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ECONOMIC DIPLOMACY OF BRICS COUNTRIES: LESSONS FOR BANGLADESH

Abstract

Divergence of economic diplomacy among the BRICS (Brazil, Russia, India, China and South Africa) countries produces variation in their external economic settings. Bangladesh may not be able to follow the whole of economic diplomacy exercised by BRICS countries. Even a particular country's entire initiatives may not be fully suitable for Bangladesh. Economic diplomacy of Bangladesh could be benefited from mutual learning and exercising best practices of BRICS countries. Diplomatic networks of Bangladesh's Ministry of Foreign Affairs (MoFA) need to be attuned with changing global economic diplomacy. Bangladesh should realise that economic diplomacy differs based on competence and skills of diplomats engaged in international economic negotiations. Otherwise, consolidation of Bangladesh's foreign affairs and its economic promotion would be tricky.

1. Introduction

International trade, Foreign Direct Investment (FDI) and Official Development Assistance (ODA) are the three most important features of economic diplomacy.¹ Among the developing countries, some are proactively pursuing the basics while some have been reactive to the international economic relations.² Bulk of developing countries is placed in between the two.³ Divergence of economic diplomacy among the BRICS (Brazil, Russia, India, China and South Africa) countries produces variation in their external economic settings. It is important to distinguish viewpoints of BRICS countries' economic diplomacy within global political economy.

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¹ Teddy Soobramanian, "Economic Diplomacy for Small and Low Income Countries", in Nicholas Bayne and Stephen Woolcock (eds.), *The New Economic Diplomacy: Decision-making and Negotiations in International Economic Relations*, 3rd Edition, London: Ashgate Publishing Limited, 2011.

² Madu Magnus Emeka, "The Dynamics of Economic Diplomacy in Developing Countries: The Case Study of Nigeria", *Malaysian Journal of History, Politics and Strategic Studies*, Vol. 37, 2010, pp. 165-189; Kishan S. Rana, "Economic Diplomacy: The Experience of Developing Countries", Chapter 11, in Nicholas Bayne and Stephen Woolcock (eds.), *The New Economic Diplomacy: Decision Making and Negotiation in International Economic Relations*, 2nd Edition, London: Ashgate Publishing Limited, 2007.

³ Kishan S. Rana and Bipul Chatterjee, "Introduction: The Role of Embassies", in Kishan S. Rana and Bipul Chatterjee (eds.), *Economic Diplomacy: India's Experience*, Jaipur: CUTS International, 2011, pp. 1-23; Ivan Mbirimi, "Economic Diplomacy for Developing Countries", in Nicholas Bayne and Stephen Woolcock (eds.), *The New Economic Diplomacy Decision-Making and Negotiation in International Economic Relations*, 1st Edition, London: Ashgate Publishing Limited, 2003, pp. 251-260.

BRICS countries are in general influential over international economics⁴ and markets⁵. They represent models of diversified developments and are eager to transform international business.⁶ Immediately after independence of Bangladesh, one of BRICS countries, who was highly keen to associate with Bangladesh and supplied overseas economic and technical support to Bangladesh, was Russia. In recent times, relations between the two, comprised of economic and security issues, are being strengthened. Bangladesh's two most important trading partners are China and India. Both countries are geographically proximate to Bangladesh. Being strategically placed in between the two, Bangladesh realises that gains are likely to be achieved through collaborating closely with China and India. Brazil and its relations with Bangladesh in multi-party economic forums are vital. Bangladesh in 2011 (28 July to 10 August) sent a 'Fact-Finding Mission' to Latin American countries including Brazil. Recently, the former has re-established its diplomatic mission in the latter to further mutual economic diplomacy.

Both Jim O'Neill and Goldman Sachs popularised the acronym 'BRIC' (Brazil, Russia, India and China) and stated that it would in near future become an important global economic growth provider. Thereafter, a debate continued on why any African country was not included in BRIC? Perceived economic irrelevance of Africa was a cause for long. It brought doubt about BRIC's claim to speak for the emerging world.⁷ After that, either Nigeria or South Africa was thought to be included. The latter was considered and BRIC became BRICS in 2010. South Africa was not considered by original thoughts of O'Neill and Sachs. South Africa has no embassy in Bangladesh and till now the former is not interested to open embassy in Dhaka. Bilateral economic relations are tricky to be managed well without both-way embassies. Bangladesh's economic relations with South Africa are not as comparable as with initial BRICS i.e., BRIC.

The features aforementioned take initial BRICS (i.e., BRIC) into consideration to be studied and compared simultaneously. As of 2012, Gross Domestic Products (GDPs) of China, Brazil, Russia and India were US\$ 8.25 trillion, US\$ 2.4 trillion, US\$ 1.95 trillion and US\$ 1.9 trillion respectively.⁸ In the days to come, one might see a cluster of developing countries changing their economic diplomacy in the direction of BRIC. Rationales before the dynamism are the following three: increasing their international

⁴ Goldman Sachs, "Is This the BRICS Decade?", *BRICs Monthly*, Issue No. 10/03, May 2010, Goldman Sachs Global Economics, Commodities and Strategy Research, available at <http://www.360.gs.com>, accessed on 11 October 2011.

⁵ Stratfor, *Emerging Economies: The Geopolitics of the BRICS Nations*, CreateSpace Independent Publishing Platform, 2012.

⁶ Francis A. Kornegay and Lesley Masters, "From BRIC to BRICS", Report on the Proceedings of the International Workshop on South Africa's Emerging Power Alliances; IBSA, BRIC, BASIC, Pretoria: Institute for Global Dialogue (IGD), May 2011, p. 122.

⁷ "Why is South Africa Included in the BRICS?", *The Economist*, 29 March 2013.

⁸ Mohammad Jasim Uddin, "Economic Diplomacy, Developing Countries and Bangladesh", *Dhaka Courier*, Vol. 29, Issue 45, 24 May 2013.

trade, attracting FDI and making assistance for development cooperation available. Consequently, for a developing country like Bangladesh, there are lessons to learn from the practices of BRIC countries' economic diplomacy.

This paper is divided into five sections, including introduction. Section two discusses economic diplomacy of Brazil, Russia, India and China (BRIC). Section three makes a comparison of BRIC countries' economic diplomacy. Section four draws some lessons for Bangladesh. Section five ends with concluding remarks. It is to note that this paper limits incorporating data no later than 30 June 2014.

2. Economic Diplomacy of Brazil, Russia, India and China: A Historical Evolution

2.1 The Case of Brazil

Since early 1960s, Itamaraty, Ministry of External Relations (MER) of Brazil, as a leading agency started practising economic diplomacy⁹ and "adapted to take on new subjects, built up an extensive structure of private sector contacts and maintained good relations with other ministries."¹⁰ Both internal consultation and international negotiation are pursued by Itamaraty.

Growing technicality of international economics has forced Itamaraty to entrust some of its tasks to experts of commerce ministry and modify its economic diplomacy into a multi-agency approach.¹¹ There are few countries which send their foreign ministers to represent at the World Trade Organization (WTO) and Brazil is one of them.¹² Thus, diplomatic services of Itamaraty and commerce ministry jointly handle trade and commercial tasks abroad. Various aspects of overseas tasks are interrelated and demand integrated management; hence, Itamaraty promotes political and economic diplomacy side by side. Besides, Itamaraty has a specific unit to uphold brand image of Brazil abroad.

⁹ Braz Baracuhy, "Brazilian Economic Diplomacy: Agriculture and the WTO", in Nicholas Bayne and Stephen Woolcock (eds.), *The New Economic Diplomacy: Decision-making and Negotiations in International Economic Relations*, op. cit., 2011, pp. 341-358.

¹⁰ Nicholas Bayne, "Challenge and Response in the New Economic Diplomacy", in Nicholas Bayne and Stephen Woolcock (eds.), *The New Economic Diplomacy Decision-Making and Negotiation in International Economic Relations*, op. cit., 2011, p. 63.

¹¹ Gelson Jr. Fonseca, "Notes on the Evolution of Brazilian Multilateral Diplomacy", *Global Governance: A Review of Multilateralism and International Organizations*, Vol. 17, No. 3, July-September 2011, pp. 375-397.

¹² Oscar Montealegre, "Brazil's Trade Diplomacy", 2011, available at <http://www.diplomaticourier.com/news/regions/brics/169-brazil-s-trade-diplomacy>, accessed on 23 June 2012; Oscar Montealegre, "The Secret to Brazil's Success: Trade Diplomacy", 2011, available at <http://oilprice.com/Geopolitics/South-America/The-Secret-To-Brazils-Success-Trade-Diplomacy.html>, accessed on 30 June 2012.

An important economic diplomacy of Brazil is increasing its influence in multiple level forums¹³ to give a message that Brazilian government is enthusiastic to carry out its global pledges without any unexpected anomaly. Hence, the country dispatches “increasing number of provincial level business delegations and establishes its marketing offices abroad.”¹⁴ On the other hand, Brazil is keen to grip any opportunity to uphold its economic diplomacy. In that, the role of Brazilian sub-national bodies as independent economic actors has been crucial.¹⁵

Both developed (e.g., North-American countries, Germany, etc.) and developing economies (e.g., China, India, etc.) are targets of economic diplomacy of Brazil to invigorate its global and regional (e.g., within Mercosur, a trading bloc of South America) economic integration, attract FDI inflow, adapt with multiple trade models, and deepen its relations with global financial agencies.¹⁶ A study identifies two important features of Brazilian economic diplomacy: “sticking to the diplomacy serves to economic construction, and establishing new diplomatic forms of the integration of the great power-multilateral-sustainable development.”¹⁷ Thus, economic diplomacy of Brazil since the beginning of 1990s has given significant weight to changing global economics and politics, and has promoted politico-economic advancement within its region.

Difference between Brazil and its regional (i.e., Mercosur) states, in case of exercising economic diplomacy is that the country has intensely searched for potential markets for boosting its export promotion.¹⁸ Brazil is affiliated with a number of common markets as well as strategic and economic collaborations. Besides, it advocates an international view “which is a hard-to-pin-down blend of pragmatism, relativism and a seemingly indiscriminate willingness to be friends with everyone.”¹⁹ Hence, it is important to understand what Brazilian economic diplomacy stands for and what are its ultimate aims. A study identifies some core aims of Brazilian economic diplomacy. These are - growing as a key regional market, offering open market competition for developing states and gaining a seat in the United Nations Security Council (UNSC).²⁰ In order to meet these aims, Brazil has taken several strategies e.g., country-branding, deepening south-south collaborations, promoting partnerships on economy and boosting energy initiatives.

¹³ Stephanie Hanson, “Brazil on the International Stage”, 02 July 2012, available at <http://www.cfr.org/brazil/brazil-international-stage/p19883>, accessed on 06 August 2012.

¹⁴ Kishan S. Rana, “Economic Diplomacy: What Might Best Serve a Developing Country”, *International Journal of Diplomacy and Economy*, Vol. 1, Nos. 3/4, 2013, p. 239.

¹⁵ Author’s interview with Leonardo B Azevedo, Deputy Head of Mission, Embassy of the Federative Republic of Brazil in Bangladesh in 2014.

¹⁶ Lael Brainard and Leonardo Martinez-Diaz (eds.), *Brazil as an Economic Superpower?*, Washington, DC: The Brookings Institution, 2009.

¹⁷ “Analysis on Economic Diplomacy of Brazil from 1990”, 2011, available at <http://www.economics-papers.com/analysis-on-economic-diplomacy-of-brazil-from-1990.html>, accessed on 31 December 2011.

¹⁸ Oscar Montealegre, 2011, *op. cit.*

¹⁹ “Dilma Rousseff’s Visit to America Our Friends in the South”, *The Economist*, 07 April 2012, p. 23.

²⁰ “Exploring Public and Economic Diplomacy”, Project Final Report by School of International and Public Affairs (SIPA), Columbia University, Spring 2012.

2.2 *The Case of Russia*

Economic diplomacy of Russia can be expressed by the ability to re-define its affiliation with ex-Soviet states, to become known as a global leader and to associate with multiple level trade and global economic groupings.²¹ These are focused on external economic and trade promotion, interacting with global economic and financial agencies, affiliating with regional blocs, facing international economic barriers and attracting FDI.²² Attracting overseas strategic partners and improving country image abroad are also vital steps of Russian economic diplomacy to attract FDI.

Russia is now involved in interactive diplomatic endeavours with international economic and trade organisations. The World Bank (WB) is no more a supplier of external economic resources for Russia, but a crucial means of transferring experience and expertise in case of global developmental and economic assistance. Importantly, Russia has emerged as a donor instead of a receiver.²³ On the other hand, a fundamental aspect of Russian economic diplomacy is its accession to the WTO. Although preserving " 'dosed' protectionism of Russian economy's certain branches of special interest"²⁴ still continues, Russia's entry to the WTO helps its foreign trade liberalisation.

Russia is actively engaged with Black Sea Economic Cooperation (BSEC), Barents Euro-Arctic Council (BEAC), Council of the Baltic Sea States (CBSS), Single Economic Space (SES), Eurasian Economic Community (EEC), European Union (EU), Asia-Pacific Economic Cooperation (APEC) and BRICS. Besides, it is keen to associate with Organisation for Security and Co-operation in Europe (OSCE). Involvement of Russia with these organisations to uphold its global trade and economic relations substantiates that regionalism, regional or sub-regional and extra-regional groupings are important aspects of Russian economic diplomacy. On the other hand, being a key source of gas and oil to the former Soviet countries and a provider of important route for exporting energy resources of the countries to external markets, Russia continues to advocate reintegration programmes in the ex-Soviet Union.²⁵ Thus, Russian energy diplomacy and economic diplomacy are mingled both at regional and global levels.

²¹ Alexey Likhachev, "Economic Diplomacy of Russia in the Context of Globalization", 2007, available at <http://www.economy.gov.ru/wps/wcm/connect/economylib4/en/home/about/management/lihachev>, accessed on 19 July 2011.

²² Kato Mihoko, "Russia's Multilateral Diplomacy in the Process of Asia-Pacific Regional Integration: The Significance of ASEAN for Russia", 2007, available at <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=34994>, accessed on 22 June 2011.

²³ Claire Provost, "The Rebirth of Russian Foreign Aid", 2011, available at <http://www.theguardian.com/global-development/2011/may/25/russia-foreign-aid-report-influence-image>, accessed on 12 September 2012.

²⁴ "Russia's Economic Diplomacy", *Diplomat*, 2003, p. 1, available at <http://www.usrcne.org/news2.phtml?m=122>, accessed on 11 June 2011.

²⁵ Author's interview with Maxim Basak, Second Secretary, Embassy of the Russian Federation in Bangladesh, in 2014.

Russia is keen to deepen its functional relations with energy-oriented multiparty arrangements e.g., International Energy Agency (IEA), Organization of Petroleum Exporting Countries (OPEC), International Energy Forum (IEF), etc. Russia has also been pursuing bilateral diplomacy with some countries producing oil. On transport connectivity, Russia is focused on assessing its potential to be a bridge between Asia and Europe. Already, it has taken initiatives to execute multiparty Agreement on the International 'North-South' Transport Corridor.²⁶ On global trade, Russia emphasises on its trade diversification, maintaining traditional and searching potential markets for its exports. Thus, economic diplomacy of Russia is focused on global collaboration in energy, trade and transport connectivity.

Russian economic diplomacy is advanced by a number of actors placed in different agencies e.g., MoFA, ministry of economic development, business organisations, trade agencies, etc.²⁷ MoFA is the most important actor with its overriding functions e.g., providing national trade and business organisations with various facts and figures related to overseas markets and companies; working with various groups of businessmen and companies in overseas states who have interests to promote trade and business collaboration with Russia; identifying concerns of investors and dispatching ideas and proposals of the investors to appropriate organisations and top-level officials of Russia. It also helps in developing work conditions for Russian businessmen working abroad as well as for the overseas entrepreneurs working in Russia; and in providing diplomatic assistance for the foreign projects to be implemented by Russian agencies.²⁸ Thus, MoFA helps Russia to promote its economic diplomacy.

2.3 *The Case of India*

Indian economic diplomacy is performed by both conventional and contemporary institutions e.g., Indian Foreign Service, Ministry of External Affairs (MEA) with its Economic and Public Diplomacy Divisions, other public agencies of India e.g., Ministry of Commerce and Industry, three top-level business bodies i.e., Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and the Associated Chambers of Commerce (ASSOCHAM). While public agencies encourage Indian entrepreneurs to outspread their activities abroad, CII, FICCI and ASSOCHAM interact with MEA to uphold international economic issues of India. MEA cooperates with national/international Civil Society Organisations (CSOs) and maintains relations with ex-diplomats. Its overseas missions help arranging international trade fairs at home and abroad. These missions also help in

²⁶ Ministry of Economic Development of the Russian Federation, "Foreign-Economic Activity", 2012, available at <http://www.economy.gov.ru/wps/wcm/connect/economylib4/en/home/activity/sections/foreigneconomicactivity/index>, accessed on 30 June 2012.

²⁷ Vladimir Radyuhin, "Russia's Economic Diplomacy", 2004, available at <http://www.hindu.com/2004/04/27/stories/2004042701611000.htm>, accessed on 22 August 2011.

²⁸ Ministry of Economic Development of the Russian Federation, 2012, *op. cit.*

signing of agreements on trade, avoidance of double taxation, and investment etc. MEA in managing its external economic affairs employs a hybrid model of economic diplomacy that works at multiple levels.²⁹ While Territorial Divisions of Indian foreign embassies deal with inter-state economic activities, Economic Divisions assist Territorial Divisions. Thus, close working relations among MEA, its overseas missions, the public agencies and business bodies aforesaid have been vital aspects of Indian economic diplomacy.

Until late 1980s, building partnership with developed countries to dig up overseas development projects, upholding politico-economic relationship with Arabian Peninsula to export Indian manpower and gatherings of 'Aid India Consortium' in Paris were significant experiences of Indian economic diplomacy.³⁰ Since the beginning of 1990s, India started to reform and liberalise its economy as well as penetrate 'first and second phases of economic diplomacy'³¹ simultaneously e.g., reaching South America and Africa to meet Indian needs of natural and mineral resources, energy, raw materials and agricultural demands; carrying on several initiatives (establishing 'India Brand Equity Fund'³²) to uphold Indian image to be treated as a global investment destination, etc. Since late 1990s, India began penetrating third phase of economic diplomacy e.g., concluding bilateral Free Trade Agreements (FTAs) with Sri Lanka, Thailand and Singapore³³; continuing negotiations for FTAs with the European Union (EU), Association of South East Asian Nations (ASEAN), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) or IBSA (a grouping of India, Brazil and South Africa)³⁴; associating with South Asian Free Trade Area (SAFTA); accessing to Shanghai Cooperation Organization (SCO), Group of Eight (G-8) and ASEAN as an observer³⁵; focusing more on *Look East Policy*.

²⁹ Ministry of External Relations (MEA), "India's Economic Diplomacy", 2012, available at www.ibef.org/attachdisplay.aspx?cat_id=84&art_id=1335, accessed on 30 June 2012.

³⁰ Kishan S. Rana, 2007, *op. cit.*

³¹ There are three phases of economic diplomacy: *economic salesmanship*, *economic networking and advocacy*, and *regulatory management and resource mobilisation*. Functions to increase external economic resources are included in *economic salesmanship*. It appreciates improving political negotiations between target and home countries to get foreign projects. It concentrates to publicise home country's skills and potentials abroad to facilitate its trade and business. *Economic salesmanship* values managing overseas economic supports. *Economic salesmanship* is extended by *economic networking and advocacy*, and these two are seen in sync. Crucial in this phase is to liberalise economy and involve both state and non-state actors from home and abroad working on global economy. Initiatives to increase exports, FDI inflow, inbound aid and access to foreign technologies are facilitated by *economic networking and advocacy*. The third phase works on few things: accessing to new economic blocs, agreements on resources, negotiating free trade agreements, and country branding plus its image building. *Regulatory management and resource mobilisation* demand functional coordination between public and private officials from home and abroad to harmonise country priorities with its global economic interests. MoFA is the core of such coordination, and it is assigned to direct inter-state discourses.

³² It helps Indian trade and commercial firms to promote country-image as well as product-image abroad.

³³ Kishan S. Rana, "Economic Diplomacy in India: A Practitioner's Perspective", *International Studies Perspectives*, Vol. 5, 2004, pp. 66-70.

³⁴ *Ibid.*

³⁵ "MEA Laying Greater Thrust on Economic Diplomacy", *Economic Times*, 2010, available at http://articles.economicstimes.indiatimes.com/2010-09-05/news/27625268_1_ftas-diplomacy-countries, accessed on 17 July 2011.

India is keen to avail advantages (e.g., accessing scarce technology, having concessions on international trade, inward FDI opportunities, etc.) produced by global and regional (economic) integration as well as to affiliate with international economic and monetary reforms.³⁶ These are likely to promote and sustain India's overseas trade and economic interests. Nowadays, one of the foremost activities of MEA and its overseas missions is investment (inward and outward FDI) and aid (both inbound and outbound) mobilisation.³⁷ In effect, multiple level trade, aid and investment negotiations and agreements are important goals of Indian economic diplomacy. Besides, promotion of technical know-how, education, culture and media "feeds into and interacts with economic outreach"³⁸ of India. However, external economic functions implemented by Indian policy-makers, statesmen and diplomats appear to be vibrated by economic diplomacy of China and its strategies. Hence, economic diplomacy of India seems to be motivated by a proverb – *catch up with China*.³⁹

2.4 *The Case of China*

Since late 1970s, China hinges a lot on overseas investment, international trade and low-cost labour to maximise its economic development and growth. Countries depending significantly on external trade and investment usually undertake aggressive economic diplomacy⁴⁰ and China is an important instance of that. China has micro and macro-level strategies in pursuing its economic diplomacy. Providing overseas assistance and trade concessions, mobilising outward FDI and showcasing product and country image globally are important macro strategies.⁴¹ By contrast, sustaining interaction between commerce (MOFCOM - Ministry of Commerce of the People's Republic of China) and foreign ministry as well as deepening interaction between external economic objectives and overseas policy are vital micro strategies.

MOFCOM together with other economic bodies deals with foreign economic tasks. Foreign ministry never deals with preliminary tasks on foreign commercial and trade promotion. These are handled by a particular commercial unit. Functional harmonisation among the ministries is executed by a party mechanism. Chinese Politburo is assigned to supervise a variety of important sectoral small groups. These groups are comprised of important ministers and top party leaders for making coordinated decision.⁴² In brief, MOFCOM and its experts deal with overseas trade

³⁶ Author's interview with R. Masakui, Counsellor, Economic and Projects, Indian High Commission to Bangladesh, in 2014.

³⁷ Ministry of External Relations (MEA), 2012, *op. cit.*

³⁸ Kishan S. Rana, 2007, *op. cit.*, p. 31.

³⁹ Kishan S. Rana, 2013, *op. cit.*

⁴⁰ Centre for International Governance Innovation (CIGI), China, Workshop Report on "China's New Economic Diplomacy", 25-27 April 2008, pp. 1-8.

⁴¹ *Ibid.*

⁴² John Ravenhill and Yang Jianq, "China's Move to Preferential Trading: A New Direction in China's Diplomacy", *Journal of Contemporary China*, Vol. 18, Issue 58, 2009, pp. 27-47.

promotion, whereas Chinese diplomats handle foreign economic strategy and foreign embassies exercise active advocacy, a key component of economic diplomacy.

Since mid-1990s, Chinese economic diplomacy entered a new phase e.g., engaging with multiparty economic diplomacy, joining WTO (in 2001), taking steps to institute FTA with ASEAN neighbours, making efforts to establish an East Asian FTA with Japan and South Korea, internationalising Chinese companies, making overseas venture available to Chinese companies, etc.⁴³ Even after that, economic diplomacy of China sometimes seems inward-looking and difficult to understand because China's affiliation with international trade and economy depends on its individual assessment and the country opposes everything it considers as international pressure. However, outward-looking behaviours are also available.

Developing wide-ranging south-south collaboration, wishing to be a lead actor in groupings like Group of Five (G-5), Group of Twenty (G-20) or Group of Seventy Seven (G-77), interacting closely with Brazil and India to vibrate UN-led initiatives and influencing decisions of different regional economic blocs or efforts (e.g., SCO) are some instances of China's outward-looking behaviour and economic diplomacy. Other instances include identifying itself as a role model in case of negotiating Preferential Trade Agreements (PTAs), gradually embracing "summit diplomacy starting with Asia Pacific Economic Cooperation (APEC), ASEAN Plus Three (APT) and Forum on China-Africa Cooperation."⁴⁴

Yet, other instances of China's economic diplomacy are its continuous engagement with Africa and Latin America, enthusiasm to promote regional diplomacy, affiliation with sub-regional bodies, economic strength to uphold country-image, etc. Although, Asia is undeniably China's major focus,⁴⁵ its investors are showing greater interest towards Africa and Latin America.⁴⁶ A large quantity of natural and mineral resources (i.e., raw materials) in these destinations, getting access to markets, promoting exports, globalising Chinese skills and expertise are strong inducements for China.

Again, promoting regional diplomacy is a mainstay of Chinese economic diplomacy.⁴⁷ China promotes regional diplomacy through its provinces e.g., Shandong and Liaoning with South Korea, Yunnan with Greater Mekong Sub-region (GMS), etc. Besides, China has partnership with several regional and sub-regional arrangements (e.g., BCIM [Bangladesh, China, India and Myanmar] initiative – a grouping for enhancing

⁴³ Ana Christine Alves, "Emerging Post-Colonial Solidarities: China's New Economic Diplomacy towards Sub-Saharan Africa", Institute of Political and Social Sciences, Technical University of Lisbon, 2006.

⁴⁴ Centre for International Governance Innovation (CIGI), 2008, p. 7.

⁴⁵ Kurosawa Akira, "Activism of China's Economic Diplomacy and Japan's Asia Policy", *Japan Echo*, Vol. 30, No. 1, 2003.

⁴⁶ Report on "China's Economic Diplomacy 2012", available at <http://www.sino-ced.org.cn/English/profile/speech.html>, accessed on 12 June 2014.

⁴⁷ Kishan S. Rana, 2007, *op. cit.*

sub-regional connectivity). Such engagements are by and large administered by China's provincial administrations and motivated for trade and economic expectations e.g., authorising most of the Chinese inward FDI.⁴⁸ On the other hand, employing foreign embassies, diplomats or trade specialists in branding Beijing or Shanghai as an international place (i.e., country-branding) and promoting product image globally (i.e., product-branding) by dint of public diplomacy are vital aspects of Chinese economic diplomacy.⁴⁹ In summary, economic diplomacy of China is comprised of three aspects: promoting trade at multiple levels, encouraging FDI (both inward and outward) and committing and disbursing of international assistance.

3. Economic Diplomacy of BRIC Countries: A Comparison

Kishan S. Rana outlines an important typology of economic diplomacy for developing states based on some aspects e.g., external economic management, policy management, the role of Non-State Actors (NSAs), recipients and donors of foreign assistance, trade and investment promotion, regional diplomacy, etc.⁵⁰ The typology segregates developing states in four groups. First, states are tied up with traditional approaches but execute some transformations sluggishly. Second, states enjoy some space globally and are focused on their particular initiatives. Third, states endeavour to acclimatise their economic reforms and specific activities with latest global advantages. And fourth, states are always moving forward in line with continuous global economic changes. Although current international scenario might not be tied up with such specific classification, the typology of Kishan S. Rana might permit one in comparing BRIC countries' economic diplomacy.

A key feature of managing external economic issues by MEA of India is its consent to follow a hybrid economic diplomacy approach. Economic diplomacy of India is interactive as well as self-protective. On the contrary, economic diplomacy of China aligned with its political diplomacy is, in fact, aggressive relying overwhelmingly on inward FDI and international trade.⁵¹ While economic diplomacy of Brazil is dynamic as well as outward-looking, economic diplomacy of Russia believes in practising top-down approach but is at times not synchronised strategically.⁵² Russian economic diplomacy is somewhat reactive as well as responsive to its shifting politico-economic interests. On the other hand, maintaining public diplomacy is a key challenge to Russia's economic diplomacy.⁵³ Hence, Russia is concentrated to integrate regionally and is practising coercive economic diplomacy.⁵⁴

⁴⁸ Report on "China's Economic Diplomacy 2013", available at <http://www.sino-ced.org.cn/English/profile/speech.html>, accessed on 16 August 2014.

⁴⁹ Author's interview with Li Jun, Chinese Ambassador to Bangladesh, in 2014.

⁵⁰ Kishan S. Rana, 2013, *op. cit.*

⁵¹ "Exploring Public and Economic Diplomacy", 2012, *op. cit.*

⁵² *Ibid.*

⁵³ *Ibid.*

⁵⁴ Ministry of Economic Development of the Russian Federation, 2012, *op. cit.*

China is keen to access global markets for its export growth and accept inward FDI for infrastructural development of the country.⁵⁵ These two are the main engines of China's economic growth and have encouraged the country to practise aggressive economic diplomacy.⁵⁶ On the other hand, China provides foreign aid as an important instrument of its economic diplomacy.⁵⁷ Reasons behind these are to negotiate China's future economic contracts and secure international political consent in order to promote its *One China Policy*.⁵⁸ Sovereign wealth fund is another instrument of Chinese economic diplomacy. China invests such fund in transnational firms.⁵⁹ Rationales behind this funding are to meet China's geo-strategic as well as geo-economic objectives.

On the other hand, India is focussed on upholding its economic diplomacy, at times examining China's external economic policy.⁶⁰ India pays a significant attention to train its diplomats so that they become knowledgeable in managing external economic affairs.⁶¹ Consequently, India also pursues aggressive economic diplomacy for its export promotion and to attract a large amount of inward FDI.⁶² India has improved trade relations with South Asian and ASEAN countries. India has established ASEAN-India FTA.⁶³ It has given the country an access to a market of 1.8 billion people⁶⁴ as well as has produced a significant impact on international trade flows of India. Besides, India has simplified its foreign investment regulations and targeted FDI from the overseas Indians. Even though, China attracts more inward FDI than India attracts.⁶⁵ Although India has emphasised on regional trade integration, the country has faced several criticisms for averting accord in the Doha Development Agenda (DDA).⁶⁶ Also, India appears to be sluggish to grip advantages sourced from global collaboration, regardless of Indian progress in its economic diplomacy.⁶⁷ Like China, India also has started to provide foreign assistance to some developing countries as a crucial instrument of its economic diplomacy.⁶⁸ As a result, Indian aid agency, International Agency for Partnership Development (IAPD) is now in function.⁶⁹

⁵⁵ Report on "China's Economic Diplomacy 2012", *op. cit.*

⁵⁶ "Exploring Public and Economic Diplomacy", 2012, *op. cit.*

⁵⁷ *Ibid.*

⁵⁸ Report on "China's Economic Diplomacy 2013", *op. cit.*

⁵⁹ *Ibid.*

⁶⁰ Kishan S. Rana, 2013, *op. cit.*

⁶¹ "Training Needs for Commercial and Economic Diplomacy", 2011, available at <http://www.cutscitee.org/pdf/RREPORT08-01.pdf>, accessed on 23 May 2012.

⁶² "Exploring Public and Economic Diplomacy", 2012, *op. cit.*

⁶³ Kishan S. Rana and Bipul Chatterjee, 2011, *op. cit.*

⁶⁴ "Exploring Public and Economic Diplomacy", 2012, *op. cit.*, p. 81.

⁶⁵ Ministry of External Affairs (MEA), 2012, *op. cit.*

⁶⁶ "The BRICs: The Trillion-Dollar Club", *The Economist*, 15 April 2010.

⁶⁷ Kishan S. Rana, 2013, *op. cit.*

⁶⁸ "Aid 2.0", *The Economist*, 13 August 2011, p. 9; "Official Development Assistance Aid 2.0", *The Economist*, 13 August 2011.

⁶⁹ *Ibid.*

Brazil considers economic diplomacy as the ability to exercise international economic drivers.⁷⁰ One of the important aspects of Brazilian economic diplomacy is its desire to be a key trade partner of Latin America. Other aspects are branding Brazil, accessing potential markets, branding the country as a pioneer of promoting green economy, etc. On the other hand, Russia regards economic diplomacy as the aptitude to retain authority in its region. Russia is keen to regain an economic position in the ex-Soviet Union by means of unifying customs, influencing trade relations, etc. Other important goals of Russian economic diplomacy are economic diversification, attracting inward FDI and becoming a key channel of gas and oil for Europe.⁷¹

Brazil	Russia	India	China
Active and outward-looking economic diplomacy; intends to be the leading trading country of Latin America; 'branding' Brazil; vigorously searching for potential markets abroad; and 'marketing' Brazil as a modern leader in the development of technology.	Top-down and reactive to changing unilateral economic interest; promoting coercive economic diplomacy; focusing on regional integration; recouping economic space of the former Soviet Union; diversifying economy; retaining status as a key oil and gas channel for Europe; and attracting FDI.	Active but basically pursuing protective economic diplomacy; prioritising regional trade; instituting ASEAN-India FTA (AIFTA); boosting exports; attracting FDI by simplifying its regulations and targeting Non-Resident Indians (NRIs); setting up of own aid agency; and training of diplomats to be financially and economically informed.	Conducting aggressive economic diplomacy; focusing on global market, foreign trade and FDI; exercising strategic aid programmes as the tool of economic diplomacy; and employing sovereign wealth fund to invest in multinationals for strategically beneficial, non-commercial and geopolitical rationales.

Source: Compiled from various sources

The table shows that economic diplomacy of BRIC countries is comparable with one another. Strategies, objectives and initiatives of BRIC countries' economic diplomacy make the comparison evident. A number of factors and their practices create differences of economic diplomacy. These factors are: international trade and economic diplomacy management, country and product image management, external economic promotion, regional and global economic integration, etc. Thus, phases of economic diplomacy of BRIC countries might not be telescoped into one another.

⁷⁰ "Exploring Public and Economic Diplomacy", 2012, *op. cit.*

⁷¹ *Ibid.*

4. Lessons for Bangladesh

Since the beginning of the twenty-first century, BRIC countries have been strong economic forces in the world.⁷² Therefore, international economic negotiations have no alternative but to take BRIC countries' demands into consideration.⁷³ It has made considerable impacts on many developing countries' economic diplomacy. In the days to come, it is likely that some developing economies will be in the process of changing their economic diplomacy in the direction guided by BRIC countries.⁷⁴ This is to increase international trade, attract FDI and make assistance for development cooperation available.⁷⁵ As a developing country, Bangladesh can learn significant lessons from the best practices of BRIC countries' economic diplomacy. Since, economic diplomacy and its reciprocal benefits are important to sustain economic partnerships with overseas states.

Despite a few differing aspects, BRIC countries are sustaining their goals and strategies of economic diplomacy with some identical initiatives. These are pluralistic practices of foreign economic policy-decision, widespread networking and a 'whole government' approach. The initiatives are facilitated by overseas missions of BRIC countries.⁷⁶ They are more focused on promoting their economies, building images as well as branding nations.⁷⁷ They continue to negotiate with international economic system, set up standards at multiple level institutions, and deal with multi-actor groupings and associations.⁷⁸ BRIC countries are advocating productive relationships with their neighbouring countries.⁷⁹ Their efforts on economic diplomacy facilitate their trade and industrial development as well as enterprise growth. BRIC countries' economic diplomacy is more focused on attracting FDI inflow. Branding their nations has been a key instrument of BRIC's economic diplomacy to sustain as the important destinations for foreign investment. They arrange versatile training programmes for their foreign service officers and diplomats to make them better acquainted with international economic relations. Indeed, BRIC countries have put significant emphasis on strengthening, consolidating and integrating their initiatives of economic diplomacy.

Developing states are rather asymmetrical in practicing economic diplomacy.⁸⁰ Bangladesh being a developing nation may not be able to follow

⁷² Stephanie Jones, *BRICs and Beyond: Lessons on Emerging Markets*, United Kingdom, John Wiley & Sons Ltd., 2012.

⁷³ Braz Baracuhy, 2011, *op. cit.*

⁷⁴ Nicholas Bayne, "Economic Diplomacy in Practice: Domestic Decision-Making", in Nicholas Bayne and Stephen Woolcock (eds.), *The New Economic Diplomacy: Decision-making and Negotiations in International Economic Relations*, 2011, *op. cit.*, pp. 41-58.

⁷⁵ *Ibid.*

⁷⁶ Kishan S. Rana, 2013, *op. cit.*

⁷⁷ *Ibid.*

⁷⁸ Kishan S. Rana and Bipul Chatterjee, 2011, *op. cit.*

⁷⁹ *Ibid.*

⁸⁰ Saeed Khatibzadeh, "Iran's Economic Diplomacy: An Assessment of Iran Economic and Trade Cooperation

the whole of economic diplomacy exercised by BRIC countries. Even a particular country's entire initiatives on economic diplomacy may not be fully suited for Bangladesh. Often persons are placed in various economic posts in important foreign trade missions who are political appointees lacking adequate expertise on international economics. As such they are not always well-informed with global economic facts and figures that play a significant role at multiple levels of economic diplomacy. These are some of the challenges creating insufficient capability for developing countries like Bangladesh to collaborate in an intricate global situation.

The lessons Bangladesh could learn from the emerging BRIC countries are: how to coordinate Bangladesh's goals and strategies of economic diplomacy, how to consolidate the country's economic diplomacy functions, how to market 'Brand Bangladesh', how to negotiate Bangladesh's economic issues globally, how to build economic alliances regionally and bilaterally, how to train Bangladesh's diplomats and its civil servants on the acumen of commercial and economic diplomacy and how to engage multi-stakeholders in Bangladesh's economic diplomacy.

Taking the aforesaid factors into consideration, it is crucial to evaluate how Bangladesh manages external economic affairs attached with its economic diplomacy, copes with global economic management, adapts with changing global economic scenario and undertakes and implements concerted initiatives in managing country-image. Organisations assigned to increase country-image are inadequately functioning in Bangladesh. 'Public diplomacy boards' are not available in Bangladesh. The country is in dilemma to deal with public diplomacy aspects that contribute lot to country-images. It is vital, therefore, to interlink image management, public diplomacy and economic diplomacy. It is also important to distinguish viewpoints on economic diplomacy and to understand international economics. These require identifying which economic diplomacy approaches are suitable for Bangladesh. This paper opines that Bangladesh should pursue both proactive and protective economic diplomacy, prioritising its national economic aspects. It would enable the country to uphold its overseas business and economic interests.

5. Concluding Remarks

Countries, practicing economic diplomacy inefficiently, may inadequately handle their political diplomacy. Foreign ministries of the countries usually interact poorly with their corresponding public and private agencies. On the other hand, as long as governance of a developing country works in unanimity with a procedure open to consider choices from diverse actors, one may come across the pertinent

with Japan, China and South Korea", V.R.F. Series, No. 417, 2006, p. 9, available at <http://www.ide.go.jp/English/Publish/Download/Vrf/pdf/417.pdf>, accessed on 26 December 2011.

approach of economic diplomacy. It is important to continue functionalising better economic policies at home and effective economic diplomacy. This is because amalgamating the two produces capability of a developing nation to project its image abroad. The alternative may turn into a vicious circle. However, producing a receptive climate for branding a developing nation requires two important things: increasing country attractiveness and coordinating initiatives on economic diplomacy. On the other hand, unilateral as well as universal actions are evenly important and it partially elucidates why some developing states in practicing economic diplomacy are in better shape than others. This paper argued that economic diplomacy of developing states (e.g., initial BRICS countries) varies based on approaches they exercise.

The cases of Brazil, Russia, India and China show that these countries pursue economic diplomacy in line with their overseas economic objectives and goals. Aggressive economic diplomacy is pursued by India and China. By contrast, regional economic diplomacy is practiced by Russia and Brazil. However, all the four are keen to promote their external trade and economic prosperity. BRIC nations are ardent to economic promotion though they believe in their individual protectionist approach. Also at multiparty agencies, they sometimes do not tune on the same tone on some trade and economic affairs of developing states. Hence, divergence of economic diplomacy among the BRIC countries produces variation in their external economic settings.

Basically, economic diplomacy is a continuous course of action. Its outcome may not be evident within a short timeframe; rather, it could take a decade or even longer period. Hence, economic diplomacy may not at times be successful with a global economic scenario that is changing very fast and sometimes without any prior notice. Indeed, this is a dilemma. Economic diplomacy has to be pursued as part of a long-term policy approach of a developing country. It would facilitate external economic interests. Although there are variations in BRIC countries' economic diplomacy, this paper finds that foreign trade, investment and aid still are the mainstays of their economic diplomacy. Bangladesh's economic diplomacy being a developing state should be guided by the following three basics: increasing exports, FDI inflow and managing regular effective aid inflow. Bangladesh should not split economic diplomacy from its political diplomacy.

Economic diplomacy of BRIC countries could be the guiding lessons for Bangladesh. BRIC countries have amalgamated their foreign policy agenda, economic diplomacy and public diplomacy. Image building plus nation branding, indeed, public diplomacy is a frequent practice to economic diplomacy of BRIC countries. Public diplomacy is exceedingly pertinent to Bangladesh. Bangladesh could gain benefits by exchanging knowledge and skills as well as exercising varied approaches of economic diplomacy. Bangladesh's diplomatic networks

must be acquainted with changing global economics. Bangladesh should increase its external economic collaborations and be familiar with changing both political as well as economic diplomacy. This would facilitate to consolidate overseas interactions and economic advancement. Such consolidation would in other way be a key instrument for Bangladesh to build its positive image abroad.