

Garnet Mobility Research Statement

The Changing Landscape of Economic Diplomacy: integrating the sub-state level

Framing the Issue

My PhD research has striven to assess the raising analytical issue of Economic Diplomacy from an angle still under-explored. Using a top-down approach, I frame my focus on the sub-state level. Although a great number of studies on Economic Diplomacy were published in the last couple of years, they still do not allow us a fully and comprehensive picture of the present Economic Diplomacy stage. In a nutshell, the publications are mainly from an International Relations (IR) perspective and within it from a realism theory and state-centric approaches. It is not surprising then that the majority of the publications have two main features in common: the chief unit of analysis is the multinational or bilateral level or, to a slightly lesser extent, an intertwined of both (1). Also the bulk of them tend to land heavily on the strategies and negotiation processes (2), which leaves substantial room for researches that wish to go beyond these levels of analysis.

International studies, framed by the globalisation and regionalisation course of action, already incorporated long ago many other actors whose actions have considerable impact in the international political economy order that not only the state, *inter alia* international organisations, multinationals corporations, small and medium companies or NGOs. But what concerns to state tends yet to assume that states behave and act at all the time with a perfect synchronisations of all their limbs. Situation that was been changing quickly and the growing of a sub-state economic diplomacy, as I simple term it, is one among other signs that are exposing the change.

States have been self-imposing and agreeing in the international organisations to constraint or even stop using the traditional trade policy instruments and non-tariff measures. In the case of the European Union (EU) member states and specially those belonging to the Economic Monetary Union (EMU) go even further. The latter ones also delegate to supra-national European institutions their monetary and exchange rate policies and their fiscal policy is managed under tight deficit constraints.

This situation results in a far less amplitude of freedom for states using classic trade instruments in order to interfere within or outside their economies, which lives more room for private and other non-central government initiatives. And all these non-central actors at the same time they are acting in broader competitive markets they are also much more active in the political and public domain than ever.

Sub-state economic diplomacy is emerging and gaining shape by its own. Indeed, central states are giving more room and even spurring other agents to do things on the public behalf that in the past was made by the central state. In many cases it is also the result of a bottom-top pressure to pursuit higher local autonomy and keen economic interests, which has been increasingly leading geographical areas such as administrative regions, metropolitan cities or local towns to competing with each other to attract the better and biggest investments and create more market opportunities. To do this, the most proactive regions are using 'diplomatic' strategies that often rival with their own central state's diplomacy.

Analytically, a small branch of the international studies literature already discusses this sub-state level - para-diplomacy - but from a more transversal and IR perspective where the economic features tend to be used as instrumental to other political goals than the core of analyses and based in case studies without a proper theoretical framework.

Using an IPE approach I want to go further and analyse what European regions are doing in terms of economic diplomacy, which results are achieving and what kind of relationship/complementary they might end up having with the central state.

The analytical focus

As I above briefly exposed without disregarding what is going on at the central state level, even linking to it, I look to the sub-state level from a realistic point of view rather than closed into a legalistic, institutionalised or official one. Therefore we need to use new and not the old "lens" to analyse such reality.

Compared with the central states it is true these regions or metropolitan areas don't have formal sovereignty 'authority.' They are not constitutionally allowed to own their own army, judicial system, conducting foreign policy on behalf of the state or even declare war against an external country, matters that traditionally have belonged to the diplomacy of central governments.

Nevertheless, several European regions are opening offices abroad, especially around their main commercial partners and EU institutions, where they can directly be informed, interfere or even lobby their own and keen interests. They are nominating their own 'ambassadors' and 'consuls of good will' and increasingly celebrating agreements with other cities and regions that goes beyond the classic cultural relationship, especially in the commercial, scientific, technologic and public cooperation fields. But they have other powers which are also extremely relevant, such as the local culture idiosyncrasy or the specific geographic conditions that so much influence the tourists' decisions to choose a particular region or town to visit more than simply a country as a whole. This associated with political and certain tax autonomies are making a substantial difference to the economic results at the local level. Indeed, the tendency has been the increasing use of differentiated local tax rates to attract and maintain the investments in a specific region or council area, directly competing with other neighbouring domestic regions, chained with the trend of growing local fiscal responsibilities.

As a consequence, this reality has been adding a new meaning to the classic state diplomacy's concept, resulting from the increasing negotiations and cooperation between companies and local governments. Both are simply bridging central states in many situations. The former is looking for the best conditions for their investments and the latter mainly for selected companies to invest in their local sectors. In turn, local competition among national public institutions is increasing to attract and keep investments longer.

With this going on, it is why we can easily understand why diplomacy is more and more starting and eventually ending inside of the territory of each country.

Why choose the Flanders region as a case study? Firstly it is overlooked in these discussions. Secondly it is one of the European regions that has been quite proactive into institutionalising these sub-state 'economic diplomacy' practices, especially since the mid 90's after central state and Belgium regions started sharing the foreign policy responsibility.

The UNU-CRIS relevance and expected outcomes

In regards to UNU-CRIS more than being settled in the region I will count on the Prof. Luk Van Langenhove's well-known expertise in the globalisation and regional studies as well as other CRIS' staff members. Other relevant inputs to take into account are the direct perspective *in loco* and the contacts with specific literature and experts.

During the hosting period, I will be willing to collaborate with the CRIS activities, attend conferences and workshops on regionalism that are regularly taking place at UNU-CRIS and based on my findings, present one working paper with the provisional title 'Sub-state Economic *Diplomacy: some evidence and results*' that later on I intend to submit to an academic journal.

Once my work looks from a different angle to the European regional governance, I hope to contribute to the enlargement of Garnet studies' scope and therefore also expand the present research network.