrian Chamber of Commerce are engaged in economic diplomacy activities offering support to Austrian companies in finding business partners all over the world, this also including foreign companies attempting to find partners in Austria. Apart from this, every year it organises more than 1,000 events with the aim of establishing business contacts, dissemination of information of Austria and the like.

The positive thing with the “Austrian model” is that business people deal with economy and the negative one is that the state can to a small extent influence the regulation, i.e. direction of economic relations.

The institution which most greatly supports the application of the “Austrian model” in the Serbian economic diplomacy is the Chamber of Commerce of Serbia. As said by Željko Sertić, President of the Chamber, this institution is “...willing to participate and make available its experiences in these activities for the purpose of setting up and building of personnel of the future institution or organisation”.<sup>8</sup>

Concerning this model the professional public and government bodies agree that it is necessary to take two steps in the preparation and building of a new model of economic diplomacy of the Republic of Serbia.

The first is to thoroughly consider and find the destinations on the economic chart of the world for our trade offices and the second, which is equally important - is to get the personnel that would work there well prepared, trained and who will

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<sup>7</sup> See more at: <http://www.advantageaustria.org/>

<sup>8</sup> Available at: <http://www.dnevnik.rs/ekonomija/mora-da-se-menja-i-ekonomska-diplomatija>.

acquire the knowledge and skills necessary for the employees that will represent Serbia's economy in the world.

Finally, the Chamber of Commerce have initiated the discussions on its proposal with the ministries which are responsible for this area expecting that the new model will be "applied" during 2015.

### **Economic diplomacy for which the Ministry of Foreign Affairs is responsible**

The alternative to the previously mentioned model is that economic diplomacy is co-ordinated by the Ministry of Foreign Affairs. The implementation of such a model of work can be found in several developed countries. In March 2013, the Sector for Economic Diplomacy was founded within the Ministry of Foreign Affairs of France. Italy constantly puts emphasis on economic diplomacy as a key priority of foreign affairs of its country. During 2010, Hillary Clinton, former US State Secretary, reorganised the State Department establishing the Office for Economic Growth, Energy and Environment, what has already been mentioned above.

The same trend has become evident in the countries in the region. In this way, Slovenia, Montenegro and Macedonia have defined economic diplomacy as a priority of their foreign policies. At the "International Conference on Economic Diplomacy and Internationalisation" representatives of governments, ministries of foreign affairs, chambers of commerce and business emphasised the significance of economic diplomacy through the models applied by France, Denmark, Slovenia, Turkey, Russia, India, Germany and Austria. Although some differences in opinions were expressed the participants in the conference found that the "Scandinavian" model was optimal. By applying it a co-ordination mechanism is being established within the Ministry of Foreign Affairs.

The starting point for the establishment of an efficient model of economic diplomacy of the Republic of Serbia could also be the application of the "Scandinavian" model or more precisely the model applied by Denmark. It has also been applied by Montenegro and Slovenia. The Danish model implies the establishment of *integrated economic diplomacy* within the Ministry of Foreign Affairs.

Within the Slovenian Ministry of Foreign Affairs there is the Directorate for Economic Diplomacy for which the Minister is directly responsible. Within it there is the Department for Public Diplomacy and Bilateral Economic Co-operation.<sup>9</sup> Within the Ministry of Foreign Affairs and European Integration of the Republic of Montenegro there is the Directorate General for Economic Diplomacy and Cultural Cooperation for which the Minister is directly responsible.<sup>10</sup>

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<sup>9</sup> Available at: [www.mzz.gov.si](http://www.mzz.gov.si)

<sup>10</sup> Available at: [www.mvpei.gov.me](http://www.mvpei.gov.me)

Such an idea was presented by Ivan Mrkšić, Minister of Foreign Affairs of the Republic of Serbia, who stated that by the end of 2014 there would be established a separate organisational entity in the MFA, which would be responsible for economic diplomacy of our country,<sup>11</sup> what had not been done until this paper was written.

### **Combined model**

Having in mind what has been said above, we have concluded that in our case the best results would be achieved by applying the “Combined Model of Economic Diplomacy”. It implies an integrative approach in order to ensure better co-ordination and creation of conditions for the achievement of a possible synergy effect of institutions which are responsible for foreign economic relations and promotion of our economy. In that regard, the Ministry of Foreign Affairs should establish a new organisational unit, and if not a sector (what would probably be too ambitious), then at least a Directorate (Directorate General?!) for Economic Diplomacy. It is just necessary to establish a new organisational entity because the existing organisation does not recognise economic diplomacy as one of its functions. By all this, economic diplomats – first-class experts in this field would be engaged in carefully chosen diplomatic and consular missions of the Republic of Serbia in foreign countries.

Regardless of the establishment of a new organisational entity and in accordance with the strategic significance which the economic success has for Serbia the Minister of Foreign Affairs or the State Secretary should be directly responsible for its work.

By the model of private-public partnership with all institutions and organisations of the Republic of Serbia the Directorate for Economic Diplomacy would co-ordinate economic diplomacy, i.e. the activities in supporting and promoting exports and foreign direct investments as well as in providing information to all interested parties.

The activities of economic diplomacy should serve the priorities of the Government of Serbia which are directed towards achieving economic growth and creating of new jobs through inducing our companies to access the markets of foreign countries and increase exports as well in attracting foreign direct investments to Serbia.

Integrated economic diplomacy of the Republic should imply the following:<sup>12</sup>

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<sup>11</sup> The statement by Minister Ivan Mrkić made in the „Oklo magazin” programme, RTS, 16 January 2014.

<sup>12</sup> Presented by using the text of “Ekonomaska diplomatija” (Economic diplomacy) of the Ministry of Foreign Affairs and European Integration of the Republic of Montenegro (<http://www.mvpei.gov.me/rubrike/ED.10.02.2015>).

1. Establishment of the Directorate for Economic Diplomacy as an integrated and co-ordination mechanism for all institutions and organisations which are involved in the process (corresponding ministries, business associations, Serbian diplomatic and consular missions, foreign diplomatic and consular missions in Serbia, universities, local self-governments, Serbian companies, the Chamber of Commerce of Serbia, foreign investors....);
2. Establishment of an efficient mechanism of support to Serbian branch offices abroad and foreign investors in our country;
3. Establishment of an efficient mechanism of support to our diplomatic missions for carrying out the planned activities, what includes providing instructions and information duly;
4. Openness of the Ministry and diplomatic missions to companies;
5. Establishment of a strategic body that would be a co-ordinator at the intersectoral level of the Government of Serbia, which would involve strategic directions and regulatory promotion for business dealings;
6. Serbia's embassies will provide information on economic frameworks of the receiving country as well as on potential possibilities for imports and attracting of investments, this including submitting of an annual work plan and a report.
7. Providing of information of Serbia as an investment destination, of specific projects as well as giving regular instructions on the current issues in order to present a single position;
8. Organisation of meetings with business associations or potential investors during official visits of states delegations;
9. Official delegations should also include representatives of the business community both from our country as from foreign countries during visits of states delegations;
10. Establishment of a mechanism of scholarships for the fields of international economic co-operation, promotion and other necessary knowledge and skills which are indispensable for strengthening the capacities which economic diplomacy performs, etc.

In applying the integrated model of economic diplomacy the role and tasks of our economic counsellors (diplomats) would be as follows:

- offering assistance in establishing contacts with ministries, other state institutions, chambers of commerce, business associations, media at the national and regional level as well making connections with the same or similar institutions in Serbia;
- offering assistance in finding solutions to the questions put by ministries, other institutions and the society;
- providing services relating to the exports promotion;

- providing information on business opportunities, international tenders, industries and fairs relevant for Serbian institutions and companies;
- holding and participating in business meetings (business delegations), fairs, and other presentations, seminars, conferences and other promotional events;
- collecting, processing and disseminating of business information and business opportunities;
- providing advisory support for the access to the markets of receiving countries;
- providing assistance to Serbian companies in establishing contacts with potential business partners;
- consulting and providing IT support to potential foreign investors;
- performing activities, what would motivate foreign investors to invest in Serbia, etc.

Finally, a resolute and successful economic policy in the county and effective economy diplomacy are closely connected to each other. Development makes an impact on the capacity of companies to appear abroad, while an increase of attractiveness of the country creates a favourable environment for successful marketing of the country and investments. A combined acting of the foreign policy with foreign trade creates a foundation for achieving a synergy effect. The Republic of Serbia should substantially improve economic knowledge and skills in the diplomatic network and fully open itself to economic partners.

### **CONCLUDING REMARKS**

Economic diplomacy is not a new term for a new phenomenon in the development of diplomacy. Since the Renaissance up to the present times economic issues have been one of the most important tasks of diplomacy in parallel with political and security aspects ensuring balance of power through them.

In the international system economic diplomacy is becoming more significant with the acceleration of globalisation when there is deficiency of appropriate rules and institutions which set the framework for acting of companies in the planetary market arena. Under such conditions companies refer to the institutions of their states in order to strengthen their access to the world market. Governments are to support the activities of companies from their territories because otherwise, companies from other states will benefit from their passivity. All this is nothing else but an open fight for growth and development of economic power of some companies whose success is in the long run the success of the economic policies pursued by national governments.

Economic diplomacy is a specific activity since its goals are precisely defined and basically, it has been an integral part of diplomacy since its beginnings. Now

we are witnessing the economisation trend of the whole diplomacy. By the end of the political processes such as the Cold War and opening of the process of globalisation primarily as an economic phenomenon economic objectives are becoming of primary significance. By the definition, economic diplomacy is nothing else but using diplomacy for achieving economic goals.

Economic diplomacy is the future of diplomacy, because with globalisation of the world economy and politics which is under way it has become the main means for the breakthrough to the world market. The main function of economic diplomacy is the protection of one's national interests in international economic relations.

Economic diplomacy of the Republic of Serbia has not appropriately responded to contemporary globalisation. Serbian universities have no study programmes in the field of economic diplomacy, while the number and level of quality of scientific papers in this field is not appropriate. Apart from this, economic diplomats who the Republic of Serbia has sent to foreign countries have not satisfactorily done the job with which they have been entrusted. This is proved by the foreign trade balance of the country and for the last several years the Republic of Serbia has constantly recorded foreign trade deficits amounting to more than 4 billion Euros.

Such a state of economic diplomacy of our country when globalisation is going on demands a complete improvement of this activity, both in theory and in practice. There are numerous possibilities to achieve this. In theory, they are reflected in the introduction of study programmes of "Economic Diplomacy" at relevant universities and in the increase in the number and quality of papers in that field. In practice, its promotion would be achieved by the implementation of integrated economic diplomacy for which the Chamber of Commerce or the Ministry of Foreign Affairs would be responsible.

If we let the global processes create the social environment instead that we do it, we will again remain on the margins of development. Globalisation is a cruel reality. We can fight against the global processes, but we should not let them create our fate instead of us. This is the process which brings numerous advantages and opportunities with it, this also including risks. It depends on us ourselves whether we shall accept more advantages and opportunities than risks. We must accept the fact that the most lethal weapon today is knowledge. Therefore, our future social, economic, social and political development should be based on knowledge. Only in this way we shall have the opportunity to make the global processes which permeate us bring with them more advantages and opportunities than risks to this area.

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## **POLOŽAJ I MOGUĆNOSTI UNAPREĐENJA EKONOMSKE DIPLOMATIJE REPUBLIKE SRBIJE**

Apstrakt: Odlika savremenog sveta su dinamične promene koje pojačavaju međuzavisnost država, što se posebno ogleda u oblasti ekonomije. Uprkos brojnim krizama i velikim rizicima koji se javljaju u međunarodnim odnosima, u svetu je u toku proces približavanja sistema i institucija, što ukazuje na činjenicu da globalizacija nastavlja svoj pohod. Uzimajući u obzir trenutnu poziciju Republike Srbije na međunarodnoj sceni, kao i stanje njene privrede, jasno je da se pred našom zemljom nalaze veliki izazovi i naporan rad kako bi održali korak sa razvijenim zemljama i kako bi smo zauzeli bolju poziciju u Evropskoj uniji po pristupanju i novom svetskom poretku. Da bi se postigao tako značajan ekonomski napredak, potrebno je stalno jačati konkurentnost naše privrede, što je i jedini efikasan put ka povećanju izvoza. Iskustva razvijenih zemalja pokazuju da je njihova visoko profesionalna i prvoklasna ekonomska diplomatija u velikoj meri zaslužna za povećanje izvoznih mogućnosti. Prema tome, u ovom radu autor je svojom analizom pokušao da ukaže ne na potrebu, zato što se to na indirektan način može smatrati retoričkim pitanjem, već na mogućnosti za unapređenje ekonomske diplomatije Republike Srbije.

*Ključne reči:* ekonomska diplomatija, ekonomski razvoj, globalizacija, konkurentnost.

Received: 21.1.2015.

Revised: 15.2.2015.

Accepted: 25.2.2015.