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International and Diplomatic Studies

Economic Diplomacy of the Czech Republic
Duality within the External Economic Relations Support System
Master Thesis

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Author's Declaration

Herewith I declare that I have written the Master's Thesis on my own and I have cited all sources.

Prague, 29 June 2018

.....

Author's Signature

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Introduction

Economic diplomacy is becoming frequently mentioned subject with many meanings and explanations. The concept, idea and understanding differs from countries, regions and continents, as well as societies divided by different social and economic conditions and opportunities. Within past years, the topic of economic diplomacy has undertaken several changes within its position in diplomacy and common understanding in general. As the world market is becoming more globally connected, the issue of economic diplomacy has been turning into one of the essential dimensions of diplomacy in the last decade for many countries.

As the market begun opening at the end of 20th century and the new trade systems started taking part, the transportation costs and systems became more accessible for entrepreneurs and the role of governments in promotion, support and help to local producers within their foreign activities begun raising. The dynamic effect of trade and increasing trade openness together with the higher growth of trade than of GDP emphasized the commerce within developed nations based upon the assumption that intra-industrial trade was growing faster, which leaded to the positive influence of competition on firm's dynamics and effectiveness in combination with economy of scale. This resulted into rationalization of industries and long-term growth in productivity due to innovations. The economic diplomacy tools are now becoming essential issue within its foreign policy, especially in the Czech Republic where exports counted for around 80 % of the country's GDP in 2017.

Speaking about the core county, the economic diplomacy within Czech Republic and the apparatus within Czech foreign policy represented by Ministry of Foreign Affairs as one of the crucial parts of Czech economic diplomacy apparatus become the centre of importance after the attention had been put on European topics connected with European Union accession and Lisbon treaty negotiation. After the financial crisis which dominated the public notice had been overpassed, economic diplomacy became one of the most popular sectors of Czech diplomacy. Especially after the world economic crisis ended in 2012.

Nowadays, entrepreneurs that succeed with their goods and services in foreign markets are having higher productivity of labour, can innovate more efficiently and use new tools and management methods. They also contribute to an increase of the country's wealth and create new job opportunities. Czech entrepreneurs and exporters were influenced by various approaches towards economic diplomacy since the creation of Czech Republic in 1993 beginning with rightist Civic Democratic leadership proposing laissez-faire policy until the end of 1990s followed by many changes within the system of support of export that were proposed but rarely fulfilled.

Nowadays, the institutional models of economic diplomacy are being challenged. Ministries of Foreign Affairs are more drawn into themes such as security and economic prosperity as well as practical and pragmatic enforcement of the national interest represented in the world. As the domestic economic diplomacy has been developing since the division of Czechoslovakia in 1993, several models and strategies of governance were represented until today. One of the issues that will serve as a research question in this Master's Thesis is the duality and duplicity problem in management and competences division within Czech economic diplomacy and the system of support of export.

As there are two main economic representations collaterally representing Czech economic agenda and supporting exporters abroad, we are facing the problem of duplicities and dualities within foreign economic activities of economic and commercial section of the embassies and the CzechTrade authorities representing similar agenda. The issue lays in their implications and the design of economic diplomacy priorities, as well as in the duality of the hierarchical arrangement and subordination of the workers of commercial sector embassies.

The problem of the duality of competences and duplicity of provided services results from the governance of foreign economic relations of the Czech Republic within two main ministries: Ministry of Foreign Affairs and Ministry of Industry and Trade. The most serious areas where the problem of double management occurs is the area of economic and commercially-economic actions and the whole complex of economic diplomacy and foreign commercial representation of the country. The specific form is a dual-management, doubled subordination of commercially-economical abroad

diplomats and asymmetry in assigning tasks from both senior ministries resulting in duplicities in the final product provided by state.

The aim of this thesis is to analyse the model of functioning of the Czech economic diplomacy that will be consequently compared with other countries and to propose a new model that would optimize and amend the Czech model of economic diplomacy, with emphasis on the system of support of external economic relations of the Czech Republic. The main research question is: What are the elements causing duplicities and dualities within Czech system of support of export and how could they be eliminated?

The first chapter of this master thesis focuses on the theoretical background of the general topic – the economic diplomacy along with the analysis and description of the models that will be used in the comparison within the last chapter. Definition and general concepts will be researched as well as the functions that are described both on macro and micro level.

Research questions for this chapter will be as follows: How to define economic diplomacy. What are the functions of economic diplomacy and who are the actors. How to distinguish micro and macro-economic diplomacy? Who are the actors of the economic diplomacy? What are the models and strategies of governance of economic diplomacy?

In the first chapter, an analytical methodology will be used. This chapter aims at setting a theoretical background and describe the methods used for the practical part of the thesis.

Second chapter focuses on models of economic diplomacy of selected countries. The aim is to analyse and compare the models and strategies of governance of particular countries with strong focus on the system of foreign economic representation of a country. Following the methodology of setting criteria for comparing countries, the second chapter compares the economic diplomacy models and strategy of governance of Austria, Estonia, Finland, Hungary, Slovakia and Portugal.

Research questions for this chapter will be as follows: What are the fundamental attributes of economic diplomacy models and strategies of governance of other European countries in terms of system of support of export? How do these models deal with the question of representation of economic interests of the country abroad?

Methodology for the second chapter will be analytical and comparative. The aim of the chapter is to set the comparative background and to define basic features of selected models.

Third chapter describes the economic diplomacy of the Czech Republic. Firstly, the significance and development of Czech export will be presented. Secondly, the emphasis will be placed on the development of Czech economic diplomacy since 1990s along with the models that have been used in past and present. Moreover, the current system of Czech economic diplomacy together with division of competences within external system of support of export is analysed. The main aim of the second chapter is to describe the system, functioning and development of Czech economic diplomacy, define and compare the competences of major actors.

Research questions for this chapter will be as follows: How significant is export policy to the Czech export in terms of numbers? How has Czech economic diplomacy developed since 1990s? What is the institutional settlement of current model of support of export of the Czech Republic? How are the competences divided within the system?

Methodology for the second chapter will be analytical and comparative. The aim of the third chapter is to describe the system, functioning and development of Czech economic diplomacy and summarize framework defining competences within main actors of the system.

Fourth chapter defines the main issues causing duality, duplicity and ineffectiveness within Czech economic diplomacy. The aim of the chapter is to analyse issues causing mentioned impact by analytical approach and using semi-structured¹ interviews with actors of the system.

¹ Further details attached in Attachment 5. Frameworks for semi-structural interviews

Research questions for this chapter will be as follows: What are the main duplicities and dualities causing inefficiency and disunity of the system of support of export of the Czech Republic? What are the actor's opinions and what is their real experience gained from the system?

Methodology used for this chapter is analytical and semi-structured interviews with the actors of the system. Interviews were made with representatives from Ministry of Industry and Trade, Ministry of Foreign Affairs, CzechTrade and Associations representing companies. The purpose of the Master's thesis was explained to each of the respondents and then they anonymously answered questions following similar sequence adjusted to particular respondent's institution that is representing. The main aim of the second chapter is to present the problem of the duality and duplicity together with other factors causing ineffectiveness within Czech economic diplomacy.

Fifth chapter will be the core of the thesis, where the theoretical background from the first chapter, historical and functional research of the Czech economic diplomacy and the model of cooperation within the Czech economic diplomacy will be compared with other models described in the second chapter. The aim is to define major challenges for Czech system of support of export and to outline the possible model of functioning of Czech economic diplomacy with focus on system of support of export. Moreover, the topic will be analysed based on the semi-structured² interviews with people involved in Czech economic diplomacy system, mostly from two major organizations – Ministry of Industry and Trade and Ministry of Foreign Affairs from various positions (economic diplomat, CzechTrade representatives, department of economic diplomacy of the Ministry of Foreign Affairs).

Research questions for this chapter will be as follows: What are the major challenges for Czech economic diplomacy and system of support of export? What is the possible outcome of the defined challenges? Which model should be used in order to raise the effectiveness of Czech economic diplomacy? What are the new directions of Czech economic diplomacy?

² Further details attached in Attachment 5. Frameworks for semi-structural interviews

In the fifth chapter, a descriptive, comparative and semi-structured interview are used as in terms of methodology. The aim of this chapter is closely related to the major objective of the thesis – to use the theoretical and descriptive data from the previous chapters and compare the economic diplomacy model of the Czech Republic with other countries, focusing mainly on the problem of duality and duplicity within Czech economic diplomacy. The aim of the last chapter is also to discuss the new challenges for Czech economic diplomacy and propose a new model based on previous analysis.

Regarding literature, the theoretical concepts are operating with definition of new economic diplomacy, resulting from different points of view caused mostly by geographic and economic situation of particular author's origin. The main authors regarding theoretical background are Okano-Heijmans, Lee, Hocking and Bayne. In terms of conceptualization of Czech economic diplomacy and its development, core sources are Štouračová's academic works. Moreover, important source of information is covered by semi-structural interviews with actors of the system.

1. Theoretical background

Diplomacy itself is a term that has been forming for hundreds of years. Since the beginning, it is concerned as a tool for creating and carrying on relations between particular actors in the international environment. The classical concept of diplomacy described by Hedley Bull (1995) defines it as the conduct of relations between states and other entities in the world politics with an official participation actors and by peaceful means.

A more recent definition described by Barston (2006) says that diplomacy is concerned with the management of relations between states and other actors. To describe the core of this thesis – economic diplomacy, it is necessary to stretch some of the stereotypes such as that diplomacy is conducted only by people from the foreign ministries or that the negotiations are taken informally based on voluntary cooperation between actors and not on the rule-based system and legal commitments. Another stereotype connected with diplomacy is that it is elitist and conducted by an establishment of privileged officials (Bayne, Woolcock 2017: 3). None of these stereotypes applies to economic diplomacy, thus in the first chapter, the definition of the economic diplomacy, along with its general limitations, functions and actors will be described.

1.1. Definition of the economic diplomacy

Generally speaking, diplomacy, including economic diplomacy is defined as '*the means by which states pursue their foreign policies*' (Berridge 2010: 3). The emergence of explicit concepts of economic diplomacy is dated to a relatively recent time in the study of diplomacy that dates from the 1980s (Lee, Hocking 2010: 1216–1219). However, the linkage between economics and politics in practice, or more specifically the use of economic instruments in politics, might be seen already in ancient times, where diplomacy was used mostly within war and trade issues, giving example of sanctions used in *The History of the Peloponnesian war* by Thucydides, where trade boycott imposed by Athens against Sparta's ally Megara is used (Okano-Heijmans 2011: 9–10).

Nowadays, economic diplomacy is becoming an integral and central part of modern diplomacy. The trend might be noticed especially in developed and developing countries where economy is becoming the centre of modern diplomacy. In the context of economic globalization with frequent problems of economic crisis, comparative solutions indicate that the field of economic diplomacy is becoming a '*raison d'être*' of the traditional apparatus managing state diplomacies – to catalyse the investment and back and support its export activities abroad (El Gadiry, Hammuda 2017: 350).

According to the more recent definitions of the economic diplomacy, the major theoretical issue in the studies of economic diplomacy is the extent to which economic diplomacy is tied to the interest of state and public or whether it pertains to a broader range of social actors and interests. It is also important to understand the practice and purpose of the economic diplomacy (Lee, Hocking 2010: 1216–1219).

To clearly define economic diplomacy, it is important to delineate the distinction between economic diplomacy and related concepts and describe how economic diplomacy differs from economic statecraft, economic security, trade diplomacy and commercial or financial diplomacy (Okano-Heijmans 2013: 19).

If diplomacy is linked with state actor and interests, then the traditional diplomatic tools are used to achieve the economic goals of the particular state. Economic diplomacy is then understood as primarily intergovernmental and conducted by Foreign Service

officials and as a tool for advancing economic interests of the state abroad. In this line of argument, the conventional view of economic diplomacy sees relationships between diplomacy and state sovereignty and diplomatic systems and anarchic systems of sovereign states (Lee, Hocking 2010: 1219–1220).

Many different concepts are used in the research fields contributing to the economic diplomacy. Concerning a brief review of the contents of the major diplomacy textbook defining economic diplomacy, it is generally defined as the use of traditional diplomatic tools such as gathering, lobbying, negotiation, representation and advocacy to further the foreign economies policies of the particular country (Lee, Hocking 2010: 1220–1222).

Moreover, economic diplomacy might be also used at the power play end. Baldwin (1985) speaks about an economic statecraft that is the strategic use of positive and negative economic powers such as trade embargoes, sanctions or aid programs by states or global actors such as United Nations to coerce other states to cooperate or follow the rules of the world order or particular system they belong to (Lee, Hocking 2010: 1221–1223; Okano-Heijmans 2013: 26).

The economic diplomacy has changed since Baldwin's definition. Looking at the Bretton Woods system of international economic institutions created in the period after the World War II, the system that has developed rules for economic relations between states might be seen. However, it left national autonomy untouched. The governments could pursue whatever employment, tax or industrial policy they wished, as long as the domestic policies did not have a negative impact on others. However, the increase in economic independence over the last 70 years has ended the distinction between what is domestic and what is international policy and the advance of globalization in past 30 years obliges economic diplomacy to go deeper into domestic decision-making process to capture its international repercussions. Globalization has made economic diplomacy much more complex and brought it more issues and actors (Bayne, Woolcock 2017: 3).

Thus, the multiplication of actors occurs and in terms of diplomacy leads to extension of the traditional group of diplomats by new actors represented by other ministries or non-state structures. This leads to the fragmentation of the traditional diplomacy known

not only from the past century and the diplomatic relations oriented primarily between states (Štouračová 2012: 19–20). This correlates with newer approaches to economic diplomacy which recognize that it cannot be compartmentalized into separate economic and political activity and most countries would find that kind of separation in practical use unworkable (Hocking 2004).

In many countries, economic diplomacy is becoming a key strand in diplomatic strategy and it becomes crucial for the particular state to develop an integrated or coordinated diplomacy model that involves a multiplicity of actors and individuals built around apparatus made from several government ministries, including the private and non-government actors placed on national, regional and international levels (Lee, Hocking 2010: 1223–1224).

In the Czech literature, diplomacy is defined as a summation of tools and instruments to realize strategic and operative targets of the foreign policy of the particular state in terms of relations with other countries and subjects (Štouračová 2012: 19). From these definitions implies that the executors of economic diplomacy are mostly diplomatic stuff. However, the recent development led to multiplication of them.

Within the region of Czech Republic, economic diplomacy is a phenomenon with a remarkable history, resulting from the first Czechoslovak republic and actions of politicians Karel Engliš and Alois Rašín. Czech economic diplomacy is characterized as a domain covering one of the most important activities within Czech economic diplomacy (Štouračová 2008: 25).

Term economic diplomacy is within Czech environment defined as economic dimension of foreign policy (Štouračová 2012: 21). It is a specific domain within diplomacy and diplomatic services focused on:

- 1) Creation of conditions to fulfil economic interest of the country abroad, meaning fulfilling economic dimension of its foreign policy in connection with engagement of the national economy to the world economy and processes of internationalization and globalization (Štouračová 2008: 23–24).

2) Support of commercial and investment activities of national private subjects within their entrance on the foreign markets, lobbying for their interests, supporting activities and interests of (especially) foreign investors within their interest in the Czech market (Štouračová 2008: 24).

Moreover, fulfilling of economic targets assumes ensuring these activities within diplomatic representatives and missions. Concurrently, it is required from the economic diplomacy actors to actively, creatively and innovatively support business activities within Czech entrepreneurs on foreign markets. The emphasis is put especially on assistance within creation of the best possible conditions for their export to foreign markets. Together with the information service, another important activity is the presentation of home country as a qualitative reliable partner and significant destination of foreign capital. Economic diplomacy is, besides the mentioned tools, aiming at fulfilment of the foreign dimension of foreign policy and is also responsible for realisation of the foreign dimension within internal commercial policy of the state, especially within its export and investment policy (Štouračová 2012: 29).

In many countries, economic diplomacy is becoming a key strand in diplomatic strategy and crucial for the particular state to develop an integrated or coordinated diplomacy model that involves a multiplicity of actors and individuals built around apparatus made from several government ministries, including the private and non-government actors placed on national, regional and international levels (Lee, Hocking 2010: 1223–1224).

1.2. Functions of economic diplomacy

In a contemporary world, economic diplomacy tools might serve as one of the most effective ways to realize national economic interests abroad. Even though economic diplomacy is analysed from different perspectives, the common conclusion is that it implies diplomatic efforts concentrated on promoting the country's economic interests at the international level. In this case, it is very important to distinguish the specialization and cooperation of the state to achieve the economic interests.

In order to make use of competitive advantages of the state and contribute to growth in national competitiveness, economic diplomacy must be systemically divided. In academic literature, the most common definition of functions of economic diplomacy is described within distinction between micro and macro level of economic diplomacy.

Macro-level

In terms of macro-level, the function and aim of the economic diplomacy and its actors focuses on designation of the conditions to fulfil the economic aims of particular country abroad. This action is mainly taken on bilateral and multilateral level (Štouračová 2012: 39–40).

The aim of the multilateral diplomacy on this level is to set an economical and commercial background leading to ease of investment, liberalization of the local and international commerce and lowering risks in international transactions. It also aims at stabilization of the global economic environment and relations in it (Štouračová 2012: 39–40).

To fulfil the aims mentioned above, countries lead negotiations both on national and international level. The national level consists of negotiation between resorts and non-governmental actors. The bilateral level involves negotiation between two countries based on commercial policy tasks such as signing economic treaties liberalizing trade between them, presentation of the local economic environment or of the country for touristic purposes, commonly known as branding. The effort of the country to create its

'brand' is giving it credibility and trust of foreign partners. This helps to build a positive relation with foreign partners and positive image of the country (Štouračová 2012: 39–40).

The most common example of multilateral cooperation might be cooperation within European Union (EU), World Trade Organization (WTO), Organisation for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD) or The United Nations Commission on International Trade Law (UNCITRAL).

Micro-level

At the micro-level of economic diplomacy, the main task is to support economic activities of the local entrepreneurs on the foreign markets, especially within the bilateral level of cooperation. In terms of economic activities, it especially means their commercial and investment activities abroad. Thus, the role of a state at the micro-level of economic diplomacy includes supporting entrepreneurs competing in tendering procedures and public procurement abroad, mediation of the business meetings, helping in the particular countries using the state apparatus or implementation of foreign development cooperation. Furthermore, the aim of micro-level economic diplomacy is also to interest foreign investors (Štouračová 2012: 39–40).

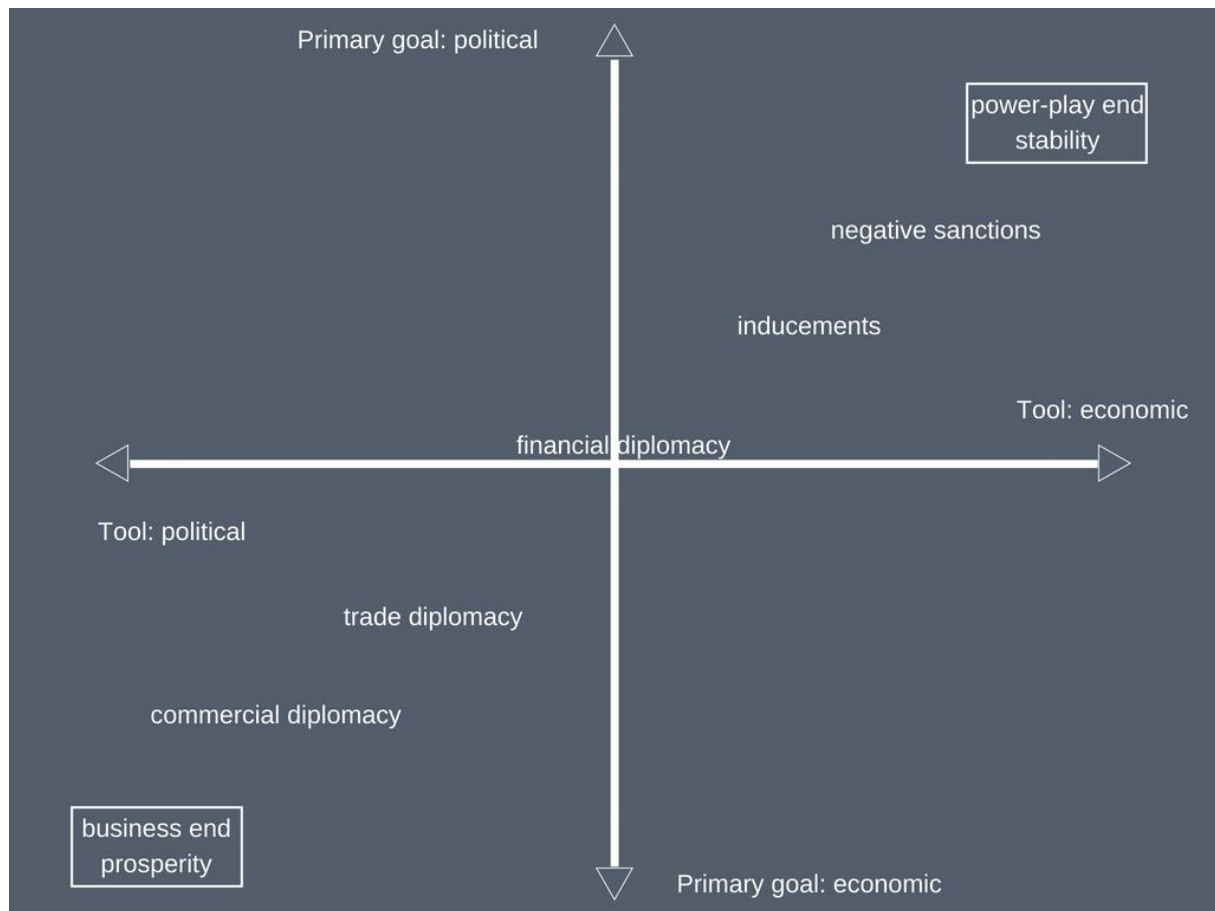
The main tasks are: support of commerce (especially export of national entrepreneurs), support of investment activities of national entrepreneurs abroad, support of FDI inflow, support of national entrepreneurs competing in tenders and public competitions, support of realization of foreign aid, increase of competitiveness of national entrepreneurs abroad and assistance within business meetings (Štouračová 2012: 39–40).

1.3. Actors of economic diplomacy

An important issue within the economic diplomacy studies originates in the study of diplomacy in large, and concerns the extent to which economic diplomacy is tied to state or involves a broader range of private and other actors including non-governmental. While economic diplomacy may be largely concerned with actions taken by the state, the environment where the state operates is also considered. Thus, economic diplomacy cannot be seen as separated from domestic context as activities of the state influence and are influenced by other actors such as private business and other interest groups (Okano-Heijmans 2013: 27).

Economic diplomacy is in the broadest definition concerned with what the governments do. However, the range goes much wider than foreign ministries or any closed circle of bureaucrats. In economic diplomacy there are engaged all government agencies that have economic responsibilities and operate internationally – ministers and heads of government, parliaments, independent public agencies or sub-national bodies (Bayne, Woolcock 2017: 3–4). However, the state is not the primary actor in the economic diplomacy in explanation within a state-centric realist framework. The economic diplomacy has been defined as the pursuit of economic security within an anarchic system, though the economic diplomacy pursued by government involves a variety of instruments of more political or economic character. As described on Figure 1., economic diplomacy is divided within business end and power-play end and tools of economic diplomacy might stay somewhere between them (Okano-Heijmans 2013: 29–30).

Figure 1. The Conceptual Framework: Stands of Economic Diplomacy of Western countries



Source: Okano-Heijmans 2013: 30

The further explanation of what tools of economic diplomacy are might serve the range from the business end to the power play end that helps to identify which considerations of the national interest are of relevance and how they are prioritized, used and pursued by policymakers (Okano-Heijmans 2013: 28). Figure 1. also illustrates the negotiations and actions primarily of political character within power play such as sanctions which are primarily managed by governments. Their activities aim primarily to contribute to a stable international environment. The business end shows cooperative efforts by government and business aiming to achieve commercial objectives that advance national interests such as trade and investment promotion. Cost benefits play primarily a role of an economic logic and maximize business opportunities. In between of these ends are activities that might be more or less political such as economic of development assistance, bilateral or multilateral negotiations of trade agreements and financial and monetary policies (Okano-Heijmans 2013: 28–29).

As mentioned, a great variety of non-state actors also creates the structure of the state's economic diplomacy – both by shaping and influencing government policies and as independent players (Bayne, Woolcock 2017: 3–4). In practice, we are speaking about lobbying or cooperating entrepreneurs from various sectors while attracting foreign investors. In past, these businesses firstly used to be the most active interest group within economic diplomacy of particular state, extorting their influence mainly behind the scenes. Nowadays, non-governmental organizations (NGOs) grouped as civil society moved into the process and are actively seeking publicity to put pressure on governments.

Another important actor are International organizations. They mostly tend as a forum for negotiations (Bayne, Woolcock 2017: 4) within both macro and micro levels of economic diplomacy.

1.4. Institutional models of economic diplomacy

Institutional setting of the economic diplomacy models might be different in each of the country as the system is usually created by many actors such as Ministries, agencies representing their particular interests, Unions or nongovernmental organizations. Analysis of different institutional models state that each country has its specific setting and position of each actors, resulting from the history of the country, political system, government composition, infrastructural, financial and capacitive possibilities of the country or political situation (PwC 2017: 53).

As known from past models of foreign policy and its economic dimension, the executive competences usually lay in hands of government and MFA controlled by it. As the concept of commercial diplomacy has been changing in past years, the institutional questions come up as well.

Nowadays, within the diplomatic practice and its commercial questions, there are generally more ministries participating in the system. The most common one is Ministry of Industry or specialized agencies (focused on support of export or investment) with more or less autonomous status. The measure and way of participation of particular actors in the system as well as their degree of cooperation differs from state to state, however, three basic theoretical models might be defined according to the practice described by Pajtinka (2007) and Rana (2002):

Unified model is characterized by concentrating all competences in the area of economic diplomacy and realization of export and investments support by one organization within state apparatus. It is usually Ministry of Foreign Affairs, whose competences are extended by foreign economic issues. Integrated model is practical example of direct leadership of diplomacy in conditions when economic interest is an important part of country's foreign policy interests. Countries representing this model are Canada with its Ministry of Foreign Affairs and Trade, Hungary with similar institution or Swedish model after 2001.

Dual/competitive model is the one in which competencies within economic diplomacy are shared between two state organizations, usually foreign policy and industrially oriented ministries. MFA is usually responsible for foreign representation of the state

within international relations, while the second one balances within commercially oriented policy within both internal and external policies. In practice this model means dual leadership of foreign economic diplomacy relations both in particular country and within its foreign representation in form of double leadership of economic departments of the embassies and its employees, which naturally leads to an increase in competitiveness between the home institutions and their representatives. Countries representing this model are Slovakia, the Czech Republic or India.

The Third Agency model is characterized by transferring part of the economic diplomacy competences on specialized public institution operating separately from MFA or industrially oriented ministry. The agency cooperates with both ministries very closely and coordinates its activities according to their requirements. In many examples this agency has also the right to send its representatives abroad who act as a commercial attaché. This model is typical for Germany, where the role of 'third agency' is represented by commercial and industrial unions.

Radja (2002: 70–71) added to these three basic models other two, one called *partially unified* is represented by United Kingdom's organizational model that combines unified and dual model by the Department for Trade and Investment subordinated to Foreign and Commonwealth Office (MFA) and the Department for Business, Enterprise and Regulatory Reform. Both ministries are at the same time personally connected by common Minister of State (Pajtinka 2007: 17).

Renunciation model is based on no active role of MFA in economic diplomacy, serving only as a support of the commercially oriented Ministry that displays a status and political weight greater than the MFA. The example of this model is China (Santos 2017: 20).

2. Economic diplomacy models and strategy of governance of other selected European countries

2.1. Methodology

Methodology for selection of the compared systems of economic diplomacy results from the aim of the thesis, though, for adequate comparison that would clarify or falsify the hypothesis, it is important to come with a selection of countries showing slightly different models of functioning but at the same time operating within similar geopolitical area and sharing similar features in terms of size and possibilities of the state apparatus. Other variables defining the analysed countries that were included in the thesis together with countries that were also subject to research but did not meet the criteria according the criteria are displayed in Table 1. and within Criteria definition below.

Table 1. Variables of researched countries

Country	Population (mil., 2017)	GDP (bil, USD, 2017)	% of export of GDP (2016)	EU membership	Soft power score
Austria	8,815	416,845	52,26	Yes	63,75
Belgium	11,352	494,733	80,76	Yes	62,8
Czech Republic	10,579	213,189	79,51	Yes	48,73
Estonia	1,309	25,973	78,98	Yes	-
Finland	5,503	253,244	36	Yes	68,37
France	64,801	2,583,560	29,26	Yes	75,75
Germany	82,713	3,684,816	46,11	Yes	73,67
Hungary	9,805	152,284	89,53	Yes	48,16
Ireland	4,728	333,994	121,58	Yes	60,62
Portugal	10,305	218,064	40,12	Yes	54,43
Slovakia	5,431	95,938	94,62	Yes	-
Sweden					69,32
United Kingdom	66,051	2,624,529	27,38	No	72,72

Sources: IMF, WB, USC

Selected countries for the comparison

Researched countries that don't meet criteria for comparison

Country researched within chapter 4.

Criteria definition

The methodology of selected criteria for comparing countries is divided into two variables – quantitative and qualitative. However the final selection is always subject to the main aim of the thesis, hypothesis and range of the thesis. As of the complexity and system of selection might serve Estonia and United Kingdom. While the first country is much smaller regarding population and GDP, it is at the same time member of the EU with 74 % share of export to that territory, the % of GDP created by export is 90 % and its model of economic diplomacy is also very close to the Czech Republic. On the other hand, United Kingdom might serve as an exemplary model sharing long time experience. However, the size of apparatus, position within International Relations, soft power, political system (both historical and present factors), together with available sources, different and difficult situation within the EU and available capital is not applicable for the Czech Republic.

Criteria:

- Population
- GDP (total, per capita)
- % of export covering GDP
- Regional position (EU membership)
- Political system (both historical and present factors)
- Economic diplomacy system
- Power within IR

2.2. The Austrian economic diplomacy model

Austria is a member country of the European Union with population of 8,3 million people with GDP per capita reaching 45 000 USD in 2016. The country's export creates nearly 53 % of its total GDP. Austrian economy grew by average 2 % in 2017.

Table 2. Macroeconomic indicators, Austria

Indicators, Portugal	2015	2016	2017	2018	2019	2020
GDP Growth, %	1,092	1,451	2,902	2,64	1,95	1,5
GDP per capita, USD	44,296	44,733	47,289	53,764	56,259	58,485
Inflation, %	0,81	0,972	2,23	2,18	2,2	2,2
Imports of goods and services, % change	3,126	3,141	5,532	3,071	3,168	3,925
Exports of goods and services, % change	3,098	1,915	5,657	3,731	3,157	3,578
Exports of goods and services, % of GDP	52,93	52,26	-	-	-	-
Unemployment, %	5,733	6,025	5,5	5,2	5,1	5
Current Account (bil, USD)	7,349	8,313	8,6	11,994	9,939	10,356
Population	8,63	8,74	8,815	8,885	8,95	9,012
Competitiveness index	21/140	23/138	19/137	-	-	-

Sources: IMF, OECD, WEF; [IMF Estimates](#)

The main export destinations of Austria are covered within the EU, the intra EU trade accounts for 71 % of the trade, 30 % to Germany and 6% to Italy and Slovakia. The most important sectors of Estonia's economy in 2016 were wholesale and retail trade. In terms of imports, 78 % come from EU Member States (Germany 43 %, Italy 6 % and Czech Republic 4 %), while outside the EU 6 % come from Switzerland and 3% from China (OEC; europa.eu - overview Austria).

The inflation rate was 2,23 % in 2017 following rate 0,97 % in 2016. Unemployment stood at 6 % in 2016 and it is likely to drop further. The current account is around 8 bil. USD. In the ranking of competitiveness, Austria is ranked 19th among 137 compared economies.

The economic diplomacy of Austria is based on decentralized base – transfer of the competences of state within economic diplomacy to other institutions (in certain

distant). These institutions might be state agencies or other NGOs. In Austrian model, these decentralized institutions are represented by the Austrian Federal Economic Chamber (AFEC) (Krčál 2013: 9).

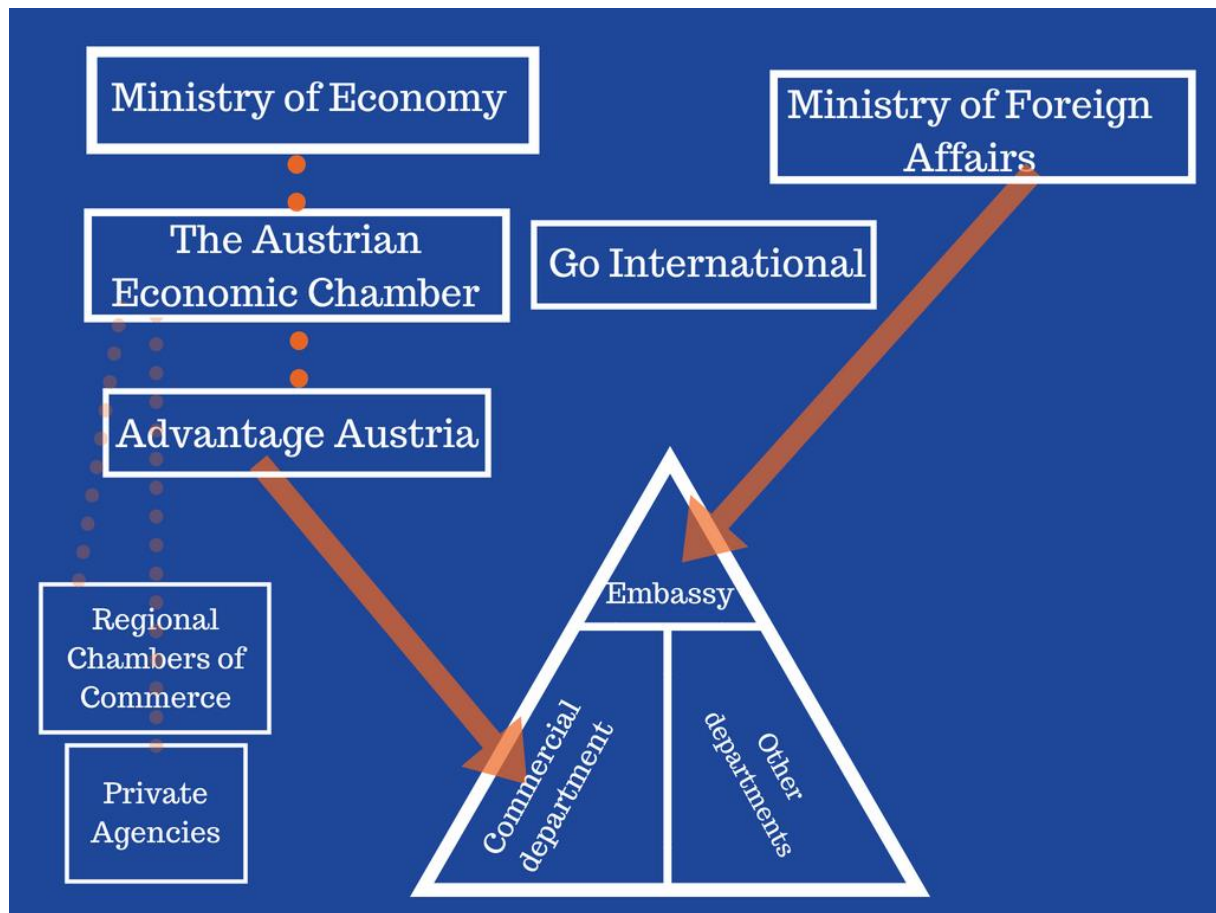
On the government level, the primary actor is Ministry of Economy who closely cooperates with Austrian Chamber based on the initiative Go International that aims at supporting Austrian exporters (Krčál 2013: 9). Go International aims at motivating and training Austrian companies to become exporters, accompanying established exporters into new markets, focusing on the knowledge-intensive services and supporting Austrian foreign direct investors in high-growth markets (Grabner: 46). It also focuses on foreign investments both inside and outside of Austria and development of Austria as a 'brand' (Krčál 2013: 10).

The Austrian Federal Economic Chamber is internationally represented by Advantage Austria Trade Promotion Organization. Its aim is to encourage and develop export agencies and boost the innovative capacities of Austria by identification of business opportunities abroad and support of cross-border commercial activities (Grabner: 14–17). Austria operates under one platform together with regional chambers of commerce and forms international network of service centres and marketing offices (Grabner: 17).

AFEC also serves as a main guarantor of providing information and specialized services to Austrian exporters. These services are provided through web portal, contact centres, commercial diplomats at the embassies, publications, organization of seminars and further analytic work. Foreign offices of AFEC in form of commercial section of Austrian embassies give information on foreign markets and help entrepreneurs with participation on events in a particular country. However, these services are provided only to members of AFEC (Krčál 2013: 10).

Support of export in Austria is also offered by private agencies such as Prisma Kreditversicherungs AG, Coface Austria, private consultants or principal bankers or forwarding agencies (Grabner: 18). The major financial institution involved in the system is Austrian Control Bank who serves as the largest provider of financial services to exporters (Krčál 2013: 10).

Figure 2. Austrian model of economic diplomacy



Source: Author's own work

2.3. The Estonian economic diplomacy model

Estonia is a member country of the European Union with population of 1,3 million with GDP per capita reaching 19600 USD in 2017. The country's export creates nearly 80% of its total GDP. Estonian economy grew by average 8 % per year between 2000 and 2007. In 2008 and 2009 the GDP dropped by 5,3 % and 14,7 %, however in following years it started growing again. In 2017, the GDP growth by almost 4 % and it is estimated to persevere within 3,5 %.

Table 3. Macroeconomic indicators, Estonia

Indicators, Estonia	2015	2016	2017	2018	2019	2020
GDP Growth, %	1,7	2,1	4	3,7	3	3
GDP per capita, USD	17 192	17 786	19 618	21 964	23 533	25 059
Inflation, %	0,1	0,8	3,8	3,4	2,5	2,5
Imports of goods and services, % change	-1,812	5,235	3,544	4,683	5,699	5,364
Exports of goods and services, % change	-0,619	4,069	2,708	3,144	3,362	3,463
Exports of goods and services, % of GDP	78,61	78,98	77,6	-	-	-
Unemployment, %	6,2	6,8	8,4	9	9,8	10
Current Account; bil, USD	0,5	0,4	0,5	0,4	0,2	-0,1
Population, mil.	1,3	1,3	1,3	1,3	1,3	1,3
Competitiveness index	30/140	30/138	29/137	-	-	-

Sources: IMF, WEF; [IMF Estimates](#)

The main export destinations of Estonia are covered within the EU, the intra EU trade accounts for 74 % of the trade, 7 % to Russia and 4% to Norway. The most important sectors of Estonia's economy in 2016 were wholesale and retail trade. In terms of imports, 82% come from EU Member States (Finland 13%, Germany 11%), while outside the EU 6% come from Russia and 3% from the United States (OEC; europa.eu – overview Estonia).

The inflation rate was 3,8 % in 2017. Unemployment stood at 8,4 % in 2017 and it is likely to grow more. The current account is almost balanced and according to IMF

estimates should slightly fall into deficit in the future. In the ranking of competitiveness, Estonia is ranked 29th among 137 compared economies.

Regarding its economic diplomacy, Estonia has a rather wide network of institutions included: Ministry of Economic Affairs and Communication (MEAC), Ministry of Foreign Affairs (MFA), foreign officers and consulates, businesses and business associations, foundations, agencies and others. These subject not only promote business, but they generally help to establish a supportive economic environment. (Bukovskis, Sprūds 2014: 105; Sempelson 2015: 4)

The MEAC is responsible for the trade relations within the EU and its economic development department is also responsible for contact administration regarding OECD. They have the leading role in establishing strategic components of country's economic diplomacy and in choosing the key areas for future growth. In 2000, the MEAC also instigated the creation of two main support structures: Enterprise Estonia (which provides education for potential exporters and distributes export refunds through different export programmes) and KredEX (providing financial support, e.g. venture capital, credit insurance or loan guarantees to domestic exporters) (mkm.ee; Bukovskis, Sprūds 2014: 106-108).

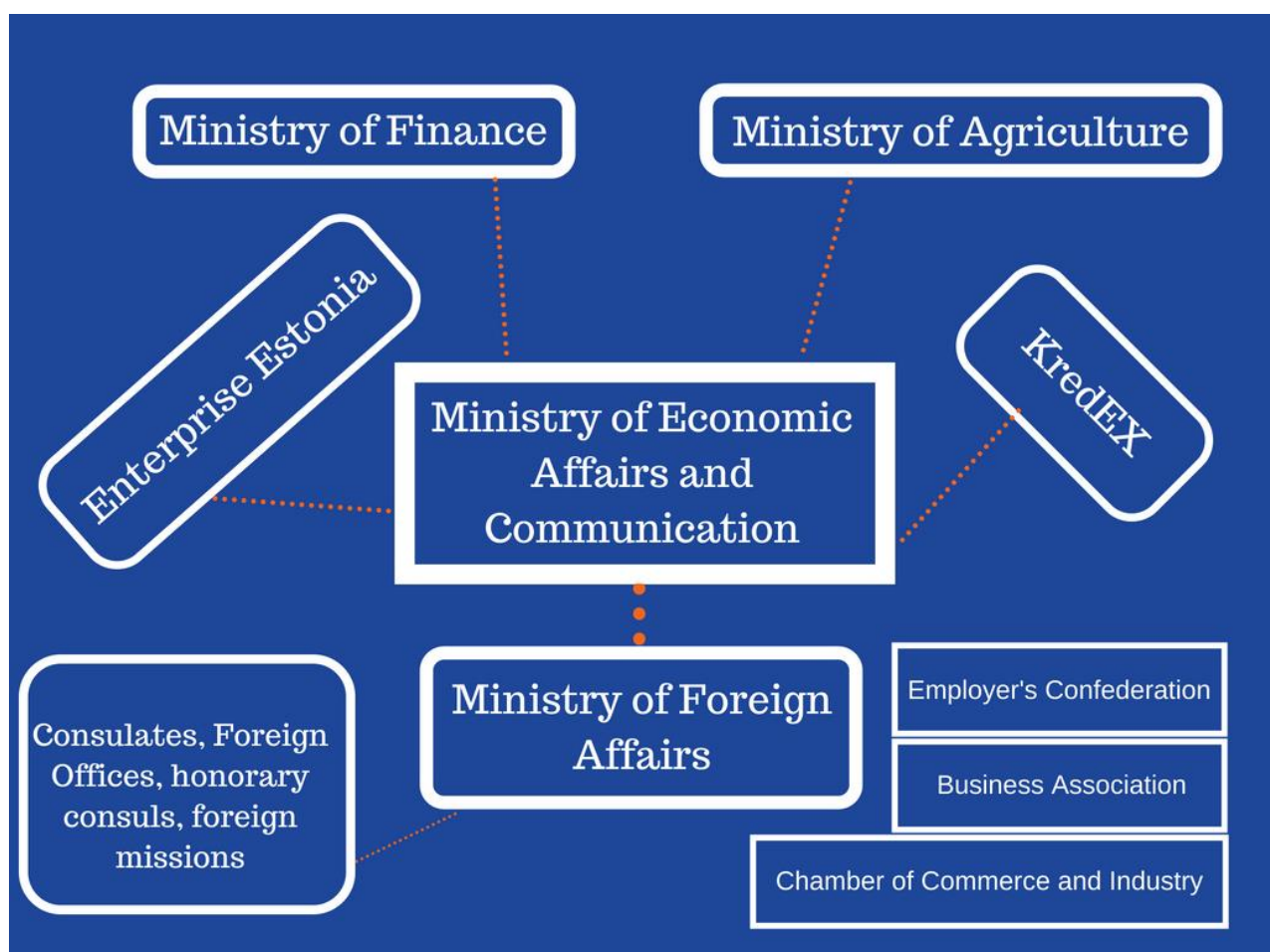
On the other hand, the MFA is responsible for trade problems outside the EU and coordinate the EU foreign trade policy with non-EU countries. They provide advisory services and support for local producers when entering new markets through their network of consulates, honorary consuls, foreign officers and foreign missions. Its economic diplomats promote export through several institutions, e.g. The Export Academy – market seminars related to various countries and “Breakfast coffee with and Ambassador” initiative, or by holding business missions to meet local people and do b2b meetings with them outside the capitals. The MFA also focuses on an increase of awareness of government opportunities for domestic entrepreneurs. (Bukovskis, Sprūds 2014: 107)

In general, regarding trade, the responsibilities of both ministries are kind of flexible. Estonian officials chosen to participate in EU trade policy co-ordination processes come from both, e.g. from the MFA's External Trade Division or from the MEAC's Internal Market Department. When needed, representatives of the Ministry of Culture,

Ministry of Agriculture or Ministry of Justice are also present to provide specialized view. (Bukovskis, Sprūds 2014: 108)

Apart from the Enterprise Estonia, another important organizations which directly promote MEAC's guidelines are the Estonian Chamber of Commerce and Industry (which, apart from helping with issues regarding legal framework or offering training and information to both locals and government, also holds the only Estonian permanent arbitration court), the Estonian Employers Association and the Estonian Business Association (which is a private legal advising entity and lobby organization). Another important subject to mention is the Estonian Employer's Confederation which represents more than 1500 Estonian enterprises in the BUSINESSEUROPE – central organization for European employers. (Bukovskis, Sprūds 2014: 108-109)

Figure 3. Estonian model of economic diplomacy



Source: Author's own work

2.4. The Finish economic diplomacy model

Finland is EU member country with population of 5,5 mil people sharing GDP per capita 46 016 in 2017. The country's export creates 36 % of its total GDP. Finnish economy dropped since the financial economic crisis by more than 8 % and started increasing between 2015 and 2016.

Table 4. Macroeconomic indicators, Finland

Indicators, Finland	2015	2016	2017	2018	2019	2020
GDP Growth, %	0,135	2,135	2,99	2,588	1,953	1,519
GDP per capita, USD	42 505	43 514	46 016	52 422	54 869	57 263
Inflation, %	-0,156	0,389	0,839	1,249	1,693	1,9
Imports of goods and services, % change	3,226	5,424	2,595	2,49	2,986	3,2
Exports of goods and services, % change	0,929	2,328	8,276	4,5	4	3,1
Exports of goods and services, % of GDP	36,49	36,03	-	-	-	-
Unemployment, %	9,375	8,792	8,667	8,004	7,451	7,231
Current Account (bil, USD)	-2,337	-3,303	1,693	4,14	5,7	6,289
Population	5,472	5,487	5,503	5,524	5,543	5,561
Competitiveness index	8/140	10/138	10/137	-	-	-

Sources: IMF, OECD, WEF; [IMF Estimates](#)

The main export destinations of Finland are covered within the EU, the intra EU trade accounts for 59 % of the trade, 13 % to Germany and 10% to Sweden. The most important sectors of Finnish economy in 2016 were public administration, defence, education, human health and social work activities. In terms of imports, 73 % come from EU Member States (Germany 17 %, Sweden 16 % and the Netherlands 7 %), while outside the EU 9 % come from Russia and 4% from China (OEC; europa.eu - overview Finland).

The inflation rate was 0,84 % in 2017 following rate 0,4 in 2016. Unemployment stood at 8,6 % in 2017 and is likely to drop further. The current account is -1,69 bil. USD. In the ranking of competitiveness, Finland is ranked 10th among 137 compared economies.

The current Finnish economic diplomacy model begun forming after the 2008 crisis, when the government tried to boost slow performance of Finnish economy especially in forms of foreign investment.

Economic diplomacy model in Finland is based on Finland Business agency that operates as a common agency with the aim to internationalize activities of Finnish companies, culture, national brand and presents itself under common identity called 'Team Finland' (PwC 2017: 53).

The institutions that are behind the common 'Team Finland' are MFA together with Ministry of Economic Affairs and Employment (MEAE). MFA is responsible for sending specialized economic diplomats. (PwC 2017: 53). The Ministry for Foreign Affairs has 85 missions abroad which have diplomatic staff. Finpro operates at more than 40 locations, Tekes at seven. Finpro's services consists of assistance and advice to companies and business sparring, marketing support, networking and sales consultation in the promotion of investments as well as acquiring customer leads. Tekes is responsible for providing medium-term market analyses on business opportunities and trends (Future Watch 3–5 years), and innovation cooperation. (Memo 2016: 52).

The Ministry of Foreign Affairs of Finland consists of three separated Ministries with each of them directed by its own Minister. They are Minister for Foreign Affairs, Minister for Foreign Trade and Development and Minister for Nordic Cooperation (Organisation and contact information, MFA of Finland 2018).

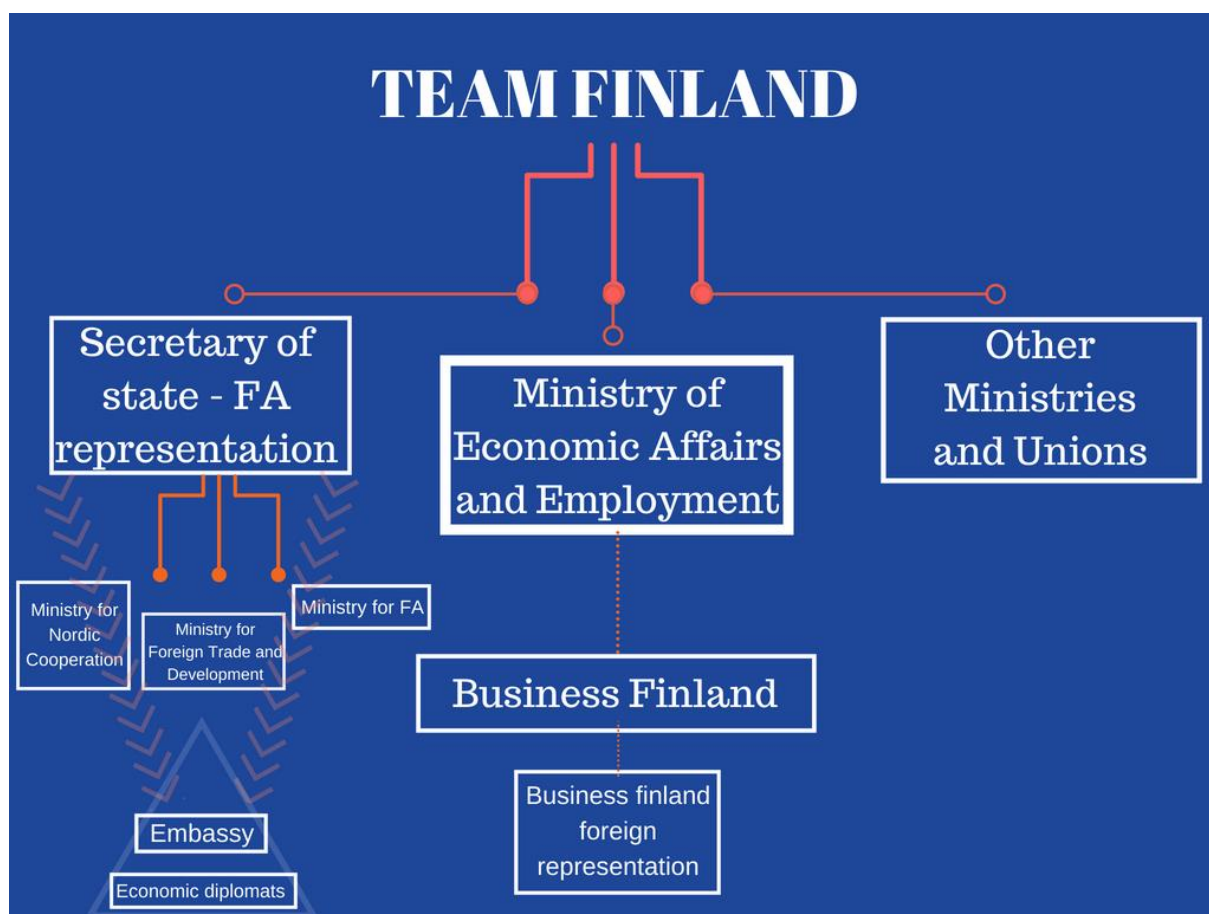
Another important part of the system is Ministry of Economic Affairs and Employment who is responsible for economic policy of the state and agencies Finnish Industry Investment Ltd, Tekes and Finnvera Plc, which are directly involved. The Ministry is similarly to MFA divided into Minister of Employment, Minister of Economic Affairs and Minister of Environment, Energy and Housing.

In January 2018, the Finnish trade promotion organization Finpro and the Finnish Funding Agency for Innovation Tekes united as Business Finland agency with a goal to create smoother service for customers in Finland and abroad. Its mission was set as to catalyse new growth and create opportunities for Finland through innovation and

international expansion. There was also new webpage launched on February 8th offering new service path outlined and services grouped in well organized and intuitive form (businessfinland.com). The form of these two agencies was not changed, but just connected, and the agency is operating under MEAE (sciencebusiness.net 12/2017, tekes.fi).

For the cooperation within public subjects serves 'TeamFinland', platform that is directed by Department of External Relations at secretary of state level. Its aim is also to provide businesses with a service chain ranging from advice services to financing (PwC 2017: 54, team.finland.fi 2018). The network consists of MEAE, MFA, Ministry of Education and Culture, Business Finland, Finnvera, Tesi (Finnish Industry Investment), Centres for Economic Development, Transport and the Environment, Finnish Patent and Registration Office, Finnish-Russian Chamber of Commerce, Finnish-Swedish Chamber of Commerce, VTT Technical Research Centre of Finland, Finnfund, Finnpartnership and Finnish Cultural and Academic Institutes (team.finland.fi 2018).

Figure 4. Finish model of economic diplomacy



Source: Author's own work

2.5. The Hungarian economic diplomacy model

Hungary is a member state of the EU with population of 9,8 mil. people sharing GDP per capita 13500 USD in 2017. The country's export creates 90 % of its GDP and grows year by year. In past three years, the economic policy of Hungary has been increasing, resulting in 3,2 % GDP growth in 2017, having surpassed the average growth of the EU countries. However, comparing Hungarian economy within the Central Europe, it is one of the slowest growing economies according to GDP growth as Poland, Romania or Czech Republic are all reaching higher numbers.

Table 5. Macroeconomic indicators, Hungary

Indicators, Hungary	2015	2016	2017	2018	2019	2020
GDP Growth, %	3,1	2	3,2	3,4	2,8	2,6
GDP per capita, USD	12 344	12 652	13 460	14 742	15 460	16 133
Inflation, %	-0,1	0,4	2,5	3,2	3	3
Imports of goods and services, % change	6,449	2,937	9,72	6,8	6,8	6,6
Exports of goods and services, % change	8,507	3,44	7,09	6,4	5,9	5,9
Exports of goods and services, % of GDP	90,21	89,54	90,09	-	-	-
Unemployment, %	6,8	5,1	4,4	4,3	4,3	4,2
Current Account (bil, USD)	4,1	6,8	6,3	6,1	4,8	3,6
Population	9,9	9,8	9,8	9,8	9,8	9,7
Competitiveness index	63/140	69/138	60/137	-	-	-

Sources: IMF, OECD, WEF; [IMF Estimates](#)

The main export destinations of Hungary are covered within the EU, the intra EU trade accounts for 81 % of the trade, 28 % to Germany and 5% to Romania, Slovakia, Austria and Italy. The most important sectors of Hungarian economy in 2016 were industry, wholesale and retail trade. In terms of imports, 78 % come from EU Member States (Germany 26 %, Austria 6 %), while outside the EU 6% come from China and 3 % from Russia (OEC; europa.eu – overview Hungary).

The inflation rate was 2,5 % in 2017. Unemployment is decreasing in a long-term period and reached 4,4 % in 2017, the lowest number after the crisis. The current

account is 6,3 bil. USD and is predicted to decrease in the future. Hungary is ranked 60th among 137 compared economies within the ranking of competitiveness.

The Hungarian model of economic diplomacy radically changed in 2014. Besides narrowing the number of employees of the Ministry of Foreign Affairs, there was also a change in the name and agenda of the Ministry. The Foreign Affairs (FA) Department took over the foreign trade agenda and was renamed to the Ministry of Foreign Affairs and Trade (MFAT). At the same time, the system was strengthened by network of independent agencies and organizations in form of Hungarian Investment Promotion Agency, Hungarian Trade House and the EXIM Bank. In 2014, new Ministry of National Economy (MNE) was created to cover internal economic issues and the agenda of finance (Internal, Ministry of Foreign Affairs of the Czech Republic; Kruliš, Rezková 2015: 23).

The system of economic diplomacy in Hungary is centralized on both national level and within the foreign site in the form of Ambassador as a person responsible and coordinating all action within the particular country. The MFAT is working closely with the MNE to address issues of common interest, such as taxes, investment or strategic partnerships and agreements (Internal, Ministry of Foreign Affairs of the Czech Republic; Kruliš, Rezková 2015: 23).

The department of foreign trade within MFAT is responsible for decisions and coordination of the economic diplomacy and foreign trade support. It is also in charge of economic diplomats. Other ministries (agriculture, science, innovation, etc.) also participate in the system by sending experts. There is also a special FDI department dealing with investment legislation (Internal, Ministry of Foreign Affairs of the Czech Republic; Kruliš, Rezková 2015: 24).

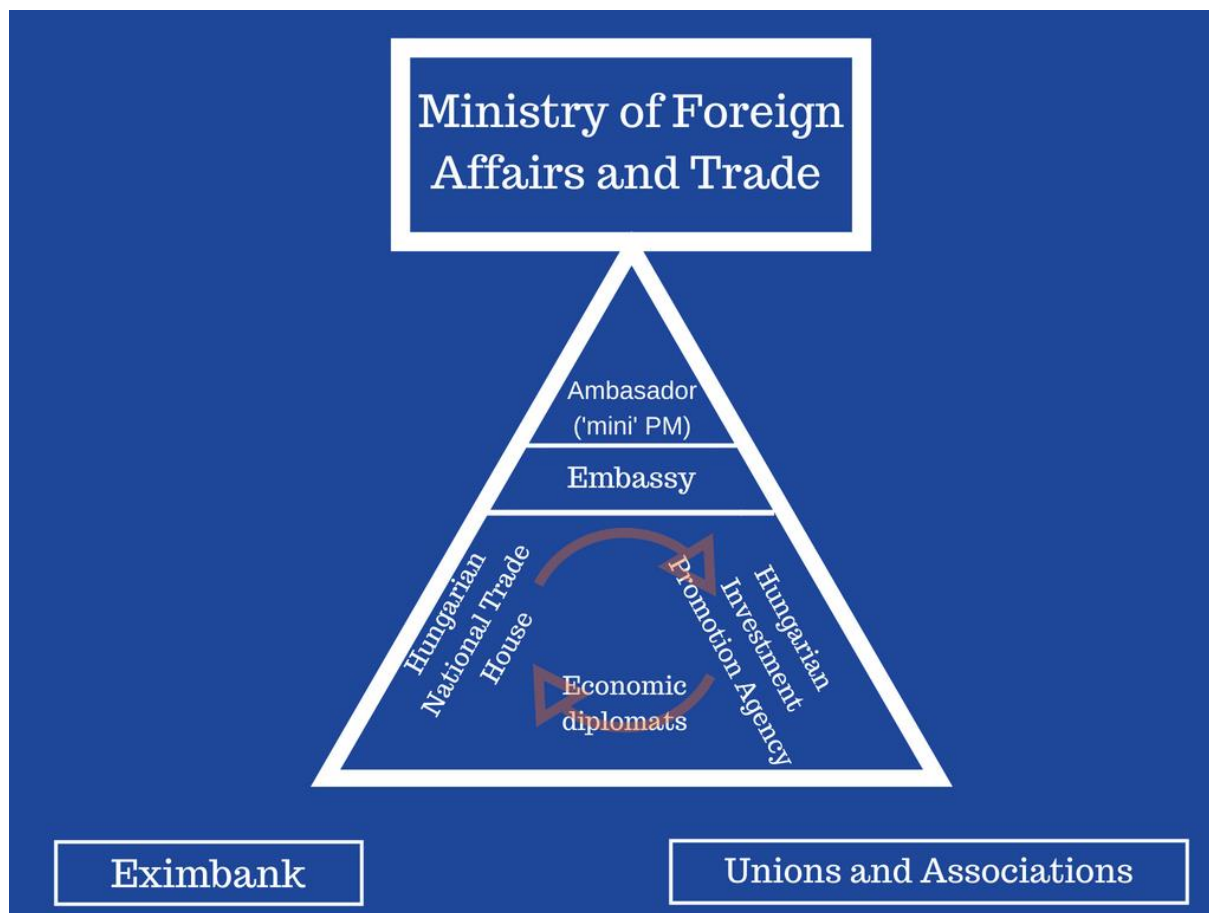
The main actors involved in the support of export system are MFAT, Embassies, Hungarian Investment Promotion Agency (HIPA), Hungarian National Trade House (HNTH), EXIMBANK and Commercial Unions (Internal, Ministry of Foreign Affairs of the Czech Republic; Kruliš, Rezková 2015: 24).

The foreign site disposes of 60 foreign branches (all outside of the EU) and follow policy of opening to the East and South. The foreign branches also cooperate with

locals in given territories. These local staff are cooperating on the base of indeterminate treaty signed with HNTH (Internal, Ministry of Foreign Affairs of the Czech Republic).

HIPA promotes investment into the country and supports commerce in general. HNTH organizes seminars, promotional events and search for opportunities on foreign markets. The competence of the agency is also sale and presentation of Hungarian products on foreign exhibitions. For their services a fee or commission is required. It works on public-private partnership basis, partly financed from national sources and partly from fees and commissions. HNTH offices and Hungarian embassies are intensively cooperating even if there is no institutionalization. HNTH directors are usually locals and their offices are not within embassies. EXIMBANK ensures financial services in forms of credits. All institutions except Unions report their results to the MFAT (Internal, Ministry of Foreign Affairs of the Czech Republic; Kruliš, Rezková 2015: 24).

Figure 5. Hungarian model of economic diplomacy



Source: Author's own work

2.6. The Slovakian economic diplomacy model

Slovakia is EU member country with population of 5,4 mil people sharing GDP per capita 17,664 USD in 2017. The country's export creates almost 95 % of its total GDP. Slovakian economy dropped since the financial economic crisis by more than 5 % and started recovering in 2010. In 2017, GDP growth accounted for 3,4 %.

Table 6. Macroeconomic indicators, Slovakia

Indicators, Portugal	2015	2016	2017	2018	2019	2020
GDP Growth, %	3,85	3,325	3,4	4	4,2	3,8
GDP per capita, USD	16,148	16,55	17,664	20,508	22,031	23,576
Inflation, %	-0,336	-0,478	1,306	1,914	1,853	1,951
Imports of goods and services, % change	8,372	3,727	4,011	6,8	6,72	6,08
Exports of goods and services, % change	6,394	6,238	3,836	7,037	7,115	6,336
Exports of goods and services, % of GDP	92,97	94,62	-	-	-	-
Unemployment, %	11,475	9,675	8,271	7,522	7,444	6,678
Current Account (bil, USD)	-1,517	-1,309	-1,443	-0,328	0,583	0,765
Population	5,421	5,426	5,431	5,436	5,441	5,446
Competitiveness index	75/140	67/138	65/137	-	-	-

Sources: IMF, OECD, WEF; [IMF Estimates](#)

The main export destinations of Slovakia are covered within the EU, the intra EU trade accounts for 85 % of the trade, 22 % to Germany and 12% to the Czech Republic. The most important sectors of Slovakian economy in 2016 were industry, wholesale and retail trade. In terms of imports, 80 % come from EU Member States (Germany 20 %, Czech Republic 17 % and Poland 8 %), while outside the EU 2 % each go to Russia China and the United States (OEC; europa.eu - overview Slovakia).

The inflation rate was 1,3 % in 2017 following deflation in 2015 and 2016. Unemployment stood at 8,2 % in 2017 and it is likely to drop further. The current account is -1,44 bil. USD. In the ranking of competitiveness, Slovakia is ranked 65th among 137 compared economies.

Slovakian model of economic diplomacy was conceptualized in 2011 as integrated model within Slovak Ministry of Foreign and European Affairs (MFEA) responsible for delegation and coordination of commercial diplomats within commercial-economic departments within embassies (that were part of the MIT before the reform). The new system also led to a change of the competence act of the Slovak Republic (PwC 2017: 57).

In past, MFEA was responsible for commercial diplomats delegated by MIT that led to non-cooperation in some of the countries so the system was transformed in 2011 under one ministry responsible for the system of support of export (mzv.sk).

The MFEA is, according to memorandum, responsible for assistance of contact creation and establishment of suitable environment to obtain relevant foreign partners. It is also responsible for identification of investment opportunities and creation of bilateral and multilateral framework (mzv.sk).

MFEA is externally represented by embassies and the economic interests are covered by commercial department. The commercial department is responsible for both export assistance and promotion of Slovakia as an investment target (mzv.sk).

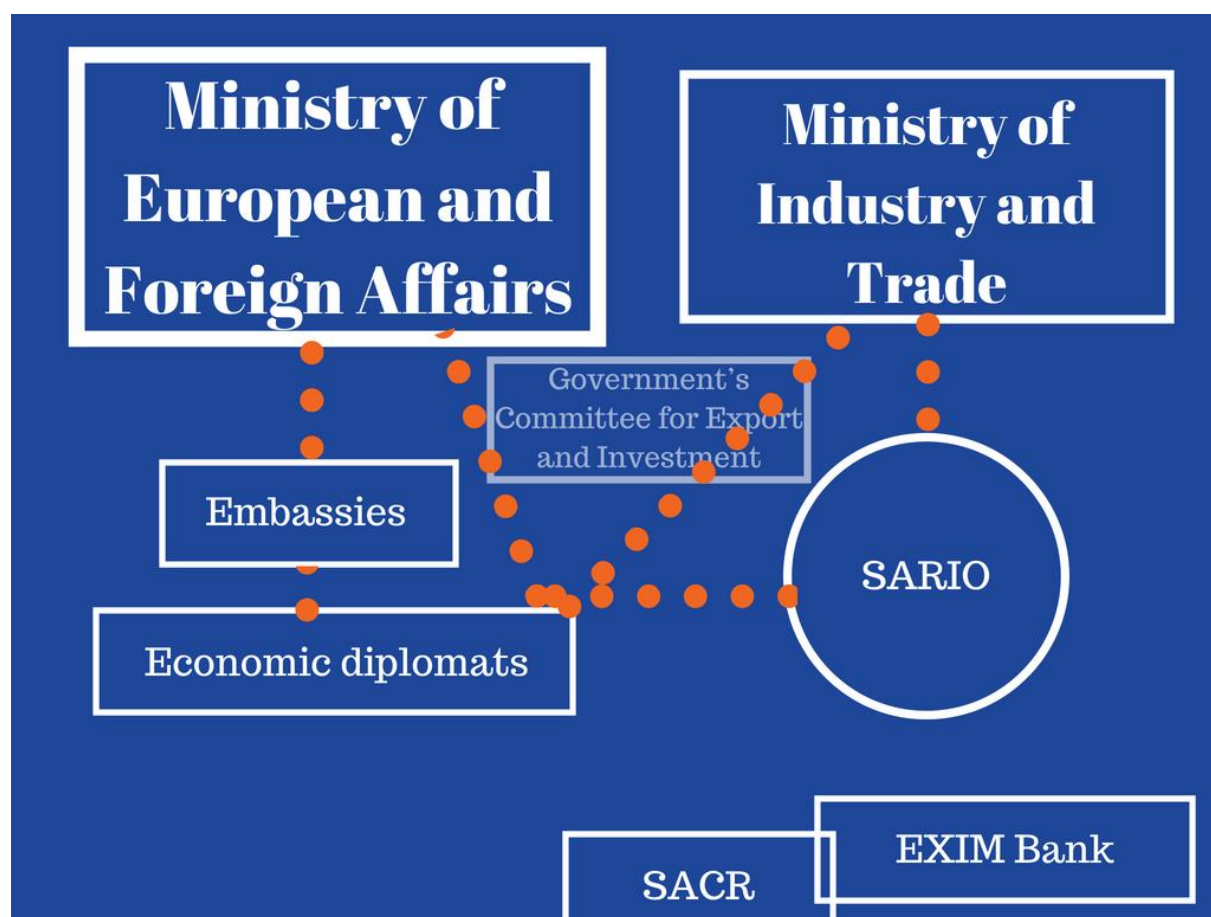
Ministry of Foreign and European affairs is also responsible for preparation of analytical materials regarding foreign trade and proposing of policies regarding commercial policy, FDI and innovations (mzv.sk). Slovakia currently disposes of 89 embassies in 63 countries (rokovania.sk).

The key organizations within Slovakian economic diplomacy model with the emphasis on support of export on a local level is Slovakian Agency for Development of Investment and Commerce (SARIO), operating since 2001. It is financed by Ministry of Industry and trade and does not dispose of foreign agencies (PwC 2017: 57).

Slovakian model of Economic diplomacy also consists of Government's Committee for Export and Investment. It is a coordination, advisory and initiative organ with the main aim to support exporters and FDI. The Committee facilitates communication between government, public institutions and entrepreneurs. It also evaluates government's statements and serves as a recommendation organ for them, regarding economic diplomacy issues. Moreover, the Committee proposes territorial priorities for

development of international commercial and investment activities. The members of the Committee are public administration employees, entrepreneur's representatives and university representatives. Heads of the Committee are Minister of Foreign and European Affairs and Minister Economy. Another organizations within Slovakian economic diplomacy model are Slovakian Agency for Tourism (SACR) and Eximbank.

Figure 6. Slovakian model of economic diplomacy



Source: Author's own work

2.7. The Portuguese economic diplomacy model

Portugal is EU member state with population of 10,3 mil. People creating GDP per capita 21 100 USD in 2017. The country's export creates 40 % of its total GDP. Portuguese economy dropped since the financial economic crisis and since 2014 its economy started slightly increasing up to 2017's 2,67 %.

Table 7. Macroeconomic indicators, Portugal

Indicators, Portugal	2015	2016	2017	2018	2019	2020
GDP Growth, %	1,822	1,619	2,674	2,4	1,8	1,5
GDP per capita, USD	19 262	19 879	21 161	24 236	25 439	26 652
Inflation, %	0,508	0,636	1,556	1,6	1,6	1,9
Imports of goods and services, % change	8,025	4,486	7,838	7,179	4,495	4,314
Exports of goods and services, % change	6,145	4,331	7,278	7,355	4,684	4,294
Exports of goods and services, % of GDP	40,43	40,12	-	-	-	-
Unemployment, %	12,444	11,066	8,867	7,263	6,66	6,158
Current Account (bil, USD)	0,232	1,218	0,993	0,564	-0,357	-1,339
Population	10,358	10,326	10,305	10,269	10,234	10,199
Competitiveness index	38/140	42/138	46/137	-	-	-

Sources: IMF, OECD, WEF; [IMF Estimates](#)

The main export destinations of Portugal are covered within the EU, the intra EU trade accounts for 75 % of the trade, 26 % to Spain and 13% to France. The most important sectors of Portuguese economy in 2016 were retail trade, transport, accommodation and food services. In terms of imports, 78 % come from EU Member States (Spain 33 %, Germany 14 % and France 7 %), while outside the EU 3 % come from China and 2% from Russia (OEC; europa.eu - overview Portugal).

The inflation rate was 1,56 % in 2017 following deflation tendencies that turned in 2015. Unemployment stood at 8 % in 2017 after its peak in 2013 when it reached 16 %. The current account is around almost 1 bil. USD. In the ranking of competitiveness, Portugal is ranked 46th among 137 compared economies.

Portugal reformed its economic diplomacy model in 2011 with the economic diplomacy leaded by MFA. However, in 2013, there was a setback process with partial return to the competition model and emptying role of MFA.

Portuguese model is centralized with reduced autonomy of cooperation centres on the ground, particularly within embassies. There are almost non-existent decentralised business association's structures with little input to the formulation of policies, in particular bilaterally. In Portugal, there is also a very low level of participation of NGOs on the system both in policy formulation and its implementation that defines the model by some way, resulting in lack of cultivation of multi-actor partnerships in the promotion of the country's interests within external policy (Santos 2017: 109 – 110).

The first change of Portuguese economic diplomacy model was the adoption of the unified model for the institutional organization of the State. The inspiration was taken from Sweden. This put the MFA as the main actor in the process ensuring the consideration of political dimension and the coordination of the main external action instrument – the network of embassies and consulates. However, what appeared to be a clear strategic option for the future regarding the organisational model of the State was surprisingly debated again and reversed in July 2013, when the new decision was adopted reversing the 2011 system. The main change was the transfer of AICEP agency responsible for the main investment and pro exportation programs both home and abroad. The agency was transferred back to Ministry of Economy and assigned to the deputy minister the coordination of economic diplomacy that undermined the role of MFA. What makes this fast transfer strange is that it was overturned without any further evaluation of the past model, that was, however, criticized (Santos 2017: 109 – 110).

The main actors are according to the latest change MFA, ME and AICEP agency.

AICEP Portugal Global – Trade and Investment Agency is a government business entity created in 2007 with focus on encouraging foreign companies to invest in Portugal and contribute to success of Portuguese companies abroad in their internationalization process and export activities. AICEP is free of charges offers direct negotiations with companies through a tailored approach to companies' requirement (embaixadadeportugal.jp). Moreover, AICEP is part of Portuguese embassies and is

directly involved in the foreign mission as well as presented as part of the embassy within its webpages.

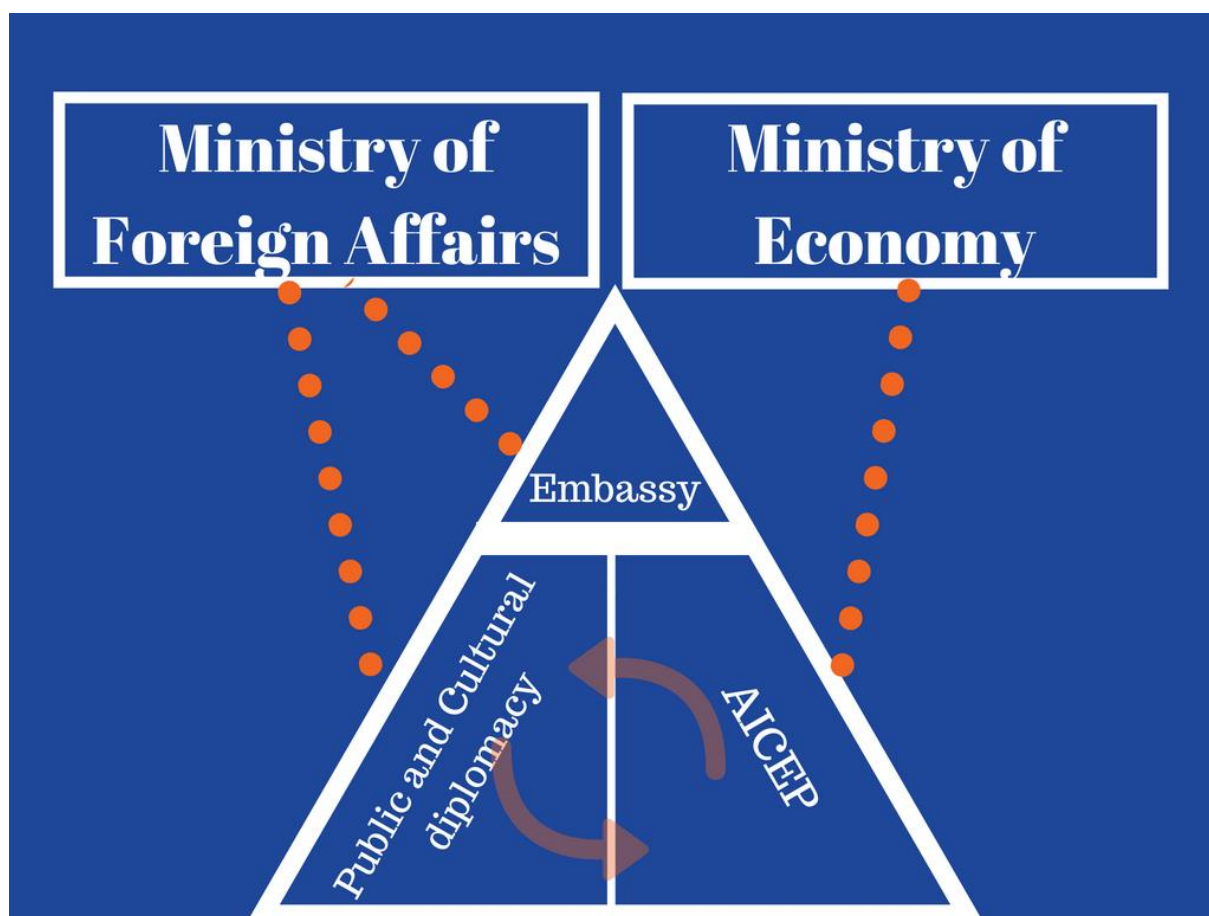
AICEP has currently 31 representative offices within the EU and 50 more in the rest of the world, demonstrating the importance given to the EU (AICEP 2017). Another contribution of AICEP is the realization of market studies, attracting foreign investment and raising a good image, credibility and external prestige of the country.

In 2014, the European Commission awarded AICEP for best practices in internationalization trade, placing the agency in the top 10 of the world's top investment promotion agencies (AICEP 2014).

The MFA is the main institution responsible for implementation of Portuguese Foreign Policy and for the dissemination of diplomacy and its forms (economic, public and cultural). MFA works in consonance with its Diplomats, Embassies and Consulates of Portugal abroad, with AICEP and with the Camões to contribute a common goal: to create a good external image and to renew the credibility and prestige of the country abroad (AICEP 2017)

The Camões Institute has been under the MFA since 2009, being the main actor responsible for the diffusion of the Portuguese language and culture abroad. Camões is also coordinating the activities developed by other public entities that participate in it and ensuring representation of the Portuguese State in international organizations, at the heart of cooperation and public development aid (Camões IP 2016).

Figure XY. Portuguese model of economic diplomacy



Source: Author's own work

3. Economic diplomacy of the Czech Republic

Economic diplomacy of the Czech Republic plays significant role especially in post-crisis period, when it became one of the essential and most visible areas of the foreign policy. The importance and necessity of focusing on support of current and possible future Czech exporters also results from the geopolitical, economic and political situation of the country.

Czech Republic is highly dependent on its exports, creating almost 80% of its GDP. The macroeconomic stability demonstrated by stable GDP growth around 3 % including prediction, increasing GDP per capita (over 20 000 USD), low unemployment (around 3 %) and stable inflation (around 2 %) creates ideal conditions to focus on its main foreign policy economic goals – increase of the current export and decrease of the dependence on European market and especially Germany, where 83,7 % and 32, 8 % of total Czech goods were exported in 2017 (ČSÚ).

Table 8. Macroeconomic indicators, Czech Republic

Indicators, Czech Republic	2015	2016	2017	2018	2019	2020
GDP Growth, %	5,309	2,593	4,289	3,517	3,039	2,523
GDP per capita, USD	17 729	18 506	20 152	23 749	26 113	27 929
Inflation, %	0,335	0,675	2,434	2,324	2	2
Imports of goods and services, % change	6,782	3,353	5,794	5,8	5	4,8
Exports of goods and services, % change	6,017	4,534	6,479	5,5	4,5	4
Exports of goods and services, % of GDP	81,05	79,54	79,45	-	-	-
Unemployment, %	5,04	3,946	2,89	3	3,2	3,4
Current Account (bil, USD)	46%	215%	242%	85%	104%	12%
Population	10,538	10,554	10,579	10,593	10,606	10,619
Competitiveness index	31/140	31/138	31/137	-	-	-

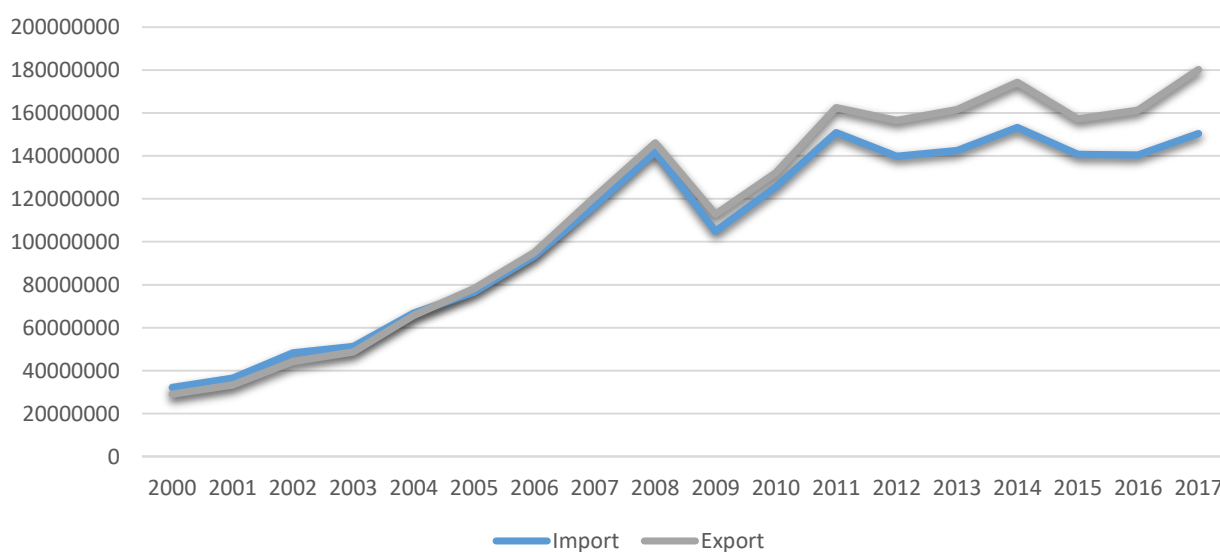
Sources: IMF, OECD, WEF; [IMF Estimates](#)

3.1. The significance of Czech export

2017 was one of the most successful years for Czech export as it has reached (for the first time in history) a 1 % share in the world export, despite Czech Republic counts only for 0.14 % of world population and 0.26 % of the world GDP (Tlapa, 3/2018: 3) in comparison with India, who's share in world export counted for 1,65 % in 2016 (stats.wto.org) given the fact that it is the second highest populated country with 1,35 bil. inhabitants (worldpopulationreview.com).

The total export according to Czech Statistical Office (2018) reached 4.2 trillion CZK (206.3 bil. USD), which counted for a growth of 5.6 %. Import grew by about 6.3 % and the trade balanced was in a surplus of 152.6 billion CZK (7.49 billion USD).

Figure 7. Total imports and exports of Czech Republic, 2000 – 2017, USD



Source: WB, Imports of Goods and Services - Czech Republic, ČSÚ

3.2. Institutionalisation of economic diplomacy model of the Czech Republic

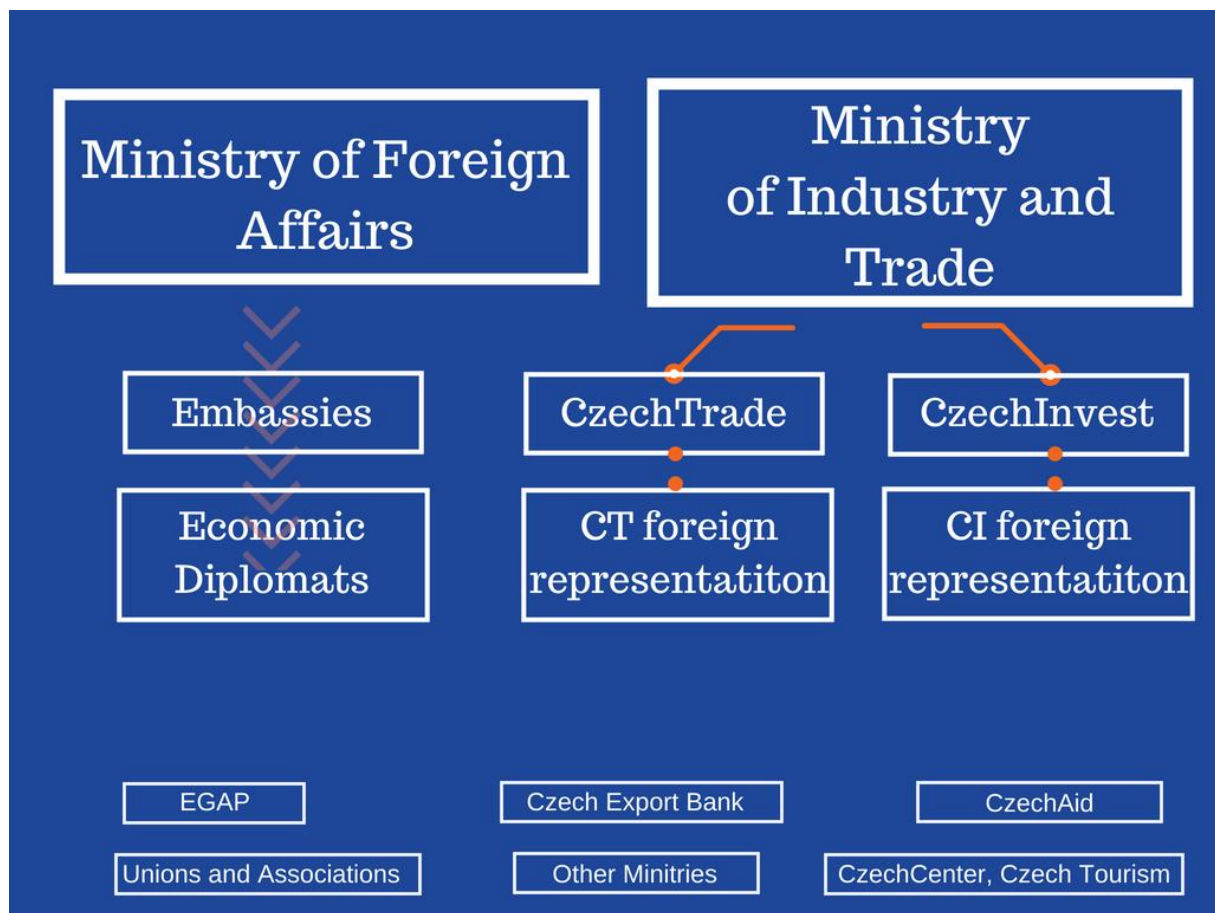
In the Czech Republic, the model of economic diplomacy is managed by several cooperating institutions with essential role of Ministry of Foreign Affairs (MFA) and Ministry of Industry and Trade (MIT). This institutional model is regarding the theoretical concepts dual, however looking at the model concerning cooperation of more than two ministries plus unions and nongovernmental organization, it does not exactly fit into the dual economic diplomacy theoretical model defined in theoretical part of the thesis (Chapter 1.4.).

Czech economic diplomacy is basically managed through the system of public administration in cooperation with non-public subjects. Public administration consists of several central authorities, led by MFA and MIT. MFA is responsible for embassies including economic diplomats within embassies, while MIT methodically conducts CzechTrade and CzechInvest who dispose of their own foreign representations.

Also, other Ministries such as Ministry of Regional Development or Ministry of Agriculture are taking part in the management system. Other subjects are the state agencies, represented by CzechTrade, CzechInvest (both belonging to Ministry of Industry and Trade). Czech Centers (belonging to the Ministry of Foreign Affairs) and by CzechTurism (belonging to Ministry of Regional Development). Next level of management is represented by financial and insurance institutions Czech Export Bank (ČEB) and Export Guarantee and Insurance Corporation (EGAP).

Non-state subjects are represented mainly by specialized companies, unions and associations of interested companies, e.g. Czech Chamber of Commerce, Confederation of Industry of Czech Republic, Association of Small and Medium-Sized Enterprises and Crafts of Czech Republic as well as particular bigger companies.

Figure 8. Czech Republic External Economic Relations Support System – Key Actors



Source: Author's own work

3.3. Development of the Czech economic diplomacy system

Period before 1989

During the soviet era when communist party was dominating and creating Czech policy before 1989, the term economic diplomacy was almost not mentioned as there was basically no reason. The local producers were not allowed to participate on foreign markets by themselves and did not even share information about prices or conditions of the foreign transfers. Foreign activities of the country were realised by monopolized institutions representing country abroad in forms of foreign trade state agencies. Their main aim was to fulfil particular foreign trade plans and mediate indirect connections of local producers with foreign markets (Štouračová 2012: 123).

The system was represented abroad by foreign office (Czechoslovak foreign commercial department) that were part of the Czechoslovak embassies. They were directed by the Ministry of foreign trade. The main goals were to fulfill targets resulting from the foreign policy plan and international agreements, moreover, the departments were monitoring the economic development of particular country and researching the market by tracking prices development. The office's competence was also to help Czechoslovak businesses within foreign trade organization and creation of foreign site of representatives. Agencies also helped them with participation on exhibitions (Štouračová 2012: 125).

The head of Czechoslovak foreign commercial department was business councillor who was subordinated to Ministry of foreign trade. Within issues overlapping commercial agenda (political, protocol or social agendas), the councillor was subordinated to the head of embassy who was delegated by Ministry of Foreign Affairs (Štouračová 2008: 51–52).

From the organizational-institutional point of view, the communist model of foreign representation of economic diplomacy was dual. There were two organizations

cooperating within one embassy subordinated to both MFA and MFT. Agendas of both sections were strictly separated and their competences were exactly defined (Štouračová 2013: 126) and did not cause any duplicities. The cooperation of both ministries was limited to negotiations about the position of business councillor (Štouračová 2013: 126).

Period after 1989

Economic diplomacy was after the Velvet revolution 1989 forced behind the main agendas. One of the first and most important steps after economic reforms started was liberalization of foreign trade that opened a huge space for Czech entrepreneurs. Economic diplomacy questions related to support of export and investment were not only according to the ideology of former Civic Democratic Party and its leader Václav Klaus standing aside through strong promotion of liberalism and non-interference policy. Before the focus was put on these activities, it was necessary to finish the transformation of the state and free market by ongoing economic reforms. Even after the full transformation in 1990s, no export support activities took place as due to the radical transformation from the centrally planned economy to market economy the government was trying to avoid any interventions into market mechanisms that would be considered as a national element of interventionism. (Štouračová 2008: 53–57, Hladík 2001: 7–12).

Within the beginning period of transformation, the emphasis was, besides reforms, strongly put on macroeconomic balance and dynamism. First changes within the economic diplomacy were caused as a reaction to worsening tendencies of Czech economy. First problems occurred in the middle of 1990s with increasing trade deficit, that began raising because of deficit within current account balance. It was a result of increasing imports caused by increasing demand within the first period of transformation in combination with gradually decreasing dynamism of exportations (Štouračová 2008: 54, Hladík 2001: 7). The government was forced to react and came up with economic and policy measures that started creating the economic diplomacy system with similar elements to the present one. The state insurance company, providing financial backing of exports for Czech entrepreneurs that was working within

small frame was extended by Czech export bank. Moreover, the Centre of external economic relations within Ministry of Industry and Trade was transformed to government agency for support of export CzechTrade extended by CzechInvest agency, taking care of investment issues (Štouračová 2008: 55). The era of Prime Minister Václav Klaus did not implement and formulate any systematically concept of export policy through its time in power by 1997, when first conception was created.

Miloš Zeman's era, 1998

The new Social Democratic garniture came up from elections 1998 led by Miloš Zeman, who also became a Prime Minister for next 4 years. The government included in its manifesto statement intensification of economic diplomacy as one of its main priorities. The aim was to empower position of Czech exporters within foreign markets and flatten their differences within foreign competition.

The declaration included four main elements to fulfil the targets:

- 1) Creation of complex system of export policy
- 2) Interaction and development of export oriented institutions
- 3) Increasing role of embassies and their economic departments
- 4) Development of CzechTrade foreign network

Source: Program statement of the Government, 1998

During the Zeman's period, number of declarations and agreements has been signed. The main documents are:

Export policy, FP conception, Agreement between MFA and MIP about cooperation of foreign policy, foreign trade and support of export within foreign representation of the Czech Republic, increasing of the system of export by EGAP (state insurance company) and ČEB (state export bank), CzechTrade strategy 1999–2004 and Principles of cooperation of the Czech Republic with Czech business subjects in the commercial economic area. These agreements included the role of economic

diplomacy in export environment as one of the crucial actors fulfilling economic programs abroad (Štouračová 2013: 133).

In this period, the uncertainty of competences between economic diplomats within embassies and CzechTrade foreign representation started occurring. The main areas of contention were:

The definition of competences and responsibility between MFA and MIT within selection of the roles of members of economic departments within embassies, their competences, tasks and methodical management. The government tried to solve the problem by signing an agreement between MFA and MIT, setting competences within Czech foreign economic policy and system of support of export. The agreement with Competence Act framework defined spheres of influence of both Ministries (Štouračová 2013: 134).

Period before the crisis

The period after Miloš Zeman's government is significant for its instability and frequent changes of main political actors relating to the thesis – Prime Minister, Minister of Foreign Affairs and Minister of Industry and Trade. Between 2002 and 2009, 6 Prime Ministers were appointed. For first four years, the government was managed by leftist oriented coalitions, while in the period between 2006 and 2009 the prime minister was Mirek Topolánek from Civic Democratic Party representing right political spectrum. Because of frequent changes, no new concepts within economic diplomacy were created and the settings stayed basically untouched. Also, both Svoboda's and Schwarzenberg's eras of leading MFA (2002 – 2006, 2007 – 2009) did not lead to any advance within economic diplomacy as they did not see this topic as important and essential.

The responsibility of processing economic diplomacy agenda stayed within competences of both ministries with minor role of Ministry of Agriculture and Ministry of Regional Development. Untouched also stayed the competences within agencies representing Czech economic diplomacy and supporting exporters abroad (Štouračová 2013: 135).

The most significant attempt during this era was an attempt to unify the economic diplomacy system resulting from the Civic Democrat's proposal, aiming at transformation of powers and responsibilities on MFA accompanied with transformation of MFA into Ministry of Foreign affairs and Trade and MIT into Ministry of Industry. However, those attempts did not find sufficient political support.

Period during and after the crisis

The world economic crisis affect also had an impact on the system of external relations of the Czech Republic. In 2010 and 2011 the MFA cancelled over 300 positions within its foreign representation and in 2012 CzechTrade and CzechInvest agencies were transferred into integrated network within MIT. This system stayed unchanged through Nečas's government and former development began with Social Democratic party taking over the power in following elections in 2013.

The aim of the new concept was to increase effectiveness of the support of Czech economic interest and Czech exporters.

In the beginning of 2014, the government of Prime Minister Bohuslav Sobotka got to the power and both minister of Trade and Industry (Jan Mládek) and minister of Foreign Affairs (Lubomír Zaorálek) were members of the Czech Social Democratic Party. On the 26th of June, 2014 they signed the *“Framework Agreement on the principles of cooperation in the provision of export promotion and economic diplomacy by the Czech Republic”*. This framework agreement became the base for the definition of roles and cooperation of both ministries, considering the economic diplomacy. It also led to the creation of the Client Centre for Export (CC) and the Unified Foreign Network (UFN). The UFN includes embassies, consular offices and offices of CzechTrade, CzechInvest and CzechTourism. Basically, its aim is to connect and simplify the system for both directly and indirectly participating parties (exporters, professionals and officials). As stated in the document: *“The Unified Foreign Network of Czech Republic for export promotion is to connect economic activities of the embassies and consular offices and offices of CzechTrade”* whose services (B2B, B2G, C2G) are since 2014 the base of Client Centre for Export which employs

specialists both from MIT and MFA. Specific activities and services and other legislation regarding Client Centre for Export are defined in *"Agreement between the Ministry of Industry and Trade and the Ministry of Foreign Affairs on the establishment and functioning of a common Client Centre for Entrepreneurs"*.

Other agreements signed by both ministries are e.g. *"Memorandum of Cooperation between the Ministry of Agriculture and the Ministry of Foreign Affairs of the Czech Republic"*, which deals e.g. with the role of agrarian diplomats, and *"Agreement between the Ministry of Foreign Affairs of the Czech Republic and the Office of the Government of the Czech Republic on the principles of cooperation in setting up diplomatic posts for science, research and technology and innovation"*.

The 2014's system has created the Unified Foreign Network, consisting of Embassies and consular offices of Czech Republic and foreign offices of CzechTrade, covering more than 90 countries and including 153 foreign offices.

This system settled by Sobotka's government has stayed unchanged until now. The role of the economic diplomacy has surpassed most of the foreign policy agenda and become one of the most important agendas mentioned within Czech foreign policy topics.

For instance, the projects supporting economic diplomacy have risen from 51 projects in 2014, with a budget of 4,5 mil. CZK to 230 projects with average volume of 347 000 Czk/one and total budget of 79, 9 mil. CZK, generating increase of more than 1500% in the total budget (Internal, Ministry of Foreign Affairs of the Czech Republic).

3.4. Division of competences within Czech external system of support of export

Both foreign policy and related economic diplomacy are defined according to Competence Law defined by Act No. 2/1969 Coll. on Establishing Ministries and Other Institutions of Central Government of the Czech Republic with updates specifying the basic competences such as the latest intersectional agreements between MFA and MIT within Unified Foreign Network.

Division of economic diplomacy competences within Ministry of Foreign Affairs and Ministry of Industry and Trade

Based on the Scope of Competencies defined by Act No. 2/1969 Coll. on Establishing Ministries and Other Institutions of Central Government of the Czech Republic, the Ministry of Foreign Affairs (MFA) is *‘the central authority of the state administration in field of foreign policy, responsible for the coordination of international economic relations, the foreign development aid, coordination of the external economic relations, it participates in the negotiation process of international sanctions and coordination towards them... MFA secures the relations of the Czech Republic with other states, international organizations and international groups, coordinates activities resulting from bilateral and multilateral cooperation, except the matters with competence of the Ministry of Justice’*. Ministry of Industry and Trade (MIT) is responsible for the coordination of international trade policy; it is the central authority of public administration for *“...trade policy, foreign-economic policy, international trade and support of export... MIT coordinates foreign trade policy of the Czech republic, guarantee the mediation of bilateral and multilateral trade and economic agreements including commodity agreements, provide the trade cooperation with European Communities, EFTA, GATT and other international organizations and integration blocs; (MIT) leads and performs activities connected to exercise of licensing regimes in the field of economic foreign relations, evaluates the export of dumping products and introduces measures for protection against the export of such products...”*

To summarize the competences according to the Competence Law defined by Act No. 2/1969 Coll. on Establishing Ministries and Other Institutions of Central Government of the Czech Republic, the competences are defined as follows:

MFA is responsible for the coordination of international economic relations while MIT for the coordination of international trade policy, foreign economic policy and international trade, including its support. Both Ministries share agenda within bilateral and multilateral cooperation, however according to the Competence Law, MFA secures and coordinates the agenda while MIT serves as a guarantor and the mediation tool as well as provide trade cooperation within European Communities.

Regarding the administration of these competences in practice, Ministry of Foreign Affairs covers the agenda within the Department of Economic Diplomacy, cooperating within the MFA and other Ministries, such as Ministry of Industry and Trade, Ministry of Agriculture, Ministry of Defence or others. MFA is also an administrator of foreign embassies (total 118), consisting of economic sections with economic/commercial diplomats, who are directly connected with the system of support of the external economic relations. Currently the economic sections also include agricultural diplomats along with the commercial ones and it is planned to include also economic experts within defence and research, development, innovations and technologies (currently, these two positions have been established within embassy of the Czech Republic in Israel and USA) (ceskatelevize.cz 5/2017; Internal, Ministry of Foreign Affairs of the Czech Republic; vedavyzkum.cz 5/2017).

Ministry of Industry and Trade participates in economic diplomacy and export support within the section of European Union and Foreign Trade, department of export and services strategies. MIT is also a supervisor of export strategy 2012-2012 and its updates, actively participates in foreign business missions and participates on exhibitions within PROPED realization.

Czech Trade is a governmental trade promotion organization subordinated and donated by Ministry of Industry and Trade. The main aim is to support Czech firms and entrepreneurs on foreign markets and to provide information and support services (czechtrade.cz). The CzechTrade agency consists of 50 foreign offices covering 5 world continents (Internal, Ministry of Foreign Affairs of the Czech Republic).

Division of competences within foreign representation of MFA and MIT

As mentioned above, support of external economic relations in the Czech Republic is performed mainly by MFA and MIT. Their foreign representations are commercial diplomats and CzechTrade agencies.

In general, the aim of commercial diplomats is to fulfil significant and important tasks within identification and formulation of suitable economic diplomacy programs (PROPED) and monitor their realization. They are also the main source of information about particular territory regarding global sector opportunities and territorial information. They serve to provide information and services within Unified Foreign Network, primarily on B2G and G2G levels that are including contacts on possible trade partners, characteristics of particular markets and its customs e.g. regarding its common distributive routes. They can provide direct consultations or support during negotiations. Another activity includes preparation of projects and their realization, as well as giving reason to the expected effect of their realization and expected costs. (Peterková 2015).

Other aspect of their work regards involvement in preparation of visits of Czech representatives who are accompanied by business missions. These missions consist mainly of representatives of particular companies that are interested in entering the target market and making new contact with subjects from host country. The economic diplomat is responsible not only for organization of such events but also for approaching local partners and country representatives.

Specifically, services of commercial-economic department (provided together with CC) are not charged with fees and should be focused on B2G and G2G cooperation. According to current list of services of Unified Foreign Network and Client Centre for Export, there are two types of such services.

First, there is an assistance and support of Czech business subject during their negotiations with official institutions and state companies abroad. It includes mainly the assistance with finding right trade partners according to the field of interest and other features of the Czech subject, arranging contact and meeting with possibility of

involvement of a trade counsel, providing subjects with logistic support (e.g. interpreter) and consultations with economic diplomat.

The second type concerns supporting public tenders and other funds, such as monitoring of the available public tenders or possibility of cooperation within tenders.

Moreover, it includes identification of possible barriers regarding business nature in a particular country.

Source: Peterková 2015

Position of Ministry of Foreign Affairs is also to support and make easier contact with host state institutions and helps with participation at trade fairs, exhibitions and business missions accompanied by representatives of Czech Republic, usually through their foreign representation – embassies.

The CzechTrade agency, representative of Ministry of Industry and Trade, is responsible for foreign export support using its foreign representation and Unified Foreign Network. The basic competences of CzechTrade agencies are easing the selection of territory and the whole process to the local exporters, providing education, consulting and information about particular territory for potential exporters on Business to Business (B2B) level. Moreover, CzechTrade staff's task is to support commercial diplomats within embassies (Internal, Ministry of Foreign Affairs of the Czech Republic; czechtrade.cz – organizační schéma).

Specifically, the services of the CzechTrade agency can be divided into four fields. It is counselling and services of the foreign offices, marketing support abroad, informative services (e.g. analysis of product competitiveness) and export education. The network includes 50 foreign offices (businessinfo.cz). The service which is most demanded (and free or charge) by companies is "Preparation for a business negotiation". All services offered by the Unified Foreign Network are stated in a Catalogue of Services (czctrade.cz – služby).

Together with experts within the headquarters from the MIT, these offices provide a range of particular assistance including individual ones such as verification of interests in a particular country concerning required product or services to potential foreign

buyers. Very popular among Czech exporters is participation within international exhibitions and fairs, B2B meeting and other marketing activities.

The services of CzechTrade, respectively foreign offices (provided together with Client Centre for Export) can be divided into 8 areas, according to the portfolio of services of Unified Foreign Network and Client Centre for Export:

- Detailed target market research (analysis of competitors, distribution routes, price research, recommended models and legislative form of companies' e.g.).
- Research of trade fair (provision of promotional materials, catalogues and contacts).
- Security of solvency of foreign trade partners by specialised agencies, including translation and interpretation of such information.
- Organization of trade negotiations (provision and organization of trade meetings with foreign companies, logistics, interpretation e.g.).
- Contacting potential trade partners and discovering their interest in domestic product or service.
- Long-term export assistance.
- Location analysis (analysis of market focused on the country's economy and its international trade relations with the Czech Republic).
- Trend and trade opportunities analysis (providing information on market development, potential threats and opportunities considering particular commodities).

Sources: Doležal 2015; czechtrade.cz – služby

Competences defined according to selected treaties and agreements

These basic competences describing activities of particular Czech agencies acting abroad in favour of support of exporters and provide services related to economic diplomacy result from three framework agreements and the Competence Act (the competences of ministries resulting from this Act are analysed in previous chapter). These agreements have been signed between MFA and MIT in 1998 (updated in 2000)

and 2014, competence act is in force since 1969. “CODEX” (Agreement on Cooperation Between the Ministry of Foreign Affairs and the Ministry of Industry and Trade in matters related to securing foreign trade policy, foreign trade and system of support of export within services and activities of the Czech Republic³) signed in 1998, and updated in 2000 divided foreign offices into three categories. The first one included offices without commercial-economic division, second included offices with such division and third category was for situation where in the target country there is already existing commercial-economic division along with a CzechTrade office. The document was created as a result of previous disputes about competences between MIT and MFA.

The Framework Agreement between Ministry of Industry and Trade and Ministry of Foreign Affairs about principles of cooperation in ensuring the support of export and economic diplomacy of the Czech Republic⁴ (2014) states that both parties fully cooperate in terms of ensuring support of export and economic diplomacy using global opportunities for Czech entrepreneurs and in favour of Czech economy, defining the Client Centre as unifying place to fulfil defined goals. CC is formally under CzechTrade agency and MIT, cooperation within its activities are made together with MFI within Unified Foreign Network. Both parties also defined their roles within the system. The role is divided between MIT and CzechTrade agency.

The Agreement between Ministry of Industry and Trade and Ministry of Foreign Affairs about establishing and functioning of the Unified Foreign Network for entrepreneurs⁵ (2014) defines the Client Centre and the Unified Foreign Network as major tools creating the united export net for Czech exporters. The net uses services of both Czech economic diplomacy representatives abroad – economic diplomats within embassies

³ Further details of the agreement attached in Attachment 1. Agreement on Cooperation Between the Ministry of Foreign Affairs and the Ministry of Industry and Trade in matters related to securing foreign trade policy, foreign trade and system of support of export within services and activities of the Czech Republic.

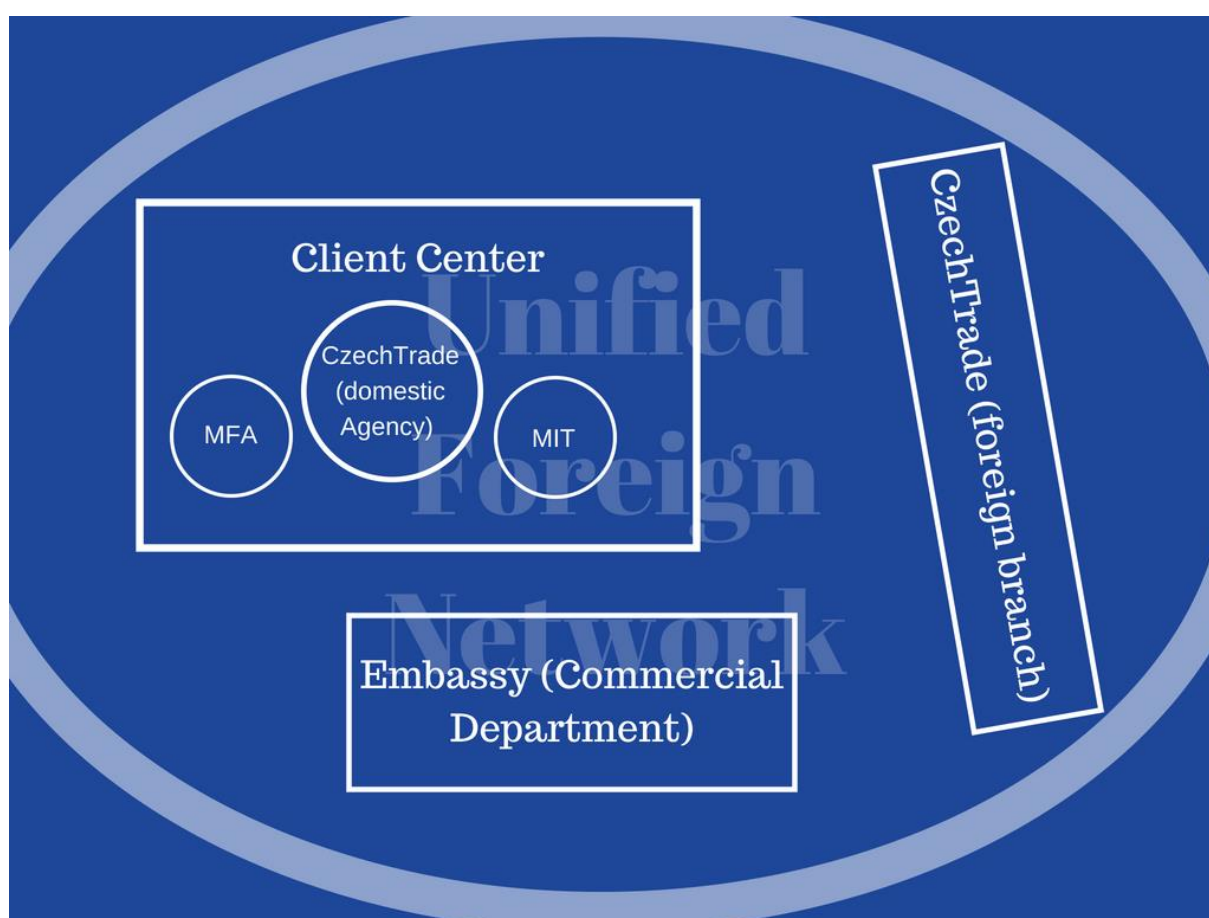
⁴ Further details of the agreement attached in Attachment 2. The Framework Agreement between Ministry of Industry and Trade and Ministry of Foreign Affairs about principles of cooperation in ensuring the support of export and economic diplomacy of the Czech Republic.

⁵ Further details of the agreement attached in Attachment 3. The Agreement between Ministry of Industry and Trade and Ministry of Foreign Affairs about establishing and functioning of the Unified Foreign Network for entrepreneurs.

and CzechTrade agencies. The aim of this act is to define roles and methodology for cooperation within them. There are similarly to the previously analysed treaty defined roles for each of the part with addition of the detailed cooperation within the UFN.

Unified Foreign Network⁶ divides 17 services by number and according to type and gesture. Moreover, services are distributed within free and charged services as displayed on Table 9. CC consists of representatives from MFA, MIT and CzechTrade (Figure 9.).

Figure 9. Unified Foreign Network Scheme



Source: Author's own work

⁶ Further division of competences including detailed listing of services attached in Attachment 4. Services provided by Unified Foreign Network.

Table 9. Services provided by Unified Foreign Network

Type of service	N. of Service	Service	Gesture
Basic services and consultancy	1.	Admission Export Consultation	CC
	2.	Preparation for Business Meeting in particular territory	CC + UFN
	3.	Information for Exporters and Identification of Business Opportunities	CC + UFN
Unified Foreign Network Services	4.	Assistance within Dealing with Official Foreign Institutions and Public Ownership	Embassies + UFN
	5.	Support within Tenders and EU External Cooperation Funds	Embassies + MFA + UFN
	6.	Detailed Targeting of the Market	CC + CT
	7.	Fair Exploration	CC + CT
	8.	Research of Bonity Capacity of Business Partners	CC + CT
	9.	Organization of Business Meeting	CC + CT
	10.	Research of Potential Business Partner and Verification of Their Interest	CC + CT
	11.	Long-term Export Assistance	CC + CT
	12.	Territory Analysis	CC + CT
	13.	Analysis of Trends and Business Opportunities	CC + CT
Commercial policy and internal market	14.	Support for Implementation of Projects and Removal of Obstacles Within the Market	CC + MIT + MFA
	15.	Problem Solving within the internal EU market	CC + MIT
Foreign Aid Cooperation	16.	Support within engagement of Czech projects into International Development Cooperation	CC + Czech Aid

Free services

Charged services

Source: Client Centre

4. The issues causing duality, duplicity and ineffectiveness within Czech economic diplomacy

Competence Act

In general, Ministry of Foreign Affairs is based on the Competence Act declared as a responsible state organ, in terms of foreign policy. As a major target of its foreign policy activities, the Ministry declares to assert and defend Czech national interests together with creation of foreign environment focused on political and economic development. It is also defined that economic relations are the main power within international relations in current age, leading to a deeper cooperation and intensification for the Czech foreign policy. The economic dimension is defined by the MFA as a complex of activities of various actors which lead to a creation of the most suitable conditions for the best economic development possible (Štouračová 2010: 30). On the other hand, according to the Competence Act, the Ministry of Industry and Trade should serve the role of a coordinator of Czech foreign economic policy and explicitly defines its agenda as an authority within support of export.

Basically, the Competence Act puts MIT on the first place regarding the system of support of export, however does not explicitly exclude MFA, whose competence in terms of economic diplomacy and services towards Czech exporters might be explained as fulfilment of the *'coordination of external economic relations'* and *'coordination of activities resulting from bilateral and multilateral cooperation'* (Competence Act No. 2/1969).

Levels of operation, PROPED

The system of two independent tools supporting exporters within one territory leads to one of the duplicities and issues slowing down the current system. As there are two separated actors, each of them directed by different institution – economic diplomats by MFA and CzechTrade subordinated to MIT, there are two simultaneous executions of policy related to support of export followed by two different conceptions and concurring courses of

administrations, which do not lead to unified and smooth performance that serves to one unit at a specific time.

Regarding the competences definition and division resulting from accords between MFA and MIT in 1998, 2000 and 2014, the basic definition between B2B, B2G and G2G might be taken as a simplified division of competences, when MFA's agents (economic diplomats) are operating within B2G and G2G level, while the MIT's representative (CzechTrade) is focused on B2B cooperation and services.

However, looking at the detailed specification of competences and scope of activities of both representative parts and their responsible home Ministries, the duplicities are being more recognizable. According to Czech Export Strategy 2012-2020 Update issued by MIT (1/2017), the services for Czech entrepreneurs covering direct business relationships are defined as business-to-business, B2B. Relationships in which a foreign government or general public entity participates are business-to-government, B2G, and projects of international economic cooperation are called government-to-government, G2G. From these broad definitions, together with Client Centre division of services, might be seen that CzechTrade is working mostly on the support of small and medium sized businesses which try to break into particular market by distribution of its goods or services to another business entity. Economics diplomats serve more as an information source and diplomatic support of entrepreneur's and businesses which try to establish oneself as partner for state sector or compete in tenders.

However, as already mentioned in previous chapter, economic diplomats are also responsible for realization of PROPED – Projects for Support of the Economic Diplomacy. These projects are targeted activities for the support of Czech exports and presentations of Czech business entities. PROPED's are realized primarily by embassies of the Czech Republic in forms of presentations, business forums, seminars, participation in exhibitions, round tables, business missions, etc. (mzv.cz/ekonomika).

Projects are funded from a joint fund donated by Ministry of Regional Development, Ministry of Defence, Ministry of Industry and Trade, Ministry of Agriculture and the Office of Government of the Czech Republic (businessinfo.cz 7/2017). Looking at the definition and the field of action of MFA and its foreign representation, it is noticeable

that PROPED's are overlapping the sphere of action of B2G and G2G support of exporters. Beside typical B2G projects such as economic presentation of the Pilsen Region in state Minas Gerais, Brazil in May 2017, MFA with its subordinated embassy organized presentation of Czech and Moravian wines in Vietnam in March 2017 or participation and presentation of Czech firms at SIAM 2017 agricultural and food-processing expo (mzv.cz/ekonomika/2/2017), which might be clearly classified as B2B service. Also, embassy of Vienna informs on its official websites that commercial department of the embassy is researching sector oriented conferences with possibilities of B2B meeting (mzv.cz/Vienna).

Moreover, CzechTrade is also involved in organization and support of exhibitions and presentation of Czech firms abroad, which is a competence directly resulting from service 11. of the definition of services by Unified Foreign Network⁷ – Exploration of trade fairs and exhibitions, support for the organization of presentations on participation at fairs and exhibitions. This leads to visible deflection from formulated division of competences.

On the other hand, as these activities are funded by several Ministries which are not disposing of its own foreign representation, and if so, it is part of commercial department within embassies, promoting interests of particular departments such as agriculture or defends are resulting as a logical tool within PROPED system. Also, most of the projects of B2B character are coordinated with CzechTrade authority within particular country and regarding internal sources, this system is found functional and dynamic, thereby other countries are implementing similar model using Czech model.

Information services

Similar duplicities might be seen within the home Ministries that are methodically and financially responsible both for the system of support in home country and abroad. The main actors are Ministry of Foreign Affairs and Ministry of Industry and Trade. Within

⁷ Further division of competences including detailed listing of services attached in Attachment 4. Services provided by Unified Foreign Network.

their competences and tasks belong foreign business missions that are either organized by both ministries or depending on the particular sector of interest. Both MFA and MIT organize a scope of activities regarding support of export focusing on particular territories and sectors in which Czech firms might find their interest. MIT, apart from support via CzechTrade and Client Centre, also participates and prepares various exhibitions, seminars or conferences (businessinfo.cz 6/2017; mzv.cz 6/2016).

This leads to one of the duplicities occurring in the system. The main issue is a visible lack of cooperation within both resorts. While territorial information about particular countries including sector opportunities drawn together from both Ministries are published on common site which was set as the principal one for Czech exporters – businessinfo.cz, the information seminars, conferences or other informational materials for Czech exporters are visibly dismissed. There are rarely visible any events organized or those organized by MFA on businessinfo.cz webpage administrated by CzechTrade that is subordinated to MIT. As a resulting consequence of this cooperation, there are caused duplicities and inefficiencies such as organization of similar events in similar time span, such as when MIT organized seminar regarding territory of Thailand on 22nd of June in Prague and MFA organized a seminar regarding Thailand and Myanmar on 29th of June in Olomouc and 30th in Prague. Similar duplicities might be found in terms of seminars regarding Spain organized on 21st of September and 15th of November or India and Myanmar on 24th of April and 21st of June (businessinfo.cz; mzv.cz/ekonomika).

Overlapping of services defined by UFN

Regarding the foreign operation of Czech system of support of export, a clear inadequacy is exemplified in the system of services provision within the involvement of commercial diplomats in sphere of participation of CzechTrade, especially in services 11. 12. and 13. defined by the Unified Foreign Network⁸. Services provided under these

⁸ Further division of competences including detailed listing of services attached in Attachment 4. Services provided by Unified Foreign Network.

points are preliminary administration of information and analysis regarding the territory, characteristics of particular market and economic situation, basic economic and statistical data regarding the market and its economy, position of Czech Republic on the particular market, identification of threads, sectorial trends and potential and future opportunities, provision of current demand, monitoring of competitors, preparation for business meetings, reconnaissance of exhibitions and support of firms within them or certification of particular good. It is important to note that services 11., 12. and 13. are defined as charged ones, however they are being simultaneously provided by both economic diplomats at the embassies and CzechTrade which does not only lead to a general misunderstanding of the system to Czech firms but also to the disunited provision of services in favour of the Czech exporters.

Regarding the services mentioned above, it is important to contextualize them with the behaviour of firms deriving benefits from them. Rationally, each entrepreneur is trying to minimize expenditures and maximize profit, thus, it is logical to choose as a provider of particular service that offers the same service for free rather than paying for it. That raises the problem of duplicity and disunity within the provided services occurring from the system of support of export when the same services are provided differently by different embassies in the world. In some of the embassies the service is provided for free by the commercial diplomat while in different territory, commercial diplomats might delegate the enquiry to the CzechTrade office that might charge for it, (according to the division of competences), however firms will be seeking the same (free) services that they were provided for in one territory also in others but the human factor and disunity of the system is unable to provide identical favours.

Competition

Another issue causing inefficiencies is the incurred competition between CzechTrade and commercial diplomats. While commercial diplomats are evaluated according to various variables of qualitative patterns based on assessment of partners, exporters, MFA and their work in general, CzechTrade representatives are among other things evaluated according to the number of firms that they serve to and in the view of generated income that is set for particular territory. This leads to incurred competition

between representatives of the system of support of export within given territory in forms of competing for customers and lack of natural cooperation without background interests, that are in terms of CzechTrade fulfilling of particular quotas regarding income per given period and as a result, effect of competing for provided services occurs.

Territories coverage and various dimension in rendition of services

Another issue is the difference between coverage of both export promotion tools of the system within territories. While CzechTrade disposes of 50 offices around the world, Embassies are in 113 countries – this leads to differences between the scope and amount of service received by Czech firms in particular territory. This issue might be registered in more countries, however this factor consequently leads to other dimensions – 1st of professional background; 2nd regarding specialisation and scope of services divided into countries with and without CzechTrade; and 3rd regarding commercial diplomat's occupancy.

The professional background issue is caused by the different profiles of economic diplomats and CzechTrade representatives. While economic diplomat is providing more diplomatic services and serves as an 'door opener' for Czech firms as the position represents the Czech Republic as a country and is backed by diplomatic status of it, the CzechTrade representative serves more as a wholesale representative, working more on the field of a particular market and focusing more on the micro level of economic diplomacy. It points on the issue of professional background – while economic diplomat is educated to serve as a country's representative with specialisation on commerce, the CzechTrade representatives background is upside-down, with specialization on business and commerce environment. This results into provision of different services in various territories towards the system's customers – entrepreneurs – who are not able to confide in provision of similar services in different territories.

This comes together with the next dimension of duality – the scope of services. While in some countries without participation of CzechTrade the economic diplomat is

expected to substitute CzechTrade's agenda to some extent, the firms might be expecting similar services in countries with participation of CzechTrade that implies another disunity of the system. This aspect of the dimension is different approach of commercial diplomats within particular territory taken towards their agenda – in one country, the diplomat might be providing different services (overbearing his agenda) than in another country, that once more leads to different output for customers – Czech exporters.

Third defined dimension 'specialization within particular territory' leads to different approaches towards given agenda of CzechTrade representatives in particular territory. As CzechTrade branches are represented by 50 offices within 5 continents, some of the groups of countries are covered by one office based in different countries. Thus, focus is in some cases put more towards one country than another and leads to disunity in factors such as cooperation with embassy, knowledge of the territory, contacts within the territory or low status due to lesser participation within the territory.

This dimension results in impossibility of full coverage of the whole territory as some of them are too large to be able to gain enough contacts and discover the markets to a deeper extent – that is, however, the service which is between B2B commerce expected by exporters. It also affects cooperation within various embassies and sometimes put more focus on a particular country than on other entrusted territories.

Status

With this comes the differentiation in status and participation of CzechTrade offices around the world. As they were developed subsequently by increasing offices around the world starting in Spain, Poland, China, Egypt, France, Croatia, Ukraine and the United Kingdom, it has developed into a site cooperating within 50 countries. However, the problem lays in legal regulation of the status of the offices regarding law in a particular country. As in every country, position of TPA's (Trade Promotion Agency) is differently enshrined in domestic laws, which results in nonuniformity in status and position of CzechTrade towards hosting country, their officials and businesses. In some countries, CzechTrade is registered as ltd company, in others it is accredited as

auxiliary to the embassy. This leads not only to different position towards particular country's environment but also to differentiation of services and power within given territory that CzechTrade might provide for particular exporters. For example in China, TPO's have been forbidden. In Kazakhstan, the position of CzechTrade as auxiliary within embassy which led to diplomatic dispute within the Czech Republic and the Republic of Kazakhstan (Interview, respondent n. 3., MFA). In contrary, embassies have the same status in every country.

Export Strategy

Another issue is occurring within Czech economic diplomacy and system of support of export is Export Strategy of the Czech Republic. The latest Strategy 2012–2020 was approved in March 2012 by Petr Nečas government with objective to summarize and designate export activities of the country (mpo.cz 3/2012). The problem lays in the procedural system when MIT serves as a main guarantor and responsible organ for the Czech Export strategy while the impact bear on all actors involved in foreign policy and system of support of export. In 2012, the export strategy was approved by the government despite disapproval of foreign Minister of FA Schwarzenberg, arguing by lack of cooperation and consultations by MIT. As a reaction MFA delivered its own version of conception month ago (cdk.cz). The lack of cooperation leads to pursuance of different conceptions of foreign policies within system of support of export and disunites and slows down the performance of the system that should be exercised unilaterally in order to reach best possible performance.

Departmentalism

This example leads to the core problematic of departmentalism that is probably one of the most important factors causing duplicities within system of support of export. Constant competing for various pieces of competences does not allow the current system combining framework scope of competences with human factor to reach

sufficient level of understanding and cooperation and work as a unified team, not as a rival.

Branding

Departmentalism and difficult branching of the system through various agendas and dual participation of two ministries lead to the problem of misunderstanding of the system as a whole by both home and foreign partners. The presentation of the state is usually disunited as there are more than 10 actors participating in the system of economic diplomacy. This leads to presentation of the state under various ministries and agencies and does not make it clear for the counterpart to recognize the system of various different organization participating within economic diplomacy abroad. Different brands and logos decrease the status of various partners

4.1. Comparison of actors of the system

From the practical point of view on the issues causing duplicity and ineffectiveness within Czech economic diplomacy from MIT, MFA and NGO's, respondents were answering questions⁹ and discussing current setup of the system and questions about complying with the frame agreements and cooperation within MFA, MIT, CzechTrade, Client Centre and entrepreneurs.

Firstly, responders were asked to discuss the current system (after 2014) from their perspective and their representing organization point of view. Regarding the question of duplicity and the adjustment of the system itself, the question is always placed regarding the responder's background – how does the cooperation between commercial diplomat and CzechTrade representative or entrepreneurs work and vice versa. Moreover, relation between MIT and MFA is discussed too in order to cover the home representation as well as the foreign tools. Respondents were also asked to discuss the fulfilment of 'Codex' agreement from 1998 and 2000 and two latest framework agreements between MFA and MIT dividing competences between economics diplomats and CzechTrade. The questions to representatives of actors in the system regarding the systemic adjustment as well as possible changes in the institutional setup are discussed in the next chapter.

From the MIT's point of view, changes in 2014 resulted from uncertainty and changes in the system after reforms caused by financial crisis and gradual withdrawing of MITs competences and representation in the system (Interview n. 11., MIT). The clear division settled in 1998 and later reconfirmed in 2014 on B2B, B2G and G2G agenda was according to respondent n. 1 a good step in terms of setting up of framework in which the two representatives of MIT and MFA could cooperate with given agendas. However, the problem of duality is caused mainly by asymmetrical approach towards ambitions of the system (Interview n. 4., MIT). The system is, according to respondent n. 14, settled widely without definition of specific actions and human factor is important in terms of effective cooperation, the duplicities however comes from the MFA and their

⁹ Further details attached in Attachment 5. Frameworks for semi-structural interviews

representatives who are constantly violating the agreements and acting in the sphere of CzechTrade and MIT competences.

The major weakness of the settled system is the dependence on human factor consisting of three components in a given territory – ambassador, commercial diplomat and CzechTrade director. While cooperation within CzechTrade and commercial diplomats is smooth and effective in some countries, there are examples of different approach of ambassador towards economic diplomacy as a whole that leads to dislodging of CzechTrade representative out of the official representation and thus to a lower cooperation within embassy as an official state representative in a particular territory implying decreased position of CzechTrade. This in practice means no participation on PROPED projects, lack of help of the state authority as a backing of negotiating businesses and unwillingness of providing of the embassy (Interview n. 12. NGO; Interview n. 1. and 14., MIT).

Representatives of MFA find the settled system framed by 2014's agreements as functional and well based. The problem of duality and not best possible performance of the system is caused by different concepts and visions of the system of support of export between CzechTrade and MFA (Interview n. 3. and 8., MFA). Moreover, the problem of current system lays in decreasing effectiveness of CzechTrade agencies, which are currently having lower number of clients for higher cost than 10 years ago, when CzechTrade had a half of the number of offices contrary to today's 50 and providing of services defined as free of charge for a fee (Interview n. 2., 3. And 9., MFA).

According to representatives of entrepreneurs, the duality issue is not that much perceived by small and medium sized firms (Interview n. 5., NGO). However, it is commonly agreed within the entrepreneur's environment that the system is complicated and unnoticed (Interview n. 5., 6. and 12., NGO). The whole framework got much better after 2014's reform, however, the issue of departmentalism is occurring in past years, causing baseless pulling for competences and inefficiencies in the overall performance (Interview n. 14., NGO).

According to respondent n. 6, CzechTrade offices are not reaching the qualities that firms expanding abroad would really need, especially in terms of knowledge of a particular territory, as the heads of the organization are being replaced every four years and therefore they cannot get really deep enough into the market to be able to define all specifics sectors and firms which could be potential partners to Czech exporters – something that local person with contacts would be able to provide.

According to respondent n. 5, the system is not well-arranged, however, it is possible to find the right provider of the demanding service after contacting a few subjects of the system. The current system is not perfect but the possibility of cooperation among subjects eventually leads to its equilibrium.

Basically, major Czech NGO's representatives find the current system acceptable. Even though there are human factors which affect the cooperation, the increasing competences of MFA's representatives and the good governance by their headquarters are driving the system forward. (interview n. 12., NGO)

As for the human factor, the questions regarding the fulfilment of framework agreements were answered almost unanimously similarly by all respondents. They all agreed that shaping between competences is required in order to fulfil the customer's needs – meaning that some of the commercial diplomats sometimes provide informational services and b2b contacts if the particular territory is not in domain of CzechTrade or if the office is situated in another country and is not able to provide sufficient services in the territory. (interview n. 7., MFA)

5. Challenges for Czech system of support of export

Based on the previous analysis, core elements that the system implies regarding duplicities resulting from its adjustment, behaviour of particular actors might be defined as follows:

- The Czech system lacks organization in mediation and arrangement of informational services both in domestic ground and within foreign representation abroad.
- The system is settled within environment that underestimates the power of policy of support of export which is claimed by both MFA and MIT according to competence law.
- Competence law does not reflect global changes in the world trade policy since it came into force in 1969 and appears as weakness regarding its broad definition of competences that are not suitable for 21st century.
- Latest framework agreements signed in 2014 resulting in creation of Client Centre are:
 - 1) defined very broadly
 - 2) leading to inequality in provision of paid and free services
 - 3) not respected
 - 4) allowing human factor that does not lead to best possible cooperation and effectiveness.
- Current system leads to inequality in provision of services caused by two factors: different occupation of various territories by CzechTrade and commercial diplomats and difference between provided services by particular staff causing disunity in the system for its clients.
- Different legal position of CzechTrade agencies and their perception across various countries leads to differences in viewing of the organization and divides providing services depending on particular territory.
- High level of departmentalism and competing for competences lead to ineffectiveness of the system as a whole.

- Export Strategy as a key document is in competence of only one of the main actors leading to disunited outcome without particular consensus.

5.1. Possible outcome of the system regarding involved actors

The mentioned duplicities within Czech system of support of export result from their competences and the system as a whole in practice lead to the core of this essay – the possible solution and challenges for Czech economic diplomacy and system of support of export.

The questions¹⁰ asked to find out to the possible solutions result from actual opinion on the system were asked as follows. Firstly, the classification of current system possible solution of current problems within the settled system according to respondent's opinion (if any) were asked followed by best possible type of system that would shape the current adjustment into more effective model. Responders were asked both about changes within current system or – if preferred – transfer to any other – in forms of common agency, common MFA, ministry of economic issues or ministry of economic diplomacy. Also, the emphasis was put on the problematic elements of the systems that would lead to possible change.

According to MIT, the problem of current system is the ignorance of customer's opinion and disrespecting settled competences. The future development should be, according to responder n.4, focused more on respecting the current set of competences rather than competing for them. The emulation for functions and servicing between CzechTrade and commercial diplomats leads to a waste of resources and battering of the system. The B2B agenda should stay within the competences of CzechTrade and as the system upgrades, the services should be defined more completely, both in terms of price settlement and personal accountability. Moreover, MIT representatives see the past experience of commercial diplomat positions represented by MIT delegates (or

¹⁰ Further details attached in Attachment 5. Frameworks for semi-structural interviews

selection by commission of MIT and MFA) as a possible upgrade of the current system. The reason behind this is that the MIT staff are in comparison with MFA representatives more specialized in commercial, trade and industrial fields. On the other hand, commercial diplomats are usually more widely specialized, usually more in the microeconomic environment, rather than in business and industrial field. Also, historically, MFA did not put more importance on commercial policies, which leads to another comparative advantage of MIT. According to respondent n. 4, the interface of MIT is also important for the character of the Czech industry. As its own disadvantage, MIT mentions the frequent changes of the head of their ministry, which leads to a decrease in effectiveness of the institution (interview n. 10., MIT). Overall, any significant change of the system as a whole would be seen as a possible threat and a gamble that might be leading to a breakdown of it (interview n. 1 and n. 14., MIT).

MFA argues that the industrial character does not play an important role in the system of support of export due to the form and type of services provided by commercial diplomats and in the system as a whole. They see their role as a tool that helps Czech firms in a given territory, using both information based services and the position of commercial diplomats as a state authorities. They understand the role of MFA as complex of coordinated activities leading to external relations for economic development and prosperity. As the core coordination functions in all spectrums of foreign policy lay under embassies, the fractionalization of the system of support of export should be the same. MFA agrees with particular intervenes into B2B services, given the inadequate cooperation with CzechTrade and MIT, especially regarding provision of paid services. Moreover, the commercial diplomats must ensure the provision of B2B services in countries where CzechTrade either does not have an office or share the office for more countries, which leads to an omittance and an inability to serve all of them equally.

Another systemic problem mentioned by MFA is the whole picture given by the system to the counterparts – meaning that the dual performance within the system of support of export leads to misunderstanding and ambiguities. The departmentalism and duality is also caused by different position of MFA representative, who is officially a diplomat, and CzechTrade representative, who is sometimes taken as a representative of a private organization rather than of a state. Within the home institutions, the problem of

duality lays down in different perception of the agenda as well as in the lack of effort to cooperate. MFA should, according to respondents, follow world trends in economic diplomacy, which implies transferring of competencies under MFAs, operating within sectorial approach and connecting of business with foreign aid cooperation. Some of them also mentions a possible decentralization under the chambers and associations level.

NGO's representatives see the current system as adequate with a few issues caused on a working level, settled in particular countries. They find the competences of commercial diplomats to be different than those of CzechTrade representatives – while CzechTrade employees are only business orientated, commercial diplomats cover large agendas and they have possibilities to cooperate within a larger scale of policies in future (interview n. 5 and n. 12., NGO). According to respondent n. 12, the current trend of economic diplomacy with larger integration of MFA is prosperous. However, he emphasizes the importance of being aware of the potential changes in direction of MFA's agenda caused by personal changes or changes in foreign policy environment. Respondent n. 5 mentions the lack of effectiveness of the system measured by expenditures that could be lower by at least 150 million CZK by year.

Each of the organizations has a specific objective and their visions are long-term orientated. Better coordination and decent changes in organization structures within the whole economic diplomacy apparatus would lead to a smoother functioning of the system. Letting the current system generally untouched is better than the danger that comes from transformation of the whole system. Moreover, respondent n. 6 emphasizes the need of creation of special delegates, subordinated to embassies with full status, who would be responsible for the contacts and diplomatic relations in given territory with an emphasis on a great orientation within the territory (leading from long-term operations within it).

Concluded, MIT prefers to maintain the current system with a few changes regarding deepen competition determination and their adherence. As for the opinions of MFA, they differ among respondents. Some of them see the current settlement with distortion of competences by human factor and cooperation between two representing institutions abroad, others would prefer unification of them or, at least, a transformation of the headquarters of foreign representation under one person – preferably under an

ambassador. NGOs find the current system well-balanced and giving entrepreneurs fair environment where they can assert their interest. The unification under one ministry is seen by firm's representatives as a threat that could strongly damage the system if the direction of foreign policy interests is changed by some external or internal factors.

5.2. Industrial orientation in comparative perspective

One of the arguments by MIT regarding the position of industrially oriented ministry was the need of keeping industrial ministry as an interface of the system.

In the figure 10. Comparison of selected countries within their industrial orientation in terms of export and involvement of industrially oriented ministry position in the system are analysed¹¹.

Table 10. Industrial orientation of selected countries (top 5 export commodities; % of export, HS2 commodities)

Country	Export of goods and services (% of GDP, 2016)	Industrially oriented commodities within top 5 exported commodities (% top 5)	Top 5 commodities in terms of total exports (2016)	Industrially oriented ministry within system of support of export
Austria	52,3%	100,0%	67%	No
Czech Republic	79,5%	100,0%	75%	Yes
Estonia	79,0%	100,0%	60%	Yes
Finland	36,0%	100,0%	67%	No
Hungary	89,5%	100,0%	75%	No
Portugal	40,1%	100,0%	57%	No
Slovakia	94,6%	100,0%	53%	Yes

Source: OEC, WB

¹¹ The full data attached in chapter 9. Attachment 4. Industrial orientation of selected countries (top 5 export commodities; % of export, HS2 commodities)

According to comparison there cannot be unambiguously defined any uniform trend of involvement of the industrially oriented ministry in the system of support of export. The issue might be investigated from more levels and it also depends of the position of the institution within particular political system and its volume of cooperation in it.

5.3. Proposed model of Czech system of support of export

In order to proceed from the selected weaknesses of current set up of the Czech system of support of export, various alternatives are presented in the second chapter of the thesis. To eliminate current duplicity and unambiguous adjustment of the system, there must be taken into consideration following factors:

- The main reason causing problems result from claiming similar competences regarding the Competence Act and lead to departmentalism.
- The competences are unequivocally settled and the system allows overlapping of them by various actors.
- The system allows overshadowing and competition within state actors leading to ineffectiveness.
- There is not common authority within foreign representation causing misunderstanding for the counterpart.
- The system allows unequal services and leads to instabilities.
- The system of support of export is and its policies are not presented unanimously.
- There is not common strategy resulting from consensus of all interested parties.

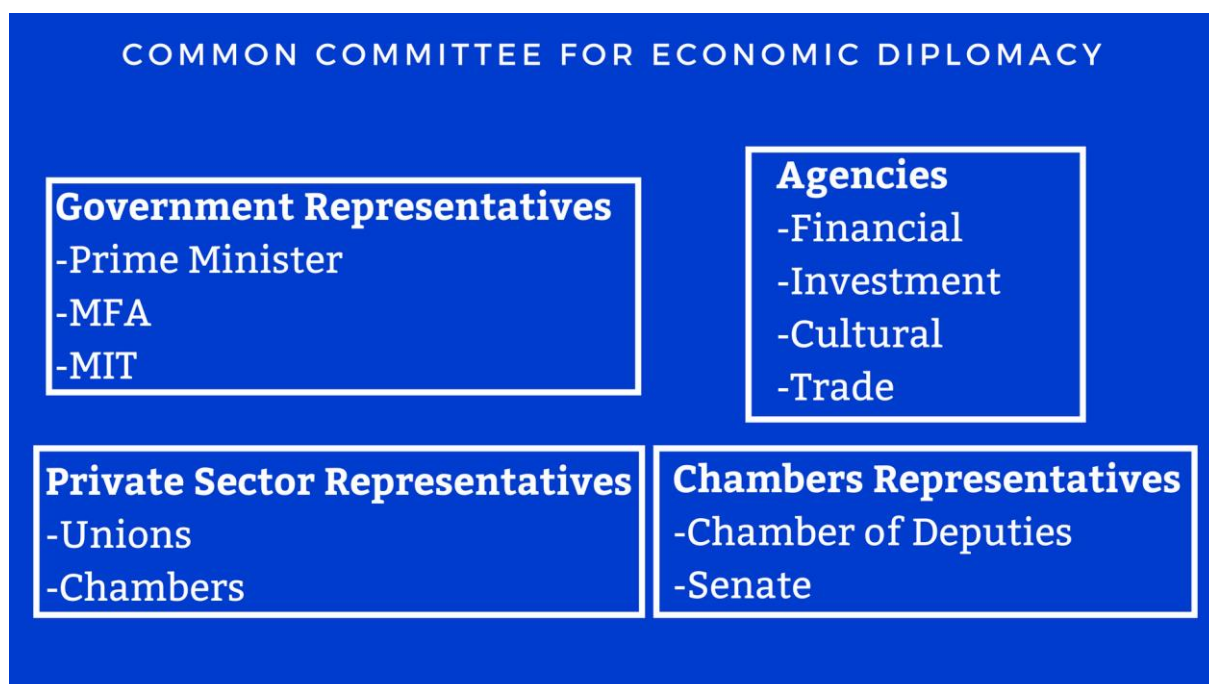
Even though the subject of this thesis is mostly related to system of support of export, the whole economic diplomacy model must be taken into consideration to outline possible model meeting settled criteria.

Firstly, the domestic structure will be outlined followed by foreign representation that is partly resulting from the domestic model. The core of the model lays in Common Committee for Economic Diplomacy, consisting of government representatives in form

of MFA, MIT and Prime Minister, associations and unions, representatives of Chamber of Deputies and Senate from appropriate committees within the chambers and representatives of various agencies involved in economic diplomacy.

The importance of control of the system by more parties lays in securing the settled system against changes or instabilities in elected organs such as Prime Ministers and Governmental units. Thus, the Committee is aiming to be more divers to prevent deflection of interest of particular actors (basically, it prevents full control of Prime Minister or Government that would be able to influence the system by their political thoughts or put importance on different agendas and set the agenda aside). The involvement of private sector in the decision making and agenda settlement is inspired by the Austrian model, where the emphasis is strongly put on decentralization.

Figure 10. Proposed model of Common Committee for Economic Diplomacy detailed scheme



Source: Author's own work

In order to ensure maximal specialization, the Common Committee administrates three Units: Investment and Business Unit, Export and Foreign Aid Unit and Cultural and Tourism Unit. The ministries with close agendas are included in the units and together with other authorities are forming departments subordinated to Common Committee

for Economic Diplomacy. The main objective is to put together institutions and authorities specialized in particular agenda in order to maximize the role of all of the actors involved in decision making and agenda formation together with emphasis on professionalism and expertise in particular domain.

Each of the subordinated Units is on the surface represented by one or more agencies. These agencies are also methodically controlled by the Unit. Moreover, agencies are on the outside performing together under one team with specific united image. This division is partly following the division of Foreign Affairs representation within Finnish model.

The proposed model connect the current system of Czech economic diplomacy both vertically and horizontally, giving all partners adequate status in the system regarding their specialization, expertise and professional background. Moreover, the responsible organ in form of Common Committee for Economic Diplomacy is accountable for the system as a whole and at the same time dissolves possible departmentalism by collectively and equally cooperation on various agendas. The common outcome of the whole system of economic diplomacy is common representation under one brand similarly to the Finnish model 'Team Finland'.

Figure 11. Proposed domestic model of economic diplomacy of the Czech Republic

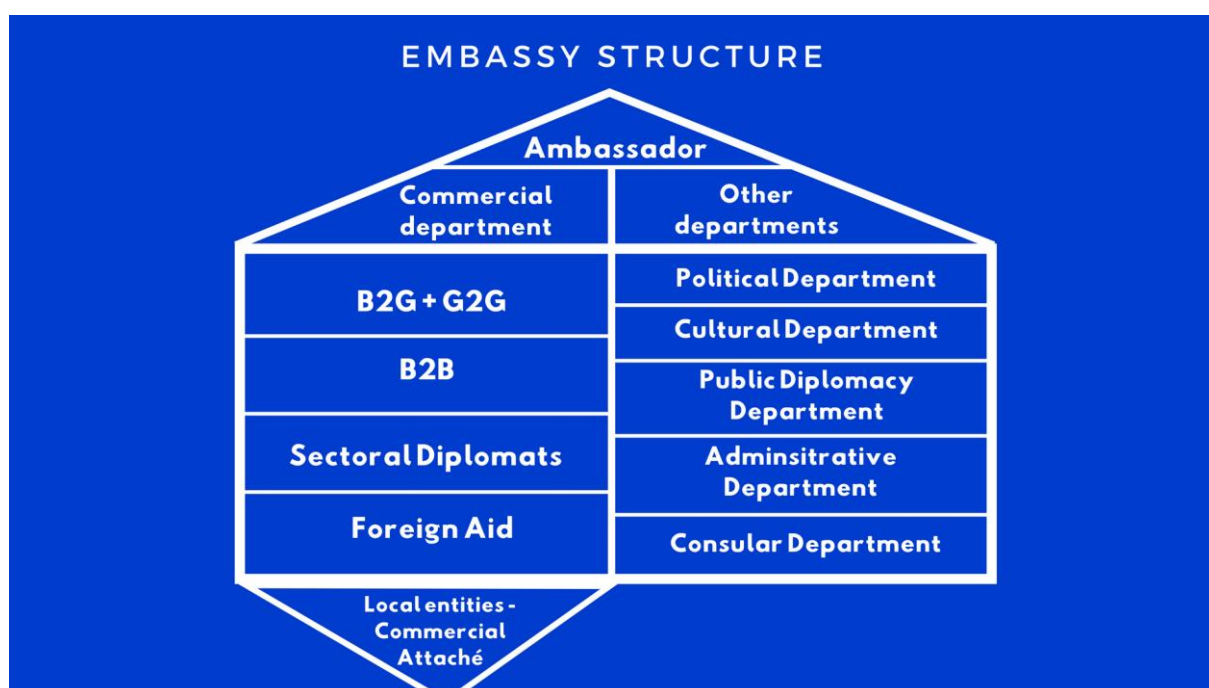


Source: Author's own work

Secondly, the foreign representation settlement that causes researched duplicities within the actual mode of Czech system of support of export could be resolved by interconnection of the system into one common representation of external economic relations and support of export with strictly divided agendas between various elements within embassies.

As mentioned on Figure 12., the Embassy structure is basically divided into Commercial and other departments such as political al public diplomacy with ambassador as a head of it.

Figure 12. Proposed model of Embassy structure



Source: Author's own work

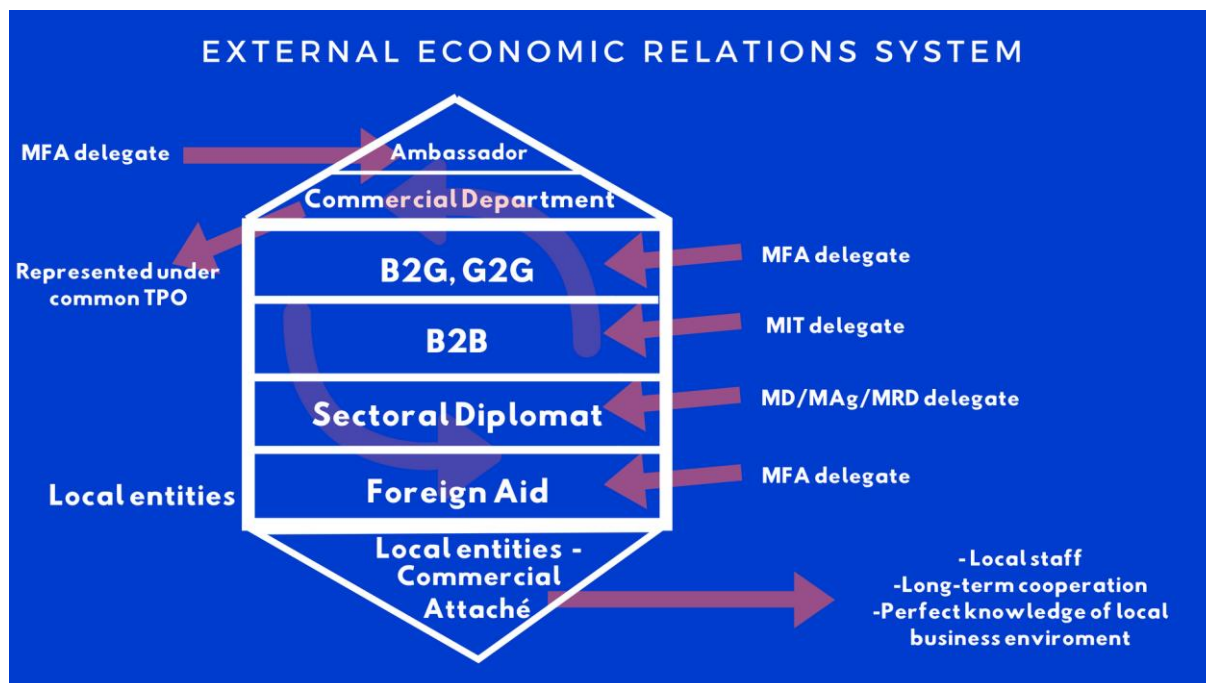
Commercial department together with Ambassador and Commercial Attachés are the core of External Economic Relations team. The aim is to provide maximal cooperation within all the components with emphasis on specialization of each of the sections and respecting competences given among them such as in Hungarian or Portuguese models. This system also defines each of the representative's sending institution

(Figure 13.) and it is expected that the given competences ought to be defined and legally affirmed by new framework agreements and Competence Act.

Position of Commercial Attaché inspired by the Hungarian model is a key unit in the system. The emphasis is put on experience and knowledge of the representative related to particular territory together with his specialization. The comparative advantage of this position compared to current CzechTrade is better knowledge of local agreement, domestic environment and non-limited period of stay in particular territory (CzechTrade representative change every 4 years).

Additionally, Commercial Attaché is operating under diplomatic status that provides him official backing of particular embassy and important image in the system. Advantage of this position also lays in possibility of hiring as many staff as needed regarding the size and importance of the market together with non-limited contract that gives the position better conditions in order to establish strong relations with local business environment and specialize.

Figure 13. Proposed model of external economic relations structure and settlement



Source: Author's own work

The aim of the system of external economic relations is to cooperate within given framework together both vertically and horizontally giving to all levels and units a possibility to use the position of ambassador, Commercial Attaché's contacts or information or premises of embassy in order to create respectable image of the system.

In addition, the Commercial Department is operating within common structures given by common interface in terms of the whole economic diplomacy team resulting from domestic environment and also under common TPA that serves as only and major partner for entrepreneurs and foreign partners in terms of support of export system.

Regarding the main defined issue causing instability of the system – the problem of competences – is within the model solved by best possible adaption to the environments of both MFA and MIT and definition of competences within the system of support of export abroad.

This comes together with the current issue of overlapping between competences of commercial diplomats and CzechTrade representatives within current system that is in the proposed model solved by differentiation of subordinated units under Commercial Department of the embassy. Within the proposed system the competences are strictly divided in order to meet agendas of the current system where B2B is more in are of MIT and B2G and G2G of MFA. The system also tries to maximally prevent of overshadowing of any of the components of another.

The common authority performed by Ambassador serves as control and direction management of the subunits. Ambassador is also in accordance of full responsibility of the embassy and commercial agreement and in addition, ambassador is considered as one of the key elements of system of support of export.

The model does not only benefit any of the Ministries but it also provides much realistic and pragmatic solution as change of Competence Act requires $\frac{3}{4}$ majority of both chambers of Parliament and makes any possible change much difficult and prolonged.

The proposing model would also resolve disunity and inconsistencies in provided services within different territories. Every embassy would be able to solve same request with the unified result among various territories.

The model is proposed as all-encompassing, however the extension of particular services and departments should be modified with respect to particular territory and in order to budget scope. As a result, there would be available identical scope of services within two different similarly considerable territories.

The common external representation would also lead to centralizing of all of the components under one brand resulting in increasing credibility of the Czech Republic as a partner and as a representative. This would be also backed and boosted up by unified and approved Export Strategy resulting from the Common Committee's consensus.

Indirect consequences of the displayed model would lead to stabilization of the system, decline in departmentalism, involvement of more actors on decision making and agenda making. Also, it would lead to formation of a platform capable of reaching important changes such as in terms of change of law regarding foreign working force or change in Competence Act.

Requirements in order to accomplish the described system lays in change of law. In order to attempt to include both MFA, MIT together with other ministries the change of Competence Act is not needed that makes the change more realistic. Key element is however full support of current government and majority in Chamber of Deputies.

5.4. New direction of Czech economic diplomacy under Babiš's government

According to latest development of economic diplomacy and system of support of export there have been few signals indicating stepping into the current issue by recent government that is being formed. Designated Prime Minister Andrej Babiš has mentioned that current government is planning to create a commission for export policies that will be subordinated by him (II. Export Forum, 1st panel, 6/2018).

In the Statement of the Government of the Czech Republic of A. Babiš's government¹² is explicitly mentioned the effort to develop economic diplomacy in the field of foreign trade policy with aim to help promoting Czech economic interests. The statement also reflects emphasis on support of Czech exporters in both finding new business opportunities and in maintaining their presence on existing markets and protecting investment projects abroad. Moreover, the implementation of the reform of all existing foreign policy representations to increase their effectiveness is mentioned at the end of foreign policy part of the statement of purpose of Babiš's government (vlada.cz 1/2018).

The Prime Minister also mentioned during the Export Forum that he is inspired by Finnish model and implementation of similar policies would save up to 150 mil. CZK per year. Regarding the systematic changes, Babiš's government is following these steps:

1. Establishing of a unified system of economic diplomacy and state services together with introduction of new model when the ambassador as a head of embassy plays a role of manager of export and investment services and is evaluated according his performance.
2. Increasing the role of companies and associations in the system of support of export and its services. Realization of official foreign delegations and

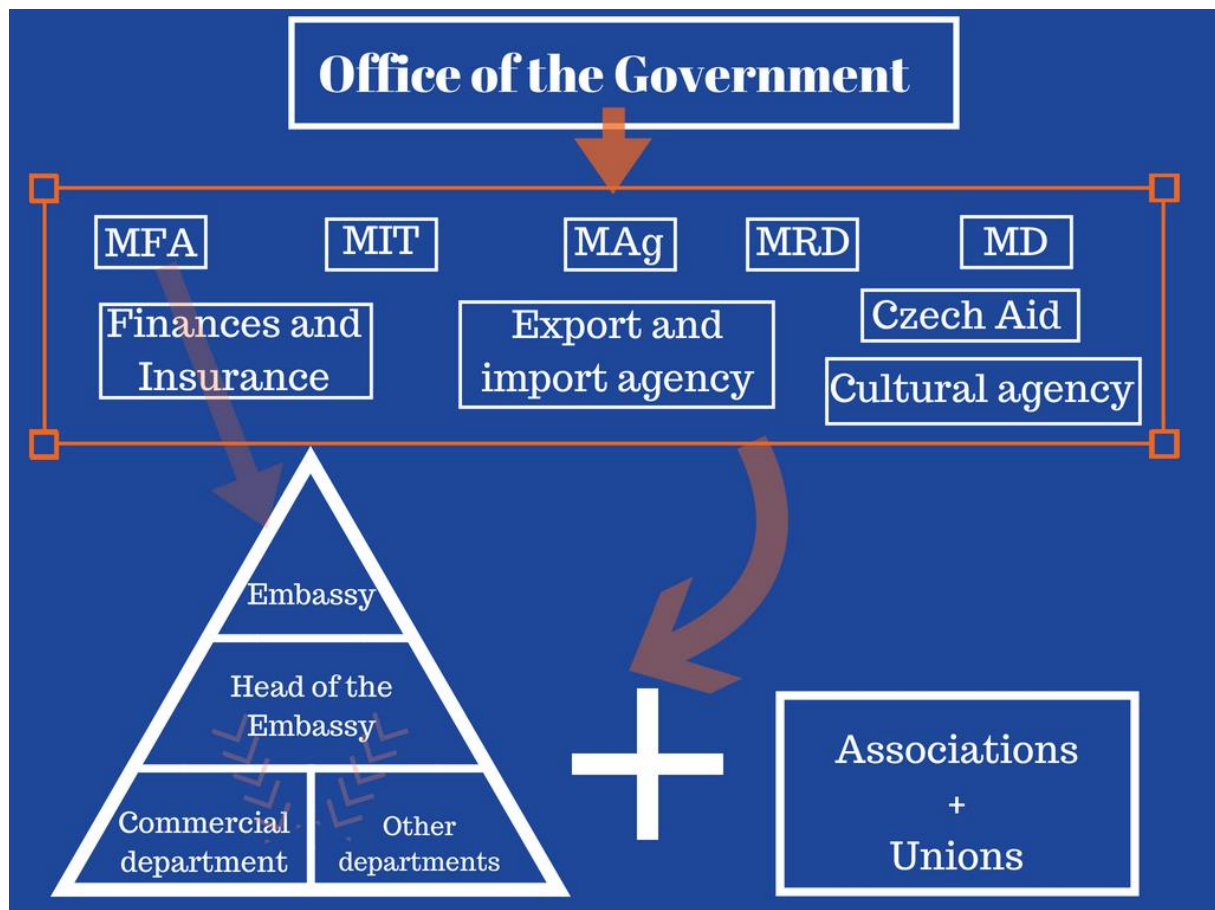
¹² Babiš's first government that has not passed through a vote of confidence, 2017.

participation on exhibitions with support of state and according to recommendation of important players within NGO's.

3. Establishment of unified platform for strategic management in the field of economic diplomacy, financial tools for exports and insurance together with support of entrepreneurial activities. The platform should be subordinated directly to the Prime Minister of the Czech Republic to ensure enforceability of decisions and resolving of the current departmentalism.

(II. Export Forum, 1st panel, 6/2018; asociaceexporteru.cz 6/2018)

Figure 14. Scheme of proposed economic diplomacy model of the Czech Republic by Andrej Babiš's



Source: Author's own work

Conclusion

Economic diplomacy is a phenomenon that systematically differs both horizontally and vertically towards continents, regions, countries, as well as depending on socially and economically different units. In last decades, the concept has started to play an important role especially in Western Europe due to globalization trends and resulted in new understanding of economic diplomacy. The concept came through changes together with development of international relations. The most significant change is transferring competences from macro level of economic diplomacy, representing the classic concept of diplomacy using state apparatus backing and country's status in order to pursue particular economic interests, to micro level focusing mainly on direct support of entrepreneurs. This resulted in an increased awareness regarding institutional settlement of the state towards its economic diplomacy, investment policy and system of support of export.

The aim of this thesis was to raise and analyse the discussion regarding Czech economic diplomacy and system of support of export that, according to Competence Act, engages two institutions – Ministry of Foreign Affairs and Ministry of Industry and Trade – within the same agenda. This settlement and other factors analysed above are causing dualities which are resulting in duplicities and disunity of the network.

The first chapter aimed at analysing of the theoretical background of economic diplomacy. Research questions how to define economic diplomacy, what are the functions of economic diplomacy and who are the actors, how to distinguish micro and macro-economic diplomacy, who are the actors of the economic diplomacy and what are the models and strategies of governance of economic diplomacy were answered in order to set a theoretical background for further research. The core concepts that were defined and later mostly utilized were division between macro and micro levels of economic diplomacy together with the institutional settlement.

The second chapter focuses on the institutional settlement of economic diplomacy models of Austria, Estonia, Finland, Hungary, Slovakia and Portugal. Research questions aimed at analysing and defining the fundamental attributes of particular models in terms of support of export. These models served as a theoretical background

for the main aim of the Master's Thesis – elimination of dualities and duplicities causing ineffectiveness and disunity of the system using models implemented in other countries.

The third chapter described the system of economic diplomacy of the Czech Republic in order to enable comparison with other researched systems. Also, the development of the system was described, giving the topic sufficient background and understanding. The chapter also analyses the division of competences within MFA and MIT both within domestic and foreign representation level. Competences are also analysed according to the Competence Act and principal agreements.

Fourth chapter focuses on the core issue of the thesis – duplicities, dualities and other negative consequences resulting from the current settlement of Czech economic diplomacy system and system of support of export. The main issues were defined according to Author's observation, analytical method and both real experience from the system and semi-structural interviews with actors of it.

The main issues causing duality, duplicity and ineffectiveness within Czech economic diplomacy were defined as follows:

- Competence Act
- Levels of operation, PROPED
- Information services
- Overlapping of services defined by UFN
- Competition
- Territories coverage and various dimensions in rendition of services
- Status
- Export Strategy
- Departmentalism
- Branding

The fifth chapter focuses on future appearance of the Czech economic diplomacy and system of support of export. Firstly, possible outcome of the system regarding involved actors interviewed within the semi-structural interview research is analysed followed by comparison of industrial orientations of Czech Republic in comparative perspective.

Subsequently, following elements causing duality, duplicity and ineffectiveness within Czech economic diplomacy were defined and served as a partial aim of the thesis, simultaneously answering part of the main research question *what are the elements causing duplicities and dualities within Czech system of support of export*. These elements are:

- The Czech system lacks organization in mediation and arrangement of informational services both in domestic ground and within foreign representation abroad.
- The system is settled within environment that underestimates the power of policy of support of export that is claimed by both MFA and MIT according to competence law.
- Competence law does not reflect global changes in the world trade policy since it came into force in 1969 and appears as weakness regarding its broad definition of competences that are not suitable for 21st century.
- Latest framework agreements signed in 2014 resulting in creation of Client Centre are:

- 1) defined very broadly
- 2) leading to inequality in provision of paid and free services
- 3) not respected
- 4) allowing human factor that does not lead to best possible cooperation and effectiveness.

- Current system leads to inequality in provision of services caused by two factors: different occupation of various territories by CzechTrade and commercial diplomats and difference between provided services by particular staff causing disunity in the system for its clients.
- Different legal position of CzechTrade agencies and their perception across various countries leads to differences in viewing of the organization and divides providing services depending on particular territory.
- High level of departmentalism and competition for competences lead to ineffectiveness of the system as a whole.
- Export Strategy as a key document is in competence of only one of the main actors leading to disunited outcome without particular consensus.

Regarding these defined challenges for Czech economic diplomacy and system of support of export, a possible model is proposed aiming at elimination of the key elements that are criticizing the current model. This analysis is also answering second part of the main research *question what are the elements causing duplicities and dualities within Czech system of support of export and how could they be eliminated?* The model is using theoretical background from the first chapter and comparative perspectives from the second and the third chapter together with summarized competences and analysed duplicities, dualities and ineffectiveness resulting from defined partial aim of the Master's Thesis within the fourth chapter. Moreover, the proposed model is compared with Babiš's government preliminary proposal of possible change of the economic diplomacy system of the Czech Republic inspired by Finnish model.

The limitations of the Master's Thesis are recognized within the second chapter, analysing and comparing selected countries' institutional models of economic diplomacy with emphasis on system of support of export. The main limitation is seen within inaccessibility of sources and information regarding functionality of particular elements, differing the system from the others. This implies impossibility of underlying the proposals within new defined model with examples that are seen as functioning in

another institutional model. Another limitation is that settling a new model lays in differentiation towards countries both culturally and by different competences and settlement of ministries.

Regarding limitations within the proposed model, it must be mentioned that only problematic of system of support of export were analysed with little emphasis on the whole economic diplomacy model. The economic diplomacy systems also consist of foreign aid agencies, investment agencies and financial institutions.

This leads to possibilities for further research. Both mentioned limitations should be subject to further research with the aim to analyse and research particular elements of foreign economic diplomacy models and their changes by semi-structural interviews method with actors of the system. That would create a suitable set of data that would be applicable for other models or parts of them.

Moreover, regarding the proposed model of Andrej Babiš and previous analysis within the Master's thesis implies the importance of each of the element within both system of support of export and economic diplomacy as a whole. Every proposed change should be a subject to a larger public discussion with all actors involved as there is not one perfect foreign model that would be applicable to the Czech one due to factors such as the sectorial orientation of Czech economy in comparison with other ones, settlement of institutions, Competence Act and different division of competences as well as different political system and culture with different electorate and voter and political behaviour. It is also very important to remember that economic diplomacy institutional systems consist of many levels, both horizontal and vertical, and indigested change could lead to substantive economic problems as export is the main engine of Czech economy creating more than 80 % of its GDP.

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9. List of Abbreviations

AFEC – Austrian Federal Economic Chamber

MEAC - Ministry of Economic Affairs and Communication

MFAT – Ministry of Foreign Affairs and Trade

HNTH – Hungarian National Trade House

MEAT – Ministry of Economic Affairs and Employment

FA – Foreign Affairs

MNE – Ministry of National Economy

FDI – Foreign Direct Investment

HIPA - Hungarian Investment Promotion Agency

MFEA - Ministry of Foreign and European Affairs

ME – Ministry of Economy

GDP – Gross Domestic Product

CC – Client Centre for Export

UFN – United Foreign Network

MFA – Ministry of Foreign Affairs

MIT – Ministry of Industry and Trade

CT – CzechTrade

MF – Ministry of Finance

Mag – Ministry of Agriculture

MRD – Ministry of Research and Development

MRD - Ministry of Regional Development

EU – European Union

WTO – World Trade Organization

OECD – Organisation for Economic Co-operation and Development

UNCTAD – United Nations Conference on Trade and Development

UNCITRAL – The United Nations Commission on International Trade Law

SARIO - Slovakian Agency for Development of Investment and Commerce

SACR - Slovakian Agency for Tourism

B2B – Business to Business

B2G – Business to Government

G2G – Government to Government

10. Attachments

10.1. Attachment 1. Agreement on Cooperation between the Ministry of Foreign Affairs and the Ministry of Industry and Trade in matters related to securing foreign trade policy, foreign trade and system of support of export within services and activities of the Czech Republic

➤ Signed 1998, updated 2000

Competences between MFA and MIT within foreign economic relations divided by models 'CODEX' (1998, updated 2000):

Model 1 (embassies without support of economic department of the embassy) request for:

- Providing basic contact details to potential business partners on the basis of a sufficiently specified and qualified communication.
- Consultations on the commercial, economic and business environment in the area of interest.
- Recommendations of law firms, chambers of commerce, banks, etc. institutions in the country of interest.
- Active support in establishing contacts with representatives of the country of interest.
- Assistance in securing business missions.

Model 2 (embassies with support of the economic department of the embassy).

Requests processed by embassies extended by applications for:

- Organizational support of participation in trade fairs and exhibitions in the country of interest.
- Indirect support in engaging in international competitions, production co-operations.
- Providing information on opportunities in the foreign market.
- Getting some additional business information.
- Arranging purchases of thematic studies or specialist materials.

Model 3 (the assistance and support provided by the embassy in the scope of services of Model 2 is extended by services provided by CzechTrade agencies. However, the following services offered by CzechTrade are charged).

- Market research
- Verification of interest in the offered product after entering particular trade partnership
- Assistance services abroad, including services based on individual assignment (presentation of the Czech company, information support at the entry of the company on the market, etc.)

10.2. Attachment 2. The Framework Agreement between Ministry of Industry and Trade and Ministry of Foreign Affairs about principles of cooperation in ensuring the support of export and economic diplomacy of the Czech Republic

➤ Signed 2014

Ministry of Foreign Affairs:

- Coordinates external economic relations and delegates its foreign embassies.
- Supports export and realizes economic diplomacy through embassies and its staff responsible for the economic agenda.
- In cooperation with CC and MIT provides assistance in the particular foreign country for Czech entrepreneurs within embassy on B2G and G2G level.
- Organizes and selects the employees of the embassies responsible for economic agenda with cooperation of MIT. The commission responsible for the selection consists of representatives of MIT, MFA or other Ministers upon request.
- Provides cooperation within registration of foreign CzechTrade office and their employees.
- If possible (regarding to capacity capabilities), allow to establish the CzechTrade office within the embassy area. Specific conditions are explained in specific agreement between MFA and MIT.

Ministry of Trade and Industry:

- Coordinates foreign commercial politics and is a guarantor of commercial policy, trade and support of export.

- In cooperation with MFA composes, analyses and fulfils the Export strategy of the Czech Republic.
- Supports removal of the barriers of trade within internal EU market and provides services connected to it as well as liberalizes the global market with third countries.
- To fulfil these targets uses employees of UFN.

CzechTrade:

- Is responsible for functioning and development of the information portals for exporters and for the distribution of information about the export opportunities.
- Provides (mostly) B2B services for small and medium sized businesses in foreign countries accompanied with other services based on requirement within its foreign offices.
- Provides its place for activities of CC.
- Delegates the foreign CzechTrade offices, whose employees are parts of the economic team of the economic departments of the embassies.
- Provides regional site of contacts for exporters within Czech regions.
- Provides services within export education for entrepreneurs.
- Provides and operates the system of shared information serving as a main communication tool.

10.3. Attachment 3. The Agreement between Ministry of Industry and Trade and Ministry of Foreign Affairs about establishing and functioning of the Unified Foreign Network for entrepreneurs

➤ Signed 2014

- CC serves as a basic contact point for services and information to current and potential Czech exporters.
- All the requirements of exporters who use any of the UFN services are recorded in SINPRO system.
- Requirements received at the client centre are distributed to the solution specialist who provide the service according to the catalogue of services.
- Requirements regarding the common EU market are transferred to the particular EU institutions – Solvit and ProCop.
- Services are divided regarding the type of cooperation (B2B, B2G)
- Services for small and medium-sized businesses are mainly provided by CzechTrade agencies, based on the communication with CC. In the territory with no CzechTrade presence, the services are provided by the economic department of the embassy, who might also provide other unspecified services based on communication with the CC.
- Services for larger companies and other larger tenders (typically B2G or B2G) are provided by the project team of the MIT and MFA within the client centre
- Foreign CzechTrade offices provide support for services and activities within realization of services covered by embassies on B2G or G2G level

10.4. Attachment 4. Services provided by Unified Foreign Network

Table 11. Services provided by Unified Foreign Network

	N. of Service	Service		Gestor
Basic services and consultancy	1.	Admission Export Consultation	Initial constultation with CC specialist; Information about state services; evaluation of client's preparedness, advice services	CC
	2.	Preparation for Business Meeting in particulart territory	Recommendations on how to conduct business meetings on a given market (with emphasis on specific cultures, communication and entrepreneurship); Research and possible addressing of siutable business partners; Provision of a list of interpreters and translators; Provision of support and asistance during business negotiations; Provision of basic information on legal and technical conditions for market entry	CC + UFN
	3.	Information for Exporters and Identification of Business Opportunities	Basic information on the choice and possibilities of entering a particular market, including provision of information on the conditions for market entry, using Business Opportunities Maps to search for industry opportunities; Free information service with the exit on BusinessInfo.cz and the "CzechTrade daily"	CC + UFN

			newsletter including foreign demand, projects and tenders, investment opportunities and offers of foreign companies; Information on upcoming seminars, territorial and field meetings to expand territorial knowledge	
Unified Foreign Network Services	4.	Assistance within Dealing with Official Foreign Institutions and Public Ownership	Help with selecting partners according to industry and territory; Support for meetings, including possible attendance; Provision of logistics support, as far as possible and according to the agreement (eg mediation of interpreting); Consultations with economic diplomats, possibly with ambassadors in their territories	Embassies +UFN
	5.	Support within Tenders and EU External Cooperation Funds	Monitoring and sharing information about upcoming and ongoing public contracts; Monitoring and sharing information about upcoming public contracts of international organizations (UN, NATO, CERN etc.) and possible participation in projects funded by the EU external cooperation and other funds (EDF, DCI, ENI, IPA, PI, EBRD, ADB etc.); Information on planned round tables and seminars on bilateral and multilateral development cooperation organized for the business community; Political insight, business	Embassies + MFA + UFN

		knowledge and access to decision-makers	
6.	Detailed Targeting of the Market	Getting information about competitors (competitive group, brands position on the market); Basic price survey (with regard to the availability of information for a particular product or service); Identification of distribution channels; Recommendation of an appropriate form of entry to the market, possibilities of establishing a company, legal forms; Additional information according to individual client demand	CC + CT
7.	Fair Exploration	Providing presentation materials, catalogs and contacts with companies according to given criteria	CC + CT
8.	Research of Bonity Capacity of Business Partners	Mediation of relevant information from renowned specialized agencies; The added value is the translation and interpretation of the information obtained according to the monitored parameters	CC + CT
9.	Organization of Business Meeting	Mediation and organization of business meetings of the client with interested foreign companies; Meeting itinerary; Ensuring	CC + CT

		logistics plus possible assistance and interpretation in negotiation according to the client's request	
10.	Research of Potential Business Partner and Verification of Their Interes	Determination of business contacts according to specified criteria (specification of target groups) and range of local databases and other information sources; Updating contact details and finding competent people; Addressing of chosen companies and presenting product offerings for the client; Distribution of promotional materials of the client (by both e-mail and post) to potential candidates; Re-addressing and subsequently identifying interest in the product; Finding reasons for lack of interest in the offer, if possible; Recommendation of the next procedure; Processing of the final report	CC + CT

11.	Long-term Export Assistance	Continuous provision of information from the field, accompanied by conclusions and recommendations; Sending current potential business sector opportunities with commentary; Monitoring competition, access to information resources of the foreign CzechTrade network in the territory; Preparation of stakeholder meetings, negotiation assistance and other support during traveling to the territory; Exploration of trade fairs and exhibitions, support of the organization of presentations and participation at fairs and exhibitions; Possibility of using the offices of the CzechTrade network; Helping with choosing a local representative; Support when dealing with authorities or with product registration / certification; Other activities based on the particular agreement and the possibilities of the office	CC + CT
12.	Territory Analysis	The analysis offers a comprehensive view of the selected territory, field and business conditions and is offered in this structure: Market characteristics and economic situation; Basic economic and statistical data, the structure of the performance of the economy; Foreign trade and information on the position of the Czech market; The analysis can be supplemented by	CC + CT

			additional information according to the individual requirements of the client	
	13.	Analysis of Trends and Business Opportunities	Analysis focused on the potential of selected commodities in a particular market: Current market information and data; Identification of threats and opportunities, industry trend indicators, potential options, future opportunities; The analysis can be supplemented by additional information according to the individual requirements of the client	CC + CT
Commercial policy and internal market	14.	Support for Implementation of Projects and Removal of Obstacles Within the Market	Expert support for corporate projects in the target country, with interconnection into intergovernmental and inter-ministerial agreements; Removing barriers / market failures through negotiation of mixed intergovernmental and inter-ministerial commissions and within the EU's common trade policy; Organization of specialized and supporting actions for entrepreneurs (forums, missions, seminars and roundtables etc.); Information on specific relevant barriers to entry to foreign markets and their communication to local EU Delegations	CC + MIT + MFA

	15.	Problem Solving within the internal EU market	Advice and assistance for businesses in the service sector (UFN); Advice on marketing of products in another EU country - ProCoP; Out-of-court solution to entrepreneurs when having disputes with authorities in another EU Member State in the event of a breach of European law - Solvit	CC + MIT
Foreign Aid Cooperation	16.	Support within engagement of Czech projects into International Development Cooperation	Providing information on the possibilities of involving the private sector in foreign development cooperation projects; Consultation on possibilities of using the B2B program for entering the foreign market (grants for companies from the Czech Development Agency)	CC + Czech Aid

Source: Client Centre

Free services

Charged services

10.5. Attachment 5. Frameworks for semi-structural interviews

Common introduction for every respondent

Basic framework for interview

Topic of the Master's Thesis

Economic Diplomacy of the Czech Republic, Duality within the External Economic Relations Support System

MT Targets:

To analyse framework agreements, Competence Act and agreements between MFA and MIT and define dualities and duplicities within system of support of export.

To compare institutional model of Czech Republic with selected countries.

To compare the view of the actors on the duplicity and duality issue based on semi-structured interviews

To propose possible solution in form of model

Methodology and aim of the interview:

The interview is made by method of semi-structured interview. Questions serve as a framework for the whole topic, aiming to deeply analyse the issue. Aim of the interview is to find out the point of view from actors involved in the system analysed in the theoretical part of the Master's Thesis.

Version 1

- How does the cooperation and communication between commercial diplomats and CC looks like in practice?
- How does the cooperation between commercial diplomats and CzechTrade representatives looks like in practice?
- Do they follow latest agreements from 2014 defining competitions of actors in system of support of export?
- What is your opinion about current settlement of Czech economic diplomacy with emphasis on support of export system after changes in 2014?
- Would you prefer other model?
- Do you think that the system should be changed? How should the system of support of export look like in future?
 - Model under MFA
 - Model under MIT
 - Model under one ministry (of export/of commerce/of economy)
 - Other solution
- What changes would you propose for future course of system of support of export? (if any)

Version 2

- What is your opinion about current settlement of Czech economic diplomacy with emphasis on support of export system after changes in 2014?
- Do you think that the duplicities and dualities within system of support of export negatively effect the quality of provided services? Do Czech
- How does the cooperation between Czech companies and CC looks like in practice?
 - Do they contact rather CC or directly embassies or CzechTrade foreign offices?
 - Do Czech entrepreneurs understand the system?
 - Do Czech entrepreneurs get valuable information from the system?

- How do entrepreneurs evaluate obtained information and services within UFN?
- How do entrepreneurs evaluate information and services obtained from CzechTrade?
- How do entrepreneurs evaluate information and services obtained from embassies and their commercial departments?
- How do entrepreneurs evaluate information and services obtained from MFA and MIT?
- How does the (*particular entrepreneurs organization/union/*) evaluate cooperation with MFA and MIT within system of support of export and economic diplomacy?
- Do you think that the system should be changed? How should the system of support of export look like in future?
 - Model under MFA
 - Model under MIT
 - Model under one ministry (of export/of commerce/of economy)
 - Other solution
- What changes would you propose for future course of system of support of export? (if any)

Version 3

- How does the cooperation and communication between commercial diplomats and CC looks like in practice?
- How does the cooperation between commercial diplomats and CzechTrade representatives looks like in practice?
- What is your experience from cooperation with CzechTrade representatives?
- Do you follow latest agreements from 2014 defining competitions of actors in system of support of export?
- What is your opinion about current settlement of Czech economic diplomacy with emphasis on support of export system after changes in 2014?
- Would you prefer other model?

- Do you think that the system should be changed? How should the system of support of export look like in future?
 - Model under MFA
 - Model under MIT
 - Model under one ministry (of export/of commerce/of economy)
 - Other solution
- What changes would you propose for future course of system of support of export? (if any)

Version 4

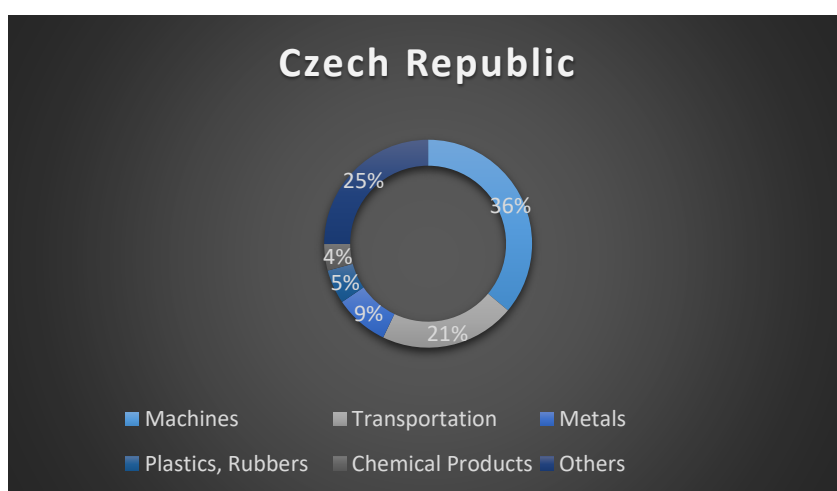
- How does the cooperation and communication between CzechTrade and CC looks like in practice?
- How does the cooperation between commercial diplomats and CzechTrade representatives looks like in practice?
- What is your experience from cooperation with commercial diplomats and embassy?
- Do you follow latest agreements from 2014 defining competitions of actors in system of support of export?
- What is your opinion about current settlement of Czech economic diplomacy with emphasis on support of export system after changes in 2014?
- Would you prefer other model?
- Do you think that the system should be changed? How should the system of support of export look like in future?
 - Model under MFA
 - Model under MIT
 - Model under one ministry (of export/of commerce/of economy)
 - Other solution
- What changes would you propose for future course of system of support of export? (if any)

Version 5

- How do you evaluate the current settlement of system of support of export after changes in 2014?
- How does the cooperation between commercial diplomats and CzechTrade representatives looks like in practice?
- Do they follow latest agreements from 2014 defining competitions of actors in system of support of export?
- What is your experience with cooperation between MIT and MFA?
- Do you think that the system should be changed? How should the system of support of export look like in future?
 - Model under MFA
 - Model under MIT
 - Model under one ministry (of export/of commerce/of economy)
 - Other solution
- What changes would you propose for future course of system of support of export? (if any)

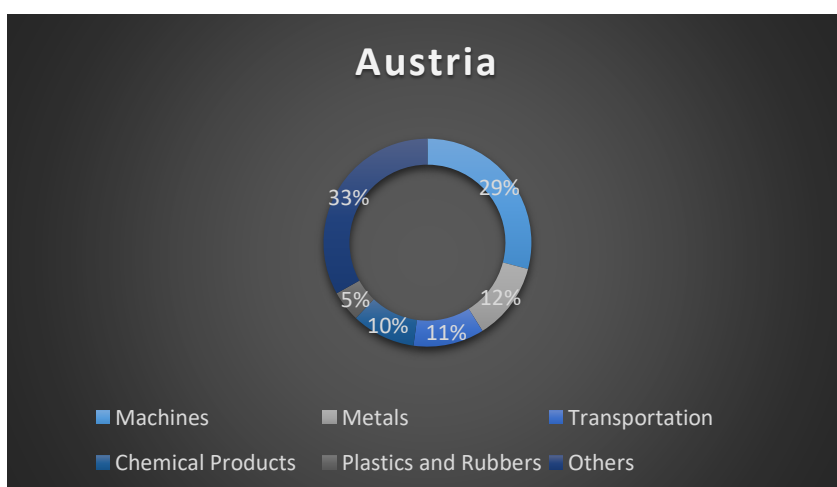
10.6. Attachment 6. Industrial orientation of selected countries (top 5 export commodities; % of export; HS2 commodities)

Figure 15. Export commodities of Czech Republic; % of export; HS2 commodities



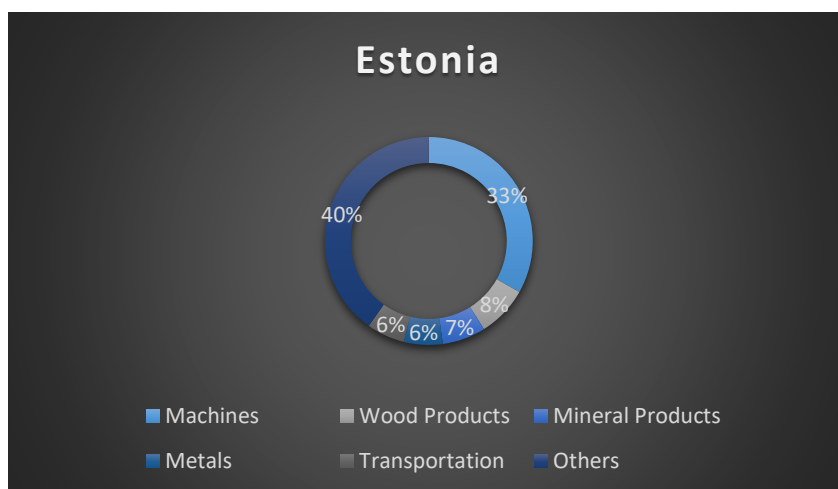
Source: OEC

Figure 16. Export commodities of Austria; % of export; HS2 commodities



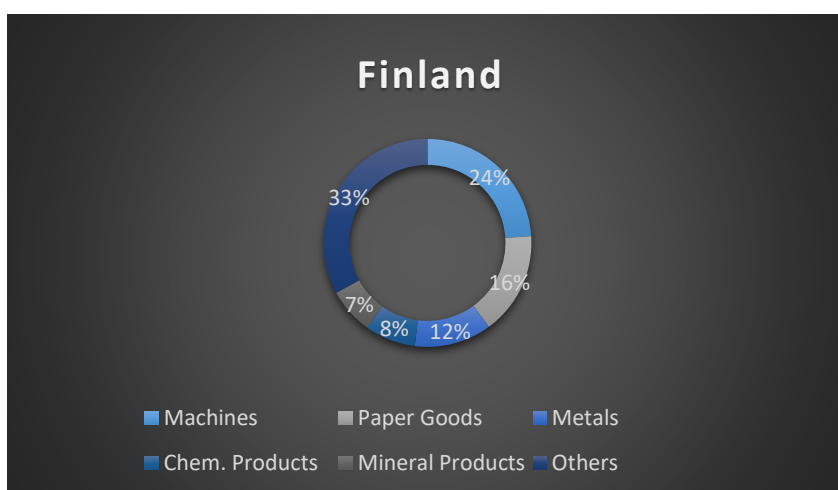
Source: OEC

Figure 17. Export commodities of Estonia; % of export; HS2 commodities



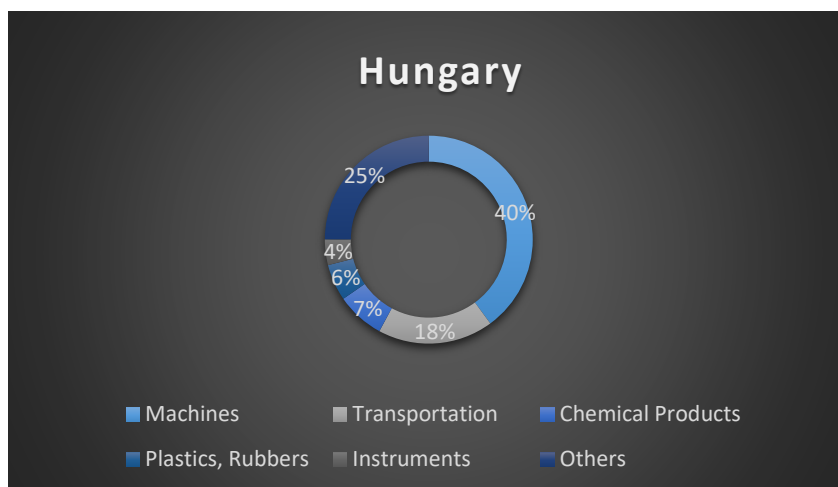
Source: OEC

Figure 18. Export commodities of Finland; % of export; HS2 commodities



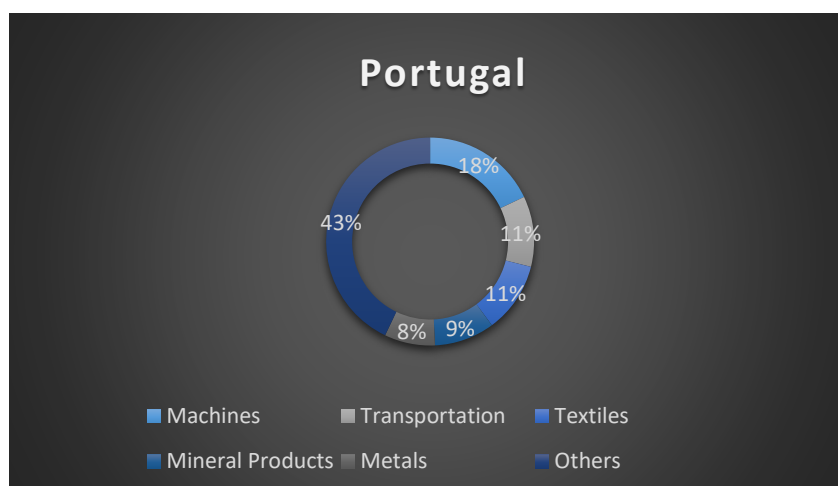
Source: OEC

Figure 19. Export commodities of Hungary; % of export; HS2 commodities



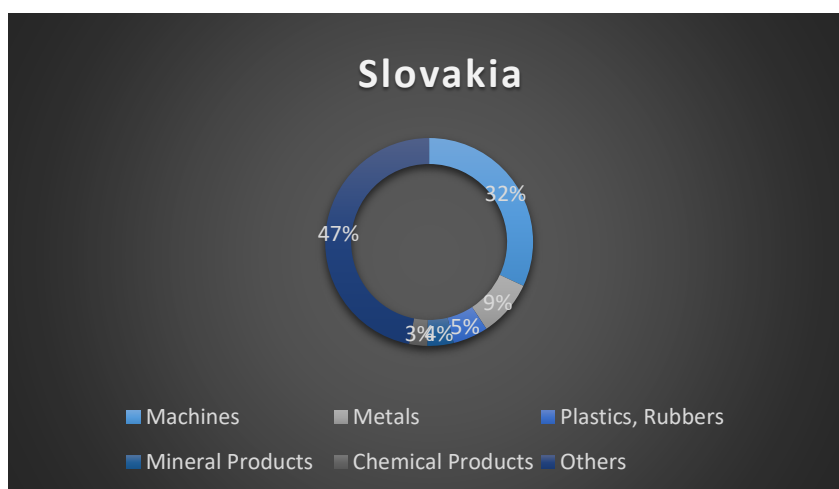
Source: OEC

Figure 20. Export commodities of Portugal; % of export; HS2 commodities



Source: OEC

Figure 21. Export commodities of Slovakia; % of export; HS2 commodities



Source: OEC