CHAPTER 20

ENHANCING THE ECONOMIC DIPLOMACY CAPACITY AND PERFORMANCE OF TÜRKİYE IN THE NEW GLOBAL ECONOMIC & POLITICAL TRANSFORMATIONS: A MODEL PROPOSAL

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Abstract

Diplomacy refers to the daily conduct of foreign policy. Regarding global and regional geopolitical, economic, and military shifts, the way and the tools of both foreign policy and diplomacy have been changing. Some states are more adaptive to these structural changes, but most are not very successful in adapting their institutions to these circumstances. This paper will first define the changing nature of diplomacy with its economic and commercial axis and then examine the current economic diplomacy structure (actors, tools, data gathering, and analyzing) of the Republic of Türkiye. This paper will also present a new model of how the capacity and performance of the economic diplomacy of Türkiye enhanced. In what senses Türkiye can/should transform its institutional body to be more influential in this new era? The data will be analyzed from the selected macroeconomic indicators of Türkiye. These indicators are economic growth, exports, imports, foreign direct investment, and portfolio investment alongside employment, inflation, public debt, and budget data. Selected indicators will be used as part of the econometric model, which will be properly tested for this study. Thus, this study will have an interdisciplinary approach to political economy, international relations, and econometrics.

Keywords

Economic Diplomacy, Political Economy, Institutions, Model, Türkiye

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Introduction

Since the world witnessed a different crisis in the 21st Century, this century is also considered the 'Age of Crises'. These crises have varied political, economic, social, and security circumstances. The years have already started with the new security architecture relying on the 9/11 terrorist attacks. Then, global challenges are mostly based on changing threats and their reflections on global governance. NATO and the United Nations Security Council have legitimately agreed on combating global terrorism. Terrorism becomes the main agenda of the first years of this age. Then with the lack of well-functioning institutions and rules the world saw one of the biggest economic and financial crises in 2008.

The recent global economic and financial crisis has fundamentally questioned the crisis management mechanisms of international institutions. Monitoring the global economy trends and its deficits become the main agenda for global economic transformations. More particularly, the global political economy focused on reducing the effects of this unpredictability. The global economic and financial crisis has negative impacts on not just the economy but also the state and society as well. The global rise of populism is one of the main results of these deficits. Particularly, the right wind of populism become a new phenomenon in European politics because of the decline of the wealthy states.

The then civil war in Syria has challenged global peace since 2011. The annexation of Crimea by Russia in 2014 and the Russia – Ukraine war started in 2022 till now, at least the Israel – Gaza war has become the main geopolitical shift of this first quarter of 2024. In addition to political crises, COVID-19 health disease is becoming one of the most influential accelerators for this crisis management mechanism. Thus, global inflation is still high, and the Central banks are trying to keep it under control, the projections are steady for the upcoming months (IMF, 2024).

All the transformations need a flagship actor to tackle with. Being lack of any institutional sanction, the UN Security Council would not stop the ongoing political and security challenges. The G20 becomes a prominent crisis management mechanism after the global financial and economic crisis. The G20 represents roughly 85% percent of global GDP and two-thirds of the world population. It emerged as a leading body for international economic performance (Ekren & Asal, 2020). Despite being lack of a permanent secretariat the G20 has become one of the most significant crisis management platforms for both developed and developing states.

Globalization is one of the main insistent factors in this economic and diplomatic transformation as well. States, societies, economies, and businesses are all connected by globalization. Whether globalization serves both opportunities and threats to the supply and demand side of the national economies, institutionalism and crisis management capacities determine their economic performances. Macroeconomic performance indicators as such; GDP, employment, capital stock, and Foreign Direct Investments (FDI) are directly linked to the national economic capacity of a country and its international economic effectiveness. Thus, states are becoming more aware of their common governance of economy and diplomacy.

We argue that both the contemporary crisis management mechanisms and actors are not enough to understand today's global transformations. Because both the reasons and reflections are not just on the state or market side. There is a strict need to look at the crises from both the state and the market side. This is why, we prefer to use Economic Diplomacy conceptualization which refers to how economic and financial concerns can leverage the state's capacity to enhance diplomatic effectiveness. The term economic diplomacy has been used as common governance of foreign economic relations of the public authorities and private sector in this study. Thus, foreign direct investments (FDI), trade relations, and selected macroeconomic performance indicators are considered the variables of the economic diplomacy conceptualization.

Global political economy (GPE) refers to the political and economic governance of world politics (Gilpin, 1987). The relations between the real sector (companies), financial and economic institutions, and public authorities are the main underpinnings of this global governance. Thus, the global transformations do not affect just politics but also the reflections have mostly seen both economic and state affairs. The term transformation reflects itself on the state, society, and economics (Polanyi, 2018). Thus, we use the GPE methodology (real sector, economic and financial institutions, and state dialectics) to analyse the current economic and political crisis.

This paper will respond to the following research questions:

1. In what senses do the states need to conduct diplomacy in more economic concerns?
2. Why the effects of the 21st age global transformations be decreased/overcome by the new cooperation/consensus of state and private sector/companies?
3. How can Türkiye enhance its economic diplomacy in the global political and economic transformation era?

This paper will present an econometric model for Türkiye in the G20 country's macroeconomic indicators. Comparative political economy mannerisms will be used in this econometric analysis. The research gap is limited in the first quarter of the 21st age. This is why the data are selected from 2000-2023, which are up to date.

Economic Diplomacy: Theoretical Concepts and Reflections for Türkiye

Classical diplomacy is based on state-to-state affairs. These affairs consist of consular services, diplomatic correspondences, and bilateral/multilateral trade facilities. Regarding changes in the dynamics of international relations, diplomacy has been also transformed. This transformation occurred both in the formulation and execution of diplomacy. Thus, the actors, variables, and executive manners of diplomacy varied. Economic, financial, and commercial ways of conducting foreign policy have become prominent in this diplomatic transformation. States have crucially started to transform their inner bodies and institutions to become more effective in this new – new[1] diplomacy structure.

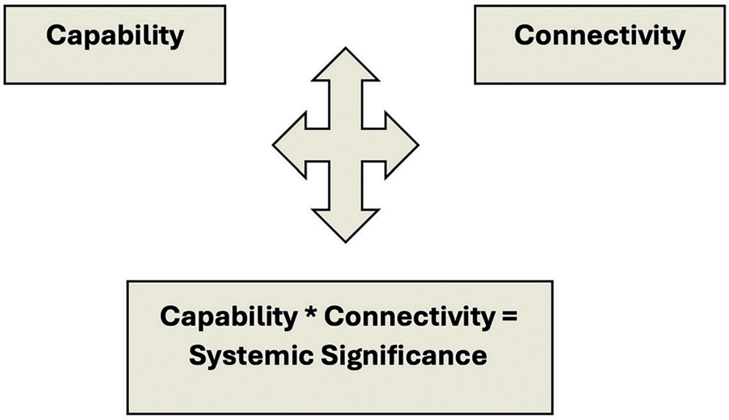
The new–new diplomacy reflected itself on first becoming more network diplomacy (Erler Bayır, 2023). More particularly, two sides of diplomacy have been expanded. States become more sensitive to the global public, social media, digital platforms, business, commercial, and financial units as well. Ministers used to start more commercial and diplomatic correspondence to increase trade volumes and financial integration whether in bilateral as well as multilateral relations. Business associations, boards, and units are becoming the main accompaniers to the Minister's official visits. Trade volumes and its competitiveness and cooperation capacity directly become the main impact factor for diplomatic relations. Even, economic, and financial sanctions have started to use effective diplomatic mechanisms to avoid or start new aggressions. The US sanctions on Iran and the global sanctions on the Russian Federation are examples of these economic impact instruments on foreign policy.

The political and economic transformations as well as challenges create a new diplomacy mannerism. States both need the national capability to avoid the negative effects and connectivity to integrate their inner bodies to the positive sides of the new world order. This relational approach results in the systemic significance of the state. As Kirton (2021) defines the relations between capability and connectivity;

> Yet as the 21st century started, the process of globalization made connectivity among countries and their societies as important as their relative capabilities in defining who was needed in the top-tier global governance club. Connected countries were vulnerable to importing contagious infections from elsewhere and made others vulnerable by exporting home-grown ones abroad."

1 This term refers to the general transformation of diplomacy. The old one refers to the classical way of diplomacy, which considers state–to–state. The new refers to changes in the type of actors of diplomacy.

Figure 1
The Concept of Systemic Significance (*Source*: *Kirton*, 2021)



The systemic significance of a state is not just concerning the positive sides of the relations it also can avoid negative results, sanctions, and political economy reflections as well. Regarding the transformation of global affairs, diplomacy become more economic and financial reflections. Government support becomes crucial in this 21st-century political and economic crisis to overcome it. Even starting with the 1997 Asian financial crisis till now, almost all the economic crises challenged the free-market economy and the invisible hand of Adam Smith. In 2008, the USA and other developed countries supported their economies with stimulus packages. In the COVID-19 crisis, the redeemer role of the state again emerged.

Economic diplomacy serves the philosophical and institutional lay behind these activities. Economic diplomacy can be defined as the transformation of diplomacy into more economic concerns, activities, and decisions (Bayne & Woolcock, 2013). Economic diplomacy is the general structure of diplomatic transformation from being just state to state to more market based (Woolcock, 2012). The activities of this economic diplomacy can be defined as commercial diplomacy (Asal et al., 2021).

Commercial diplomacy is one of the government services to the business world that aims to expand their activities even regional markets and global ventures (Kostecki & Naray, 2007). The actors of commercial diplomacy in a country range from the high policy level, head of state, minister of foreign affairs, minister of trade, ambassadors, and the lower level of specific diplomatic representatives, attaché, and commercial diplomats. According to Villanueva, the first objective of commercial diplomacy is increasing exports and international trade; but in the long run, commercial diplomacy's ultimate and indirect objectives are economic growth and prosperity (Villanueva Lop, 2017).

North (2002) also argues that the economic performances of countries depend on their institutions and rules. When we compare the economic diplomacy performances of the states, it's seen that the G7 countries, developed ones, are also pioneers of economic diplomacy. Some states are more adaptive to this diplomatic transformation. United Kingdom, Belgium, and the United States are forefront in this manner (Fisher et al., 2016). They have both experienced international trade and political relations. This is why, these countries also institutionally conduct and effectively use those affairs.

Economic diplomacy is also an activity that tries to attract more Foreign Direct Investments (FDI) to the host country. Thus, commercial, and financial intelligence, networking & public diplomacy, images, and the global reputation of the country become very significant for this attraction. FDI is one of the most cost-effective investments in these turbulent global affairs. It has no borrowing mechanism to grow the economy. In today's global affairs public image and reputation of the country are strong signals for both FDI and long-term investments. Economic diplomacy merges the government and business objectives. Then it becomes the common governance of the foreign economic relations of these actors. The expanding way of diplomacy becomes more network diplomacy than previous models.

Economic diplomacy is also defined as the process through which countries work at home and abroad to maximize their national interests and gain. National gain consists here of all economic fields including trade, investment, and other economically beneficial exchanges (Rana, 2007; International Trade Centre – ITC, 2019). All these beneficial parts of economic diplomacy need to have strong institutional transformation and mechanisms. Economic diplomacy coordinates trade missions and investment promotion of the host country (Ruël et al., 2013). This also shows how the Ministry of Foreign Affairs and Trade should coordinate to reach the economic diplomacy targets of the host country. Embassies and consulates are transforming itself to this perspective (Ruël & Zuidema, 2012). They are both starting to use effective digital diplomacy mechanisms and manners. The commercial background and skills of the classical diplomats are also enhanced (ITC, 2019).

While the general structure of classical diplomacy become more economic and commercial, Turkish foreign policy has been challenged by the shifts and transformations in international politics (Altunışık, 2022). Almost all geopolitical shifts are located around the Republic of Türkiye's countryside, the Russia and Ukraine war, Israel's war on Gaza, the Iran dispute, and the Syrian as well as Libyan internal wars. Those crises directly reflect on trade issues as well. Turkish foreign policy has a strong experience on how to tackle multidimensional problems. Thus, it has always tried to keep peace, security, and prosperity together. Multilateralism and multi-functionality of Turkish Foreign Policy and Diplomatic effectiveness strengthen this background.

The institutional structure of Turkish economic diplomacy is created by the efforts of both the public and private sectors. The rising demand of the private sector to reach more global markets enforces as well as enhances Turkish economic diplomacy. Turkish Exporters Assembly (TİM) and Board of Foreign Economic Relations (DEİK) are the main two institutional mechanisms that support Türkiye's economic diplomacy efforts. At the Ministry level Turkish Ministry of Trade and the Ministry of Foreign Affairs are transforming their inner body to support more economic and commercial activities. We argue that these efforts should be merged and create a common economic diplomacy target to enhance Türkiye's regional and global economic diplomacy capacity. The figures in this study, tell us Türkiye has this economic infrastructure but needs to have more governmental skills/supports.

While Türkiye is trying to enhance its economic diplomacy structure, public diplomacy and its image of Türkiye should be considered a leverage for economic diplomacy activities. If the country's image and reputation are not governed well, not just for Türkiye but also for others, this becomes a challenge for economic diplomacy and brand marketing. Thus, Türkiye needs a holistic view and transformation of brand management.

We compare the macroeconomic indicators of Türkiye and other selected economies below.

Comparative Macroeconomic Indicators of Türkiye and the Selected G20 Economies

Data and Methodology

This study evaluated economic diplomacy and macroeconomic relations by considering two different approaches. Firstly, the changes in economic growth, GDP, exports, imports, foreign direct investment, and portfolio investment data of G20 countries in the 2000-2023 period are analysed. Thus, the course of macroeconomic indicators is considered as the performance of the central government of the country and its representative offices abroad. The current dollar value of GDP and its growth rate reflect the consolidated result of macroeconomic performance. International goods and services and capital flows play an important role in national economic activities that effectively achieve this result. The trend of international movements of goods and services and capital flows is the joint result of the economic diplomacy designed, planned, and implemented by the public sector and the strategies and policies pursued by the private sector within this framework. In other words, these indicators reflect the economic diplomacy performance of the central government and its joint efforts with the economic management.

In the other approach, the economic performance of the countries for the period 2000-2022 is analysed with the MOORA method, which includes economic growth, exports, imports, foreign direct investment, and portfolio investment data as well as employment, inflation, public debt, and budget data. with this approach, both the impact of macroeconomic indicators on performance and the costs that the public sector should bear in this framework (budget balance, debt balance) are emphasized. Furthermore, the function of the private sector in economic diplomacy is reflected in the index with indicators representing the trade deficit.

We call the direction and way of using diplomacy to achieve the international and global economic goals and objectives of state's economic diplomacy. It also encountered the use of economic diplomacy with the private sector. The indicators: economic growth, exports, imports, foreign direct investment, and portfolio investment data as well as employment, inflation, public debt, and budget data, are used in the econometric model in this study and were determined within the framework of this definition.

Table 1
Variables

Codes	Descriptions	Source
GRW	*Gross domestic product, constant prices growth rate*	*World Bank, IMF, OECD*
GDP	*GDP (current US$)*	
BUD	*General government structural balance (% of GDP)*	
DEPT	*General government gross debt (% of GDP)*	
Exp	*Exports of goods and services (% of GDP)*	
Imp	*Imports of goods and services (% of GDP)*	
FDI	*Foreign direct investment, net inflows (% of GDP)*	
PRT	*Portfolio investment, net (% of GDP)*	
INF	*Inflation, average consumer prices (yoy)*	

MOORA (Multi-Objective Optimization by Ratio Analysis Method) method was developed by Brauers and Zavadskas (2006) and has become widely used over the years. MOORA can be implemented in two different ways: ratio analysis method and reference point approach. In this study, only the ratio analysis method is explained since it's the method of choice. The ratio analysis method is utilized to determine the relative importance of each criterion compared to others. In this method, the best and worst values for each criterion are identified, and the distance of each alternative to these best and worst values is calculated. Then, the normalized value for each criterion for each alternative is calculated, and their weighted sums are used to determine the overall performance of each alternative. Thus, the MOORA method allows for the comparison and ranking of different alternatives in multi-criteria decision-making problems.

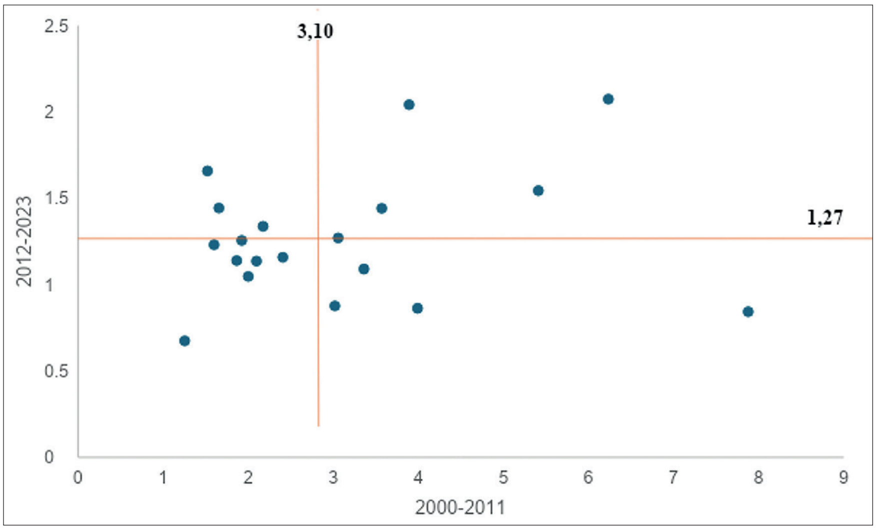
Model: $y=(GRW+BUD+DEBT+EXP+EMP+FDI+PRT)-(IMP+INF)$

Performance Review of Economic Growth and Foreign Economic Relations

The consolidated result of macroeconomic performance has been examined for the period 2000-2023 based on the current dollar value of GDP, the growth rate, and international trade in goods and services, as well as capital flows. The performance of G20 countries has been analysed by dividing them into two periods: 2000-2011 and 2012-2023.

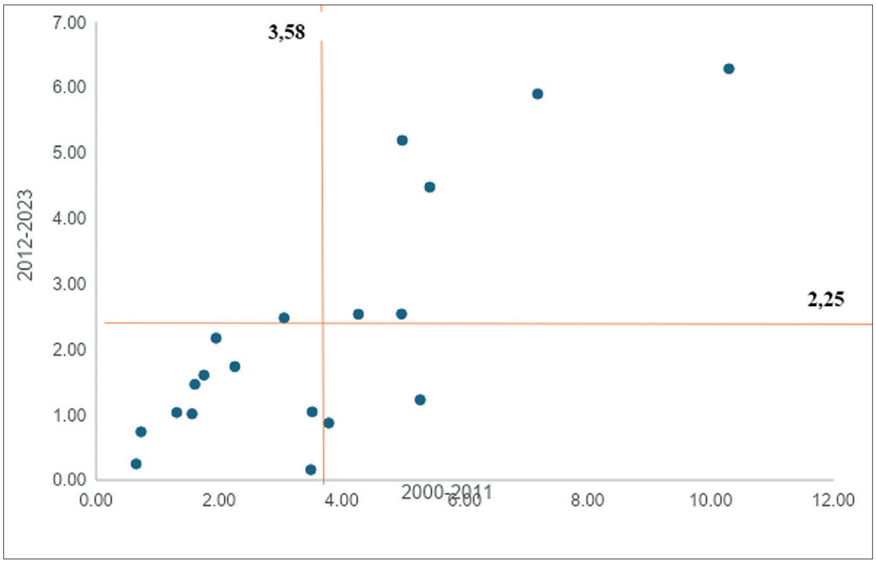
Between 2000 and 2011, the Gross Domestic Product (GDP) of G20 countries increased by 3.1 times, while from 2012 to 2023, it showed a growth of 1.27 times. During the period from 2000 to 2011, Japan, the USA, the UK, Mexico, Argentina, Germany, Italy, France, Korea, Canada, South Africa, and Türkiye remained below the G20 average, whereas from 2012 to 2023, Japan, Russia, Brazil, South Africa, Italy, Australia, Argentina, France, Canada, the UK, and France fell below the G20 average. China, India, Indonesia, and Saudi Arabia outperformed the G20 average in both periods, while Japan, South Africa, Italy, Argentina, France, Canada, the UK, and France fell below the average in both periods.

Figure 2
GDP Performance of G20 Countries
**Calculated considering , showing the proportional increase between the relevant years*



When examining the average growth rates during the specified periods, it is evident that the levels reached by the GDP of the countries are a result of their achieved growth rates. In this context, it is observed that during the 2000-2011 period, the average growth rates of Italy, Japan, Germany, France, the United Kingdom, Mexico, the United States, Canada, Australia, Argentina, and South Africa were lower than the G20 average of 3.58%, except for Australia. Additionally, during the 2012-2023 period, except for Australia, Brazil, and Russia, the average growth rates of these countries were also lower than the G20 average of 2.25%. On the other hand, China, India, Türkiye, Indonesia, Korea, and Saudi Arabia have consistently achieved growth rates above the G20 averages in both periods.

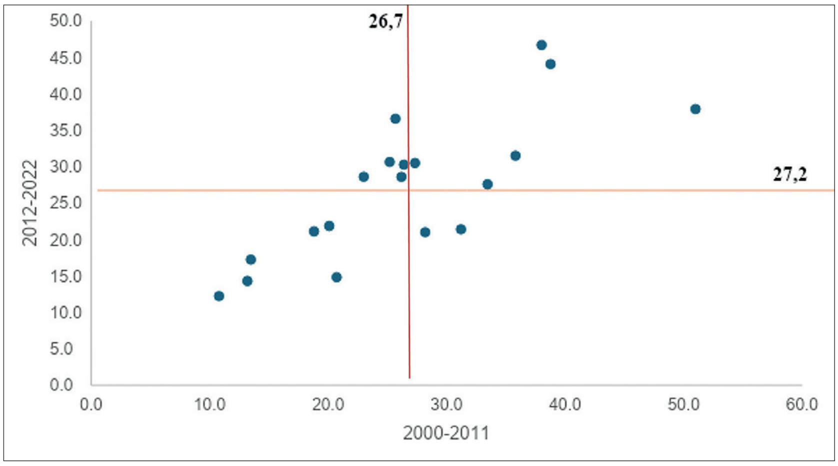
Figure 3
Average Growth Performance of G20 Countries (%)



Economic diplomacy stands as one of the foremost areas shaping countries' external economic relations. These external economic relations are framed within the context of trade and capital movements in an open economy, and their implications on the national economy are generally evaluated through the balance of payments. Moreover, the indicators providing important information about the economy's openness are acknowledged to be crucial in identifying areas of advantage and vulnerability.

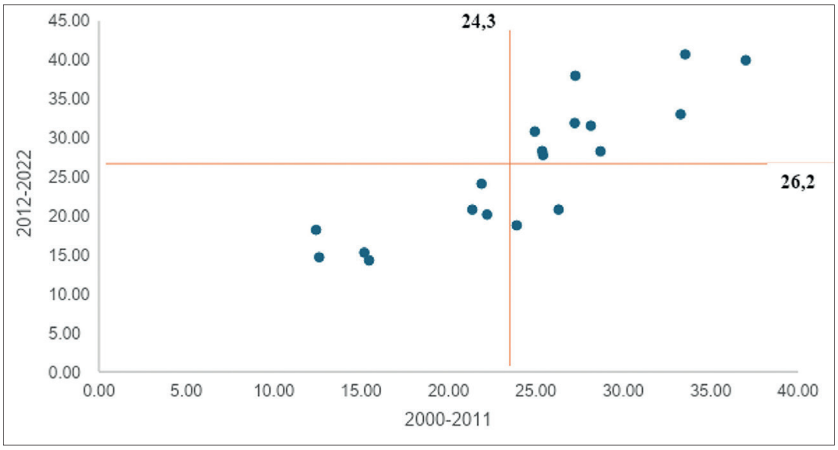
Firstly, when examining the trade activities among countries, it is essential to consider the levels of exports and imports, which constitute a significant portion of the current account balance. In this regard, the ratio of merchandise and service exports to GDP among G20 countries averaged 26.7% during the 2000-2011 period and 27.2% during the 2012-2022 period. While Saudi Arabia, Korea, Germany, Canada, Russia, and France had export/GDP ratios above the G20 average in both periods, China and Indonesia had higher export/GDP ratios during the 2000-2011 period, and Mexico, Italy, Türkiye, South Africa, and the United Kingdom had higher ratios during the 2012-2022 period compared to the G20 average. However, in the United States and other countries, the export/GDP ratio was below the G20 average in both periods.

Figure 4
Average Exports of Goods and Services (% of GDP) Performance of G20 Countries (%)



The fact that the ratio of imports to GDP is lower than that of exports in the G20 averages indicates that the foreign trade balance in this group of countries is in surplus, while the convergence of export and import ratios in the 2012-2022 period indicates that this surplus is decreasing. The average import/GDP ratios of South Korea, Germany, Mexico, France, the United Kingdom, Saudi Arabia, Türkiye, Italy, Italy, and South Korea were above the G20 average in both periods, while the average ratios of Indonesia and China were above the G20 average in the 2000-2011 period. Other countries had an import/GDP ratio lower than the G20 averages in both periods.

Figure 5
Average Import of Goods and Services (% of GDP) Performance of G20 Countries (%)

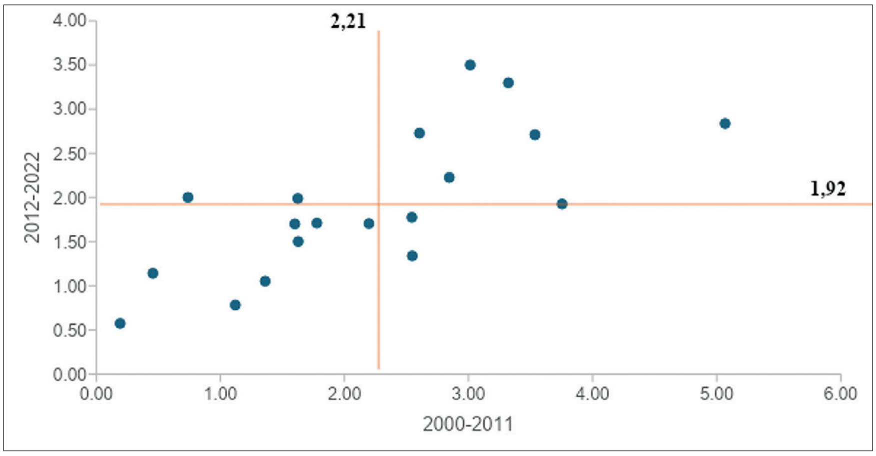


The fluctuation in the FDI/GDP ratio among G20 countries can be attributed to various factors such as economic policies, investment attractiveness, market size, political stability, regulatory environment, and global economic conditions. Countries with stable political environments and strong economic fundamentals, with policies that encourage foreign investment, tend to attract higher levels of FDI relative to their GDP. On the other hand, countries facing economic difficulties, political instability or regulatory barriers may have low levels of FDI.

Differences in FDI/GDP ratios across countries can be seen as a proxy for the level of foreign investment and trade openness as well as the degree of integration into global value chains. Moreover, changes in global economic conditions, such as shifts in investor sentiment, changes in interest rates or geopolitical tensions, can affect FDI flows and contribute to fluctuations in the FDI/GDP ratio over time.

A breakdown of the trends in capital flows shows that the ratio of FDI to GDP in G20 countries averaged 2.21 per cent in the 2000-2011 period and 1.92 per cent in the 2012-2022 period. While the FDI/GDP ratio of the UK, Brazil, Canada, Germany, China, France, Mexico, and Australia was above the G20 average in both periods, Japan, Saudi Arabia, Türkiye, Italy, Korea, the USA and India had FDI/GDP ratios below the G20 average in both periods.

Figure 6
Average Foreign Direct Investment, Net Inflows (% of GDP) Performance of G20 Countries (%)



The negative ratios of portfolio investments to GDP in the given periods indicate that, on average, G20 countries experienced net outflows of portfolio investments relative to their GDP. However, it's noteworthy that some individual countries, such as Saudi Arabia and Russia, had positive portfolio investment/GDP ratios in both periods, implying that they attracted more portfolio investments than they invested abroad relative to the size of their economies.

On the other hand, countries like Saudi Arabia and Russia have positive portfolio investment/GDP ratios in both periods, while China and Argentina have positive values in the 2000-2011 period and Japan, Italy Germany, and Korea have positive values in the 2012-2022 period.

Positive portfolio investment/GDP ratios generally indicate investor confidence and the attractiveness of a country's financial markets to foreign investors. These investments can contribute to economic growth and development by providing access to capital, technology, and expertise. However, negative ratios may signal concerns about economic stability, political uncertainty, or other factors that deter foreign investment.

Figure 7
Average Portfolio Investment, Net (% of GDP) Performance of G20 Countries (%)

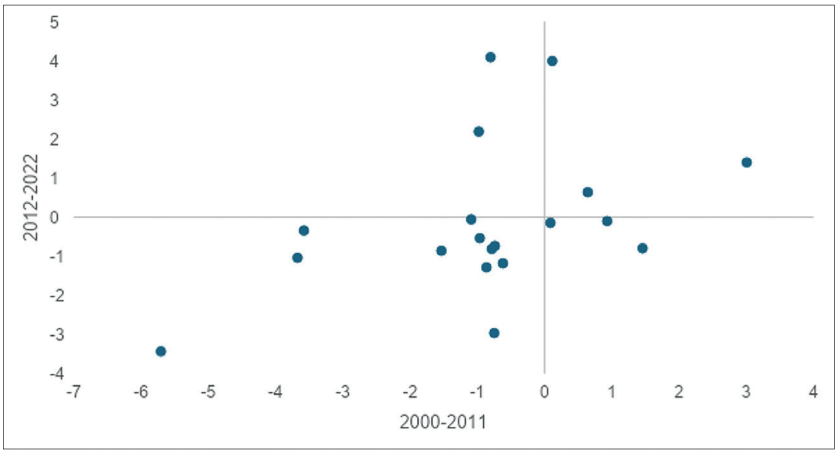


Table 2
Trend of G20 Countries 2000-2023

	GDP*	Growth**	Exp/GDP**	Imp/GDP**	FDI/GDP**	PRT/GDP**
	2000-2023	2000-2023	2000-2022	2000-2022	2000-2022	2000-2022
Argentina	2,2	1,8	17,9	14,9	2,0	0,38
Australia	4,1	2,8	20,9	21,1	3,3	-2,03
Brazil	3,2	2,3	13,7	13,6	3,2	-0,60
Canada	2,8	2,0	33,7	33,2	3,1	-1,81
China	14,6	8,3	24,8	21,5	2,9	-0,02
France	2,2	1,3	28,8	29,5	2,2	-1,21
Germany	2,3	1,2	42,2	37,0	2,5	1,97
India	8,0	6,5	19,9	23,0	1,6	-0,76
Indonesia	8,6	5,0	26,5	23,7	1,3	-1,07
Italy	1,9	0,4	27,8	26,8	1,2	1,54
Japan	0,9	0,7	15,3	15,2	0,4	0,44
Korea	3,0	3,8	41,3	38,4	1,0	0,54
Mexico	2,4	1,7	30,9	32,4	2,7	-0,89
Russia	7,2	3,3	30,6	21,2	2,0	0,64
Saudi Arabia	5,6	3,4	44,7	28,5	0,8	2,24
South Africa	2,5	2,3	27,3	26,5	1,8	-0,80
Türkiye	4,1	5,1	25,7	27,7	1,6	-0,74
UK	2,0	1,5	28,3	29,8	4,0	-4,62
USA	2,6	2,1	11,5	15,2	1,7	-2,41
G20	**4,2**	**26,9**	**25,2**	**2,1**	**2,1**	**-0,48**

** Calculated considering , showing the proportional increase between the relevant years.*
*** It represents the average of the relevant years.*

Results of the MOORA Method

When the performance of countries in the analysed periods is examined based on the components of the MOORA model, it is observed that advanced economies within the G20 generally demonstrate stable and high performance. Especially, Germany, despite experiencing a significant performance decline from the period of 2000-2004 to 2010-2014, has exhibited the highest performance among other advanced countries after the 2014 period.

On the other hand, the performance of emerging market economies is more variable compared to advanced countries. Depending on economic growth, political uncertainties, and other factors, countries like Brazil, Russia, and some other emerging market economies have generally shown fluctuating performance. Among emerging market countries, countries showing a strong economic growth trend such as China and Russia have experienced significant changes in their performance from the period 2010-2014 to 2015-2019, with a notable decline in their performance between these periods. Countries like Türkiye, India, and Saudi Arabia have steadily increased their performance over time, following a general trend from the period of 2000-2004 to 2020-2022. Indeed, countries with strong performance like China and Germany generally have high levels of exports and imports. Countries like Brazil and Türkiye have experienced periodic trade imbalances and are countries with import deficits.

Table 3
*Performances of G20 Countries**

	2000-2004	2005-2009	2010-2014	2015-2019	2020-2022
Argentina	9	8	14	18	18
Australia	8	13	9	7	8
Brazil	9	9	11	12	8
Canada	5	4	9	9	13
China	3	2	2	6	8
France	8	10	15	8	12
Germany	12	9	2	1	5
India	18	14	16	12	14
Indonesia	12	12	8	11	9
Italy	12	13	8	4	2
Japan	9	6	9	4	10
Korea	7	8	7	3	5
Mexico	10	12	14	13	8
Russia	6	8	8	12	10
Saudi Arabia	7	4	3	16	7
South Africa	11	14	17	17	9
Türkiye	15	15	14	15	16
UK	12	14	11	10	12
USA	16	15	11	10	16

** See annex table1 for annual performances.*

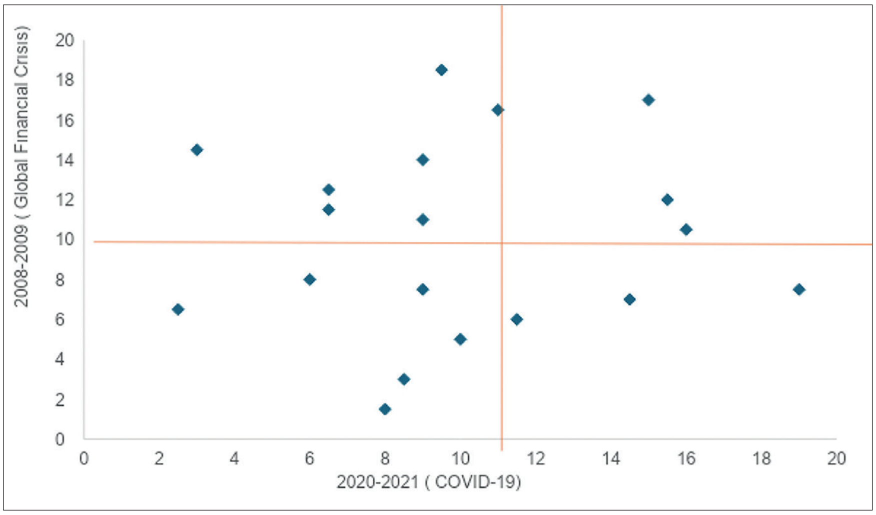
During the Global Financial Crisis (2008-2009) period, advanced economies generally experienced fluctuations and were significantly affected. However, some countries like Germany and Japan performed better compared to others. Especially export-oriented economies maintained their resilience despite the decrease in trade. Emerging market economies generally experienced fluctuations during this period. However, some countries such as Brazil, India, and China seized the crisis as an opportunity and relatively performed well. These countries implemented various stimulus measures to strengthen domestic consumption and local markets.

During the COVID-19 Pandemic (2020-2021) period, emerging market economies were more affected by the economic consequences of the pandemic. Particularly, countries like Mexico, Brazil, and India faced difficulties in the economic recovery process due to weak healthcare systems and limited financial resources. However, some countries like China responded quickly and effectively to the pandemic, aiming to minimize the economic impacts. During this period, advanced economies responded more rapidly and effectively to the pandemic. Especially countries like Germany and Canada took leading roles in economic recovery. These countries endeavoured to minimize economic contraction by strengthening healthcare systems and providing comprehensive financial support packages.

A significant part of the selected indicators is related to foreign economic relations. Exports, imports, foreign direct investment, and as well as portfolio investment are part of these indicators. It is understood that countries with relatively better indicators are also have better economic diplomacy capacity and performance within the framework we defined above. To increase this capacity and performance, the relevant institutional and organizational structure needs to be established for these two stakeholders (government and private sector). Achieving the global goals of the national economy in this coordination must be improved. In other words, the state will facilitate the interstate relations and legislation part of the issue, and the private sector will facilitate a model that will be responsible for activating the supply, production, and marketing processes. It is possible to evaluate the purpose of the model and the results it aims to achieve within this framework.

Figure 8

Performances of G20 Countries During Crisis



Conclusion and Recommendations

When economic diplomacy is expressed as the use of the diplomatic process to achieve economic goals, the course of macroeconomic indicators can be associated with the performance of the country's central government and foreign representatives. In this context, the value of GDP in current dollars and the growth rate reflect the consolidated result of macroeconomic performance.

International movements of goods and services and capital flows have an important role in national economic activities that are effective in achieving this result. The trend followed by international goods and services movements and capital flows is the common result of the economic diplomacy designed, planned, and implemented by the public and the strategies and policies followed by the private sector within this framework. In other words, the indicators in question result from the central government's economic diplomacy performance and joint efforts with economic management. In the next period of the 21st century, national and global economic outlooks will be considered, and the sub-components of these indicators and other international goods and services movements and follow-up of capital flows point to the importance of the capacity and performance of the central government and the private sector in line with the globalization target. Considering the index created by adding budget balance, debt balance, inflation rate, and employment rate indicators apart from these indicators, both the impact of macroeconomic indicators on performance and the costs that the public must bear within this framework (budget balance, debt balance) are emphasized.

On the other hand, the function of the private sector in economic diplomacy is reflected in the index with indicators representing the foreign trade deficit. Although economic diplomacy is largely considered the activity of the central government, the fact that it is an outcome of the consensus of the private and public sectors should not be neglected. The global political and economic transformations are challenging both diplomacy and its classical actors. Thus, states are trying to create new mechanisms/tools to enhance their both economic and diplomatic effectiveness.

We examined and compared these global transformations in Turkish economic diplomacy in the G20 economies. The general results are shown in the figures listed above. Whether in the average of the G20 economies Türkiye did a lot successfully but in the almost five years till now, institutional adoption capacity to the global crises has declined.

We have the recommendations listed below as a response to the research questions mentioned in this study.

1. An institutional coordination platform/board should be launched by the government, between business and public authorities to enhance the economic diplomacy capacity of Türkiye.
2. The private sector should enhance the competitiveness capacity of the firms by using high-performance global company examples/brands.
3. Public authorities of Türkiye should create a relevant/effective political, societal, cultural, and economic environment to support economic diplomacy activities. Judiciary and structural reforms should be accelerated to attract more FDIs.
4. Multilateralism and multifunctionality of Turkish Foreign Policy should expand its regional influence/skills and financial integration capacity by using economic diplomacy strategies, such as regional customs union/Turkic states, free trade agreements, areas, etc.
5. The new mixed economy model should be grounded on the new private and public institutions consensus.
6. Türkiye should prioritize the crisis management capacity and performance of the national economy, build qualified crisis prediction and monitoring mechanisms in the light of current experiences, and increase the sensitivity of the National economy to the conjuncture (crisis-recovery-revival).

Annex Table 1
Annual Performances of G20 Countries

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Argentina	17	17	9	2	2	4	11	10	7	8	6	13	16	17	19	15	19	19	19	19	19	19	17
Australia	9	9	4	16	3	19	18	4	12	10	18	6	5	10	8	12	7	8	4	3	11	7	7
Brazil	10	7	5	17	7	13	12	11	4	6	7	8	10	12	17	18	16	11	11	6	7	13	5
Canada	1	4	2	5	12	3	3	1	5	9	13	12	11	5	4	8	13	12	5	5	18	11	11
China	6	3	1	3	4	2	2	3	2	1	2	2	3	2	2	3	6	4	9	9	6	10	8
France	14	8	6	8	6	7	5	5	14	19	17	18	13	13	12	7	8	6	7	12	16	6	14
Germany	3	15	16	9	17	8	7	18	11	2	1	3	4	1	1	1	2	1	1	1	2	3	9
India	18	18	18	18	18	17	15	16	13	11	19	16	17	16	14	10	10	14	12	14	15	16	10
Indonesia	7	14	11	11	15	16	17	13	8	4	8	4	7	8	13	13	11	9	10	10	9	14	3
Italy	8	11	15	12	16	14	14	9	17	12	5	7	14	7	7	2	1	3	2	11	4	2	1
Japan	13	10	7	7	8	6	9	8	3	3	3	11	6	14	11	4	3	5	6	4	5	12	12
Korea	5	5	3	10	11	9	8	7	9	7	9	9	9	4	3	5	4	2	3	2	3	9	4
Mexico	15	12	8	6	9	11	10	12	15	13	11	15	15	15	16	11	12	15	14	15	10	8	6
Russia	4	6	10	4	5	5	6	6	6	17	10	5	8	9	10	19	14	13	8	8	8	5	18
Saudi Arabia	2	13	19	1	1	1	1	2	1	14	4	1	1	3	6	16	17	17	15	16	14	4	2
South Africa	12	2	12	14	14	12	19	15	10	15	16	17	18	18	18	17	18	18	16	18	12	1	13
Türkiye	19	19	13	13	13	15	13	14	18	16	14	10	19	11	15	9	15	16	17	17	13	17	19
UK	16	1	14	19	10	10	4	17	19	18	12	19	2	19	5	14	5	7	18	7	1	18	16
USA	11	16	17	15	19	18	16	19	16	5	15	14	12	6	9	6	9	10	13	13	17	15	15

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