

# Competitors or Collaborators:

*A comparison of the commercial diplomacy policies  
and practices of EU Member States*



# **Master thesis**

**UNIVERSITEIT TWENTE.**

**Master Business Administration**

**Track: International Management**

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**Date: 15-06-2012**

## Abstract

Commercial diplomacy within the EU is currently a matter of the individual EU member states. This results in different policies and practices per EU member state. But to what extent do commercial diplomacy policies and practices differ? This chapter presents the results of a comparative study on EU member state commercial diplomacy policies and practices. The policy goals and practices of all twenty seven member state were assessed via document analysis and interviews with commercial diplomats. The findings show considerable differences in terms of the responsible ministry, the policy focus, the network of foreign posts and the work performed at the foreign post. However, countries that entered the EU first seem to be similar regarding commercial diplomacy *policy* and *practices* characteristics, as well as the countries that entered the EU after 2003. Furthermore, the results of statistical tests show that countries that entered first are similar in size, wealth, share of EU trade, number of embassies inside the EU, number of employees at the foreign post and the activism of the foreign post. These similarities apply as well for the countries that entered the EU after 2003. Overall, this study concludes that home country characteristics (size, culture, government), host country characteristics (institutions, culture, regime) and the relationship between a home country (of a foreign post) and a host country (location of a foreign post) affect the commercial diplomacy policies and practices of a country.

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## List of Abbreviations

AFAQ	Association for Academic Quality
AHK	Außen Handelskammer (German Chamber of commerce abroad)
AICEP	Associação Internacional das Comunicações de Expressão Portuguesa (Portuguese Investment & Trade agency)
ASEAN	The Association of Southeast Asian Nations
AWO	Außen Wirtschaft Österreich (Austrian Chamber of commerce abroad)
BDI	Bundesverband der Deutschen Industrie
BORZA	Business Opportunities Exchange System
CCCI	Cyprus Chamber of Commerce and Industry
CFSP	Common Foreign and Security Policy
CSR	Corporate Social Responsibility
CZK	Czech Koruna
DCCA	Danish Commerce and Companies Agency
DG	Directorate General
DIHK	Deutscher Industrie- und Handelskammer (German Chamber of Commerce and Industry)
DKK	Danish Kroner
EC	European Community
ECCI	Estonian Chamber of Commerce and Industry
ECSC	European Coal and Steel Community
EcoFin	Economic and Financial affairs council
EEAS	European External Action service
EEC	European Economic Community
EU	European Union
EVD	Economische Voorlichtingsdienst
FAO	Food and Agriculture Organisation
FCO	Foreign and Commonwealth Office
FIT	Flanders Investment and Trade agency
FDI	Foreign Direct Investment
GTAI	Germany Trade And Investment
HQ	Head Quarters
HUF	Hungarian Forint
IAEA	International Atomic Energy Agency
ICE	Istituto nazionale per il Commercio Estero (Institute for export promotion and commerce of Italy)
ICEX	Instituto Español de Comercio Exterior (Export agency of Spain)
IFAD	International Fund for Agriculture Development
ISO	International Organization for Standardization
IT	Information Technology
ITDH	Hungarian Investment and Trade Development Agency
JHA	Justice and Home Affairs
LIAA	Latvijas Investioju un Attistibas Agentura (Investment and Development Agency of Latvia)
LCCI	Latvian Chamber of Commerce and Industry
LfB	Luxembourg for Business
LVL	Latvian Lats
MFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
MT	Ministry of Trade
MS	Member State
NGO	Non Governmental Organisation
NL	Netherlands
OECD	Organisation for Economic Co-operation and Development

OECS	Organisation for Eastern Caribbean States
OSCE	Organisation for Security and Co-operation in Europe
R&D	Research and Development
Sario	Slovenská Agentúra pre Rozvoj Investícií a Obchodu (Slovak Investment and Trade Development Agency)
SEA	Singe European Act
SEK	Swedish Kroner
SEM	Single European Market
SME	Small Medium sized Enterprises
TEU	Treaty establishing the European Union
TPO	Trade Promotion Agencies
TTE	Transport, Telecommunications and Energy council
UK	United kingdom
UKTI	UK Trade and Investment agency
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organisation
USA	United States of America
UES	Unified External Services
VIE	Volontariat International en Entreprise (French voluntary graduates programme for international Enterprises)
WFO	World Family Organisation, World Foundry Organisation
WKO	Wirtschaft Kammer Österreich (Austrian Federal Chamber of Commerce)
WTO	World Trade Organisation



## 1.0 Introduction

This research is about commercial diplomacy. Commercial diplomacy is used by most countries in the world. Commercial diplomacy is about how governments and diplomats promote and support international economic activities of and for home country companies (Naray, 2011; Ruel and Visser, 2012; Ruel and Zuidema, 2012). Commercial diplomacy is different for each country in the world, because it depends on the political structure of a country, its regulations and government policies. This creates many different styles and approaches to commercial diplomacy within the world (Kostecki and Naray, 2007). In Europe the European Union (EU) makes rules and regulations about economic affairs that its Member States (MS) have to implement (Chalmers et.al. 2006; Nugent, 2006). The policy decisions of the EU affect the government policies of the MS about economic affairs and commercial diplomacy. One of the most important policy decisions is the creation of a single European market with no trade barriers and the free movement of goods and services to stimulate trade and economic affairs within the EU (Chalmers et.al., 2006; Moravcsik, 1991; Nugent, 2006). The policy decisions of the EU and the internal market change the commercial diplomacy policies and practices of each MS. There are mutual relations among the Member States and some bilateral diplomacy is taken over by the EU (Keukeleire, 2003). The fact that there are no trade barriers and that economic affairs have been (mostly) aligned has made some of the export tasks of embassies within the EU unnecessary (Kostecki and Naray, 2007; Naray, 2008). This means that Member States should re-order their embassies within the EU to align them with the Council and Commission decisions concerning economic affairs (Bátora and Hocking, 2008), and the EU Member States then have different commercial diplomacy policies and practices when operating within the European Union and outside the European Union.

### 1.1 Research question

It is unclear whether the commercial diplomacy policies and practices of the MS will become similar within the EU. The EU Member States have to align their policies and practices to the rules and regulations of the internal market, but this does not directly affect commercial diplomacy. Kostecki and Naray (2007), Naray (2008), and Bátora and Hocking (2008) acknowledge that within the EU there are still differences between the commercial diplomacy policies and practices of the EU Member States. Bratberg (2007) gives an example of 4 EU Member States and shows that they have different commercial diplomacy policies and practices. This comparison is however not that extensive and does not involve all EU Member States. Until now, there is no research and knowledge about how exactly all the EU Member States differ from each other or what they have in common in terms of their commercial diplomacy policies and practices within the EU. This research tries to find the differences and similarities between the commercial diplomacy policies and practices of the EU Member States and how these differences and similarities can be explained. The research question of this thesis is:

- What are the differences and similarities between the commercial diplomacy policies and practices of EU Member States within the single European market?

The following sub questions will be answered in this research:

- How does commercial diplomacy look like in the EU?
- Which factors influence commercial diplomacy?
- What are the differences and similarities between the EU MS?
- How can the differences and similarities of the MS be explained?

### 1.1.1 Relevance and significance

Research about the commercial diplomacy policies and practices of the EU Member States is scientifically relevant, because not much is known about this topic. There are articles, such as Bratberg (2007), that mention that there are differences and similarities concerning commercial diplomacy in Europe. However, none of these articles make a complete comparison of the EU Member States commercial diplomacy policies and practices. It is important to research commercial diplomacy within the EU, because the literature indicates that commercial diplomacy is different within the EU and outside the EU, yet none of the literature shows how commercial diplomacy looks like in the EU. There is a need to show how commercial diplomacy is shaped within the internal market of the EU and to show what the differences and similarities are between the Member States.

This research is also very relevant and interesting for all the Member States and EU institutions. For the EU it is a relevant study, because they can see how countries shape their commercial diplomacy policies and practices within the single European market. The EU decision makers should know in how far the Member States follow the EU regulations. The research tries to show if and how the EU policies affect commercial diplomacy within the EU. It shows which factors of commercial diplomacy have become more similar because of the EU integration and which factors are still differences between the MS. These similarities and differences are an indicator for the EU decision makers if their regulations have been implemented or should be changed. For the Member States it is a relevant study, because they can see their commercial diplomacy policies in line with their practices. The government of a MS should know if their policies are implemented correctly or that measurements have to be taken to change the policies and practices. Governments also see in this research what the commercial diplomacy policies and practices are of the other MS. It is relevant for governments to know what the other MS are doing, because it affects their political and especially their economic relation. Governments have to think if they want to adapt the same practices as other MS or that the differences should be in place to distinguish themselves from the rest. In other words, they have to think if they want to be collaborators or competitors.

This thesis continues with a literature review about commercial diplomacy. In section 2, a definition is given of commercial diplomacy. After that, commercial diplomacy in the EU is discussed. Then, the factors that influence commercial diplomacy are shown and a model is presented to indicate how and where Member States might be similar or different from each other. In section 3 the research methodology is shown. There it is explained how a policy analysis and semi-structured interviews are used to compare the EU Member States. The research design shows the way the data is collected and how the data will be compared. Section 4 contains the findings of the research and shows what the differences and similarities between the Member States are. These differences and similarities are first compared on the commercial diplomacy policy factors, and then the commercial diplomacy practices are compared. After that a possible explanation for the similarities and differences are given with the results of statistical tests. In section 5 a conclusion is drawn and the research question is answered. In the end a discussion is given about the results, the limitations of the research and the possible options for further research.

## 2.0 Diplomacy

Diplomacy, in its broad term, is an instrument for foreign policy to manage external relations. It involves communication, information sharing and negotiating between states. Diplomacy contains rules, regulations and procedures about the interaction and activities of diplomats of different countries that work in foreign posts or other organizations (Bátora and Hocking, 2008, Baylis and Smith, 2005; Kostecki and Naray, 2007; Lee and Hudson, 2004). There are different types of diplomacy. In this research the focus is on commercial diplomacy. Below the definitions of commercial diplomacy and the work of diplomats within the literature is explained. After that, EU diplomacy and commercial diplomacy between the Member States is shown. Then, the factors that influence diplomacy in general and specifically commercial diplomacy are discussed. In the end, all the factors are shown in a model and they provide the commercial diplomacy policies and practices of Member States that will be compared in this research.

### 2.1 Commercial diplomacy

Commercial diplomacy is diplomacy that focuses on the business community (Kostecki and Naray, 2007). It is about the “promotion of inward and outward investment and exports in trade” (Berridge and James, 2003: p. 42; Lee, 2004: p. 51; Saner and Yu, 2003: p. 13). An extensive definition of commercial diplomacy was given by Naray (2008) and this definition was extended by Ruel and Visser (2012). They say that “commercial diplomacy is an activity conducted by state representatives which is aimed at generating commercial gain in the form of trade and inward & outward investment for the home country by means of business & entrepreneurship promotion and facilitation activities in the host country based on supplying information about export and investment opportunities, keeping contact with key actors and maintaining networks in relevant areas” (Ruel and Visser, 2012: p2). This definition indicates that commercial diplomacy contains the work of diplomats in embassies or foreign posts that support home country business in host countries and that develop international business ventures (Berridge, 2010; Kostecki and Naray, 2007; Ruel and Visser, 2012; Ruel and Zuidema, 2012). Commercial diplomacy is performed by government employees, diplomats and other employees of foreign posts. Commercial diplomats are normally state representative, but can also be private actors with a diplomatic status that work on business promotion between the home and host country (Naray, 2011). When doing their job these diplomats have to use legal means. They have to respect the rules and regulations of the host country and should not interfere with the host country’s internal affairs (Kleiner, 2008).

According to the literature, there are several activities that commercial diplomats perform. The work of a commercial diplomat can broadly be divided into three main activities. The first activity is about providing information about “export and investment opportunities” (Berridge and James, 2003: p. 42; Saner and Yu, 2003: p. 12). Commercial diplomats provide companies with information about the investment and business opportunities in the host country, and about the market of the host country (Naray, 2008). The second activity is working as host and keeping contacts with businesses abroad and host country governments (Saner and Yu, 2003). Commercial diplomats take part in trade agreements and negotiations with the host country government and other important actors. They have to settle disputes between governments and companies and facilitate the conciliation between the parties involved in the dispute. Finally commercial diplomats have to promote the goods and services of home country business and support trade and foreign direct investment (Berridge, 2010; Berridge and James, 2003; Lee, 2004; Naray, 2008; Saner and Yu, 2003). The business promotion and

development ranges from the fields of investment, trade, science and technology, to the fields of tourism and country image (Naray, 2008; Saner and Yu, 2003).

### **2.1.1 Research definition of commercial diplomacy**

The definitions of commercial diplomacy of Berridge (2010), Berridge and James (2003), Kostecki and Naray (2007), Lee (2004), Naray (2008, 2011), Ruel and Visser (2012), Ruel and Zuidema (2012), and Saner and Yu (2003) show the extensive meaning of commercial diplomacy and explain different activities of commercial diplomats. The definitions also show that there is no agreement about the meaning and the extensiveness of commercial diplomacy. Based on the different definitions of the literature mentioned above, this thesis has its own definition of commercial diplomacy. In this research, *commercial diplomacy will be defined as the services of foreign posts that support export promotion and business development. Commercial diplomacy, in this research, is about the diplomatic activities that help home country companies to sell their products abroad, and to find new business partners and investment opportunities.* The services of the foreign posts are the commercial diplomacy practices of a country and show the implementation of the commercial diplomacy policies of a country. The commercial diplomacy policies of a country depend on the government policies of a country. Governments are different everywhere, this would mean that commercial diplomacy is different between the EU Member States. However, Hocking and Spence (2005) and Kostecki and Naray (2007) indicate that within the EU commercial diplomacy changes because of policy integration. They mention that commercial diplomacy within the EU might move to become one commercial diplomacy system (Hocking and Spence, 2005; Kostecki and Naray, 2007). In the next section a closer look is taken at commercial diplomacy in the European Union and between Member States and whether one commercial diplomacy system is arising within the EU.

## **2.2 Diplomacy in the European Union**

Diplomacy within the EU dates back since the beginning with the creation of the European Coal and Steel Community (ESCS). The basis of European diplomacy is laid down in the treaties. Diplomacy was first directed by the Unified External Service (UES) of the European Commission (Bátora, 2003), and is now directed by the European External Action Service (EEAS) of the European Commission (Europa, 2011). The first diplomatic delegation of the EU was opened in London in 1955. It had no actual diplomatic function and only served as a communication and information office (Bátora, 2003; Bruter, 1999). The EU has shared facilities and missions, whereby the Commission represents the Member States (Hill and Wallace, 1979). Over the years, the EU opened more offices in third world countries, but also in international agencies such as the OECD and the UN (Kenis and Schneider, 1987). At the beginning of 2000, the EU Commission had delegations in over 123 countries and in 5 international organizations: the UN in New York and Geneva, the WTO, the OECD and the IAEA (Bátora, 2003; Bruter, 1999; Duke, 2002). Now, in 2011, the EU has 130 delegations and offices all over the world, from which fourteen are at international agencies: African Union, UN, WTO, ASEAN, UNCESO, OECS, FAO, WFO, IFAD, Council of Europe, IAEA, ONEDC, UNIDO and OSCE (Europa, 2011).

Diplomacy in the EU has its own styles, rules and procedures that are created by the treaties (Bátora, 2003). The first basis for external relations, mostly in the field of economics, was established by the European Economic Community (EEC) treaty in 1957. The biggest change to external relations was made in the treaty that established the European Union (TEU) in 1992 in Maastricht. The EU treaty expanded the external relations by wanting to create a Common Foreign and Security Policy (CFSP) (Bátora, 2003; Duke, 2002). This treaty divided the EU into three pillars; the first is the economic

community EC pillar, the second is the CFSP pillar and the third pillar is about Justice and Home Affairs (JHA) (Nugent, 2006). The EC pillar contains all economic affairs and this means that commercial diplomacy falls under the EC pillar (Kostecki and Naray, 2007). To say something about the commercial diplomacy of each Member State a closer look should be taken to the EC pillar and its influence on the EU Member States.

### **2.2.1 Commercial Diplomacy in the EU**

The European Community pillar contains the European market and the free movement of production (Chalmers et.al. 2006; Nugent, 2006). The first steps of the European market were laid down in the treaty of the European Economic Community (EEC) that was signed in 1957 in Rome. The primary goal of the EEC was to create an area in which there was 'free movement of goods, persons, services and capital'. In order to achieve this, the EEC created a customs union in which trade barriers, quotas and tariffs were abolished (Lindberg, 1963). The next big step was taken in 1985 with the creation of the Single European Market (SEM) within the Single European Act (SEA). The SEM liberalized procedures and ensured the completion of the internal market without internal frontiers by 1992 (Moravcsik, 1991; Nugent, 2006). The SEM contains its own four pillars: "the free movement of goods, persons, services and capital between the member states; the approximation of such laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the common market; fair competition; and equal trade with common trade barriers for the whole EU and no barriers inside the EU" (Nugent, 2006: p. 356-360).

As predicted in the SEM, the internal market was completed in 1992 in Maastricht with the creation of the TEU (Pollack, 1997). From then on the internal market contained the 'free movement of goods, persons, services and capital'. The internal market is about fair competition where there are no internal frontiers, borders, controls or checkpoints (Chalmers et.al., 2006; Moravcsik, 1991; Kleiner, 2008; Pollack, 1997). Within the European Community (EC), the EU makes decisions about the internal market: about product standards, product testing, certifications, labels, protectionism and monopolies of companies (Nugent, 2006). The EU decides in the EC pillar about the internal market, because Member States gave the EU the competence and former right to create policies about trade and economic development through the treaties (Bruter, 1999; Hill and Wallace, 1979; Kenis and Schneider, 1987). Already since 1957 the EC pillar had a legal personality and today all the regulations, directives and decisions that are and have been made within this pillar are binding for all the Member States (Chalmers et.al. 2006; Hocking and Spence, 2005).

### **2.2.2 Member States commercial diplomacy**

The competences of the European Commission within the EC pillar to create policies that are binding for all the MS have changed the way commercial diplomacy is performed within the EU Member States. The internal market created an intense EU integration and 'Europeanization' with no borders that brings the Member States closer together (Bratberg, 2007; Hocking and Spence, 2005; Kostecki and Naray, 2007). This European integration created a so called intra-EU order where domestic politics and Member States' commercial diplomacy overlap (Bátora and Hocking, 2008; Bátora and Hocking, 2007). This overlap means that Member States have to take the EU framework and Commission policies into account when making national politics. The responsible ministry for commercial diplomacy and the foreign posts have to align their policies to the EU policies, since parts of bilateral diplomacy have been taken over by the EC/EU (Bátora and Hocking, 2008; Keukeleire, 2003). For commercial diplomacy this means that diplomats have to modify their duties, because the

internal market with the creation of no trade barriers changes the tasks of export promotion of embassies within the EU considerably (Kostecki and Naray, 2007), but it is not clear how the tasks of the embassies will change.

According to the literature, it would seem that the intra-EU order within the European integration creates a convergence between the commercial diplomacy policies and practices of EU Member States whereby commercial diplomacy within the EU looks more like one concept (Bátora and Hocking, 2008; Hocking and Spence, 2005; Kostecki and Naray, 2007). Member states can create alliances with other Member States in multiple ways and strengthen bilateral relations where there are mutual interests in multiple forums (Bátora and Hocking, 2008; Bátora and Hocking, 2007). In this situation the MS will be collaborators. However, there are some articles that indicate that this integration does not mean that commercial diplomacy in each Member State will be created in the exact same way since there is, for instance, a variation in the range of capabilities (Bátora, 2003; Rijks and Whitman, 2007). There is space within the free trade zone to operate in the way each Member State wants and there is no common policy concerning commercial diplomacy (Bátora and Hocking, 2008; Hill and Wallace, 1979). This means that MS can also diverge: some MS might stick to their traditional structure, while others shift commercial diplomacy in a new direction (Bátora and Hocking, 2008). Especially in this European integration embassies and foreign posts remain important communication and promotion services for Member States (Bátora and Hocking, 2008), they are shaped in the way the MS think is best and then the MS will be competitors.

The discussion above makes clear that commercial diplomacy in the EU is changing because of the binding policies in the EC pillar, but it also makes clear that the commercial diplomacy policies and practices of all the EU Member States will not automatically be the same. In the next sections all the factors that might explain the differences or similarities between the Member States are discussed.

### **2.3 Factors influencing diplomacy**

As already indicated before, there are several factors that influence the diplomacy policies and practices of a country. The factors could show what the differences and similarities are between the EU Member States in terms of their diplomatic policies and practices. Below, the factors that influence diplomacy in general are discussed. It is assumed that these factors also account to commercial diplomacy, because they are interconnected and overlap in several areas. After that, the factors that influence commercial diplomacy are discussed.

The most important factors that influence the diplomacy policies and practices of a Member State are its country's characteristics. Diplomacy depends on the state: on its identity, character, law, norms, values, rules, traditions, structure and culture that have been shaped throughout history (Bátora and Hocking, 2007; Galtung and Ruge, 1965; Hocking and Spence, 2005; Hoffman, 2003; Kleiner, 2008; Rijks and Whitman, 2007). The size of the country, entry time of the EU, degree of EU skepticism, the 'international' strength/power of a country and the strength of the responsible ministry influence a country's diplomacy policies and practices (Bratberg, 2007; Duke, 2002; Hill and Wallace, 1979; Hocking and Spence, 2005). It is thereby said that large powers and strong ministries can influence bilateral and multilateral relationships more than smaller powers and weaker ministries (Hill and Wallace, 1979; Hocking and Spence, 2005).

Another part of the country characteristics that influence the diplomacy policies and practices are the capabilities and resources a country has. There is evidence that the size and number of



embassies, as well as the budget for and number of employees of foreign posts influence diplomacy (Bratberg, 2007; Duke, 2002; Hill and Wallace, 1979; Szondi, 2008). A country's capabilities contain the training and competences of diplomats. The training and competences of diplomats influence the diplomacy practices. The length of the education and courses, just as the language requirements are different in each Member State (Duke, 2002). Communication and knowledge of a foreign language are often crucial to diplomats (Kleiner, 2008). Finally, countries want different academic backgrounds for the diplomats and employees of their foreign services. For instance, some want experienced business people while others want experienced politicians to work in their foreign posts (Duke, 2002).

The country characteristics influence the diplomacy policies and practices, but the government and responsible ministry choose the policy focus of a country (Bruter, 1999). Each country applies its own model of diplomacy (Szondi, 2008). A country can, for instance, be seen as 'trade-oriented', 'business-oriented', 'development-oriented' or 'mixed-oriented' (Bruter, 1999). Based on the choice of focus the delegations abroad will have certain specific tasks and foreign posts will have different staff categories (Bratberg, 2007). This indicates that diplomacy (and foreign policy) within a country can change when the government changes and thus depends a lot on the government policies (Szondi, 2008). An example of different focuses is given by Kostecki and Naray (2007). They say that EU countries choose a different focus on commercial diplomacy. They mention that Germany focuses on the relationship with the government of the host country, that the UK focuses on FDI and business support, and that France, Switzerland, Austria and Sweden focus on finding business partners and business intelligence (Kostecki and Naray, 2007).

The policy focus of a government shows in which direction the country wants to go. The government sets several (foreign) policy goals that fit within their focus. The policy goals influence the diplomacy policies and practices. Diplomats have to implement these policy goals and sometimes help to prepare new policy decisions, for instance with EU treaties (Kleiner, 2008). When implementing these goals diplomats face three dimensions in their representation: function, access and presence (Bátora and Hocking, 2008; Bátora and Hocking, 2007). Function is about what the diplomat should do according to the government. Diplomats have to act in line with their function and cannot choose to do whatever they want. Access is about the possibility of gathering information, influencing decision-making and influencing international relations (Bátora and Hocking, 2008; Bátora and Hocking, 2007). Diplomats in one country can have more access to information and influence more decision makers than diplomats of another country. There are different techniques a diplomat can use to influence persons with, for instance, negative or positive consequences (Galtung and Ruge, 1965). Depending on where the diplomat is, different techniques should be used. Presence is about the modalities and the operations of the representation (Bátora and Hocking, 2007). It is about the setting of the negotiations and how much the setting can be used to one's advantage.

Finally, next to all these factors that influence diplomacy policies and practices, there are also different types of diplomats. Already in 1965 Galtung and Ruge (1965) identified 3 extreme types of diplomats: the 'elite-oriented', the 'treaty-oriented' and the 'structure-oriented' diplomat (Galtung and Ruge, 1965). An elite-oriented diplomat mostly comes from the upper-class. His/her job consists of meetings, parties, social gatherings and conferences. This diplomat has a lot of connections and knows people that can help him/her to achieve a goal. The treaty-oriented diplomat should have a law degree and be an expert in legal matters. He/she should be able to negotiate and draft treaties in

order to reach an agreement that is acceptable to its own country's law and preferences. Finally, the structure-oriented diplomat should be an academic specialized in social sciences. His/her job is to read as many books and articles about the political, economic and social structure of the host country. All his/her observations and reports should bring enough insight of the host country to the home country to take further actions (Galtung and Ruge, 1965). Although these are three rather old extreme types, diplomats can still be categorized in one of these types or in a mixture of these types.

## **2.4 Factors influencing commercial diplomacy**

It is assumed that the factors that have been shown above to influence diplomacy in general also influence commercial diplomacy. In the literature about commercial diplomacy there are several factors that overlap with diplomacy in general, especially when looking at the country characteristics. The main factors that are mentioned to influence diplomacy in general, but also influence the commercial diplomacy policies and practices of a country are the government structure, its political issues, the homogeneity of a country, the size of a country (Mercier, 2007), and the organizational and institutional arrangements of a country (Naray, 2008). Next to these country characteristics, the literature mentions factors that specifically influence commercial diplomacy. These factors can be categorized into factors concerning the government of a country and the foreign posts of a country. The two levels are discussed below.

On the government level the commercial diplomacy policies are influenced by the responsible ministry, the (de) centralization from the ministry, the independence of trade promotion agencies (TPO), and the structure of the ministry (Naray, 2008). An example of different systems based on the responsible ministry is given by Naray (2008) and is also indicated by KostECKI and Naray (2007). Naray (2008) shows that the responsible ministry can be the Ministry of Trade (MT), which is the case in Poland, France and Russia, or the responsible ministry can be the Ministry of Foreign Affairs (MFA), such as in Sweden, Norway, Denmark, Finland, and Iceland. There can also be joined oversight between both ministries, which is the case in the United Kingdom. This joined oversight may also be controlled by the Ministry of Trade that cooperates in some cases with the Ministry of Foreign Affairs, such as in Italy and Germany (KostECKI and Naray, 2007; Naray, 2008).

On the foreign post level the commercial diplomacy practices are influenced by the structural form of the agencies responsible for commercial diplomacy and on the level of government where the services of these agencies are provided (Mercier, 2007). The level of government services can be at the central, regional and local level. The central government level is normally the body that coordinates the services and the regional and local government level are the bodies that implement the services, also known as the foreign posts. The structural forms of agencies or foreign posts can be divided into private, public or a mix of both. Most European countries seem to adopt a private-public structure (Mercier, 2007). The foreign posts use different programs and practices for the promotion of export and inward investment within commercial diplomacy. The export promotion programs can be divided into market development programs and export service programs. The export promotion practices are trade shows and trade missions (Mercier, 2007). Market development programs are about the dissemination of sales leads, the participation in trade shows, the preparation of analyses and the sending of newsletters. Export service programs are about holding seminars for exporters, counseling these exporters, provide 'how-to-export' handbooks and help with the financing of export (Mercier, 2007). Trade shows (or trade fairs) are cross-border events where firms show their products at a stand. Trade shows are used to promote home country firms and their products



abroad. They are a big part of market development programs. Trade missions are used more for commercial diplomacy than trade shows. Trade missions provide aid to firms for future business and FDI at low costs in a simple and cost effective manner. Diplomats in trade missions provide knowledge of a host country's culture and market to home country firms by contacting government representatives and local business persons (Mercier, 2007).

The commercial diplomacy practices factors on the foreign post level are influenced by the number and the characteristics of the diplomats and employees that are working there. The education of the employees, their background, skills, motivation, experience and mindset influence the commercial diplomacy practices (Kostecki and Naray, 2007; Saner and Yiu, 2003). Commercial diplomats in foreign posts can be civil servants, trained diplomats or representatives of a country's chamber of commerce (Saner and Yiu, 2003). A common way in commercial diplomacy to verify and improve a diplomat's skills is cross-fertilization. Cross-fertilization schemes place diplomats in different settings for short periods of time. For instance, diplomats may be placed in business settings, while the business representatives temporary post the mission (Lee, 2004; Mercier, 2007). Also when diplomats are done working at the embassy, cross-fertilization can be used. Ambassadors may get appointed at international relations departments of global companies, or work at investment firms, consulting companies, law firms or policy advisory agencies (Saner and Yiu, 2003).

The diplomats and employees at the foreign posts can be divided into three categories or types of commercial diplomats. These types of diplomats depend on national parameters, foreign influences, their background and personality (Naray, 2008). Kostecki and Naray (2007), Naray (2008) and Ruel and Visser (2012) show three basic types of commercial diplomats: business promoter, civil servant and generalist commercial diplomat (Kostecki and Naray, 2007; Naray, 2008; Ruel and Visser, 2012). A business promoter is a diplomat that is very business-oriented. He/she seeks pro-actively the satisfaction of companies by performing consultancy services for firms. A civil servant is mostly working for the ministry of foreign affairs and has a reactive role. He/she keeps its distance from business and only does the work that is asked by the ministry. A generalist is a diplomat that works for businesses on an ad hoc basis. He/she does the work for the foreign post and when he/she feels like it, the diplomat supports business (Kostecki and Naray, 2007; Naray, 2008; Ruel and Visser, 2012).

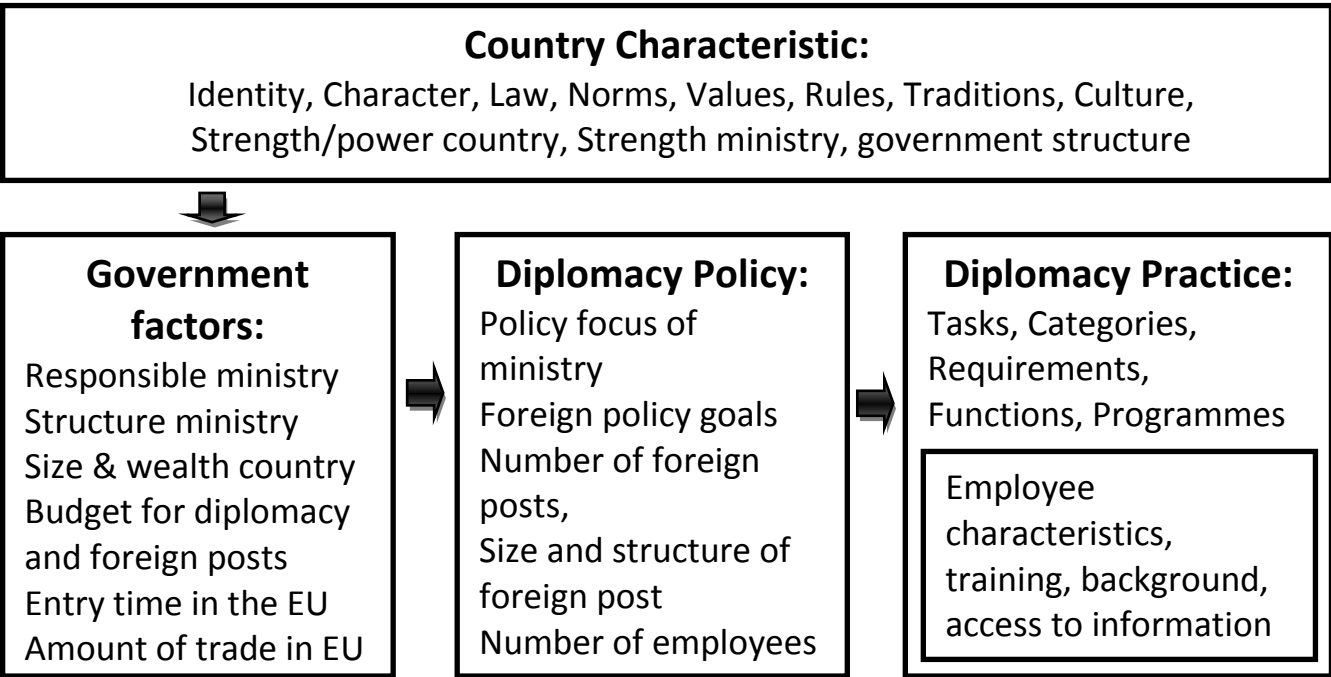
## **2.5 Commercial Diplomacy policy and practice**

The previous sections showed that the first factors that influence a country's commercial diplomacy policies and practices are the country characteristics. The country characteristics create similarities and differences between EU Member States on the national government level and on the foreign post level. The national government level contains the commercial diplomacy policies and the foreign post level contains the commercial diplomacy practices of a country. In figure 1 the country characteristics and factors that influence commercial diplomacy policies and practices are shown.

Figure 1 shows that the country characteristics directly influence the government focus and the policy goals of a country. They indirectly influence the commercial diplomacy policies and practices. The country characteristics lay down the basis for a government and its decision making process, but it is the government that creates the focus and the commercial diplomacy policies of a country. A government policy specifies a government's goals. It defines what should be accomplished and which behavior of the underlying resources is needed for that (Wies, 1994). The government policy focus of

a country directly influences its commercial diplomacy policies and indirectly its commercial diplomacy practices. The commercial diplomacy policies that are laid down by the responsible ministry directly influence the commercial diplomacy practices. The commercial diplomacy practices contain parts of human resource management such as training, job description, staff selection and involvement in decision making (Delery and Doty, 1996; Way et.al., 2010; Ahmad and Schroeder, 2003), and can be separated into the content and the employee characteristics that influence the diplomatic job. On the one hand the content of the practices are the tasks, staff categories, functions of employees, the requirements for employees and the programs that can be used by commercial diplomats to implement the policy. On the other hand the commercial diplomacy practices are influenced by an employee’s personality, its training, academic background, and its access to information.

**Figure 1: Factors influencing commercial diplomacy**



In this research, the EU Member States will be compared on the basis of their government and its commercial diplomacy policies and practices. The comparison is performed on both the national government level and foreign post level to show the differences and similarities between the commercial diplomacy policies and practices of the EU Member States. The government factors and commercial diplomacy policies and practices will be compared based on clear concepts or numbers.

**2.5.1 Comparable factors of commercial diplomacy**

On the government level the policies are constructed by the responsible ministry for commercial diplomacy. The responsible ministry can be divided into the ministry of foreign affairs (MFA), ministry of trade/economy (MT) or both (Naray 2008). The structure of the responsible ministry can be divided into (de) centralized and independent or not (Naray 2008). Other country characteristics that will be compared are the size, wealth, amount of trade and budget of a country. The size of the country can be divided into small, medium, or large based on the population and square meters (Duke, 2002). Wealth of a country is measured by the GDP per capita and the euro per inhabitant (Eurostat, 2011). The amount of trade is measured by the percentage of intra EU trade (Eurostat, 2011). The factor budget for diplomacy and foreign posts (Bratberg, 2007) will be given in clear

numbers and will be compared in percentages to show whether a country spends a little or a lot of its budget on diplomacy. Finally, on the government level, the entry time in the EU will be shown by the date and whether the country has entered the EU first (EU six), in the middle or last (from 2003 till now) (Duke, 2002).

The commercial diplomacy policies contain the policy focus and policy goals of a country. The policy focus of the ministry can be divided into business-oriented, trade-oriented and mixed-oriented, but other focuses are also considered (Bruter, 1999). The foreign policy goals show a country's aim and target for commercial diplomacy (Wies, 1994). The policy goals are the result of the decision making process and are compared on the basis of a policy analysis. A policy analysis shows that every decision starts with a problem; something a government wants to change. After that, all the alternative solutions are reflected by policy analysts and in the end a new policy goal is chosen by the government (Frey, 2011; Hoppe, 1999; Lomas, 2000). The commercial diplomacy policies can be compared on the policy goal a government has chosen. This policy factor has no clear concepts, and is compared on the basis of all the goals that can be found. Next to that, the number of foreign posts is divided into posts in and outside the EU to compare the commercial diplomacy within the EU separately (Bratberg, 2007). In this research, the term foreign post refers to embassies, chambers of commerce and other service posts that are involved in commercial diplomacy, and it does not refer to diplomatic missions, and consular posts which are not involved in commercial diplomacy (Berridge and James, 2003). The size of the foreign post is measured as the number of employees that work at the post (Hill and Wallace, 1979). Finally, the structure of the foreign post looks at the structure of the economic functions of the foreign post and whether all the economic activities are performed inside the foreign post (private), or whether they are outsourced to other organizations and are thus performed outside the foreign post (public) or whether there is a mix of both private and public (Mercier, 2007). Private post that perform commercial diplomacy activities are, for instance, chambers of commerce or other NGO's (Saner and Yiu, 2003).

On the foreign post level, the economic function (Bátora and Hocking, 2007), tasks and staff categories (Bratberg, 2007) of the foreign posts and employees can be divided along the 3 diplomat types given by Galtung and Ruge (1965): elite-oriented, treaty-oriented and structure-oriented diplomat (Galtung and Ruge 1965); and the 3 commercial diplomat types given by Kostecki and Naray (2007), Naray (2008) and Ruel and Visser (2012): business promoter, civil servant and generalist (Kostecki and Naray, 2007; Naray, 2008; Ruel and Visser, 2012). The option that employees have different functions, tasks and staff categories than these mentioned above is also taken into account, since it is possible that not all options have been mentioned by the literature. The programs of foreign posts are compared based on the export promotion and market development programs of Mercier (2007). The options that will be used in this research are trade shows (fairs), reporting, seminars, counseling, workshops, market studies and trade mission services (Mercier, 2007), but other options are also possible. Next to that, the training, (language) requirements and academic background (Duke, 2002) have no fixed comparable factors. In the interview open questions will be used to find out what the training, requirements and academic background is of the diplomats. One open question concerning academic background should be about cross-fertilization and whether diplomats change work temporary to increase their skills (Mercier, 2007). Finally, access to information (Bátora and Hocking, 2007) has to be asked by an open question and is compared based on the category that the access is good or bad. In the next section the research method is explained.

## **3.0 Methodology**

For this research the commercial diplomacy policies and practices of the Member States of the European Union are discussed and compared. The comparison in this research shows the differences and similarities between the commercial diplomacy policies and practices of EU Member States, how the policies are implemented, what kind of practices are used and what the diplomats background and working requirements are. The first part of this section shows the research methods. The second part is about how the data is collected and processed. The last part is about how the factors will be analysed and compared.

### **3.1 Research method**

This research is based on two principles: the principle of policy analysis and the principle of qualitative research. Policy analysis produces knowledge and information about the whole political setting of a country or countries. Policy analysis is mostly used to solve policy problems and to improve the policy system of a country by better understanding the policy process and the opinions of all the stakeholders that are involved in this process. Policy analysis uses different methods for different kinds of policies (Geurts and Joldersma, 2001; Hoppe, 1999; Shulock, 1999). In this research, the focus is not on solving a concrete policy problem, but the focus is purely on comparing commercial diplomacy policies of the EU Member States. Policy analysis is used to get a grip of the Member States' policy setting, to learn what the different policies are and to better compare all the policies based on clear concepts. Policy analysis is also used to see how the policies are implemented and if there are different methods used by the MS for dealing with commercial diplomacy.

Qualitative research in its broad term means studying non-numerical data (Babbie 2007; Saunders et al. 2009). The aim of qualitative research is to find an understanding for social phenomena, for behavior of people and to find explanations for relationships outside the experimental setting and inside a more natural setting (Babbie 2007; Denzin and Lincoln 2005; Popay et al. 2011). Qualitative research contains many different methods and processes that all involve interpretation and giving meaning to the world (Denzin and Lincoln 2005; Popay et al. 2011). For this research qualitative interviews are used to gather information about the work on commercial diplomacy of employees of foreign posts. Qualitative interviews are semi-structured or un-structured interviews that aim to gather qualitative data (Saunders et al. 2009). They are about discussing a set of topics in depth rather than having fixed, standardized questions (Babbie 2007). Qualitative interviews are used when the research has an exploratory element, when there is a significance for establishing personal contact, a large number of questions that are complex or open ended with no specific order or where logic varies, and when it takes times to conduct the interview and to complete the process (Saunders et al. 2009). For this research semi-structure interviews are used, because the questions are open and complex and personal contact with the employee is important to get the best information.

The comparison of the commercial diplomatic policies and practices of EU Member States is based on the principles of policy analysis and qualitative research, and is done in two parts. One part looks at the commercial diplomacy policies of all the 27 MS and the other part looks at the commercial diplomacy practices of a selection of MS. Below each part is discussed separately.

#### **3.1.1 Commercial diplomacy policy factors**

The first part of the research is a study of primary and secondary data to find out what the policies of the Member States are. In this part, the level of analysis is the organizational unit or also referred to

as the government of the Member States. The principles of policy analysis are used to look at the policies of all the MS, to compare them and to see how they are implemented. The policy goals and documents looked at are from the government of a country and of its current cabinet. This research does not look how the policies changed over time, but only looks at how they are within the current government. It can be stated that the policies of a country did not change drastically during the research and can be seen as constant. This means that the data is reliable and the policy goals are similar over a short time period (Babbie, 2007; Saunders et.al. 2009). The policies will be compared on the basis of the factors that have been mentioned in section 2.5 as country characteristics, government policy and commercial diplomacy policy. The country characteristics and government factors that will be compared are the responsible ministry, the structure of the ministry, the size of the country, the wealth of a country, the budget for diplomacy and foreign posts, the entry time in the EU and the amount of import and export within the EU market. The commercial diplomacy policy factors that will be compared are the policy focus of the ministry, the foreign policy goals, the number of embassies, the number of trade offices, and the number of employees on commercial diplomacy. The operationalization of these factors and on which aspects they will be compared are shown in table 1.

### **3.1.2 Commercial diplomacy practice factors**

The second part of the research consists of qualitative semi-structured interviews and (unstructured) field observations to find out what the commercial diplomacy practices of the MS are. The interviews are conducted among diplomats and employees of foreign posts. The interviews with the employees is done to gather empirical data about the commercial diplomacy practices of the EU Member States, to find out how employees perform their work, which of the practices are used and how the policies are implemented. The practices that are compared in this research are the size of the foreign post, the structure of the foreign post, the economic function of the foreign post, the number of employees at the foreign post, the tasks and staff categories of the employees at the foreign post, the programs used by the employees, the activism of the foreign post, the training of employees, the requirements of the foreign post, academic background of the employees, and the access to information. The operationalization of the practice factors can be found in table 1.

The interviews are face to face interviews with diplomats and employees of foreign posts (Eisenhardt and Graebner, 2007). The units of analysis in this part are the commercial diplomats and the other employees of the foreign posts. Normally, diplomats are persons who are specialized in diplomacy. In this research all employees of the foreign post are taken into account, which means that all the employees of the foreign post do not have to be all true diplomats (Berridge and James, 2003). The interviews are semi-structured and will consist of open-ended and closed-ended questions (Babbie, 2007). Closed-ended questions are used to get similar answers that are better comparable based on the concepts given for the practice factors. Open-ended questions are used to give space for new aspects of commercial diplomacy that are addressed by the respondents which are not used in the literature and that can bring new light to the situation. Open-ended questions are also used to make the conversations more open and relaxed for the respondents (Babbie, 2007). The interview questions can be found in the annex. The language that is used is English and this in combination with the closed-ended questions is used to avoid differences in definitions and to make sure the answers can be compared (Atkinson and Brandolini, 2001). It has to be kept in mind that interviews can be biased because of the personality and position of a respondent (Eisenhardt and Graebner, 2007), and their desire to present themselves in a better light (Newman et.al, 2002). In order to avoid

this bias, several respondents of one country are asked for an interview to make sure that this country is valued by different persons hopefully on a somewhat similar level. The answers to the questions will always be different, but because of the formulation of the questions, the possibility to categorize the answers into clear factors and because of the direct contact with the respondents this part of the research is seen as valid and the answers are good enough to make a clear comparison of the practice factors of the EU Member States (Babbie, 2007; Saunders et.al., 2009; Shadish et.al., 2002; Sorensen et.al., 1996).

### 3.2 Data collection

This research looks at all the Member States of the European Union. At the moment the EU has 27 Member States: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuanian, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom (Europa, 2011). For this research the goal is to get in touch with each Member State in order to get a full comparison of commercial diplomacy within the EU. The first part of the research looks at the commercial diplomacy policies, especially the policy focus and policy goals of a country. The commercial diplomacy policies of all the 27 Member States are compared. This is done by looking at primary and secondary sources, such as books, journals, government publications and newspapers (Saunders et.al. 2009). The country characteristics and general information has been looked up on the EU website (Europa, 2011) and data from Eurostat has been used (Eurostat, 2011). To find out what the policies of a government are their websites have been thoroughly searched for their policy documents and all the policy goals. Still, it is not always easy to find the correct information on the government website. A lot of information is spread over many pages and often important information can only be found in the local language. This has affects on the validity of the data, because not all the data can be accessed (Babbie, 2007; Saunders et al. 2009; Shadish et al. 2002; Sorensen et al. 1996). Not for each government the policy documents could be found or correctly translated. Still, enough data could be found for each government to show what the policy goals of a country are, and the data is seen as valid.

The commercial diplomacy practices of the EU Member States are collected via interviews with diplomats and employees of foreign posts. Within this research it is strived to get response from large countries, small countries and the countries that are the longest and shortest in the European Union. This in order to see if size, entry time in the EU and other governmental factors show differences and similarities and if these differences and similarities between the MS can be explained by these country and governmental factors. The number of MS and their practices that can be researched is dependent on the respondents' willingness to participate and the time limits of the participants and of the researcher (Babbie, 2007). For practical reasons and better comparability only one foreign post of a country will be visited and all the foreign posts will be located in one Member State. All the foreign posts are located in Sweden (Stockholm). The practices of the Member States vary across countries and can create bias with practices in other countries. To avoid any bias, the data collected can be seen as a sample or a case study of the commercial diplomacy practices of a Member State in which this research only looks at the practices of one foreign post of a Member State in one other Member State (Eisenhardt and Graebner, 2007). The interviews show how the practices of the MS are in Sweden, but the outcomes cannot be generalized to count for a country's practices across all the other EU Member States nor for the country's practices outside the EU. The research is reliable when you look at the commercial diplomatic practices in the case of Sweden, but

because you cannot generalize the data, the research is not fully reliable for all commercial diplomatic practices of a Member State within and outside the whole EU (Babbie, 2007; Saunders et.al. 2009).

All the employees will be contacted via post, e-mail or telephone and are asked whether they want to participate in this research. Each interview with the employee is conducted at the foreign post. In the findings the foreign post will be classified into an embassy or a different kind of foreign post and also how much employees were interviewed is shown. During the interview notes are made and where possible the interview was recorded. After the interview is conducted, the notes and information are written down as soon as possible. The interview information contains the location, date, time, setting and impression of the interview. Each interview that is written down is saved as a separate word file (Saunders et al. 2009). The notes and recordings of the interviews are translated into an interview transcript. This transcript is sent to the interviewee for comments and cross checking. After the comments of the respondent, the final version of the interview transcript is created and this version is used later in the data analysis. The next section shows the data analysis of the policy and practice factors of the MS and how these factors will be compared.

### 3.3 Data Analyses

The commercial diplomacy policy and practice factors of the EU MS are gathered via policy analyses and interviews. All the information about the policies and practices of the MS are written down. To be able to compare the factors better they are changed into categorical data. The chunks of data that are gathered with the policy analysis and the interviews are attached to the categories that are shown in table 1 (Saunders et al. 2009). These categories contain the policy and practice factors of the MS and will be shown next to each other in tables. The tables show the differences and similarities between the policy factors and the practice factors of the EU MS. From these tables the comparison between the factors of the MS is drawn and discussed. To be able to see a relationship between the policy and practice factors and to see if an explanation can be found for these differences and similarities, the policy and practice factors are statistically tested. In order to test the factors statistically they are changed into quantities (Saunders et al. 2009). The factors are arranged into categorical variables or quantitative variables and are put in a statistical dataset as nominal data or numeric data. The tests that have been used for the categorical data are the Pearson chi square test, the Phi test and Cramers V. For the categorical data there is no test that can show linear relationship, but the chi square test and Phi test show if the values are (in) dependent from each other. If the values are dependent from each other than there is a relationship between the two values. The Cramers V test shows if there is an association between two variables. The association between two categories does not show the strength of the direction of the relationship, but only indicates that there is a relationship between the two values. For the numerical data, the chi square test, the Phi test and the Cramers V test are also used, but one additional test is done to see if there is a correlation between two numeric factors. The association for the numerical data shows if there is a linear relationship and the correlation shows the direction and strength of the linear relationship between two quantitative variables (De Veaux et.al, 2008). The operationalization of the factors and the corresponding statistical values (codes) can be found in table 1 on the next page. Table 2 shows the amount of times the labels of the factors have been found. The total of the policy factors is 27 MS. The total of the practice factors is 14 MS. The results of the policy analysis and interviews are explained and discussed in section 4.



**Table 1: Operationalization of the comparable factors of commercial diplomacy**

<b>Policy factors</b>	<b>Definition</b>	<b>Indicators</b>	<b>Labels</b>	<b>Code</b>
Responsible ministry	The ministry that creates the policies about commercial diplomacy, and trade	Policy goals of the responsible ministry	Ministry of Trade Ministry of Foreign Affairs Both	1 2 3
Structure responsible ministry	The hierarchy and freedom to operate of the ministry	If the ministry has to follow the government policies step by step or has some freedom to decide on its own	(de) centralized (in) dependent	1 2
Size country	The size of a country based on km <sup>2</sup> , and number of inhabitants	Square km, and population	Small Medium Large	1 2 3
Budget for commercial diplomacy and foreign posts	The amount and % of the total budget that is spent on commercial diplomacy and foreign posts	X total budget X for commercial diplomacy and foreign posts	x% of total budget	Numeric numbers
Wealth	The wealth of a country is the amount of income (GDP) the country and its inhabitants.	GDP per capita in PPS and euro per inhabitant.	Rich Average Poor	1 2 3
Intra EU 27 trade	The amount of import and export of a MS within the EU.	Share of the amount of imports and exports in % per MS.	High Average Low	1 2 3
Entry time in the EU	The date and time period when a country entered the EU.	1957: EU six Between 1958-2003: is the middle From 2003 till 2011 is last	First Middle Last	1 2 3
Policy Focus of ministry	The general focus on trade and business of the government of a MS	Foreign policy goals of the ministry	Business oriented Mixed oriented Trade oriented	1 2 3
Number of embassies	The number of embassies a country has within the EU and outside the EU	Number of embassies within the EU and outside the EU.	X embassies outside the EU X embassies inside the EU Total number of embassies	Numeric numbers
Number of embassies in EU	Category of the number of embassies a country has within the other MS	20 or less 21-25 in all other MS: 26	Few Average High	1 2 3
Number of trade promotion offices (TPO)	The number of offices abroad, that are not embassies or consulates, but do focus on trade and commercial diplomacy	Number of offices of trade agencies.	Total trade promotion offices	Numeric numbers
Number of employees	The number of	Number of	Number of employees	Numeric



	employees that work on commercial diplomacy under the ministry and or trade agency	employees abroad (and the number of employees within the home country)	abroad	numbers
<b>Practice factors</b>	<b>Definition</b>	<b>Indicators</b>	<b>Values</b>	<b>Code</b>
Structure foreign post	The way the foreign post is organised and how it is funded	Government budget or private member fees	Private Public	1 2
Economic function	The kind of function that the employees have within the foreign post	The tasks and activities of the employees of the foreign post	Business promoter Civil servant /business promoter Generalist	1 2 3
Staff Categories	The categories of the staff (employees) of the foreign post based on their activities and work	The work and activities of the employees of the foreign post	Structure-oriented Elite-oriented Treaty-oriented	1 2 3
Size foreign post	The size of the foreign post expressed in the number of employees working on commercial diplomacy	The number of employees working on commercial diplomacy	Number of employees	Numeric numbers
Programmes	The activities and events that the employees of a foreign post perform and organise for commercial diplomacy	The activities and events the employees work on	Trade shows (fairs) Reporting Seminars Counselling Trade missions Workshops	Yes or NO 1= Yes 2= No
Activism foreign post	The number of programmes and tasks the employees of a foreign post perform and work on	Number of tasks and programmes, 3 or less is reactive, more than 3 is proactive	Proactive Reactive	1 2
Requirements	The requirements that have to be met in order to work at the foreign post	Requirement for a degree, learning languages and other requirements	Degree Language Other	Yes or No 1= Yes 2= No
Training	The amount of training and the kind of training while working at the foreign post	If the employees have training or not while working at the foreign post	Yes No	1= Yes 2= No
Academic background	The educational background of the employee of the foreign post	The employees educational background	Economic/business Political Economics & political Economics & law Politics & law	1 2 3 4 5
Access to information	The way and possibility of employees (and companies) to find information	If the employees indicate whether the way to gather information is good or bad	Good Bad	1 2

**Table 2: Descriptive statistics**

<b>Policy factors</b>	<b>Labels</b>	<b>Frequency</b>	<b>Percentage</b>
Responsible ministry	Ministry of Trade	4	14,8%
	Ministry of Foreign Affairs	5	18,5%
	Both	18	66,7%
Size country	Small	8	29,6%
	Medium	13	48,1%
	Large	6	22,2%
Wealth	Rich	11	40,7%
	Average	3	11,1%
	Poor	13	48,1%
Share of intra EU trade	High	6	22,2%
	Average	6	22,2%
	Low	15	55,6%
Entry time in the EU	First	6	22,2%
	Middle	9	33,3%
	Last	12	44,4%
Policy focus	Business oriented	12	44,4%
	Mixed oriented	14	51,9%
	Trade oriented	1	3,7%
Number of embassies inside the EU	Few	4	14,8%
	Average	15	55,6%
	High	8	29,6%
<b>Practice factors</b>	<b>Labels</b>	<b>Frequency</b>	<b>Percentage</b>
Structure foreign post	Private	1	7,1%
	Public	13	92,9%
Economic function	Business promoter	11	78,6%
	Civil servant /business promoter	3	21,4%
	Generalist	0	0%
Staff category	Structure-oriented	2	14,3%
	Elite-oriented	4	28,6%
	Treaty-oriented	1	7,1%
	Mixed-oriented	7	50%
Programmes	Trade shows (fairs)	9	64,3%
	Reporting	14	100%
	Seminars	9	64,3%
	Counselling	3	21,4%
	Trade missions	14	100%
	Workshops	2	14,3%
Activism	Proactive	9	64,3%
	Reactive	5	35,7%
Requirements	Degree	14	100%
	Language	10	71,4%
Background	Economic/business	5	35,7%
	Political	2	14,3%
	Economics & political	4	28,6%
	Economics & law	2	14,3%
	Politics & law	1	7,1%
Access to information	Good	14	100%

## 4.0 Findings

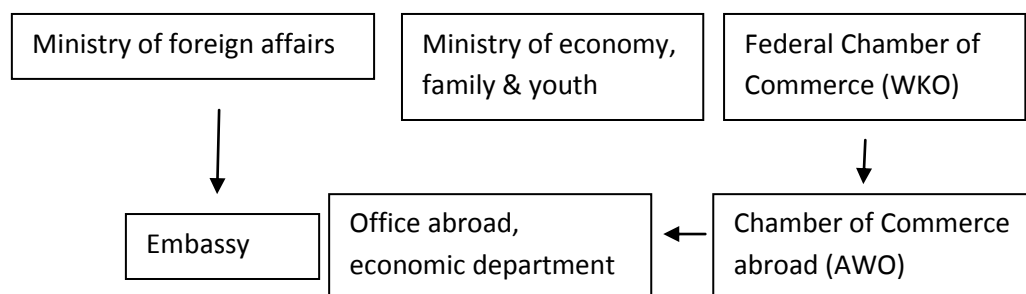
As mentioned in section 3, this research compares the commercial diplomacy policies and practices of EU Member States in two parts: a policy analysis and a practice analysis via interviews with observations. In this chapter the two analyses are performed and the MS factors comparison is discussed. Section 4.1 contains the policy analysis of the 27 EU Member states. Each Member State is analysed based on its governmental and policy factors and in the end all the policy factors are compared and discussed. Section 4.2 contains the practices analysis of a selection of 14 Member States. Each Member State is analysed based on its practice factors and in the end all the practice factors are compared and discussed. Section 4.3 contains the results of the statistical tests and tries to find explanations for the differences and similarities between the MS.

### 4.1 Member State policy factors

This section contains the policy factors of all the 27 EU MS. First the policies of all the 27 MS are discussed. For each MS the structure of the actors involved in commercial diplomacy are shown. After that the basic factors of the MS and the policy goals are classified. Each MS is discussed separately and they are placed in alphabetical order. At the end, all the commercial diplomacy policies: responsible ministry, structure of the ministry, size of the country, wealth of the country, budget for diplomacy and foreign posts, entry time in the EU, share of intra EU trade, policy focus of the ministry, foreign policy goals, number of embassies, number of trade offices, and the number of employees are shown and compared in table 3 and discussed in section 4.1.1.

#### Austria

Austria is since 1995 a member of the EU. Austria has a total area of 83 870 km<sup>2</sup> and it has a total population of 8.3 million. The country has a federal republic with a federal chancellor as leader (Europa, countries 2011). In Austria the federal ministry of economy, family and youth shares with the federal ministry for European and international affairs (also known as the Austrian foreign ministry) the competences and responsibility for commercial diplomacy (Hocking and Spence, 2005; Austria Government, 2011) The Chamber of Commerce is in control of the trade offices abroad. Within the ministries of the Austrian government decision making has much been decentralized and the ministries have a high level of autonomy to create policies for their field of competence (Hocking and Spence, 2005; Austrian budgeting, 2011). The total federal budget of Austria in 2011 was 70126 million Euros. The budget is divided into topics and not into ministries. Trade and Foreign policy are in the section 'other'. It is not clear how much is exactly spend on commercial diplomacy, but 'other' gets 4478 million euro and this is about 6.4% of the budget (Austrian budgeting, 2011).



#### Policies

The government in Austria wants the ministry for European and international affairs to collaborate with the ministry of economy, family and youth about the support for Austrian companies abroad (Austrian Government, 2011). The two ministries are both working to improve the efficiency of their

activities (Hocking and Spence, 2005). The government website show that the two ministries strive for better use of commercial interests, growth prospects and export potential throughout the world (Austrian Government, 2011). The two ministries work close together, but both have their own policy goals.

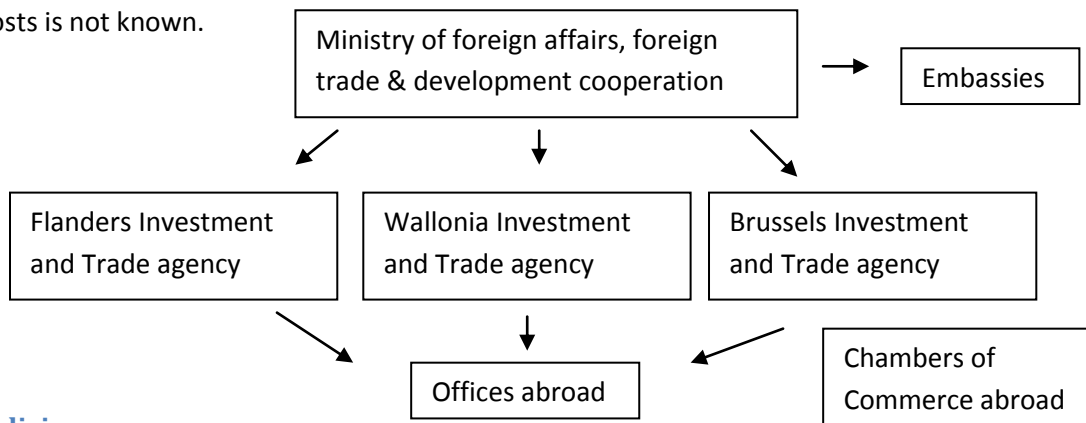
The website of the federal ministry of economy, family and youth shows that the ministry is focused on bilateral economic relations and export promotion. Within the EU, the ministry of economy, family and youth aims to provide businesses and organisation with incentives for transnational, interregional and cross-border cooperation. The ministry establishes bilateral agreements with many different countries to help businesses with regard to investment promotion, legal certainty and protection against expropriation without compensation and discrimination. These bilateral investment agreements cover non-discrimination, protection, and dispute resolution. The ministry has close contact to various business-oriented organisations and institutions in Austria and abroad. They provide Austrian businesses abroad with economic policy support. In 2011, Austria had investment protection agreements with 59 countries all over the world (Austrian ministry of economy, family and youth, 2011).

One of such business-oriented organisation is the chamber of commerce that has responsibility to provide commercial diplomacy services at home and abroad (Mercier, 2007). The Austrian Federal Economic Chamber (Wirtschaftskammer Österreich, WKO) has a department for Austrian trade (Außenwirtschaft Österreich, AWO). The AWO is a non governmental agency, with some semi-public characteristics. The agency depends on the membership fees of all the Austrian companies that are a member of the WKO. The services of the AWO, as mentioned on their website, are consultancy and support for companies in Austria and abroad, provide import and export information, help find international business opportunities, and organize events. The services are provided to support Austrian firms with their market activities, their partner search and business opportunities; to help Austrian firms if they ask for it, to create business contacts in Austria and abroad, promote Austrian firms and products, publish market information, arrange participation at trade shows and fairs with an Austrian booth, and to represent Austria at international organizations (Austria AWO, 2011).

The ministry of European and international affairs website shows that the ministry focuses on diplomatic relations and has a specific department for diplomacy within the EU. Austria finds membership in the EU very important for their country and their businesses. The ministry recognises that the embassies in other EU member states have new tasks and play a role as hub and lobby centre for Austria. The ministry want embassies to have direct access to decision-makers to prepare and work together on EU projects and plans. Next to that, the ministry also focuses on providing services for Austrian citizens. The ministry has set up 45 embassies outside the EU and 23 within the European Union; they have no embassy in Estonia, Cyprus and Malta (Austrian ministry of European and international affairs, 2011). The number of staff of the ministry of European and International Affairs was on 31/12/2010 1263. They had 544 employees working at their headquarters and 719 employees working at foreign posts. The ministry of economic affairs, family and youth had on 31/12/2010 2359 staff members. They had 911 employees working at their headquarters and 1448 employees working at foreign post. Combining both ministries brings the total number of employees that work at foreign posts to 2167 (Austrian Government, 2011).

## Belgium

Belgium is a founding member of the European Union. In its capital, Brussels, lays the headquarters of the EU Commission, Council and other institutions. The total area of Belgium is 30582 km<sup>2</sup> and it has a population of 10.7 million inhabitants. Belgium has a constitutional monarchy and the country is divided into federal regions (Europa, countries 2011). The ministries and federal regions in Belgium have a high degree of autonomy. Decision-making is very decentralized, because Belgium wants decision-making to be closer to the people. The country is divided into three federal regions: Flanders, Wallonia and Brussels (Belgium Government, 2007). The responsible ministry for commercial diplomacy is the ministry of foreign affairs, foreign trade and development cooperation. Belgium sets a budget every year for each sector. In 2011 the total budget was 12409.5 million euro. Foreign Affairs and development cooperation had a budget of 1952.8 million euro in 2011 that is 15.7% of the total budget (Belgium Budget, 2011). What is exactly spent on diplomacy and foreign posts is not known.



## Policies

The government statement of 2007 shows that the government wants to help businesses with investments abroad. The government will set up bilateral agreements about investment and trade agreements. They want to promote inward and outward investment, and they want to abolish tariffs and other trade obstacles that the Belgian companies face. The embassies of the regions play an important role in the implementation of this policy (Belgium Government, 2007). Each federal region (Flanders, Wallonia and Brussels) and entity has its own representation abroad and they are working on trade promotion and commercial diplomacy (Hocking and Spence, 2005; Mercier, 2007).

The ministry of foreign affairs, foreign trade and development cooperation is responsible for commercial and economic diplomacy. According to their website, the ministry strives to promote the Belgian economic interests abroad. They have economic missions that support international business activities and the King is representing Belgian business abroad. Next to that, the ministry takes actively part in international forums, bilateral and multilateral visits to and actions with international organisations. The ministry and government mainly focus on trade and promoting the Belgian economy. For commercial diplomacy (and trade development) Belgium has 3 investment & trade agencies for each part of the country. It has also set up a network of Chambers of Commerce, often together with Luxembourg, to help businesses better (Belgium Ministry of foreign affairs, foreign trade and development coordination, 2011).

The 'Belgian-Luxembourg Chambers of Commerce abroad' help in the development of bilateral trade between Belgium, Luxembourg and a third country. According to the ministry website, the chambers are private and set up freely as an initiative of nationals abroad who improve, facilitate and develop presence abroad. The status of the Chambers varies across countries, because of the nationality and

country legislation abroad. The actions, activities and services of the Chambers of Commerce are the following: documenting information about economic matters, trade and regulations of a country; publishing statistics on market details, customs regulations and business opportunities; collecting and passing of business proposal; organising seminars, study days and colloquiums; assisting missions of federal authorities, companies, clubs and trade associations; claiming information about company rights, establishment, law and stock markets; organising award prize competitions for companies and/or individuals that made a special contribution to Belgian export promotion (Belgium Ministry of foreign affairs, foreign trade and development coordination, 2011).

Within the network of the ministry, trade agencies and embassies, Belgium has foreign trade advisers that help economic development and trade relations. These foreign trade advisers are businesspeople who have experience in trade, international finance and economic affairs and advise the government and all the other regions and entities, such as the Chambers of Commerce. Together with the Chambers and embassies the advisors form an informal network that complement and implement the government policies. At the moment there are 403 foreign trade advisers, from which 221 are living abroad. Belgium has more than 100 embassies and consulates over the world. It has embassies in all the other 26 Member States of the EU and about 60 embassies outside the EU (Belgium Ministry of foreign affairs, foreign trade and development coordination, 2011).

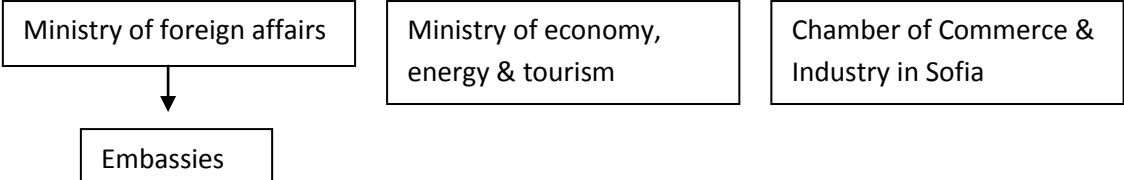
One of the three regional export promotion agencies in Belgium is the Flanders investment and trade agency (F.I.T.). The other two are Wallonia and Brussels. Flanders is responsible for about 82% of the total export of Belgium. Wallonia accounts for 16% and Brussels for about 2%. The Wallonia and Brussels office work almost the same as the Flanders. Wallonia and Brussels are smaller regions, thus have smaller economical entities and don't have so many companies. As a consequence Wallonia and Brussels trade offices receive less commercial queries. Together the three regions have a treaty for mutual cooperation in countries where one of the trade agencies is not present with its own office. The FIT has 70 offices abroad, while Wallonia and Brussels have 20 offices abroad (Flanders Investment and Trade agency, 2011).

The Flanders investment and trade agency, as mentioned on their website, is an international organisation that is subject to the Flanders government. The objective of the F.I.T. is to promote Flemish companies on an international level, and to attract foreign investment to Flanders. The offices of the F.I.T. have to implement the objectives of the general board regarding export promotion. FIT focuses on different branches in different countries. The offices can help companies and the F.I.T. with, for instance, a trade fair or a market study. The office has to report to the board and has to make a yearly overview (quarterly reports). The office has certain objectives given by the board which they have to achieve. They have the freedom to look at how they can best achieve these objectives. The office can indicate how the market in a country is and if they have a good argument they can change or add an objective to their work (Flanders Investment and Trade agency, 2011).

## **Bulgaria**

Bulgaria has entered the EU in 2007. It has a total area of 111910 km<sup>2</sup> and a total population of 7.6 million inhabitants. Bulgaria was a former Soviet country and is now a republic (Europa, 2011). The ministry of economy, energy and tourism is responsible for trade, but is it the ministry of foreign affairs that is responsible for the diplomatic services and the promotion of the Bulgarian economy (Bulgarian Government, 2011). The Bulgarian government created a decentralisation strategy that

sets out the guidelines for dividing powers and financial resources among the regional, central, municipal and district level, because they want more efficiency and high quality. The total amount of expenditure in Bulgaria in 2011 is 27807 million Bulgarian Lev. The economic activities and services as one section had a budget of 3656.6 million Bulgarian Lev, that is 13.2% of the total budget (Bulgarian ministry of finance, 2001).



**Policies**

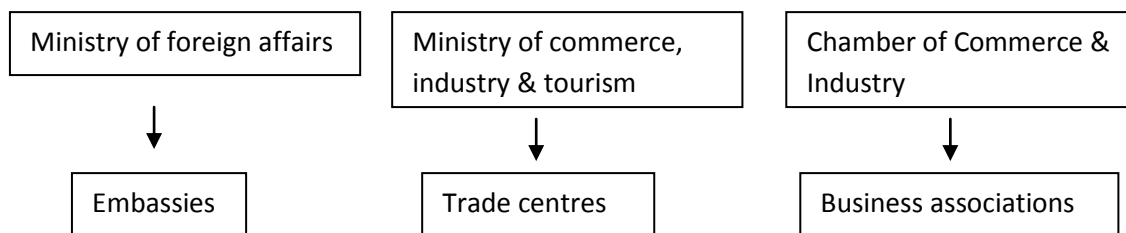
According to the government website, the ministry of foreign affairs is working on an effective foreign policy and wants the embassies and other missions to play an important role in the implementation of the policies. The main goal of the ministry is to maintain and secure a competent and professional diplomatic service abroad. The ministry wants to improve the participation of Bulgaria in economic cooperation and international trade. This is done by facilitating more access to markets, resources and energy sources and by streamlining the network of all the diplomatic missions, but also by organising the working conditions, career developments and the employee qualification. The ministry is busy evaluating and adapting the foreign posts to the Schengen Agreement and is setting the first steps for economic integration within the EU and commercial diplomacy (Bulgarian Government, 2011).

With regard to commercial diplomacy, the ministry has set the goal that the embassies should promote the Bulgarian economy. The ministry plans to restructure the embassies and missions to be in contact with the countries they see as important political and economic partners and to be more effective in the policy implementation. They acknowledge that they have limited resources and this restructuring will mean that in the future Bulgaria will have fewer embassies over the world. To make it more effective, the communication technology has to be improved. The employees at the embassies rotate every three to four year and flexible practices allow changes in the time period and the working conditions. The embassies are categories and have their own structure and staff, depending on the task described to them. At the moment, the ministry of foreign affairs has in total 84 embassies. They have 24 embassies inside the EU and 60 outside the EU. Bulgaria has no embassy in Latvia and Malta (Bulgarian Government, 2011).

**Cyprus**

Cyprus is an independent country since 1960. In 1974 Turkey invaded a part of Cyprus. Since then the island is divided into two parts. The Greek part of Cyprus is a member of the EU since 2004. The total area of the country is 9250 km<sup>2</sup> and the country has a population of 0.8 million inhabitants. Cyprus is a republic (Europa, 2011). The responsibility for commercial diplomacy lies with the ministry of foreign affairs and the ministry for commerce, industry and tourism. The goal of the government at a whole is to enhance growth. The Chamber of Commerce and Industry also plays a large role in commercial diplomacy. The total expenditure of Cyprus was 45.8% of GDP in 2009. The expenditure for economic affairs was 3.5% of GDP in 2009. The GDP in 2010 was 15149000 euro. The GDP change from 2009 to 2010 was 0.9%. The GDP of 2009 was 15013875 euro. The total expenditure in 2009 was 6876354,75 euro. The expenditure for economic affairs was in 2009 524485,63 euro. This is

7.63% of the total expenditure (Cyprus ministry of finance, 2011). It is unknown how much is exactly spend on commercial diplomacy.



## Policies

The ministry of commerce, industry and tourism is working on trade and commercial diplomacy than the ministry of foreign affairs. According to their stability program, the ministry is working on increasing the Cyprus economy, at home and abroad. They have a section for the promotion of Cyprus in markets abroad that works on international business and provides many services for Cyprus companies. They work with advertisement, visits, market research and seminars to promote business. They have a project for e-commerce and they have special trade centres that work on commercial diplomacy. The trade centres have the mission to promote the export of goods & services and attract investment. They have 11 trade centres in the following countries: Germany, United Kingdom, France, United Arab Emirates, Greece, USA, Russia, Egypt, Austria, Lebanon and Poland. The trade centres arrange participation in exhibitions, organise seminars, arrange advertise campaigns, organise other activities and work on market research (Cyprus ministry of commerce, industry and tourism, 2011).

The objectives of the ministry of foreign affairs, as mentioned in their stability program, are to be actively involved in the promotion of international cooperation, stability, peace and development (Cyprus ministry of foreign affairs, 2008). The ministry is active in providing services of Cypriots abroad. They hold conferences and exhibitions abroad and provide coordination, guidance and facilities for all kinds of efforts. They have close contact with diplomatic missions abroad and, in some cases, give financial support. The ministry is not very active with businesses abroad, but the embassies are working on commercial diplomacy. Cyprus has 27 embassies outside the EU and 21 embassies inside the EU. It has no embassy in Estonia, Latvia, Lithuania, Luxembourg and Malta (Cyprus ministry of foreign affairs, 2011).

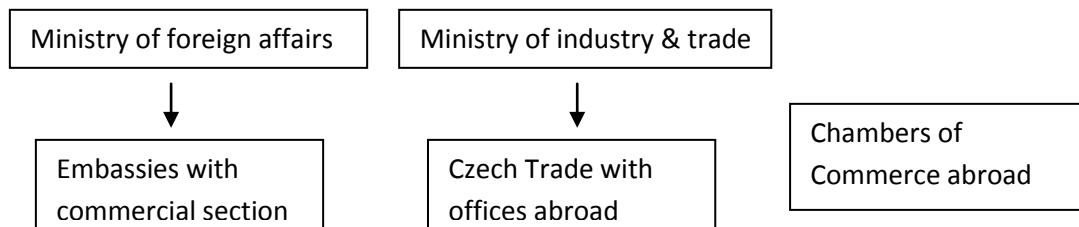
An organisation that is also involved in commercial diplomacy is the Cyprus Chamber of Commerce and Industry (CCCI). The CCCI, as written on their website, is a private and independent organisation. It is not influenced by the state and depends financially on its membership fees and services incomes. The CCCI can be described as a business union that promotes the business community. Its main objective is to have a stable Cyprus economy. They want to maximize the contribution of the business community and want a balanced growth within the EU. The CCCI does this by providing information, hold training programmes and provide direct service when a problem arises (Cyprus Chamber of Commerce and Industry, 2011). Cyprus has several business associations abroad that can be seen as a Chamber of Commerce abroad.

## Czech Republic

The Czech Republic is a member of the EU since 2004. The total area of the country is 78866 km<sup>2</sup> and has a total population of 10.5 million inhabitants. The country is a republic (Europa, 2011). The government wants the ministries to work individually, so they can be more of a specialist and



analytical in their work. The responsible ministry for commercial diplomacy is the ministry of foreign affairs in combination with the ministry of industry and trade (Czech Republic government, 2009). From the total state budget expenditure a part goes to the implementation of the export strategy. In 2010 the budget for the export strategy was 3330 million CZK (Czech Republic export strategy, 2010).



### Policies

The Czech Republic has laid down their export strategy in a document that shows the 4 main goals: ‘more opportunities for entrepreneurs, provide professional and efficient support, improve and extend the quality of services and increase capacities for exports’ (Czech Republic export strategy, 2010: p4). The export strategy shows that the Czech Republic should be more active in the services for companies in the international market. They realize that in this globalized world, the commercial environment needs good international markets where governments provide support for export and have access to knowledge and contacts. The government acknowledges that especially small and medium sized enterprises (SME’s) need support. The services that will be provided are the provision of information, consultancy services, organising trade missions, mediate contacts, support business innovation, organize workshops and events, consult on trade fairs, offer financial products and services, and present trade opportunities and marketing offers. These services are connected to 4 conditions that have to be maintained by the government if they want the services to be implemented successfully. The 4 conditions are: ‘maintaining the dynamics and position of the Czech Republic in European markets, promotion of interests of the Czech Republic in the growing markets outside of the EU, offer of top services provided by the state for Czech exporters and support for Czech investments and exports of services abroad (Czech republic export strategy, 2010: p17-18).

The ministry of industry and trade, according to the government statement, is working on export promotion. They have an export hotline that companies can call for help. The ministry provides development projects that support economic activities. At the moment the ministry has 27 bilateral projects. The purpose of the projects is to support economic and trade development through commercial cooperation and political relations (Czech Republic ministry of industry and trade, 2011). The ministry of foreign affairs, as mentioned on their website, is focused on economic diplomacy and export promotion activities. The ministry follows the priorities of the government to promote export, investment, tourism and economic interests abroad. For the Czech Republic economic diplomacy is about the promotion of policies about manufacturing, import and export of services, goods, labour and investment. The aim of the ministry is to promote Czech trade and investment throughout the world and to show that the Czech Republic is a reliable trade partner and has a good economy for investments (Czech Republic ministry of foreign affairs, 2011).

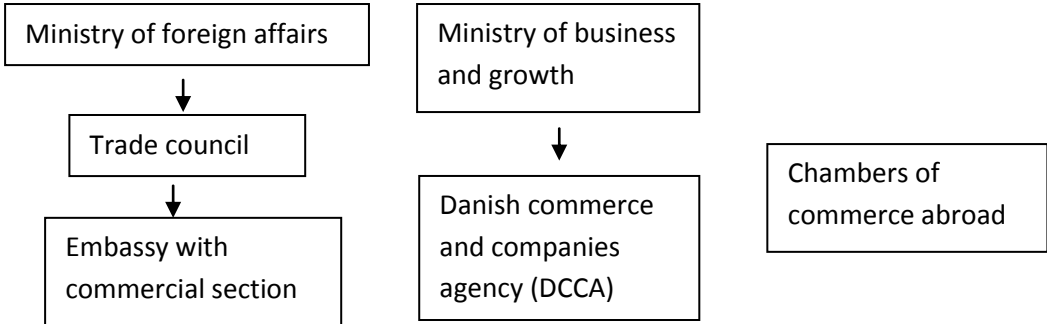
The ministry of foreign affairs uses the network of diplomatic missions and their economic commercial sections (ECS) for their export promotion. In order to work at the ECS, employees have to follow a special education programme at the Export Academy. The ECS are connected to the embassies abroad. Embassies of the Czech Republic have to establish contact with organisations

abroad, secure visits of officials, provide the government with information about the host country, follow international treaties, keep contact with Czechs abroad and help them to contact partners abroad (Czech Republic ministry of foreign affairs, 2011). The export strategy also shows that the embassies are part of the implementation process. The activities of embassies are about providing information, assist in contacts or lobbying and problem solution, present trade fairs, exhibitions and trade missions (Czech Republic export strategy, 2010).

At the moment the Czech Republic has 58 embassies outside the EU and 25 inside the EU. Only in Malta they have no embassy but an honorary consulate (Czech Republic ministry of foreign affairs, 2011). The employees that are involved in economic diplomacy at the ministry of foreign affairs and of industry and trade is in total 375, from which 235 employees work at the head office and 140 work at embassies and other posts (Czech republic export strategy, 2010). Next to the commercial sections within the embassies, the ministry of industry and trade has a special trade agency called Czech Trade. Czech Trade works on the internationalization of Czech companies. They assist companies with their export, business partner search and with foreign offers. The agency has 33 offices in 30 countries over the world (Czech trade, 2011).

**Denmark**

Denmark is a member of the EU since 1973. The country consists of a lot of islands and has a total area of 43094 km<sup>2</sup>. The total population of the country is 5.5 million inhabitants. Denmark has a constitutional monarchy (Europa, 2011). In Denmark the ministry of foreign affairs is responsible for commercial diplomacy (Naray, 2008; Kostecki and Naray, 2007). In 2011 Denmark choose a new government. For this research that means that some documents and policies are of the old government and it cannot be testes how the policies of the new government have been implemented yet. The total expenditure in 2010 was 666.3 million DKK. Nothing is known about the expenditure and budget per ministry or per area (Denmark, ministry of finance, 2011).



**Policies**

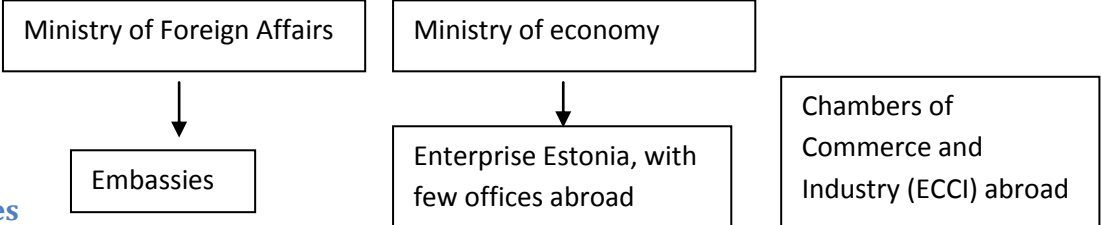
The ministry of foreign affairs has a clear international trade policy that aims at free trade in an international market. The trade policy on the government website shows that not only within the EU this free trade is important, but Denmark is also working close with the WTO. Denmark is very involved in helping developing countries and also has projects to support the business in developing countries in the world. The ministry has set up an organisation that is promotion export and investment: the trade council. The trade council offers Danish companies with advice on international activities, opportunities for close partnership and access to foreign markets. The future perspective of the council is to create value, growth and knowledge for Denmark. The ministry of foreign affairs and the trade council give sector specific advice and work on bilateral legislation to make more trade possible (Denmark ministry of foreign affairs, 2011).

The services of the trade council help business to find new export options or to expand existing options; provide access to decisions-makers and business partners; provide risk analysis, advice on CSR and anti-corruption; work on free and fair trade relations; bring knowledge, investments and jobs to Denmark. The trade council has special programmes to help SME’s with their internationalization process. The council has about 300 employees that work abroad at embassies and trade commissions in 60 countries around the world. Denmark has in total 85 embassies over the world. It has 60 embassies outside the EU and 25 inside the EU. It has no embassy in Malt, only a consulate (Denmark ministry of foreign affairs, 2011).

Next to the ministry of foreign affairs also the ministry of business and growth is working on commercial diplomacy. According to their website, the ministry is mainly concerned with the growth in Denmark, but it also supports the growth of Danish companies abroad. The ministry works with international organisations and is also involved in EU decision-making (Denmark ministry of business and growth, 2011). The ministry has set up an agency to help companies: the Danish commerce and companies agency (DCCA). The agency deals with company law, accounting, digital administration, business regulations and CSR. They try to set up international cooperation with countries, organizations and institutions (Denmark commerce and companies agency, 2011).

**Estonia**

Estonia is a member of the EU since 2004. The country has a total area of 45000 km<sup>2</sup> and a total population of 1.3 million inhabitants. Estonia is a republic and former soviet country (Europa, 2011). The responsibility for commercial diplomacy lies with the ministry of economic affairs and communications and the ministry of foreign affairs (Estonia government, 2011). The total expenditure of the government of Estonia in 2010 was 5 811.1 million euro. The total expenditure of current international cooperation was 17.6 million euro; this is 0.3% of the total budget. It is not sure how much is spend on commercial diplomacy and the export services (Estonia, ministry of finance, 2011).



**Policies**

The government action plan shows that internationalization and foreign investment is important for Estonia. The government realises that it should look more at companies that are just beginning to export. They should provide more export guarantees, extent the information services, re-organize the network for export services, open up cluster development, organise marketing events, trade fairs and business associations. The ministry of foreign affairs deals with trade outside the EU, and the ministry of economic affairs and communications deals with trade inside the EU, but in reality there is a more close and complex collaboration between the two ministries. The government of Estonia is active in business diplomacy. It supports companies that are searching for new foreign markets. The ministry of foreign affairs has to provide advice for export businesses via their headquarters and foreign missions (Estonia ministry of foreign affairs, 2011).

The mission of the ministry of foreign affairs, as shown on their website, is to safeguard Estonia’s welfare and security, but also promote Estonia in the world. The vision of the ministry is to strengthen democracy, safety, stability, welfare, international relations. The ministry of foreign

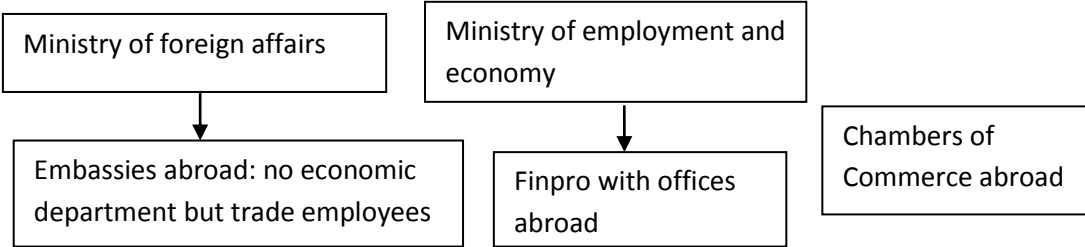
affairs has several policy goals and sub goals that it wants to achieve. The most important goals are to ensure national security, stability, predictability of international relations, liberal economic relations, premises for the functioning of the Estonian economy, protection of Estonians abroad, a good reputation and international relation, but also to promote democracy, human rights, the principle of law and economic freedom and development. The ministry of foreign affairs is helping businesses to open doors for export in new markets (Estonia ministry of foreign affairs, 2011).

The foreign posts have to provide the services for businesses in and outside capital cities of countries, for instance by organising business missions. The posts are usually embassies, but also honorary consuls are expected to help entrepreneurs in local markets. Next to these posts there also other organisations, such as Enterprise Estonia, the Estonian Chamber of Commerce and Industry (ECCI), the Estonian employers’ confederation and other business associations, which support and promote business activities (Estonia ministry of foreign affairs, 2011). Estonia Enterprise is working on regional development and support for entrepreneurships. They have an export division and an investment and trade development division that are involved in international trade and economic affairs. Enterprise Estonia works on growth, improved export, product development, increasing FDI, increased tourism and regional development of society. They have a total of 285 employees and the budget for 2011 was 201,5 million euro. They have a foreign office in Helsinki, Stockholm, Hamburg, London, Kiev, Moscow, St. Petersburg, Shanghai, Tokyo and California (Enterprise Estonia, 2011).

Estonia has 42 foreign posts that are active in commercial diplomacy. The posts are supposed to help businesspeople with information of the market, advices for exporting and provide contact within the host country entities. The embassies of Estonia offer the following services: grant a general overview of the business environment in the host country; protection of the legitimate interest of Enterprises; easier connection to partners; provide seminars and other events, provide consultancy, assist in information sharing and premises to other associations. Estonia has 33 embassies abroad. It has 13 embassies outside the EU and 20 embassies inside the EU. Estonia has no embassy in Cyprus, Luxembourg, Malta, Romania, Slovakia and Slovenia (Estonia ministry of foreign affairs, 2011).

**Finland**

Finland is a member of the EU since 1995. The total area of the country is 33800 km<sup>2</sup> and the total population is 5.3 million inhabitants. Finland is a republic (Europa, 2011). The responsible ministries for commercial diplomacy and export promotion in Finland are the ministry of foreign affairs and the ministry of employment and economy (Finland ministry of foreign affairs, 2009). The government mentions that they support trade and promote economic integration of the world economy. The government is active in trade regulations and takes account of the need of the environment, consumer protection, human rights and labour standards. They sees the key tasks of foreign posts as carrying out the action plan for economic external relations (Finland Government, 2011).



## Policies

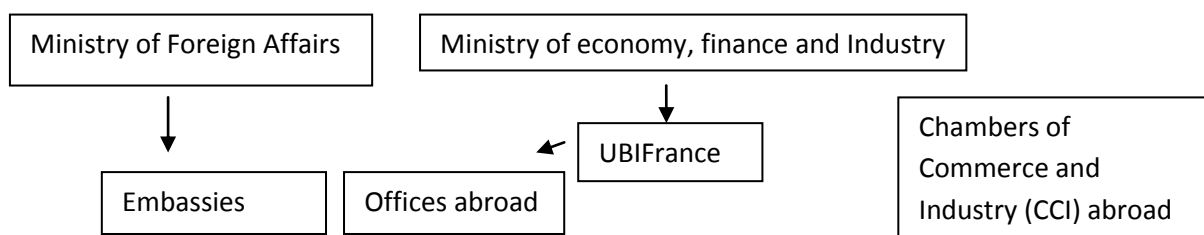
The ministry of employment and economy, as mentioned on their website, is active in the promotion of enterprises into the international market. The ministry has to ensure good conditions for doing business abroad and provides services and subsidies to encourage businesses, especially SME's, to be internationally active. The services the ministry provide are advice services, training services, development services and financial services. Several networks and telephone services provide information and help for companies abroad. Next to the ministry there are several institutions that promote industry and internationalisation. These are 'the association for Finnish work, Finpro, Invest in Finland, Music Export Finland Musex, Finnish-Swedish chamber of commerce, Finnish-Russian chamber of commerce and Viexpo (Finland ministry of employment and economy, 2011).

The most important government services for companies abroad are organised by Finpro. According to their website, Finpro is an association with 560 companies and members. It provides information, network services, consultancy services and programmes for innovation (Finland ministry of foreign affairs, 2009). Finpro helps companies to be successful internationally. They have a worldwide network to help companies create a competitive advantage and to get new business opportunities. They make sure Finish companies can enter new markets and be competitive. Finpro provides services for the whole growth process: cost preparation, selecting market opportunities and improving their competitiveness. Finpro has 66 locations in 45 countries (Finpro, 2011).

Next to Finpro, the ministry of foreign affairs and its network of missions abroad also provide services for companies. The functions of missions contain political tasks and public responsibilities. The activities of the mission include removing trade barriers; promote the diplomatic status of Finland and to help companies create contacts with entities of the host country. The missions have to follow Finish political, economic and cultural interests. They provide Finland with information and perform duties for the ministry. About 1800 employees work at the missions abroad, from which 2/3 are locals and 1/3 are Finish (Finland ministry of foreign affairs, 2009). The diplomatic missions in Finland that provide commercial diplomacy are mostly embassies. The embassies use activities to open doors for Finish companies abroad. They help them get in contact with authorities and businesses in the host country. The embassy also provides information services and economic development. Finland has 77 embassies over the world. It has 52 embassies outside the EU and 25 inside the EU. Finland has no embassy in Malta (Finland ministry of foreign affairs, 2011).

## France

France is one of the founding members of the EU. The total area is 55000 km<sup>2</sup> and it has a total population of 64.3 million inhabitants. France is a republic (Europa, 2011). The ministry of economy, finance and industry is responsible for commercial diplomacy (Naray, 2008; Kostecki and Naray, 2007), but the ministry of foreign affairs is in control of the embassies. The total expenditure of France in 2011 is 176.3 billion euro (France, ministry for budget, 2011).



## Policies

The French government has one clear statement about commercial diplomacy in their policy programme. They say that where there is growth, then that is where French companies need to be. The ministry of economy, finance and industry has to make sure that French companies have no export problems. They have to consult companies, coordinate integration, create non exclusive criteria, and monitor SME's. The ministry has to streamline the activities of the different stakeholders and bring them together as a team. The key stakeholders are UBIFRANCE, the network of chambers of commerce and industry, the trade advisors, the OSEO, the Coface and the SME international covenant. The ministry uses three main devices to help businesses: innovex innovation, export window and credit insurance guarantees (France ministry of economy, finance and industry, 2011).

The ministry of economy, finance and industry has an agency for international development of businesses. According to their website, UBIFRANCE is a network that is dedicated to support French companies when they want to export and go to foreign markets. They do this together with the Chambers of Commerce and Industry (CCI). UBIFRANCE has many missions abroad and is part of a global network for businesses. Their mission is to support companies with their export and entry into international markets. They do market scans and detect business opportunities for each company profile. The services they provide range from councils, contacts and communication. UBIFRANCE also takes care of some funding for special export projects that is part of the state budget. SME's can even get discounts to make it easier for them to export. Finally, they can provide companies with human resources, and young graduates. In total they have 48 agencies over the world, from which 33 outside the EU and 15 inside the EU (UBIFRANCE, 2011).

Even though the ministry of economy, finance and industry is responsible for commercial diplomacy, the embassies of the ministry of foreign affairs are also working on commercial diplomacy. The embassies take care of the contacts between investors and the authorities of the host country they want to invest in (Hocking and Spence, 2005). Mercier (2007) says that 60% of the embassy work is spend on economic efforts (Mercies, 2007), and Saner and Yiu (2003) indicate that France works a lot with cross-fertilization so that there is a big share of knowledge between business and government (Saner and Yiu, 2003). France has in total 165 embassies over the world. It has 139 embassies outside the EU and 26 embassies inside the EU (France house of French foreigners, 2011).

## Germany

Germany is also a founding member of the EU. The total area of the country is 356854 km<sup>2</sup> and it has a population of 82 million inhabitants. Germany is a federal republic, where the 'bundesländer' are federal entities that decide about several political issues (Europa, 2011). The responsibility for commercial diplomacy lies with the ministry of economy and technology that cooperates with the ministry of foreign affairs (Naray, 2008; Kostecki and Naray, 2007). The Chambers of commerce are also involved in commercial diplomacy. The total government expenditure in 2011 was 305.8 billion euro. The expenditure for economy and technology was 2% of the total expenditure in 2011; 6.1 billion euros (Germany ministry of finance, 2011).



## Policies

The government, according to their website, is active in trade policy and is trying to abolish all trade barriers. The government is active in helping companies to stay competitive in the world market. They are actively involved in WTO regulations and create bilateral agreements about free trade regulations. The government aim is to make it easier for German companies to export, especially in Europe, but also in the rest of the world (Germany government, 2009). The ministry of economy and technology is working hard on trade and international investment. They see trade as the driving force for economic relations. The government is very active in the integration of the EU market, the global world markets and opening up new markets. The aim of the government is the creation of global free trade and competition. The ministry of economy and technology helps companies to be more competitive, especially SME's. They have a wide range of instruments that help to reduce risks, help with investment, cooperation and fusions. The government gives the companies support with trade and investment within the lines of multilateral regulations. The ministry of economy and technology has the main responsibility, but collaborates with regional organisations and with the ministry of foreign affairs. The ministry has an electric mobility platform, secures technology export, and provides services for each different economic sector (Germany ministry of economy and technology, 2011).

Recently, the ministry of economy and technology has set up a new campaign for foreign trade and investment. In this campaign the ministry has set several objectives that it wants to achieve: place higher priority on SME's, gear the promotion more towards global trends and themes, develop a comprehensive market strategy, have a good image of the German industry, increase, next to the goods industry, also the trade of the service sector, enhance the image that Germany is a hub for research and science and a good place to work. The ministry works on better coordination of export promotion programmes within a unified programme for SME's, active participation in the processes of international organisations, more export credits, investment guarantees and bilateral treaties to support trade fairs and export. The Germany Trade and Invest agency (GTAI) has to implement the policies in cooperation with the chambers of industry and commerce (DIHK) and the federation of German industry (BDI). The ministry is enhancing the information system and the GTAI is establishing joint offices to increase the information sharing and to increase the global network between the GTAI and DIHK. In the case of services, the ministry has set up a website (portal21) that provides services, such as advice, to German companies that offer services inside the EU. The GTAI together with the DIHK arrange events, seminars, training programmes, advice, assistance and information to companies. Next to that, the government also provides credit, investment and untied loan guarantees to companies so that they can avoid special risks. Germany has 127 bilateral treaties to improve the investment of German investors (Germany ministry of economy and technology, 2010).

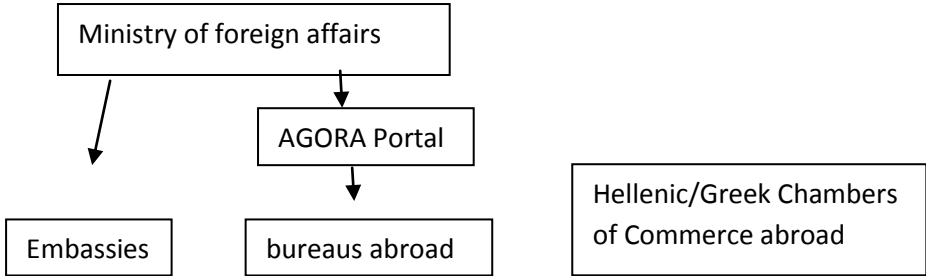
The DIHK has special chambers of commerce abroad (Ausland handelskammern AHK). There are 120 AHK offices in 80 countries worldwide. The AHK's are the official representations of the German industry and its commerce. They provide services for their members, mostly German companies. The AHK is a partner with the ministry of economy and technology and promotes the German business abroad. They work together with the missions of the ministry of foreign affairs on the German industry and commerce interests. The AHK has 50000 member companies over the whole world. These are mainly German companies, but also local companies abroad can be a member (Germany AHK, 2011).



The ministry of foreign affairs is also involved in commercial diplomacy. The foreign policy shows the ministries tasks as promoting and protecting German economics in the world. The foreign offices have to be active in economic promotions. An important part of this is information sharing and providing advice by embassies and the GTAI for businesses. Embassies and chambers of commerce have to give extra focus to SME's. The foreign policy is mostly working on negotiations and agreements about free trade and fair competition. Germany has over 220 missions abroad that support German firms in foreign markets. The economic department of the missions are mentors, facilitators, networkers and advisers, especially for SME's. Germany has 150 embassies all over the world. It has 26 embassies inside the EU and 124 outside the EU (Germany ministry of foreign affairs, 2009).

**Greece**

Greece is a member of the EU since 1981. It has a total area of 131957 km<sup>2</sup> and a total population of 11.2 million inhabitants. Greece is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of foreign affairs. The total expenditure of Greece in 2010 was 102208 million euro. The expenditure for commercial diplomacy falls under the economic affairs and development of the ministry of foreign affairs. The expenditure in 2010 was 230000 euro; this is 0.03% of the total expenditure (Greece ministry of finance, 2010).



**Policies**

The Greek government finds it very important to promote their national interest and Greek business abroad. The ministry of foreign affairs, as mentioned in their budget plan, promotes the internationalisation of Greek companies. In order to do this, they developed the AGORA portal. The objective is to provide information that helps the Greek business community over the world. The information can range from products, procurements, missions, exhibitions, research and studies of export and investment to contact information about partners and important stakeholders. AGORA has 60 bureaus in 49 countries all over the world that provide Greek companies with information about export and entering foreign markets (Greece ministry of foreign affairs, 2008). The purpose of the portal is to make Greek business more outward looking, to make them more competitive, to exploit the Greek comparative advantages, to increase exports and to attract more foreign investment. AGORA is focused on 4 parts of the world: (1) the Balkans; (2) countries around the Black Sea and Caspian region; (3) Turkey; (4) the Mediterranean area, the Middle East and the Arabic World. In order to achieve its objectives, the AGORA is working on several activities: reorganizing the diplomacy structure and services; create a good national policy; establish mixed committees, missions and conventions (Greece AGORA, 2011).

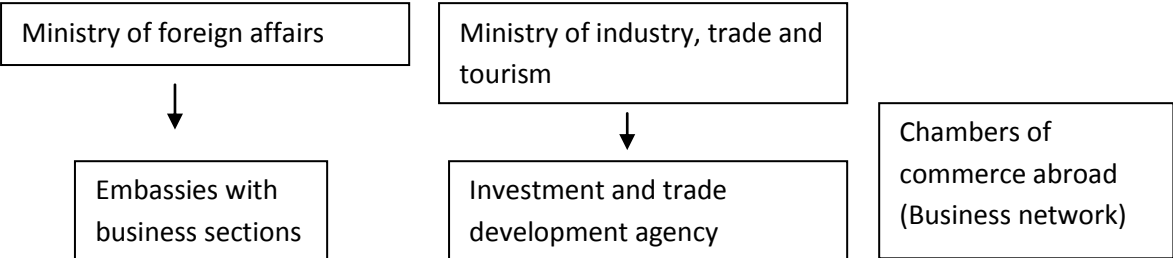
Next to the mission of AGORA, the embassies of Greece are also active in commercial diplomacy. They often have an economic section with a commercial counsellor. Greece has in total 84



embassies. It has 58 embassies outside the EU and 26 inside the EU (Greece ministry of foreign affairs, 2011).

**Hungary**

Hungary is a member of the EU since 2004. The total area of the country is 93000 km<sup>2</sup> and it has a total population of 10 million inhabitants. Hungary is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of foreign affairs with the ministry for industry, trade and tourism. The total expenditure of Hungary in 2011 was 14043.8 billion HUF. What the expenditure for economic affairs and commercial diplomacy was is not known (Hungary government, 2011). The government of Hungary has national authorities that operate autonomous. The objective of the government within economic affairs is to develop Hungarian business. The goal is to achieve freedom of competition and help SME’s to be competitive (Hungary ministry of foreign affairs, 2006).



**Policies**

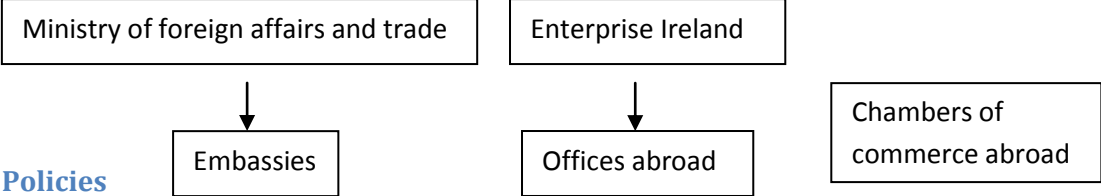
The ministry of foreign affairs’ priority is the EU and its policies. The overall goal of the ministry, according to their government programme, is to make Hungary an acknowledged and strong partner in Europe. Next to the EU, the ministry is busy with global economic affairs, energy security, sustainable development and other global challenges (Hungary government, 2011). The ministry has three main areas it focuses on: competitiveness in the EU, successfulness in regions, and responsibility in the world. Especially, the EU framework is very important for Hungarian foreign policy. They want to develop within the EU and be a global competitor. The aim of the economic affairs is to improve companies’ competitiveness. Hungary wants to enter new markets and secure investment. To support their goal, the ministry of foreign affairs has in total 77 embassies. It has 53 embassies outside the EU and 24 inside the EU. It has no embassy in Malta and Luxembourg (Hungary ministry of foreign affairs, 2011).

Next to the ministry of foreign affairs the ministry of industry, trade and tourism is also involved in commercial diplomacy. The ministry created the Hungarian investment and trade development agency (ITD) that is working on international relations and the development of Hungarian businesses abroad. They have offices in 8 regions in Hungary and a network with diplomatic services via the embassies in over 50 countries. The ITD is working on trade development and the promotion of investment. They organise events, such as conferences, seminars, business tours, give consultancy and publish brochures. They provide assistance to SME’s and established exporters about export opportunities, networking events, gathering information, offer advice, and arrange projects. The priority sectors for the agency are processed food, pharmaceuticals, medical engineering products, precision engineering, software and automotive parts (Hungary trade, 2011).

**Ireland**

Ireland is a member of the EU since 1973. It has a total area of 70000 km<sup>2</sup> and a total population of 4.5 million inhabitants. Ireland is a republic (Europa, 2011). The responsible ministry for commercial

diplomacy is the ministry of foreign affairs and trade. Together with Enterprise Ireland the ministry works on commercial diplomacy. The government has decentralized its departments (Ireland ministry of foreign affairs and trade, 2008). The total expenditure of Ireland in 2010 was 46851024 euro. The expenditure for foreign affairs in 2010 was 714417 euro; this is 1.5% of the total. How much exactly spend on commercial diplomacy is not know (Ireland ministry of finance, 2011).

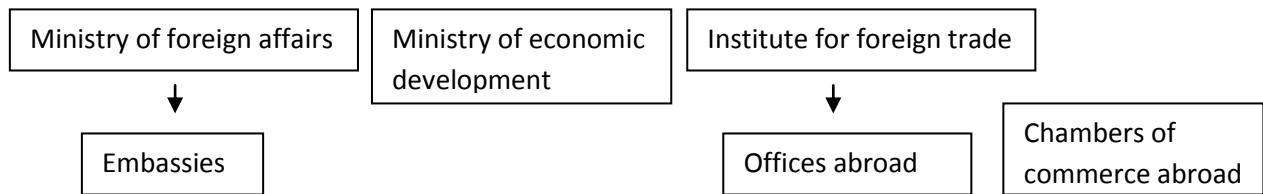


The ministry of foreign affairs and trade is responsible for commercial diplomacy. Their mission, as mentioned in their strategy plan, is to promote the political and economic interests of Ireland over the world. The ministry wants to increase the entry of new markets, and support trade delegations. The ministry has a bilateral economic relations section (BER) that is identifying new market opportunities together with other agencies. They have to promote Ireland’s business and investment and they have to facility the development of Irish trade and investment abroad. The BER assists companies in market access and information (Ireland ministry of foreign affairs and trade, 2011). The strategy of the ministry is to increase the access to new markets and attract investment to Ireland. The ministry has posts abroad that provide services for international trade and investment to companies. The posts have to report about economic developments to the ministry. They have to make contact with public and private partners in order to promote Irish trade and investment. The ministry has a staff of about 1260 employees, of which about 900 work in Ireland and about 360 are working abroad (Ireland ministry of foreign affairs and trade, 2008). The posts that work on commercial diplomacy in Ireland are its embassies. Ireland has in total 60 embassies all over the world. It has 34 embassies outside the EU and 26 embassies inside the EU (Ireland ministry of foreign affairs and trade, 2011).

To further stimulate growth and export to new world markets, the government has created Enterprise Ireland. This is a government organisation that helps companies to start up and grow with their export to new world markets. They have several services to help the export of Irish companies. They provide funding, export assistance, support with competitiveness development, incentives to stimulate R&D, connections abroad to export, buyers and customers. The organisation provides market & sector information, organise trade events and missions and help companies with their export with advice and contacts. The organisation has several regional offices and 30 international offices that coordinate the export of more than 60 countries over the world (Enterprise Ireland, 2011).

**Italy**

Italy is a founding member of the EU. It has a total area of 301263 km<sup>2</sup> and a total population of 60 million inhabitants. Italy is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economic development together with the ministry of foreign affairs. The institute for foreign trade is working with the government on commercial diplomacy (Italy government, 2011). The total expenditure of the government in 2011 was 799.689 million euro. How much is spend on economic affairs or commercial diplomacy is not known (Italy ministry of economy and finance, 2011).



## Policies

The government of Italy, according to their website, believes that in this time of crisis it is time for growth. They want to re-launch Italy and improve the government, production, infrastructure, knowledge/technologies and standard of living. The government wants to increase the trade with the world and increase the export capacity. It wants to safeguard their companies, and bring them to new markets. In order to grow Italy has to stabilize their financial market, has to have a strong foreign policy within Europe and the world, control fair competition and equal market treatments in the world, keep the tax and bank accounts of the citizens intact, have a good welfare system, have a better infrastructure, and have better transport options for the economy (Italy government, 2011).

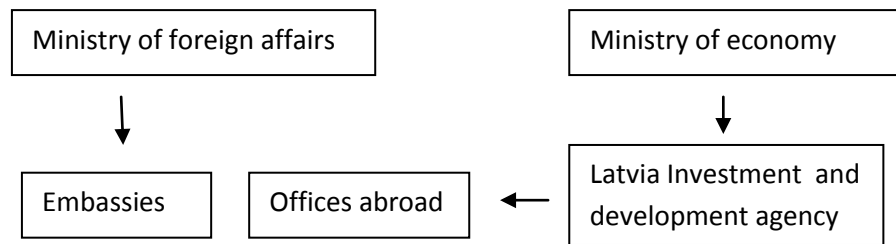
The ministry of economic development has the objective to increase the internationalization of companies. They want to promote the export of Italy and increase the coordination between entities and other actors, such as the National Institute for Foreign Trade (ICE), the chambers of commerce, universities and research centres. The ministry wants to help especially SME's with financial and other tools to enter international markets. They work on trade missions to create relations with new markets, the government and partners. The goal is to give companies and SME's access to world markets by offering them logistic, financial, legal and consulting support. They want to launch a good information network (Italy ministry of economic development, 2008). The ministry works close together with the institute for foreign trade (ICE). This is a government agency that is working on promoting trade, industrial co-operation and business opportunities for Italian and foreign companies. The institute is helping Italian firms to internationalise and enter new markets. The ICE has 117 offices in 87 countries. The offices provides information, assistance, creates economic outlooks, gather offers and requests, finds business partners and opportunities, organises events (fairs, missions, congresses, workshops and meetings), and training services (Italian institute for foreign trade, 2011).

The ministry of foreign affairs participates with economic and financial organisations on a multilateral basis. Together with the ministry of economic development they support internationalization and economic diplomacy. The ministry of foreign affairs has close contact to the OECD, WTO and UNCTAD when it comes to trade, and other affairs. The ministry wants embassies to collaborate more with stakeholders and potential partners for economic, social and financial development. Embassies have in many countries economic and commercial departments. The ministry has in total 126 embassies over the world. They have 100 embassies outside the EU and 26 inside the EU (Italy ministry of foreign affairs, 2011).

## Latvia

Latvia is a member of the EU since 2004. It has a total area of 65000 km<sup>2</sup> and a population of 2.3 million inhabitants. Latvia is a former Soviet country and is now a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy with the ministry of foreign affairs. The total expenditure of Latvia in 2010 was 5458.4 million LVL. The expenditure of

economic affairs was 16% of the total expenditure, namely 873.344 million LVL (Latvia ministry of economics, 2011).



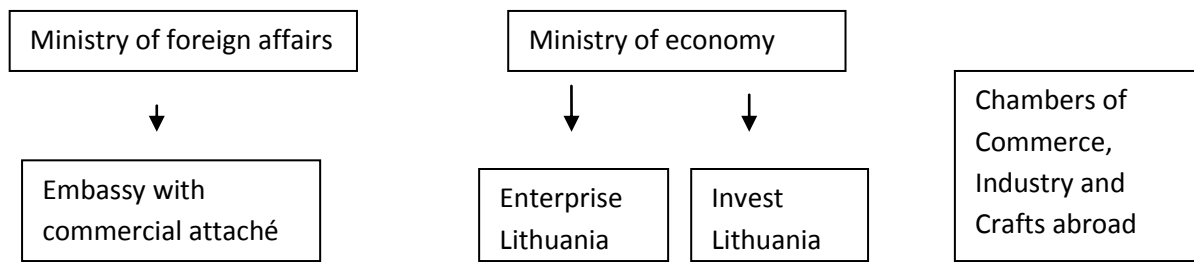
## Policies

The ministry of economics' aim, as mentioned in their budget and goals plan, is to make Latvia more competitive at a national, but also at the European level. In 2010, the ministry worked on supporting export and helping SME's (Latvia ministry of economics, 2010). Latvia wants to be more competitive and wants this within the free trade principles. The government focuses much on the EU, on its competition policy in the world, on market access for their industrial products, services and agriculture, and on reducing cost within free trade agreements (Latvia, ministry of economics, 2011). The ministry has set up an investment and development agency of Latvia (LIAA). The headquarters is in Riga and they have about 200 employees. The agency has four main tasks: investment attraction, export promotion, innovation promotion & coordination, and administrating EU funds. The agency also has divisions per market sector and an export and investment (EXIM) database. These divisions all have information about products and sectors. On the website there are catalogues that can be downloaded. The information is also used by companies abroad to look for investment opportunities in Latvia. It has now 12, soon 13, representation offices abroad. They have offices in Sweden, Norway, Denmark, United Kingdom, Russia, Germany, France, the Netherlands, Poland, Lithuania, the Ukraine, Japan and they are going to open one in China soon (Latvia investment and development agency, 2011).

Another important organisation that works on commercial diplomacy is the Latvian Chamber of Commerce and Industry (LCCI). This is a non government organisation that helps companies on a voluntary basis. They provide services for business promotion, export, and market access. They create a dialog between the business and government levels. Their mission is to add value through cooperation. They want to work fast, simple and with farsighted knowledge and experience. The services they provide are monitoring, think tanks, information events, lobbying, trade missions, consultation, certification, informing, research, meetings, trainings, seminars, conferences and advertisement (Latvia Chamber of Commerce and Industry, 2011). Next to these agencies, the ministry of foreign affairs also works a bit on trade and international economic affairs. It works according to the OECD and WTO regulations and creates bilateral and multilateral agreements. To assist the economic work, the embassies also promote trade. Latvia has in total 34 embassies all over the world. It has 14 embassies outside the EU and 20 inside the EU. It has no embassy in Bulgaria, Cyprus, Luxembourg, Malta, Romania and Slovakia (Latvia ministry of foreign affairs, 2011).

## Lithuania

Lithuania is a member of the EU since 2004. It has a total area of 65000 km<sup>2</sup> and a total population of 3.3 million inhabitants. Lithuania is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy with the ministry of foreign affairs. The ministry of economy has set up two agencies to work on commercial diplomacy: Enterprise Lithuania and Invest Lithuania. They all co-operate with the chamber of commerce, industry and crafts.



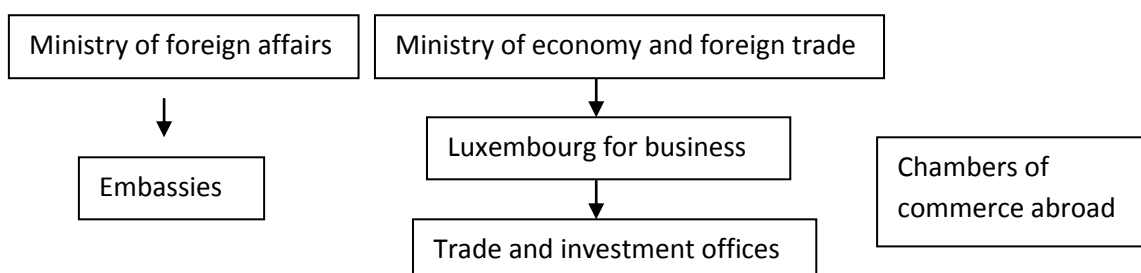
### Policies

According to the government website, the ministry of economy is working on foreign trade with the cooperation of the ministry of foreign affairs. They work with the EU on free trade, but they also look at the trade from outside the EU and the custom duties and quotas that have been set by the EU (Lithuania ministry of economy, 2011). The ministry of economy has set up an organization that is focused on inward investment (Invest Lithuania) and an organization that is working on businesses (Enterprise Lithuania). Both organizations are non profit and owned by the ministry. Invest Lithuania focuses on bringing foreign direct investment to Lithuania. Enterprise Lithuania supports the competitiveness of business and export to new markets. They provide training, consultancy, partner search and advice services. Their goal is to add value to business and to be innovative. Enterprise Lithuania has 18 representation offices abroad (Lithuania enterprise, 2011).

The ministry of foreign affairs is mainly active in bilateral and multilateral agreements about trade. Lithuania follows the trade policy of the EU and is part of the international trade agreement that the EU has. It has also close connections with the WTO and its agreements. Lithuania has in total 42 embassies in the world. It has 20 embassies outside the EU and 22 inside the EU. Only in Cyprus, Luxembourg, Malta and Slovakia it has no embassy but consulate (Lithuania, ministry of foreign affairs, 2011).

### Luxembourg

Luxembourg is a founding member of the EU. It has a total area of 3586 km<sup>2</sup> and a total population of 0.5 million inhabitants. Luxembourg has a constitutional monarchy (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of foreign affairs and the ministry of economy and foreign trade. The total government expenditure in 2009 was 11 478,0 million euro. The expenditure for international relations and missions abroad in 2009 was 35428388 euro. The expenditure of international relations and economic and European relations was 2833687 euro. The expenditure of export promotion was 8711023 euro. The expenditure for commercial diplomacy in 2009 was 35428388 + 2833687 + 8711023 = 46973098 euro. This is 0.4% of the total expenditure (Luxembourg government, 2011).



### Policies

The government is active in opening up international markets for the businesses. According to the government programme, they want companies to export more to new markets. They want to

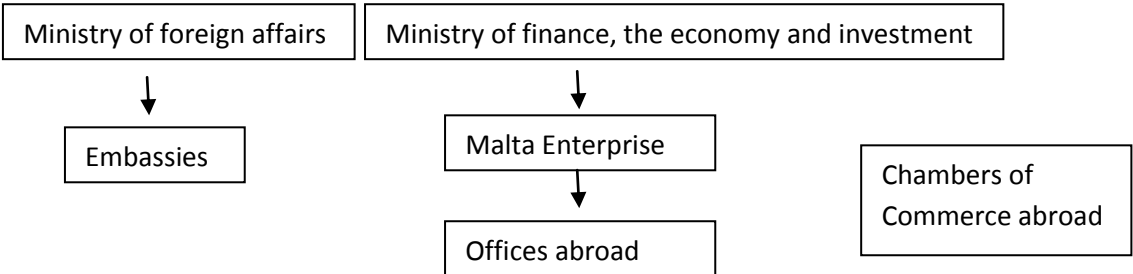
improve the visibility and skills of the businesses. The ministry of economy and foreign trade has to organized missions to target markets abroad; companies have to participate in trade fairs; provide support services to companies and keep cooperation between trade and development aid (Luxembourg government, 2009). The objective of the ministry of economy and foreign trade is to create a framework for export activities and to improve the visibility of Luxembourg companies in foreign markets. They want to encourage the export of services and products and want to help companies' access foreign markets (Luxembourg ministry of economy and foreign trade, 2011).

To help the government the ministry developed the 'Luxembourg for Business GIE' agency. The Luxembourg for Business (LfB) agency was created in 2008 by the ministry of economy and foreign trade together with the ministry for SME' and tourism, the chamber of commerce, the national credit and investment corporation, the chamber of Crafts, and Luxembourg's business federation. It combines the strength of all the private and public partners to promote trade at foreign posts. The LfB has set up Trade and investment offices in 9 countries; India, China, Israel, Taiwan, South Korea, Japan, United Arab Emirates, USA and Luxembourg, that work on the economic activities of Luxembourg companies abroad. In countries where the LfB has no office they work close with the embassies and consulates in those countries to support economic activities (Luxembourg for business, 2011).

The ministry of foreign affairs mainly provides the foreign posts within a network of embassies, consulates and trade advisors all over the world. The missions have to represent and protect the economic and commercial interests of Luxembourg abroad. Where Luxembourg is not presented it gets help from Belgium. The missions give information and advice to companies and provide them with new business opportunities. Luxembourg has in total 41 embassies in total. It has 23 embassies outside the EU and 18 embassies inside the EU. It has no embassy in Cyprus, Estonia, Latvia, Lithuania, Malta, Slovenia, Slovakia and Sweden (Luxembourg ministry of foreign affairs, 2011).

**Malta**

Malta is a member of the EU since 2004. The total area of the country is 316 km<sup>2</sup> and it has a total population of 0.4 million inhabitants. Malta is a Republic (Europa, 2011). The total expenditure in 2010 was 1986.6 million euro. The expenditure for economic policy was 734 thousand euro and for commerce 1.062 thousand euro. This 744062 euro is 0.04% of the total expenditure (Malta ministry of finance, economy and investment, 2011). The responsible ministry for commercial diplomacy is the ministry of foreign affairs with the ministry of finance, the economy and investment.



**Policies**

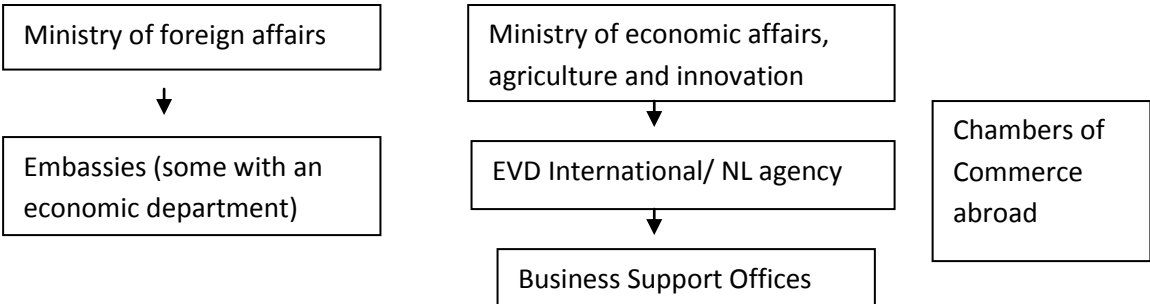
The ministry of finance, the economy and investment has two departments working on economic affairs. The first is the economic policy department that is working on all the EU economic policies. The second is the commerce department that is working on assisting companies and facilitate trade. The commerce department has a trade service directorate with the mission to provide a single

interface for the business community, streamline the import and export and bring regulations in line with the community practices (Malta ministry of finance, the economy and investment, 2011). For the extra support of Malta’s companies abroad the ministry has set-up a trade agency: Malta enterprise. Malta enterprise, as shown on their website, is working on attracting FDI and improved economic development in Malta. They work on increasing the competitiveness of Malta’s companies and help them go abroad. The agency has experts on specific sectors to assist and support companies with expanding their business and finding new markets. They work together with local business partners, chambers of commerce, federations, missions and business bodies to be able to provide the best services and contacts for their clients. They have five overseas offices in Germany, Libya, United Arab Emirates, Australia, and India (Malta Enterprise, 2011).

According to their website the ministry of foreign affairs has 20 objectives that range from a political and economic basis. In relation to economic affairs, the ministry wants to maximise the economic benefits, promote the relationship with major economies, support international commerce and promote Malta’s interests in the globalised world. The ministry with its foreign posts wants to bring investment to Malta and to improve the export of goods and services. The focus lies at major markets such as the US and the EU, but also new markets in India, Brazil, China and South Africa are targeted. Malta is working close with the EU and the WTO to protect and secure economic interests and to encourage global economic growth. The embassies perform different roles within the ministry. They have to take part in bilateral and multilateral relations, foster and promote these relations, ensure an active role of Malta in the international community, promote the whole image of Malta, promote Malta as tourist and investment location, and serve the needs of Maltese nationals abroad. Malta has in total 26 embassies over the world. It has 12 embassies outside the EU and 14 embassies inside the EU. It has a high commission in the United Kingdom and a consulate in Bulgaria, the Czech Republic, Slovenia and Sweden. It has no foreign post in Cyprus, Estonia, Latvia, Lithuania, Luxembourg, Romania and Slovakia (Malta ministry of foreign affairs, 2011).

**The Netherlands**

The Netherlands is a founding member of the EU. It has a total area of 41526 km<sup>2</sup> and a total population of 16.4 million inhabitants. The Netherlands has a constitutional monarchy (Europa, 2011). The ministry of economic affairs (renamed to ministry of economic affairs, agriculture and innovation) together with the ministry of foreign affairs are responsible for commercial diplomacy. They have to make sure that Dutch companies can compete in international markets and create better international relations all over the world (Netherlands government, 2010). The total expenditure of the government in 2011 was 257.4 billion euro. The expenditure for foreign affairs, that include missions and economic diplomacy is 11.8 billion euro, this is 4.6% of the total (Netherlands, ministry of finance, 2011).





## Policies

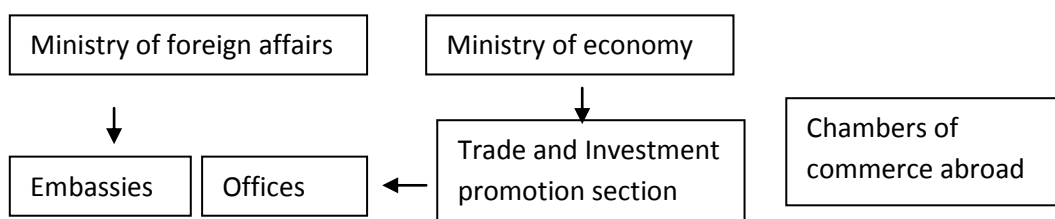
The government, as mentioned in their coalition agreement, wants the embassies and consulates to work more on economic diplomacy. The network of missions should be more flexible, cheaper, with smaller and movable missions that go to the important economic markets in the world. The main focus of the government is to strengthen the competitiveness of the Dutch economy. The government wants to enlarge and secure their good economic position in the world. They work closely with the EU and the WTO to ensure a good environment for companies, especially entrepreneurs, and consumers. The government acknowledges that innovation is crucial and encourages cooperation between enterprises and academic and research institutions (Netherlands government, 2010).

The ministry of economic affairs, agriculture and innovation wants a competitive business climate. They focus on innovation and entrepreneurship. The ministry has set up a special agency for export and businesses abroad: NL agency (Netherlands ministry of economy, 2011). The agency is working on energy, innovation, environment, patent offices and the work of the EVD international. The agency is the contact point for business, knowledge institutions and government bodies. They provide information, advice, financing, networking and regulatory matters. They have to make sure the government policy is implemented quickly and properly, but can also make suggestions and tell the ministry what is all going on. The agency has a special part for business questions and information. They have special Business supports offices that help companies with their export and doing business abroad. The offices are in nine countries: Brazil, China, Germany, France, India, Russia, Turkey, USA, UK (NL Agency, 2011).

The ministry of foreign affairs is working on global conditions that favour the Dutch interest. Trade is a big part of the Dutch economy and the foreign ministry has to secure the economic interests in the world. The ministry wants the network of foreign posts to work more and better to promote Dutch economic interests. They have a clear focus on leading sectors and growth markets where it wants to be extra presents, such as the BRIC, but also in strategic hubs like Panama. The network of foreign posts has to be more efficient and better equipped, but in the same time the government is doing budget cuts and some foreign posts will be part of this too. The foreign posts consist of diplomatic missions, and business support offices that help with trade requests and business support. Together with the NL agency they work on promoting business abroad and supporting companies. The Netherlands has in total 110 embassies all over the world. It has 85 embassies outside the EU and 25 inside the EU. It only has a consulate in Belgium (Netherlands ministry of foreign affairs, 2011).

## Poland

Poland is a member of the EU since 2004. The country has a total area of 312679 km<sup>2</sup> and a total population of 38.1 million inhabitants. Poland is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy. The ministry of foreign affairs is in control of the embassies and consulates abroad.





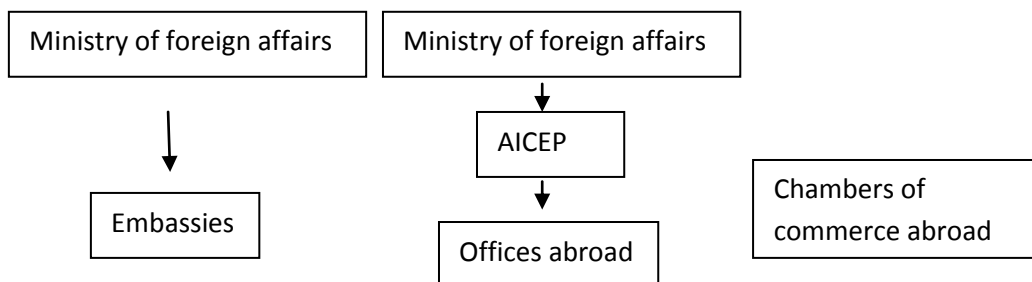
## Policies

The ministry of economy, as mentioned on their website, works on foreign trade, export and investment. They are very active in the EU and with the abolishment of trade barriers. They also support aid to non EU countries and have special aid projects (Poland ministry of economy, 2011). The ministry has set up a trade and investment promotion section that provides commercial services. The sections are part of embassies and consulates abroad. Sometimes they work together with the Investment Agency, tourist organisation and chamber of commerce and industry. Their mission is to help business internationalize, and they especially assist SME's with their business over the world. They have several services they provide free of charge: promoting the Polish economy and businesses, attracting inward investment, support and advice exporters, importers and investors, assist in matchmaking, identify partners, provide information about trade, exhibitions, business opportunities and sales leads, initiate cooperation between Poland and other countries, organise business related seminars and missions. They help Polish companies to go abroad and look for other companies that import to and invest in Poland. At the moment they have 48 offices abroad in 44 countries over the world: 25 outside the EU, and 19 inside the EU. They do not have an office in Cyprus, Malta, Luxembourg, Estonia, Latvia, Slovenia and Slovakia (Poland trade and investment promotion section, 2011).

The ministry of foreign affairs is not much working on trade. They supervise the diplomatic missions and consulates that work on commercial diplomacy, and they work with trade unions. Poland has in total 89 embassies. It has 64 embassies outside the EU and 25 inside the EU. Only in Malta they have an honorary consulate (Poland ministry of foreign affairs, 2011).

## Portugal

Portugal is a member of the EU since 1986. It has a total area of 92072 km<sup>2</sup> and a total population of 10.6 million inhabitants. Portugal is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy and employment, but the ministry of foreign affairs is becoming more and more involved (Portugal government, 2010).



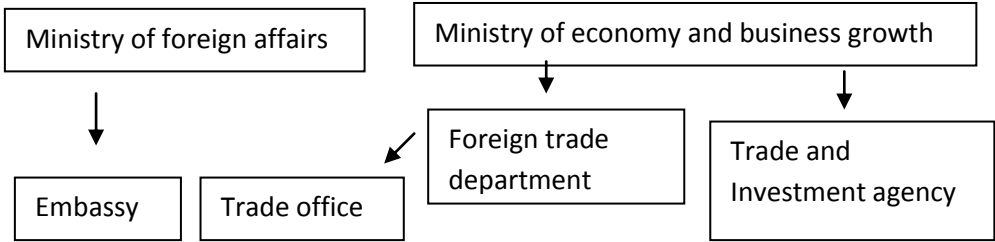
## Policies

The government of Portugal, according to their policy programme, wants to improve and support internationalization of companies. They look at business missions, trade fairs and an export network between entities to promote exchange. They want to combine economics and foreign affairs to structure economic diplomacy and to create more international growth. They focus on export of companies, inward investment and to promote Portugal as a whole. In order to do that they have to reallocate their resources, strengthen enterprises' competitiveness, eliminate double taxes, improve the involvement of SME's and support the chambers of commerce and other bodies (Portugal government, 2010).

The ministry of economy and employment is working on commercial diplomacy. They work on trade and provide several services. The ministry set up a special agency, AICEP, for investment and external trade. This agency sets up and implements policies concerning the internationalization of the economy, for trade, and the image of Portugal as a whole (Portugal ministry of economy and employment, 2011). AICEP was created in 2007 and works to get inward investment to Portugal and helps companies to internationalize and set up export activities. They can find business partners and provide information about a market or product. AICEP has a network of 50 offices in 44 countries all over the world that work on export and investment (Portugal AICEP, 2011). The ministry of foreign affairs is not active in commercial diplomacy, but the government wants the ministry to be more active, because the ministry is working on multilateral and bilateral agreements and has to set up the possibility for the economy to be active internationally. Next to that, there network of embassies also has to support this process more. Portugal has in total 76 embassies over the world. It has 50 embassies outside the EU and 26 embassies inside the EU (Portugal ministry of foreign affairs, 2011).

**Romania**

Romania is a member of the EU since 2007. The country has a total area of 237500 km<sup>2</sup> and has a total population of 21.5 million inhabitants. Romania is a Republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy with the ministry of foreign affairs. The total expenditure in 2011 was 1428661 thousand LEI. The ministry of economy, trade and employment had an expenditure of 85721 thousand LEI. The expenditure for economic actions within the ministry of foreign affairs was 84149 thousand LEI. This brings the total to 169770 LEI, 11.8% of the total (Romania ministry of finance, 2011).



**Policies**

The government, as mentioned on their website, is focused on a business environment that is more competitive within the single EU market and in the global market. They want to improve the business environment to develop itself more, especially SME’s. Increasing competitiveness is also realized by entering new markets and creating multilateral trade agreements (Romania government, 2011). The ministry of economy has a special DG for trade and international relations. They have to promote the economic interests of Romania and work close with the EU and the WTO on trade regulations. The DG has to consult with other government institutions on the implementation of the policies. They have to organize missions and other activities to promote export, such as information sharing and consultancy for companies. The ministry sends staff abroad to work on economic activities; they work within the framework of diplomatic mission of Romania abroad. The advisors that are send abroad have specific tasks for export promotion: ensure dialogue with the business community abroad, creating a relationship with the authorities abroad, take part in negotiations abroad about trade agreements, collect and report relevant data and information; identify potential partners for economic relations, create market studies, provide assistance to Romanian companies and institutions when requested, but also to local operators that want to import to Romania, participate in fairs and exhibitions, arrange missions and symposia, provide consultancy to companies, and

prepare business guides with sector specific information about doing business abroad. The advisors also have to work on attracting foreign investment. They have to look for FDI by organizing meetings and promote Romania as an attractive import country (Romania ministry of economy, 2011).

The ministry has a special portal for export and investment. They have three areas of support within this portal. The first is about export promotion. The ministry participates in fairs and exhibitions, organises missions, creates product and market studies, gives consular advise, establishes advertisement possibilities and an information portal on trade, provides financial support (especially for SME's), and finances certain expenditures of Romanian organisations and firms. The second area is about support with regulations, laws and trademarks. The last part contains the support network with other organisations, such as the Chamber of Commerce (Romania trade portal, 2011).

The ministry of economy works together with the ministry of foreign affairs on promoting Romanian economic interests abroad. The ministry supports foreign trade activities and tries to attract investment to Romania. They cooperate with other institutions and provide market intelligence and contacts for entrepreneurs. They have to arrange meetings with business representatives and organize or support economic events, such as workshops, conferences, forums and reunions. To support this it has an extended staff and a network of missions abroad. Romania has in total 47 embassies. It has 24 embassies outside the EU and 23 inside the EU. It has a consulate in Estonia. Latvia is covered via Lithuania and Malta is covered via Italy (Romania ministry of foreign affairs, 2011).

## Slovakia

Slovakia is a member of the EU since 2004. The country has a total area of 48845 km<sup>2</sup> and a total population 5.4 million inhabitants. Slovakia is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy with the ministry of foreign affairs.



## Policies

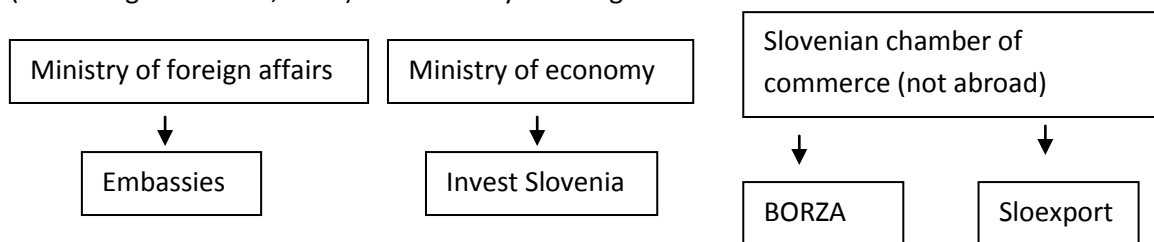
The government of Slovakia, according to their government programme, is working to improve its economic situation and to improve the trade conditions. The government will abolish laws and regulations that harm the economic market and reduce the administrative burden for companies, while at the same time improve the electronic communication system. The government supports every action for the removal of trade barriers and liberalization of the world market so that it is easier for companies to export their products and services. They work according to the EU market strategy, and work with the WTO and OECD (Slovakia government, 2010).

The ministry of economy works on trade regulations and the EU market access strategy. The ministry has special economic sections within embassies. At the moment, they have 21 economic sections outside the EU and 22 economic sections inside the EU (Slovakia ministry of economy, 2011). Next to that the ministry of economy has also set up an agency for investment and trade: Slovak Investment and Trade Development Agency (Sario). Sario has to increase the standard of living in Slovakia and promote growth and economic development (Slovakia investment and trade development agency,

2011). The ministry of foreign affairs is since 1989 more active with foreign trade and every diplomat has to promote Slovakia's economic interests. The ministry is working close on EU association and participate in the OECD, WTO and the UN. Slovakia has in total 63 embassies over the world. They have 41 embassies outside the EU and 22 inside the EU. The embassy for Luxembourg is in Belgium, the one for Estonia and Lithuania is in Latvia and the one for Malta is in Italy (Slovakia ministry of foreign affairs, 2011).

## Slovenia

Slovenia is a member of the EU since 2004. The country has a total area of 20273 km<sup>2</sup> and a total population of 2 million inhabitants. Slovenia is a republic (Europa, 2011). The responsible ministry for commercial diplomacy is the ministry of economy. The ministry of economy is working on the international market, tourism, energy, enterprise, competition and foreign economic relations (Slovenia government, 2011). The ministry of foreign affairs is in control of the embassies.



## Policies

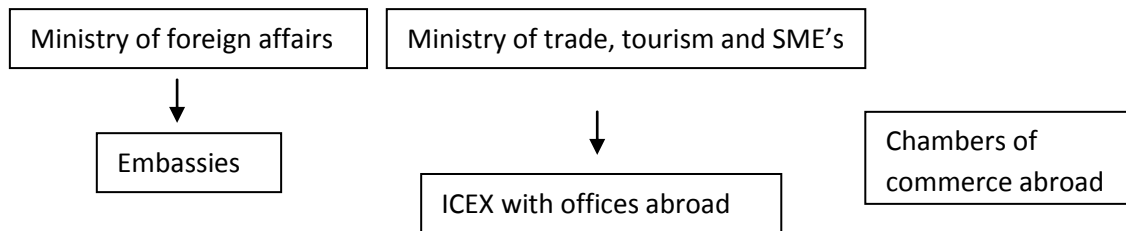
The division of foreign economic relations of the ministry of economy works on enhancing the competitiveness of companies in the global market. As mentioned on their website, they have to promote the internationalisation of companies and attract foreign investors to Slovenia. Internationalisation means that they have to increase the competitiveness of companies and to make sure they can enter new foreign markets at reduced costs and risks. This internationalisation can be achieved by providing information, consulting, promote goods and services, educating enterprises, organise business delegations, presentations, conferences and seminars, provide financial support for the activities, and create market studies. The ministry of economy has created an agency to attract FDI (Invest Slovenia). They provide information, consulting, promotion of the Slovenian market and market analysis. Next to this, the ministry of foreign affairs is working closely with the EU, the WTO and the OECD on trade agreements (Slovenia ministry of economy, 2011).

Next to the ministry and Invest Slovenia, the Chamber of commerce has created the Sloexport website and the Business opportunities exchange system (BORZA) website. Sloexport is the public agency that has a database of over 4000 Slovenian export companies and show potential partners and business opportunities (Sloexport, 2011). BORZA is a similar website that shows all business partners and contact information for all companies in the world (Slovenia BORZA, 2011). The ministry of foreign affairs is supporting the ministry of economy on international affairs, and they provide the network for these international affairs. Slovenia has in total 61 embassies in the world. It has 37 embassies outside the EU and 24 embassies inside the EU. The embassy of Luxembourg is in Belgium and the one of Malta is in Italy (Slovenia ministry of foreign affairs, 2011).

## Spain

Spain is a member of the EU since 1986. It has a total area of 504782 km<sup>2</sup> and a total population of 45.8 million inhabitants. Spain is a constitutional monarchy (Europa, 2011). The total expenditure of the government in 2011 was 315,991,525.11 million euro. The expenditure for trade, tourism and

SME's was 1.432.939,93 (0,45%) million euro in 2011 (Spain ministry of economy and finance, 2011). The responsible ministry for commercial diplomacy is the ministry of trade, tourism and SME's. The ministry of foreign affairs is responsible for the embassies and other foreign posts.



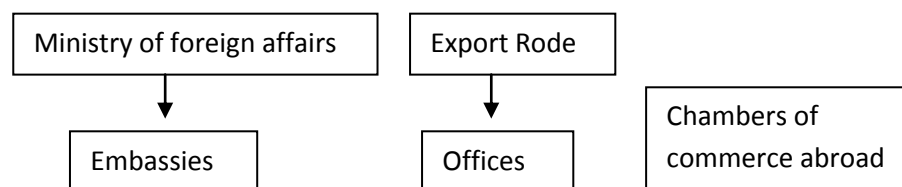
## Policies

The ministry of trade, tourism and SME's is working on stimulating export and access to foreign markets. As mentioned on their website, they work on collaboration between different associations and exporters. The services provided are: economic and commercial information by country, statistics and publications on trade and investment, trade sector information, commissions abroad, regional and provincial trade directorates, and financial instruments for trade and investment. They have a network of organisation, such as the chambers of commerce abroad, trade & investment support centres and the portal of the trade institute ICEX, that provide assistance with implementing these and other services: operators Guide, export among SME's, information on trade barriers, and market development plans (Spain ministry of trade, tourism and SME's, 2011).

The ICEX is a government agency that is bonded to the ministry of trade. They have to implement the policy of the ministry and help Spanish companies with their internationalisation process. The services and information they provide help companies in each phase of the internationalisation process. The first phase is an introduction to export and help with planning the initiation. The second phase is about trade promotion with fairs, missions, seminars and exhibitions, but also with advice and support on internationalisation. The last phase contains the implementation and investment abroad, with direct support for projects abroad. Next to these phases services, ICEX also has information on markets and products, advice and counseling services, and training for human capital. They have central offices in Spain, special commercial offices abroad, a portal and special business centers. They have 13 business centers that are located strategically all over the world that help companies that want to expand abroad. ICEX has 1000 specialists that can help, and the portal contains information on each country in the world separately (Spain ICEX, 2011). The ministry of foreign affairs is working on international affairs, they do not focus on commercial diplomacy, but are involved in international organisation and have a good network of embassies. Spain has 117 embassies in the world. It has 91 embassies outside the EU and 26 inside the EU (Spain ministry of foreign affairs, 2011).

## Sweden

Sweden is a member of the EU since 1995. It has a total are of 449964 km<sup>2</sup> and a total population of 9.2 million inhabitants. Sweden has a constitutional monarchy (Europa, 2011). The total budget for foreign trade and promotion of trade and investment in 2010 was 418842000 SEK. The budget for export promotion in 2010 was 208899000 SEK (4.99%). The responsible ministry for commercial diplomacy is the ministry of foreign affairs and the trade council, also known as Export Rode (Sweden government, 2011).



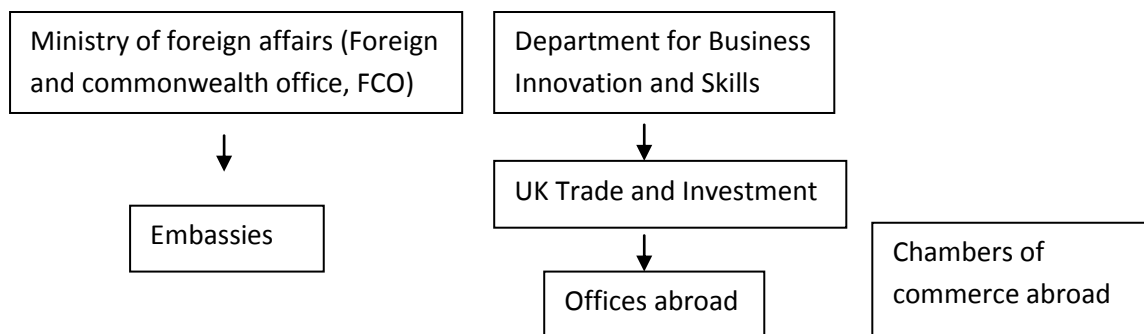
## Policies

As shown on their website, the government of Sweden has clear objectives about foreign trade, trade promotion and investment promotion. They want the best possible level of free trade, an efficient internal EU market, strengthened multilateral trade system within the WTO, increased trade, and greater FDI in Sweden. The ministry of foreign affairs works on international cooperation, international development cooperation and foreign trade and promotion of trade and investment. The trade policy of the government is based on free trade, where there are no custom duties, no centralized decisions, and no other barriers or forms of protectionism. The government is very active within the EU, and wants to be an important market in the EU. They are also working within the WTO and want a good global market. Next to this trade policy, Sweden had a promotion policy. The promotion policy is about promoting the economic interest of Sweden. They want to expand the export base, create a strong Sweden image and attract more investment. Missions abroad have to support and advice companies about international options. Missions have access to decision makers. They can provide direct help to companies on the spot and can deal with barriers. The ministry of foreign affairs has a special handbook on trade barriers (Sweden government, 2011).

The government has set up a special trade council that helps companies enter a new market. They also have a special council that is working on attracting investment to Sweden. The Swedish trade council (Export Rode) works on export and especially helps SME's that want to expand internationally. They provide export services, skill development, consultancy services and target promotion measures. They also provide information and advice on export opportunities and market techniques. They ask fees for some consultancy services. The trade council works close with the embassies, and has 60 offices in 52 countries over the world (Sweden government, 2011). The ministry of foreign affairs has to cooperate with companies that want to go abroad or are already abroad. The embassies and consulates have to promote the Swedish economic interests. The posts organise visits, provide market information, advice and more. They also have special projects that work on export. Sweden has in total 87 embassies over the world. They have 66 embassies outside the EU and 21 inside the EU. They have a consulate in Bulgaria, the embassy of Luxembourg is in the Netherlands, in Malta there is nothing and the embassy of Slovenia and Slovakia are in Austria (Sweden government, 2011).

## United Kingdom

The United Kingdom is a member of the EU since 1973. It has a total area of 244820 km<sup>2</sup> and a total population of 61.7 million inhabitants. The UK has a constitutional monarchy (Europa, 2011). The government of the UK has made changes in the last 10 years to their commercial diplomacy system. Commercial diplomacy falls under the new ministry of foreign affairs, also known as the Foreign and Commonwealth office (FCO) (Hocking and Spence, 2005), and works together with the department for Business Innovation and Skills. The government has decentralized the planning of commercial diplomacy and the system has been more integrated. The government wants to increase the export and inward investment activities (Lee, 2004; Mercier, 2007).



## Policies

The responsible ministry for commercial diplomacy is the ministry of foreign affairs, but also the department for business, innovation and skills (BIS) is working on commercial diplomacy. BIS is the department that is working on growth and international competitiveness. They work on removing barriers and regulations within the UK to make it easier for SME's and entrepreneurs to start up and grow. They also promote export and inward investment together with the UK Trade and Investment (UKTI) agency (UK government, 2011). The UKTI is helping business to grow in international markets and encourage companies abroad to invest in the UK and see the UK as a global partner. The agency is helping customers with a range of services and customer feedback. They have about 2400 employees in 96 countries over the world and special advisers in UK regions to provide support to all companies (UKTI, 2011).

The ministry of foreign affairs is working on growth and prosperity for the UK. They support UK businesses abroad and attract investors to the UK. The ministry is working on commercial diplomacy and creates foreign policy that is based on the economic interest and values of the UK. The employees at the embassies and high commissions abroad work on attracting investment, open up markets for British companies, provide access to resources and work on sustainable global growth. The United Kingdom has in total 102 embassies in the world. They have 78 embassies outside the EU and 24 embassies inside the EU. They have a high commission in Cyprus and Malta (UK ministry of foreign affairs, 2011). Within this network of missions abroad and companies, the government of the UK is working on a scheme to subcontract business persons for a short term at an embassies or commission. This is cross-fertilisation of skills between business persons and diplomats, where the knowledge of different fields and expertise is shared across professions (Lee, 2004; Mercies, 2007; Saner and Yiu, 2003).

Table 3 gives a summary of all the policy factors of the 27 EU Member States. In the next section a comparison is drawn and the differences and similarities between the MS are discussed.

**Table 3: Policy factors**

Policy factors	Austria	Belgium	Bulgaria	Cyprus	Czech Republic
Responsible ministry	Combination of ministry of economy, family, youth and ministry of European and international affairs.	Ministry of Foreign Affairs, Foreign Trade and Development Cooperation	Ministry of foreign affairs and ministry of economy	Ministry of foreign affairs with the ministry of commerce, industry and tourism	Ministry of foreign affairs with the ministry of industry and trade
Structure ministry	Decentralized and autonomous (independent)	Autonomous (independent), decentralized	Decentralized		Individually (independent)
Size country	Area: 83 870 km <sup>2</sup> , population: 8.3 million. Medium	Total area: 30582 km <sup>2</sup> , population: 10.7 million. Medium	Area: 111910 km <sup>2</sup> , population: 7.6 million. Medium	Area: 9250 km <sup>2</sup> , population: 0.8 million: Small	Total area: 78866 km <sup>2</sup> , total population: 10.5 million inhabitants: Medium
Wealth country	Rich	Rich	Poor	Average	Poor
Budget diplomacy	6.4% of budget	15.7% of total budget	13.2% of total budget	7.63% of total	Export strategy: 3330 million CZK
Entry time in the EU	1995: middle	First, 1957	Last, 2007	Last, 2004	Last, 2004
Share of intra EU trade	Average	High	Low	Low	Low
Policy focus	Business oriented	Mixed oriented	Trade oriented	Mixed oriented	Mixed oriented
Policy goals	More efficiency. Bilateral economic agreements and export promotion. Economic policy support, provide businesses & organisation with incentives for cooperation. Hub and lobby centres for EU decision making.	Create inward and outward investment Abolish tariffs and trade obstacles Trade promotion development Business support	Improve participation in economic cooperation and international trade Promote economy abroad	Promote development, Increase economy Promote export of goods and services Increase inward investment	Export promotion Promote economic interests abroad Improve services for companies abroad
Number of embassies	23 embassies in the EU, 45 embassies outside the EU. Average	26 inside the EU, 60 outside the EU. High	24 inside the EU, 60 outside the EU. Average	21 inside the EU, 27 outside the EU. Average	58 outside the EU, 25 inside the EU. Average
Number of foreign trade office	AWO: 75 offices abroad	Flanders: 70 offices, Wallonia: 20 Brussels: 20		11 trade centres	33 offices in 30 countries
Number of employees	2167 abroad	Foreign trade advisers: 403 living abroad: 221			Total: 375, head office: 235, abroad: 140



(Table 3 continued)

Policy factors	Denmark	Estonia	Finland	France	Germany
Responsible ministry	Ministry of foreign affairs with ministry of business and growth	Ministry of foreign affairs with the ministry of economy and communications	Ministry of foreign affairs and ministry of employment and economy	Ministry of economic, finance and industry	Ministry of trade with ministry of foreign affairs
Structure ministry					
Size country	Total area: 43094 km <sup>2</sup> . Total population: 5.5 million inhabitants. Medium	Total area: 45000 km <sup>2</sup> , total population: 1.3 million inhabitants. Small	Total area: 33800 km <sup>2</sup> , total population: 5.3 million inhabitants. Medium	Total area: 55000 km <sup>2</sup> , total population: 64.3 million inhabitants. Large	Total area: 356854 km <sup>2</sup> , total population: 82 million inhabitants. Large
Wealth country	Rich	Poor	Rich	Rich	Rich
Budget diplomacy		0.3% of total	66% of foreign service budget, 0.3% of total expenditure	Total expenditure is 176.3 billion euro.	2% of total
Entry time in the EU	Middle, 1973	Last, 2004	Middle, 1995	First, 1957	First, 1957
Share of intra EU trade	Low	Low	Low	High	High
Policy focus	Mixed oriented	Business oriented	Mixed oriented	Business oriented	Mixed oriented
Policy goals	Free trade Increase value, knowledge and growth	Support businesses abroad Improve export for new companies Enter more markets	Remove trade barriers (free and fair trade) Improve services of missions for companies Promote and improve internationalisation of Finnish companies, especially SME's	Support French companies with their export and entry into foreign/ international markets	Abolish trade barriers Work on international agreements for global free trade and fair competition Promote export and investment
Number of embassies	60 outside the EU, 25 inside the EU. Average	13 outside the EU, 20 inside the EU. Low	52 outside the EU, 25 inside the EU. Average	139 outside the EU, 26 inside the EU. High	124 outside the EU, 26 inside the EU. High
Number of foreign trade offices	located in 60 countries	10 offices in 9 countries	66 locations in 45 countries	48 agencies: 33 out EU and 15 in EU	AHK: 120 offices in 80 countries
Number of employees	100 in Denmark, 300 abroad	Estonia Enterprise: 285 employees	1800 employees at missions abroad		

(Table 3 continued)

Policy factors	Greece	Hungary	Ireland	Italy	Latvia
Responsible ministry	Ministry of foreign affairs	Ministry of foreign affairs with the ministry for industry, trade and tourism	Ministry of foreign affairs and trade	Ministry of trade with ministry of foreign affairs	Ministry of economics with assistance of ministry of foreign affairs
Structure ministry		autonomous	decentralized		
Size country	Total area: 131957 km <sup>2</sup> , total population 11.2 million inhabitants. Medium	Total area: 93000 km <sup>2</sup> , total population: 10 million inhabitants. Medium	Total area: 70000 Km <sup>2</sup> , total population: 4.5 million inhabitants. Medium	Total area: 301263 km <sup>2</sup> , total population: 60 million inhabitants. Large	Total area: 65000 km <sup>2</sup> , total population: 2.3 million inhabitants. Small
Wealth country	Poor	Poor	Rich	Average	Poor
Budget diplomacy	0.03% of total		1.5% of total		16% of total
Entry time in the EU	Middle, 1981	Last, 2004	Middle, 1973	First, 1957	Last, 2004
Share of intra EU trade	Low	Average	Average	High	Low
Policy focus	Business oriented	Mixed oriented	Mixed oriented	Business oriented	Mixed oriented
Policy goals	Promote Greek business abroad Provide information to Greek businesses abroad	Free competition and increase Hungarian competitiveness, and enter new markets EU integration, Trade development	Promote trade and investment Increase access to new markets	Increase trade Internationalize business Support access to new markets	Competitiveness Free trade
Number of embassies	58 outside the EU, 26 inside the EU. High	53 outside the EU, 24 inside the EU. Average	34 outside the EU, 26 inside the EU. High	100 outside the EU, 26 inside the EU. High	14 outside the EU, 20 inside the EU. Low
Number of foreign trade offices	60 bureaus abroad in 49 countries	network with diplomatic services via the embassies in over 50 countries	30 international offices	117 offices in 87 countries	13 representation offices abroad
Number of employees			Total: 1260, in Ireland: 900, abroad: 360		LIAA: 200 employees

(Table 3 continued)

Policy factors	Lithuania	Luxembourg	Malta	The Netherlands	Poland
Responsible ministry	Ministry of foreign affairs with ministry of economy	Ministry of foreign affairs with ministry of economy and foreign trade	Ministry of foreign affairs with ministry of finance, the economy and investment	Ministry of economic affairs, agriculture and innovation together with the ministry of foreign affairs	Ministry of economy
Structure ministry				decentralized	
Size country	Total area: 65000 km <sup>2</sup> , total population: 3.3 million inhabitants. Small	Total area: 3586 km <sup>2</sup> , total population: 0.5 million inhabitants. Small	Total area: 316 km <sup>2</sup> , total population: 0.4 million inhabitants. Small	Total area: 41526 km <sup>2</sup> , total population: 16.4 million inhabitants. Medium	Total area: 312679 km <sup>2</sup> , total population: 38.1 million inhabitants. Large
Wealth country	Poor	Rich	Poor	Rich	Poor
Budget diplomacy		0.4% of total expenditure	0.04% of total budget	4.6% of total budget	
Entry time in the EU	Last, 2004	First, 1957	Last, 2004	First, 1957	Last, 2004
Share of intra EU trade	Low	Low	Low	High	Average
Policy focus	Mixed oriented	Business oriented	Mixed oriented	Business oriented (innovation)	Business oriented
Policy goals	Work close on EU trade policy add value to business and create innovation	Export to new, international markets Support economic activities abroad	Bring Investment to Malta Improve export Support international commerce Maximize economic benefits	Strengthen international competitiveness More innovation through cooperation Enlarge and secure global economic position	Improve trade, export and inward investment Help Polish companies to do business abroad, especially SME's
Number of embassies	20 outside the EU, 22 inside the EU. Average	23 outside the EU, 19 inside the EU. Low	12 outside the EU, 14 inside the EU. Low	85 outside the EU, 25 inside the EU. Average	64 outside the EU, 25 inside the EU. Average
Number of foreign trade offices	9 commercial attaches, Enterprise Lithuania: 18 representation offices	Trade and investment offices in 9 countries	5 overseas offices	Business supports offices in 9 countries	48 offices in 44 countries
Number of employees					

(Table 3 continued)

Policy factors	Portugal	Romania	Slovakia	Slovenia	Spain
Responsible ministry	Ministry of economy and employment	Ministry of economy with ministry of foreign affairs	Ministry of economy with ministry of foreign affairs	Ministry of economy	Ministry of economy
Structure ministry					
Size country	Total area: 92071 km <sup>2</sup> , total population: 10.6 million inhabitants. Medium	Total area: 237500 km <sup>2</sup> , total population: 21.5 million inhabitants. Medium	Total area: 48845 km <sup>2</sup> , total population: 5.4 million inhabitants. Small	Total area: 20273 km <sup>2</sup> , total population: 2 million inhabitants. Small	Total area: 504782 km <sup>2</sup> , total population: 45.8 million inhabitants. Large
Wealth country	Poor	Poor	Poor	Poor	Average
Budget diplomacy		11.9% of total budget			0.45% of total budget
Entry time in the EU	Middle, 1986	Last, 2007	Last, 2004	Last, 2004	Middle, 1986
Share of intra EU trade	Low	Low	Low	Low	Average
Policy focus	Business oriented	Business oriented	Mixed oriented	Mixed oriented	Mixed oriented
Policy goals	Internationalization of economy More inward investment and export	Promote export: organise events and meetings, support with regulations and laws, support network Attract inward investment	Liberalize market Remove trade barriers Change legislation to make business easier	Make enterprise more competitiveness Internationalise market (more export) Attract inward investment	Make enterprise more competitiveness Internationalise market (more export) Attract inward investment
Number of embassies	50 outside the EU, 26 inside the EU. High	24 outside the EU, 23 inside the EU. Average	41 outside the EU, 22 inside the EU. Average	37 outside the EU, 24 inside the EU. Average	91 outside the EU, 26 inside the EU. High
Number of foreign trade offices	50 offices in 44 countries	80 offices	21 economic sections outside the EU and 22 economic sections inside the EU		13 business centers
Number of employees					1000 specialists

(Table 3 continued)

Policy factors	Sweden	United Kingdom
Responsible ministry	Ministry of foreign affairs	Ministry of foreign affairs (FCO)
Structure ministry		Decentralized
Size country	Total area: 449964 km <sup>2</sup> , total population: 9.2 million inhabitants. Medium	Total area: 449964 km <sup>2</sup> , total population: 61.7 million inhabitants. Large
Wealth country	Rich	Rich
Budget diplomacy	4.99%. of total budget	
Entry time in the EU	Middle, 1995	Middle, 1973
Share of intra EU trade	Average	High
Policy focus	Business oriented	Business oriented
Policy goals	Free Trade More export Support for companies, especially of SME's	Increase growth and international competitiveness Make it easier for SME's and entrepreneurs to enter a market and to grow
Number of embassies	66 outside the EU, 21 inside the EU. Average	78 outside the EU, 24 inside the EU. Average
Number of foreign trade offices	60 offices in 52 countries	Offices in 96 countries
Number of employees		2400 employees

#### 4.1.1 Member State policy comparison

The policy factors of the EU Member States have been discussed in section 4.1 and shown next to each other in table 3. From the table a comparison is drawn that shows the differences and similarities between the MS. Each country has its own network of responsible ministries and other parties that are involved in commercial diplomacy. Most Member States have a network where there is a shared responsibility between the ministry of foreign affairs and the ministry of economy. This network is used in 17 MS: Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Romania and Slovakia. The other possible networks are that only the ministry of foreign affairs is responsible; as is the case in Belgium, Greece, Ireland, Sweden and the UK; or that the ministry of economy is responsible, mostly with some support from the ministry of foreign affairs and its embassies, as is the case in France, Poland, Portugal, Slovenia and Spain. The responsible ministry is the main actor that is working on commercial diplomacy together with the foreign posts, such as embassies and trade offices that implement the policies of the ministry. In the networks the chambers of commerce are also taken into account, because they play a large role in commercial diplomacy. Other organisation and institutions can also play a role in commercial diplomacy, and some of these are mentioned in the text, but because these are very different per country and make the network too complex, these are not discussed in this thesis.

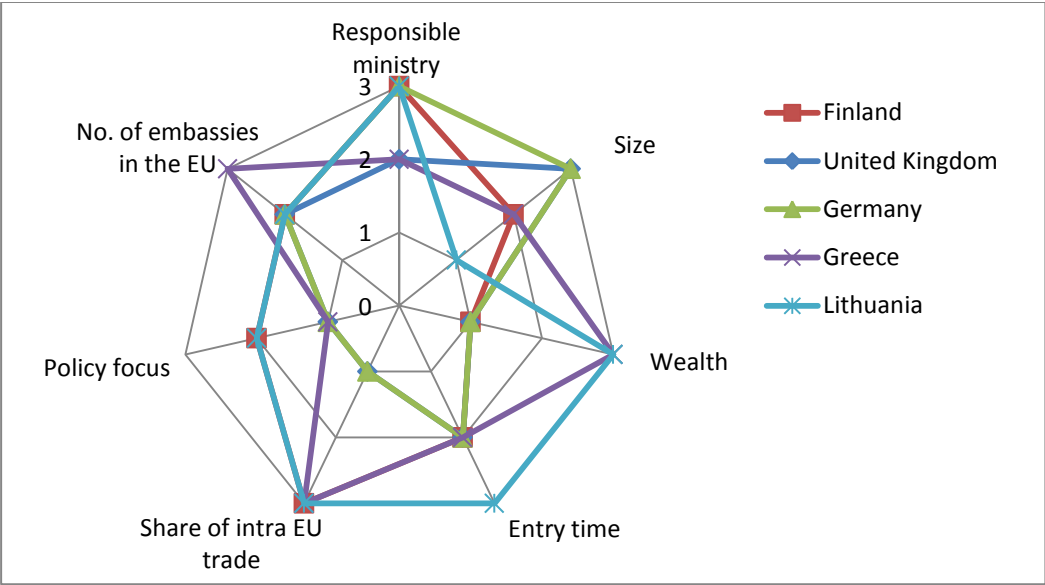
The policy focus of most MS is classified as business-oriented. The policy focus of the MS is derived from their policy goals. Many countries indicate in their policy goals that they want to improve trade and abolish barriers, and that they want to increase export and attract investment. These policy goals are very trade-oriented. Next to these trade-oriented policy goals, the MS have written down in their policy programmes and website how they want the policies to be implemented by the trade agencies

and trade offices. It is there that you see that many countries focus on supporting businesses and help them with their export, investment and finding new business opportunities. Determining the policy focus was not easy, because a lot of information was dispersed. The policy focus in this research shows what the predominant policy goals of a country are. It is possible that data is missing and that countries might have a different policy focus, but from the data gathered the countries are categorized as having a certain policy focus. Thirteen countries were classified as being predominantly businesses oriented. These are Austria, Denmark, Estonia, France, Greece, Italy, Luxembourg, Netherlands, Romania, Poland, Portugal, Sweden and the United Kingdom. Based on the data that was found, one country was classified as being predominantly trade oriented: Bulgaria. Some countries could not be classified as being predominantly trade or business oriented and are classified in the table as mixed oriented. These countries are Belgium, Cyprus, Czech Republic, Finland, Germany, Hungary, Ireland, Latvia, Lithuania, Malta, Spain, Slovenia and Slovakia.

In this research the number of foreign posts has been divided into the number of embassies within the EU, the number of embassies outside the EU and the number of trade offices. The embassies within the EU have been categorized into three groups. Countries have few embassies in the EU if they have 20 or less embassies. There are four small countries that have few embassies within the EU: Estonia, Malta, Latvia and Luxembourg. Countries are classified as average if they have between 21 and 25 embassies, and countries that have embassies in each MS, so 26 embassies within the EU, are classified as high. There are 8 countries that have an embassy in each MS: Belgium, France, Germany, Greece, Ireland, Italy, Portugal and Spain. Next to the embassies, the MS have trade offices that work on commercial diplomacy. These trade offices almost always fall under the responsibility of the ministry of economy and/or a trade agency. Only Bulgaria, Hungary, Slovakia and Slovenia do not have trade offices abroad. In these countries all the work of commercial diplomacy abroad is done at the embassies and consulates, and often the embassy has an economic section or commercial counsellors working on commercial diplomacy. In Austria and Germany the chambers of commerce act as trade offices, and the Austrian chambers of commerce are often named as economic department of the embassy.

This comparison shows that the Member States can be similar on one aspect and be different on another. These differences and similarities can be explained by the country characteristics and the geographic welfare division. In Europe there is a division between the Scandinavian model, the Anglo-Saxon model, the central Europe (Westphalia) model, the southern European model and the eastern European model. These models are used to see if there are possible patterns between the MS. Figure 2 shows the policy patterns of 5 countries that each belong to one model. The factors are put in the figure by using the codes from table 1. The figure shows that patterns between the MS can be distinguished. The factors size, wealth, entry time in the EU and the share of intra EU trade show the differences between the geographic welfare divisions. Further explanations for the differences and similarities are made in section 4.3 with the statistical tests.

**Figure 2: Member States policy patterns**



**4.2 Member State practice factors**

In this section the commercial diplomacy practice factors for a selection of fourteen Member States are discussed. The practice factors of each MS are discussed separately and the MS are placed in alphabetical order. The fourteen MS are: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Netherlands, Romania, and Slovakia. The foreign posts of the 14 MS that have been visited for this research are all located in Stockholm, Sweden. Within each foreign post an interview with one or two employees was conducted. The following section shows the structure of the foreign post, the number of employees working on commercial diplomacy and their function within the foreign post. The tasks and programmes of the employees that work on commercial diplomacy are shown and also the requirements, training and background of these employees are discussed. In table 4 the practice factors of the fourteen MS are put next to each other. These are: structure foreign post, economic function, tasks, number of employees at the foreign post, staff categories, programmes, working requirements, training options, academic background, and the access to information. In the end a comparison between the 14 MS is drawn.

**Austria**

For this research the office of the commercial section of the Austrian embassy in Sweden was visited and one employee was interviewed. The office is part of the foreign chamber of commerce (AWO). In the embassy self there is no commercial attaché. All the commercial and economic work is performed in this office. The Austrian Federal Economic Chamber (WKO) has a contract with the ministry of foreign affairs. In this contract there are guidelines about the work between the offices abroad and the embassies abroad, about their duties and the respect within the relationship. They co-operate with each other with events and give each other reports. The office has two commercial employees that have a diplomatic status. The agency has to be neutral to all companies and is business oriented with a diplomatic status abroad.

The tasks of the AWO are working on foreign trade and internationalization. They provide services to all Austrian companies for export, import and investment. They are a problem solver if a company has, for instance, a problem with customs. One part of the services is to organise events in Austria

and abroad. The events have a business to business focus. The offices arrange booths at trade shows and fairs. They organise trade missions and business to business meetings. They provide information to companies and answer questions, inform companies about business opportunities and help them with their partner search. There are many events in Sweden, but the employee also goes to events in Austria. In Sweden the events are mostly in Stockholm, but they can also be in Göteborg, Malmö or Jönköping. Next to that, the employee visits Austrian companies in Sweden that need help. As an extra part, the employee helps the embassy with ministry visits and sometimes goes to the ministry briefings of Sweden and sends a report about it to the embassy.

The information the AWO provides can be found on 2 websites. The first is the website of the AWO ([www.wko.at/awo](http://www.wko.at/awo)). Here all the information and country profiles are shown to all the Austrian companies. The second website is for local companies that want to do business with the Austrian companies. The second website ([advantageaustria.org](http://advantageaustria.org)) is specified for one country and is mostly in the local language. Not all the information about business partners and opportunities can be found on the website, but the AWO has a good database and tries to provide answers to the questions of companies within two working days. The response also has a reply link where the companies can indicate how satisfied they are with the services.

The office in Sweden has 7/8 employees (sometimes they have a volunteer). The AWO has an office in each EU Member States. The AWO provides services to about 20000/30000 Austrian companies worldwide. The offices are similar over the world. In developing countries there is more involvement with the embassy. There are three options for the offices abroad. The first option is to have a real office in a country, like in Sweden. The second option is to have a sort of market office, where there work only one or two local employees. These employees can have a room at the embassy abroad. The third option is that they do not have an office abroad, but only a few local consultants. These consultants are always local people that work a few hours per week for the agency and are on the payroll. The agency also has a good network of connections they can contact if there is a question about a country or region that they are not present in with an office. The AWO has 75 offices abroad (option 1). Offices can be responsible for more than one country and for the market offices and consultants in those countries.

The employee had a diplomatic training in Austria. He had to follow a concour before he could go abroad. This training is to prepare the employees to go abroad and so that they can get a diplomatic status. The training in Austria takes between 10 months to one year. This is an on the job training with seminars and personal training. The employee, that was interviewed, is the deputy head of the office and is in Sweden for 3 years. The head of the office is in the office for 5 to 8 years. The local employees have to speak German and English next to their local language. An economic and/or law background is required. The employees spend about 70 to 80%% of their time abroad.

## Belgium

For this research the Flanders investment and trade agency office in Sweden was visited and the two employees were interviewed. The office in Sweden tries to provide added value with the contact to and between companies. Sometimes they just give them a push in the right direction. The companies that the office helps are often SME, but sometimes a large company asks for help too. The companies that come to the F.I.T. office are Belgian (Flemish) companies that want to do business in Sweden, but sometimes Swedish companies want information about export products from Belgium. The



general office in Belgium has a lot of Belgian companies that are a member of the F.I.T. and those companies are the main bases that are helped by the offices.

The office has 4 major instruments to implement the objectives of the F.I.T.:

1. Answer questions of companies. They provide companies with market information and give tips about possible partners and export possibilities. Questions can be filled in at the F.I.T. website and come from the general office to the offices that are involved in the question or companies can contact an office directly by mail or phone. This means that a question of a company can concern more countries and the answer can give information about several countries.
2. Trade fairs. The office arranges a stand at important trade fairs about sectors that are important for Belgian companies. The board decides about which fairs a stand will come for Belgium (Flanders), generally on suggestion from the local F.I.T. office. Trade fairs create the chance to meet many partners and contacts in a specific branch. Companies can take part in these fairs and pay a part of the effective cost, which is strictly in accordance with EU regulation. The fairs are a showroom for how the Swedish market looks like.
3. Trade missions. The F.I.T. organises trade missions for companies to a country. The number of participants to a trade mission can vary between 8 and 88 participants (and even more). The very large missions mostly have a minister that is coming along. In the Nordic countries, the trade missions mostly contain 8 to 18 participants. Trade missions give companies the chance to have 3 to 4 appointments with different partners that are set up by the office abroad. Trade missions can be about multi sectors or just about one sector.
4. Market study. Each year every office abroad is supposed to do a market study about a certain sector. This study is an analysis about the trade options of the sector. It provides companies with market knowledge and shows important contacts for companies in that sector. The office can decide which sector is important and looks at what companies want or where there are many questions about.

Next to these instruments the office makes each year a country profile. This country document contains all the key information about a country and its economy. The office has no specific partners with which it works. It has contacts with other agencies and embassies, but the exchange is very subjective. Furthermore local branch associations can also be a valuable cooperation partner.

The office of the F.I.T. in Stockholm is compared to other similar offices rather modest and has a limited number of resources. The office has 2 employees. One employee, the commercial attaché, is transferable between the F.I.T. offices abroad and the other employee is hired locally. The switching system means that the commercial attaché works between 4 and 7 years in a foreign office. An economic background is not a full working requirement for the F.I.T., but is strongly recommended. New hired employees should have a university degree. They have to perform a test to see if they are suitable. Then there is an external (psychological) assessment and if they pass that, employees still have to pass the internal assessment. For passing such a test knowledge of the Swedish language is probably not obligatory. For postings in much more important countries the knowledge of (or the will to learn) the local language could become a decisive asset. It is important to have or to develop a certain affinity with the country. The local employee generally is hired because his / her good knowledge of the country, local culture, language and empathy with the commercial structure.

Offices in other, more important countries, generally have a larger staff, and can have one person that is focused solely on attracting foreign investment to Belgium. The procedure of working is in every office more or less very similar, with the differences in resources, possibilities and local business culture taken into account.

## Denmark

To find out what the practices for Denmark are the embassy of Denmark in Sweden was contacted. The embassy had no time for an interview, but they filled in the interview questions and mailed them back. The answers are not the same as with an interview, but the answers were extensive enough to show what the practices are and how the Danish policy is implemented. The embassy of Denmark in Sweden has 8 employees working on economic affairs. The economic department is set up as a unit of the Danish trade council referred to as the 'Commercial Section'. The embassy and the commercial section/trade council fall under the ministry of foreign affairs. It is thereby governed by the ministry of foreign affairs, where there is a close corporation with the trade council in Denmark. The trade council is the export and investment organisation within the Ministry of foreign affairs. The purpose of the trade council at the embassy is to promote Danish investments and exports to the Swedish market. The Danish embassy is familiar with the commercial diplomacy determined by the trade council under the ministry of foreign affairs. They implement the policies and are operating under the rules and laws of the organization as a whole. They follow rules and guidelines, but also have some degree of freedom to determine how the job is carried out.

The trade Council offers services within the areas of market analysis, partner search, exporting strategies, events, tradeshows and seminars that are held at the ambassador's residence. A lot of the work is done from the desk, the employees do however have many meetings over the phone and they do also, from time to time, physically meet clients in Denmark and Sweden. The access to information is good. The employees use local databases/subscription databases, also from market analysis and internal knowledge sharing.

To be working as an export counsellor, it is a requirement to have a lot of experience within the area of your specialization. For example if you are a commercial counsellor in the Fashion, furniture and design sector, then it's a requirement that you have years of experience within the sector and that you can act as an expert for Danish companies that are interested in entering the Swedish market within that specific sector. It also makes business easier if you are able to speak Danish or Swedish. The embassy offers teambuilding activities once a year and some social activities. They also offer competence development courses at the trade council in Denmark. On average employees work in the commercial section for 2-5 years. Most employees have a background in International Business. The Danish Trade Council is located in 60 countries offering commercial counselling to Danish companies. 80 percent of the Danish export council is spread out into 90 representations around the world. The same programs, rules and procedures are applied at other embassies and Consulate Generals around the world.

## Estonia Practices

To find out what the practices of Estonia are the embassy of Estonia in Sweden was visited. The employee that is working on economic affairs was interviewed. The embassy of Estonia is a small embassy. They have in total 8 employees, 4 diplomats and 4 local administrative workers. They have one person that is working on economic affairs. Sweden is now (since 2011) the biggest export

partner of Estonia and the biggest foreign investor to Estonia. Sweden is an important country for Estonia, economically as well as politically.

The work of the employee that is working on economic affairs can be divided into three categories:

1. Assisting businesses. She helps companies to come to the Swedish market, gives advice with respect to how to establish a company or set up an office and to find possible business partners. She looks at what is behind the inquiry and tries to help as good as possible to provide all sorts of necessary information. She has to know what their aims are in order to consult them best. Sometimes she forwards questions to Enterprise Estonia's office in Stockholm, which is the Estonian state-run export promotion agency and focused primarily to promote Estonian export. She cc's the enterprise in the mail when she needs to inform them that some enterprise have been looking for the co-operation partners either in Sweden or in Estonia or would like to have their insight. This part is really about business diplomacy (commercial diplomacy) and business support. The companies that ask for assistance are Estonian companies that want to go to Sweden or Swedish companies that want to go to Stockholm.
2. Promote Estonia. One of the embassy's main task is to promote Estonia in general, not just the economics, but also the culture, history, tourism etc. The promotion focuses on general promotion of Estonia and introducing Estonia as a modern, advanced and stable country. That is to form the positive attitude in order to attract tourists, investments and trade opportunities. This promotion is not easy, because the press in Sweden does not write much about Estonia and it is often written in a negative tone. There should be more positive news about Estonia. For instance, that Estonia had in the first half year of 2011 the biggest growth rate in Europe. The employee mentions that the connection between Estonia and Finland is really close. The attitude there to Estonia is different and the media writes much more about Estonia. There the media reflects on what happens on a daily basis - this can be positive and negative. In Sweden it is mainly nothing at all, short news about the economy or news mixed with outdated attitudes (Estonia is a small and underdeveloped country), and the embassy works for this to change. Estonia promotes itself as a country that is smart and has the know how in different sectors. It is not a really cheap country to produce anymore. The prices rose and reach the EU average level. It promotes itself in Sweden as geographical close and as a country that has good IT, knowledge and experience. Estonia has a good E-Health system. A few years ago they had a cyber attack from Russia, and since then they are better prepared. This gave Estonia a good international name in handling cyber crime and for preparing the IT systems against future attacks. In this regard, Estonian advice is appreciated, experience well recognized as well as a good reputation internationally. The decision has been made that the EU's IT agency will be established in Estonia and open in 2012. The Embassy organises many events together with Enterprise Estonia, because they have a larger budget. The current project is called "Estonia comes to visit" and the embassy organises seminars and receptions targeted towards other business community in various places of Sweden.
3. Cooperation on EU (EC) affairs. The embassy cooperates with Sweden on the economic affairs of the EU, such as the financial perspective, tougher rules of fiscal discipline (Greece), Agriculture policy etc. Estonia has many similar views with Sweden and together, mostly in alliance with some other countries, they bring common positions up to the EU agenda. The embassy has meetings in different ministries and attends briefings. One example of a similar

view is promoting the EU's digital agenda. The idea is to promote the EC-wide digital signature, whereby documents are shared and parties sign electronically. Estonia believes that this speeds up the procedure. The EU is too slow and has to be faster in decision making and implementation to be more competitive in the world.

Estonian embassies are different in other countries. They do not all do the same promotion and Enterprise Estonia is not represented in every country. The activities and events are mostly decided by the embassy. Estonia is very liberal: the embassies have much freedom. Tallinn usually trusts the embassy and knows that they know best what works in a certain country. They have not many specific goals, but in the EU affairs there are of course clear views and guidelines that have to be represented. The embassy helps to set up visits from the president or minister and trade delegations. Trade delegations usually come with a minister and are organised on an irregular basis. It is looked at where and what kind of trade is wanted and needed most at a certain point. The embassies have traditionally been mostly used to handle the political affairs, but now the economic affairs part grows more and more.

Most embassies of Estonia have 1 person responsible for economic affairs, but if an embassy is small, it can also be that 1 person has more tasks and economic affairs is just one of his tasks. The embassies cooperate with Enterprise Estonia. Enterprise is part of the ministry of economy. It can be in different locations than the embassy. They have a max of 3 persons; one for tourism, one for export and one for investment. The ministry of economy decides about the locations of Enterprise Estonia offices and the decisions are made in close co-operation with the MFA. The export of Estonia is mostly focused on countries nearby and not so far away. The export ratio is about 200 km, due to limited capabilities. Estonia is also active in the field of development co-operation (which is one of the tasks of the diplomat for economic affairs), especially with the countries in the EU's Eastern neighbourhood. Estonia can help governments and provide assistance to Eastern European countries on their transition from soviet regime to the European integration.

The employee has now been 2 months at the embassy. She stays there three years and then she has to go back to Tallinn. Before this she was situated in Finland and Norway, and altogether she has worked 16 years at the ministry. The employee has no economic background. She says that diplomats have to be universal. Not all embassies have one person that is working on economic affairs, and most have to do different jobs at the same time. If Estonia has no connection with a country then it has no embassy there. They have small resources and cannot be everywhere. In these locations Estonia has set up a broad network of honorary consuls. There are currently almost 200 honorary consuls representing Estonia in different corners of the world.

### **Finland Practices**

To see how the policies of Finland are implemented the Finish embassy in Sweden was visited and one employee was interviewed. Unfortunately Finpro had no office in Sweden, otherwise that offices would have been visited too. The embassy of Finland in Sweden is a big embassy. They have about 29 employees in total. The embassy has no economic department, but there is one person that is working on trade promotion and EU issues. The embassy also has some trainees. The embassy receives their instructions from Helsinki; mostly from the ministry of foreign affairs, but also from other ministries. The embassy follows the aim and policies of the government. For economic affairs this is the trade policy programme guidelines. The employee gets the trade policy and trade

promotion objectives from the ministry of foreign affairs. Sometimes there is also contact with the ministry of labour. The contact with the government is very close. The embassy has the flexibility to propose events to the ministry and organise them, but it can also be that the ministry comes with events that have to be organised.

The embassy only has one person working on trade promotion. Commercial diplomacy within Sweden is done more by the chamber of commerce and Finpro. The Finnish chamber of commerce is not part of the embassy, but in November they move to the embassy building, because there is space and so that they are closer together. The embassy and chamber are separated, but there is some case by case cooperation. Finpro is not in Stockholm, but has a Nordic office in Copenhagen. The embassy is mainly working on trade promotion and when the employee gets questions of companies she sometimes refers them to the chamber or Finpro, because they can provide better help on certain business affairs.

The embassy organises many events. It has a special place for events within the embassy. They also have the ambassador's residences in the city that is used for events. They look at the target group when organising events. The events are not often organised by a company, but sometimes the embassy organises events together with a company. The event that is organised the most is a seminar. The embassy organises many seminars on different topics, not only economic. Next to the seminars, the employee has to report about the activities. The embassy does not organise trade delegations (missions), because Sweden is so close to Finland and they have a special relationship. In other countries, Finland does have trade delegations. Other activities of the employee include: going out and meeting people in order to acquire contacts and knowledge, following Swedish lessons. In an average week the employee goes to seminars and answers questions of companies, she goes to EU briefs at the Swedish ministry, writes EU council memo's and background notes, and facilitates visits of government employees.

The employee has good access to information. Within the embassy there is excellent IT and an electronic archive. The internet is a good source and she has often contact with colleagues. The connection between Finland and Sweden is a close, two way connection. Many points are directly discussed from ministry to ministry and for businesses it is easier to start in Sweden without help from the embassy. Stockholm is exceptional and very different than other embassies. The employee recognizes that there could be more Finnish SME's here in Sweden and the embassy and ministry look close at options to help them.

In Finland each child has to learn Swedish at school. English is also obligatory and if you want to work at the ministry you need to have a fourth language. The employee has a university degree in international politics, law and communication. She has done not so much on economics. The employee is here now for 2 months and still has to get used to the job. Before this she worked 4 years at Nokia. Then she became a diplomatic trainee. After that she worked at the UN representative office in New York and in Brussels as EU representative. She has no specific knowledge about trade. The employees at an embassy should be more of a multi-talent that see the bigger picture and can link things together. The diplomats at the embassy can work there for max 7/8 years and then they have to go back to Finland. The work is different in smaller embassies. Embassies have real bilateral diplomacy, while her previous work at the EU and UN was very multilateral. Small embassies do have trade promotion, but no economic department. Very often the person working on

economic affairs is also working on other topics. Within the EU the embassies work a lot on EU matters. They have to report the discussion of the governments. Outside the EU it is a bit more focused on trade, especially if there is no chamber of commerce nor Finpro office. Finland has no specific focus, but looks at what they can gain in a country. The free trade in the EU makes it a bit easier for companies, because in far away countries you need more diplomats and expertise in trade relations and trade promotion. The embassy adapts to the host country, but the roles and principles are the same.

### France Practices

In order to find out what the practices of France are the office of UBIFrance in Sweden was visited and the head of the office was interviewed. UBIFrance is a public agency for international development of companies. They provide services to French companies. In total they have about 1500 employees: 800 abroad and about 600 in France. Their goal is to provide individual or collective services. Individual services are about what companies want. They can be seen as a project. Mostly these individual services are for SME's that start expanding their business abroad. Collective services are organising events for several countries. The office in Stockholm has 12 people and is divided into 4 sections. Three people work on consumer goods, 3 on food products, 3 on industry, and 1 on IT and services. Together with him, the director of the office, and an internal worker (secretary) that makes 12 people. The office is public, and part of the embassy. They are part of the diplomatic system. Within France they work for the ministry of economy, but locally they fall under the responsibility of the Ambassador.

The agency is organised per market sector and they work professionally. UBIFrance has a structure where they work top down and bottom up. The top down means that the offices abroad report to the headquarters what is going on in that country. The headquarter looks at the sub sector that could be active in that country and contacts the companies in the sub sector with the information provided. The bottom up procedure then means that the companies in the sub sector indicate what they are interested in. They share their needs with the headquarter that brings the message to the different offices abroad. This process guarantees that the offices decide which events are needed in order to provide the companies with what they want. The office shows how the market in the country is and gives advice about the possible events and the companies then choose which events they find important. UBIFrance is certified by the ISO 9001, AFAQ. This means that they are in accordance with international standards.

The services can be divided into four sections: advices, contacts, communication and the V.I.E:

1. Advice. The office provides response on information about products and business intelligence to anticipate and monitor the market. They provide assistance to implement projects and international tenders. They also show benefits for the environment, regulatory, legal and tax procedures in the target countries.
2. Contacts. The office provides responses that show possible business to business meetings, prospecting market tools. They find technology partnerships between enterprises of the clusters and French companies in emerging countries.
3. Communication. The office provides responses to tools for public relations and press relations, such as advertising a business on the showcase and world website for French

export promotion. They show trade promotion products: personalized with the 'Presentation Kit export' or collective thanks to the promotional catalogs written in a local language.

4. The V.I.E. is a procedure where young graduates experience real work abroad. They get posted at a company abroad for 6 months up till 2 years and have a real mission. It is a good procedure where companies get for low costs high profile human resources, and the graduates get a great learning experience. The graduate has no contract with the company, and UBIFrance is the one that is posting them abroad. At the moment they have 7000 V.I.E.'s over the world, of which 60 in Sweden.

The offices are mainly working on finding contacts for companies. They also do studies for companies about the market situation and possible partners. An example of an event is a fair where they have a stand for their companies. The fair in Jonkoping is very important. Each company pays an individual fee to be part of the stand at a fair, but also for the individual services of the office. The fee depends on what the company wants and how much time it costs the employees to work on it. For the collective services, such as fairs, they pay a part of the fee and a part comes from subsidies. Basic information that can be found on the website is free, but 90% of the work is with fee.

The employee is a diplomat. The local employees are hired according to the Swedish law. The diplomat is part of the ministry of economy and falls under French law. He has a 20 years long experience. He had to do an exam to become a civil servant. Language is an important requirement: a diplomat has to speak English and should try to learn the local language of the office abroad. The education is mostly on trade or business, but for him most of the work is based on experience, that is also part of the V.I.E. You start at the headquarters in France and then you get sent abroad. He worked in 5 other countries before: Central Europe, Canada, Middle East and Northern Europe. The structure and general services of UBIFrance are everywhere the same. Still, each country has its own specific market sectors and characteristics, and you have to adapt to the country. Each country has a different way to do business and they have to organise events for the needs of the French companies for that country. The office is working in cooperation with the French Chamber of Commerce in Stockholm.

### **Germany Practices**

For this research the embassy of Germany in Stockholm was visited and the head of the economic department was interviewed. The embassy has an economic department, as well as a political, cultural and a media department. The employee is the boss of the economic department. All the employees are representatives of the ministry of foreign affairs, but within the economic department there is also cooperation with the ministry of economy. The economic department, but also other departments and the government, work close together with other agencies and institutions. For the economic department of embassies, the German Trade and Investment Agency (GTAI) and the Chambers of Commerce abroad are very important partners. There are many actors that work autonomously, but are very important for the whole network of politics and commercial diplomacy.

The job of the employees of the economic department of the embassy of Germany in Stockholm can be divided into four sections:

1. They are the contact person for companies. If there are problems the companies can come to the embassy. If the company has specific question, it can be the case that the embassy reverse this question to the chamber of commerce.
2. They report to the government. The employees write reports about the economic situation of the country per market sector. They also inform the German government about the position of the government of Sweden on certain economic topics.
3. They help their representatives in Brussels with the preparation of meetings. They inform them about the position of Sweden and where there might be options for cooperation. The employee goes to briefings of the Swedish government to find out what their position is on EU economic affairs.
4. They arrange and coordinate visits of Germans to Sweden. These missions are about economic questions. The persons that are coming are mainly representatives of the 'Bundesländer', politicians and experts on economic topics. Trade missions are done by the chamber of commerce.

The embassy gets questions not only from business people, but from all kinds of persons that are interested in information of the Swedish market. The employee finds it really important to have a good relationship with the Swedish authorities. He visits many briefings and is involved in guiding delegations. The embassy has regular contact with the chamber about special topics or questions. The employee indicates that the Swedish way of working is very good and fast. Information is easily accessible, almost all the information can be found if you know where to look. The Swedish culture also works with fast answers. They like things to go fast, instead of meeting and discussing, they call people and clear issues directly. The embassy deals with big economic political questions of companies. This mainly is about the rights and regulations of companies.

The Chamber of Commerce does the day to day work with companies. They advice German companies that want to go abroad, but also Swedish companies that want to go to Germany. The chamber charges a fee for their services, but most chambers also get money from the State. The chamber has more knowledge about doing business and supports companies in every way they can. The Chamber in Stockholm has about 50 employees that is almost the same amount as the whole embassy in Stockholm. Next to the Chamber, there is also a GTAI office and a Tourism office in Sweden. The employee of the embassy was before this job 3 years in Berlin and before that he was situated in the Caucasus. He has a political background with some economics. He had a diplomatic training and all employees have a rotation of three to four years.

Embassies are different in western countries than in third world countries. Embassies in third world countries often do not have all these other agencies nearby to do the job. This means that the employees of the embassies have to do everything themselves and one employee has several tasks. There the embassies work on helping German companies to enter the market. According to the employee, there are two facts that make embassies over the world different:

1. The structure of the other actors and agency. As said before, if there is no chamber of commerce, trade agency or tourist office, then the embassy has to do all the work itself.



2. The economic relation between the home and host country. How much commercial diplomacy is performed in a country depends on how much economic interaction there is between the country abroad and the home country. In some countries there is also a combination of economic work and development work.

In third world countries the embassy is not always directly involved with companies. They mostly step in when the company has troubles with regulations or other trade barriers. Within the EU there is a big meaning of embassies to work on EU affairs and cooperate with countries for new policies. Within the EU, each country has a German Chamber of Commerce, so the embassies within the EU are very similar to the one in Sweden and do not work much on commercial diplomacy, but more on EU economic affairs.

### **Greece Practices**

In order to find out what the practices of Greece are and how the policies were implemented, the embassy of Greece in Sweden was contacted. The embassy has an economic and commercial section. The embassy did not want to do an interview, but they mailed the answers to the questions and this is all the information that was gathered. It does not give the full picture of practices in Greece, but it is a small case study that indicates how the policies are implemented. The embassy of Greece in Sweden has one commercial counsellor and one person that is a scientific assistant. The Economic and Commercial Affairs Section of the Embassy is responsible for the protection, support and promotion of the Greek economic and commercial interests abroad.

The main duties and responsibilities of the commercial counsellor are: to ensure the development of trade with the aim of a continuous and progressive increase of exports of Greek products, and to make every effort for the promotion of Greek investments abroad. In order to present the possibilities and prospects of the Greek economy they organize conferences, symposia, workshops, Greek trade and business delegations to Sweden. Furthermore, they develop business relations with Sweden. To Greek companies they provide every useful information on import and export companies of Sweden, as well as with every possible assistance for the positioning of the Greek products in the Swedish market. They make market studies and give recommendations on the organization of exhibitions of Greek products, on the installation of permanent or temporary stands in the country of their competence, as well as on the most appropriate promotion and advertisement of Greek exportable products.

All candidates for commercial counsellor have to do an exam in order to work in the field of commercial diplomacy. They need to have a university degree of 4 years duration, plus fluent knowledge of English and French language. No special training during the work period is required. The rotation time is 3-5 years. The commercial counsellor of this Embassy was working in Georgia before he was posted in Sweden. He has a bachelor in Marketing and Operations Research and a master in Mass Communications. Their access to information is good. The information is received from the internet, newspapers, various Ministries and other institutions, bodies responsible for the promotion of foreign trade of Sweden.

### **Hungary Practices**

In order to find out what the practices of Hungary are the Hungarian embassy in Sweden was visited and one employee was interviewed. The embassy, next to the ambassador, has 10 employees and 1 intern. One person is working on the economic and financial work of the embassy and one person is

working on business for Hungary. The embassy has a meeting and dining room in the building and has two other buildings in Stockholm where it holds events and lunches.

Until about 2006 the business section of Hungary had its own independent office. Now the business section is part of the embassy and has its own part of the budget to spend. There is only one person in Stockholm that is working on business promotion. The job of that employee is to find companies that will invest in Hungary (inward investment), and to work on export of Hungarian companies. This employee is arranging the visits of business delegations. He is often travelling through the country looking for Swedish companies for investment to Hungary and helping Hungarian companies with their export to Sweden. The business office is different per country. There are about 40 business diplomats over the world. In London they have an office with 4 employees and in Germany they have more than one employee.

Together with his colleague the employee, that was interviewed, organises different events. The events are all part of the ministry of foreign affairs and that is where they receive their budget from. The events can range from business lunches and receptions at the residence or embassy till holding a concert. They invite the diplomatic staff from the Swedish government and business people to these different events. Next to that, they also organize events for delegations from Hungary. The employee is working with delegations from the ministry. The reports he has to write are about the work done at the embassy and about the financial situation. The dates that these reports have to be send to the ministry are fixed. The rest of the time the employee can arrange as he wants. The employee has two Swedish colleagues that help with translating and with gathering information.

The employee had a diplomatic training in Hungary. Every time he goes to a new country he has to do an exam. He had special job training and has to do an exam every time he works at a new place. Normally, employees work 4 years at a foreign post, but this can be extended with one or two years. Language is not a requirement for the ministry. Hungary has different levels of embassies. They have a ranking per country that shows how important a country is and this indicates how large the embassy is. The embassies in the Nordic countries are all about the same size. The work of the embassy is almost everywhere the same, but some manage it with few employees and others with more employees. Hungary has about 100 embassies over the world. Important countries are the United States, the United Kingdom, Germany and Russia.

### **Latvia Practices**

For this research the embassy of Latvia was visited. The embassy has one person working as commercial attaché. This person is working for the Investment and Development agency of Latvia (LIAA). In Sweden the office is part of the embassy. Most representation offices have one or two employees. The employee has her own tasks but the Ambassador is her boss. In other countries the office is not always part of the embassy. For instance, in the Netherlands the office is in Amsterdam where the Chamber of Commerce is. The representation offices are mainly working on the first two tasks, investment attraction and export promotion. For the third task, innovation, the employee organises study trips where companies can learn from seminars or other companies abroad. The employee has several activities for investment attraction and export promotion:

1. For investment attraction the employee talks to Swedish companies and informs them about the opportunities of investment in Latvia. She organises seminars, in cooperation with a bank or a chamber of commerce, which informs Swedish companies about all the investment

opportunities. She goes to events, like seminars, and contacts Swedish companies personally. A good event is a fair or an exhibition. At the fair she goes to other companies and talks to them about what they need and what Latvia has to offer. For investment attraction every meeting option is a change to talk to companies about investment opportunities in Latvia.

2. There are three equal important parts/events that the employee is working on to promote the export of Latvian products and services. The fairs and exhibition are also a very good way to promote your export products. At a fair several companies are part of the Latvian stand and show what they have to offer. The second option is matchmaking. Matchmaking means that the employee is looking for partners for Latvian companies. Matchmaking is mostly done with trade missions. Part of the programme is a special meeting event where the Latvian companies meet Swedish companies. Each company meets with another company one on one and they talk for 15 minutes about whether they have common interests and options for future partnership. The third option is individual visits for companies. For construction companies it is easy to organise a mission, because they are different and there is a demand of their offer. Still, with some companies it is not easy to get enough companies for a mission. For instance, for a translation company or a pharmaceutical company it is not easy to find other companies that want to join a mission. For these individual visits a company has to write a letter of introduction, that is a sort of proposal. The employee then has a dialog with the company to see what they can offer to Swedish companies and what they really want to achieve. In the end, the employee sends the information to Swedish companies. She first mails them and then calls to see if they are interested.

Latvian companies can also ask for market research and information about anything else. The employee acts as a door opener. Swedish companies come also with questions about design and what they can do in Latvia. They ask about small projects they want to do in Latvia. All the services of the office are free of charge. Since the economic crisis they had to look at this again, but they found a way to keep the services free with a model of financing with the EU funds.

The employees of the offices have no official requirements. They have to know about business and trade. They have to learn three or four languages: Latvian, English, Russian and a local language. Communication skills are very important. The employees have to sell the Latvian products and show the good investment opportunities. The employee had to do a presentation as a final exam to show her communication skills. An employee needs experience and all have a higher education. The employee was a journalist for many years. Her first degree was economics and her second was journalism. In 2005 she worked as a deputy head at the office in Sweden. In 2009 the position was dismissed and she set up her own company. In the end of 2010 she came back to the office as the first person. The employees have no rotation process; they do not have real diplomatic tasks. It is more important that the knowledge of a country stays at one place and the employees cannot learn a new language each few years. Also, the employee knows many people and her network is a real door opener that cannot be taken over that easily by a new employee.

The structure of the agency is the same for all the offices, but there is a huge difference per country. Non-EU countries have more legislation issues and the way that business is done is also different. Moscow works with Russians in Latvia and has real good ties. In Japan there is a Latvian store for Latvian goods. Business also depends on the geographical location. For instance, Latvia works a lot

with concrete constructions, these are very heavy and not easy to transport and is therefore an export goods well suited for the geographically close Swedish market, as opposed for, for instance, the Japanese market. Also, Sweden buys wood from Latvia, this is not done by countries that are further away.

### Lithuania Practices

In order to find out what the practices of Lithuania are, the embassy of Lithuania in Sweden was visited and one employee was interviewed. The embassy has one special commercial attaché and the work is similar but not exactly the same as in other embassies and countries. At the embassy there is one employee that is working on macro-economic work, and there is one commercial attaché that is just working on commercial diplomacy. This employee is delegated by the ministry of economy, but is part of the embassy. He follows the policy of the ministry of economy, ministry of foreign affairs and functionally coordinates his activities with Enterprise Lithuania. This person also has to report to the Ambassador. When a new person has to be assigned, there is a dual agreement between the ministry of economy and the ministry of foreign affairs on that person to be assigned for the commercial attaché position.

The general work of the employee is to promote export, investment and tourism. The employee works mostly on export promotion. His work can be divided into three pillars: information, consulting and organizational events.

1. Providing information. This is mostly done on initials, when companies or institutions mail and ask for information. Information can be a partner search or an information package.
2. Consulting. Consulting means that he helps companies with preparing their profile, for instance how they should present themselves if they want to export. He gives advice on how they should set up their export, which taxes, unions or certificates are important and sometimes necessary for them. Concise market reports are carried out within this service. The consulting part really adds value to a company and helps them with their business abroad.
3. Events. The employee organises and attends exhibitions (trade fairs), seminars, workshops and road shows. He organises events and invites companies to them. He had an exhibition yesterday and today he has another one. He also organises delegation visits.

His work concerns mainly Lithuanian companies or institutions, but also Swedish companies and institutions ask for information. The services are free for the Swedish companies and the Lithuanian companies have to pay money for a company search. They pay more depending on the package they want: only 5 contacts; 5 contacts + visits + market scan. The Swedish companies are for 90% looking for information and a partner search, while the Lithuanian companies gain much more from the consulting.

Before 2008 the position was eligible for civil servants exclusively. Now it is open for anyone. However a person is a civil servant within the posting period within the embassy. The assignment period is usually three years with a possibility to extend. The requirements now are that a person needs 5 years experience of projects and international development, or in a business. English is required; any other language is an advantage. The education should be economic, international trade, and law. People have to do a test. This test has a verbal part, with an interview discussion

where you show your sales skills and your interests and the second part has 100 written questions about public management, law and legal terms. The employee was one of the first that was hired into this new system. Before this he worked from 1998 to 2005 at the export department of the Lithuanian Development Agency (that is now divided into Investment Lithuania and Enterprise Lithuania), and from 2005 to 2008 at a private consulting companies under implementation of international projects within EU and UN.

Over the world there are 9 commercial attaches. The job is not always part of the embassy and in many countries a diplomat performs similar economic activities if there is no other agency in that country. Sometimes tourism is part of the job if there is no tourism office. A commercial attaché is responsible to Enterprise Lithuania, but it can be that they have their own local consultants in some countries. Currently there are private consultants contracted in 6 countries as a part of business development networking.

### **Netherlands Practices**

To find out what the practices of the Netherlands are the Dutch embassy in Sweden was visited and two employees were interviewed. The Dutch embassy in Sweden has an economic department and has 2 employees working within this department. The embassy follows the national policy and gets their strategy from the government. Within the strategy they have the freedom to implement the policy in their own way. At the moment Sweden has no high priority for the Dutch government and no specific policy for Sweden is set up. The economic department is active with helping businesses. A lot of the work is done on an ad hoc basis: the embassy responds to questions that come in. The questions concern trade requests, companies that want to export to Sweden and/or are looking for partners in Sweden. The embassy is the first contact for Dutch companies that want to do business in Sweden, but also for Swedish companies that want to go to the Netherlands. The embassy looks up possible partners for companies and can do a market scan. They do not provide a full market analysis, because they do not have the resources to do that for every country. The embassy can only spend 24 hours on a market scan for one company and one market sector.

Next to answering questions, the economic department also supports missions of groups that come from the Netherlands. This does not always have to be directly related to business affairs, but can be for any group that wants to visit Sweden. The embassy provides information to and arranges trips for students, the Dutch and Swedish government layers and unions. The embassy is also active in promoting Holland, not just its products but the whole image of Holland. Furthermore, the embassy is working with the NL EVD international and the NL agency of the ministry of economic affairs, agriculture and innovation. The embassy has not one strict partner, but works with different partners when it is necessary. The embassy can provide people with contact information and can help businesses to find partners, but the embassy is not a network organisation. It works on a topic and finds information when it is asked for. They also store information when they find it. This information can be stored for future questions and options, but is also send to the government to inform them on the events that go on in Sweden. The access to information is good and the employees have a good knowledge of the Swedish language and the Swedish society, which helps them to find information faster.

The knowledge of the Swedish language and the Swedish society is very important if you want to work for the Dutch embassy. Also knowledge about economics is good, but not definitely a working

requirement for the Dutch embassy. Both employees are locals from Sweden and have a fixed contract with the Dutch government. One employee had an economic background and the other employee had a different background. The Dutch government does not provide with much training, or workshops. In the beginning one employee had a training about how the work at the embassy is, but there could be more training and information about the Dutch policy and the implementation of it. The work of the Dutch embassy depends on the funding from the government. As mentioned above, Sweden does not have a high priority for the Netherlands. The Dutch embassy in Sweden does not have the money, employees and resources to organise more events and to do more work for businesses. Embassies in countries that have a higher priority, such as the UK, have an extra business support office where they can provide more services to businesses. The employees indicate, that how the policy is implemented in a specific country depends on factors like current trade relations, upcoming or developed market, is it close to or far from the Netherlands, cultural differences, amount of trade, perception of the country by the Netherlands, development of society in the country, interest of top sectors in foreign markets, etc. They indicate that at the moment the focus is set at ten top sectors inside the Netherlands and upcoming markets abroad.

### **Romania Practices**

To find out what the practices of Romania are and how the policies are implemented the embassy of Romania in Sweden was visited and the employee working in the trade office was interviewed. The embassy of Romania in Sweden is situated in a historical building for Sweden and is very nice. Within the embassy they can organise galas, exhibitions, and meetings. The periods of October to mid December and April to beginning of June are the busiest. The embassy falls under the Ministry of foreign affairs. The staff is quite small - 5 diplomats. When one employee is not available, another steps in for his work. The embassy is structured as follows: the political section with 3 diplomats, the consular section, the interior affairs attaché and the office for economic and commercial promotion (Trade Office).

The trade offices belong to the department for foreign trade in the ministry for economy, commerce and business environment of Romania and represent its interests. The foreign trade department has 80 offices around the world. In some countries the offices function within the embassies/general consulates while in others they are independent. The ministry of economy and the ministry for foreign affairs have a protocol that sets the functional relations, and enables that the office can be part of embassies or general consulates. In some large countries where Romania has commercial interests the office is not (just) in the capital, but also in other cities. For instance in the USA, Germany, Spain, Italy and China. There has been a wider network of trade offices, but due to last years' restructuring programme, some offices were closed down. This means that one office often covers more than one country. Next to this, under the authority of the Ministry of economy functions the Romanian Trade and Invest agency. This agency cooperates with the department for foreign trade and with the trade offices abroad for promoting exports and attracting foreign investment.

The main objectives of the economic and commercial promotion office in Stockholm is promoting and increasing exports, maintaining an upward trend in the bilateral trade (with the main accent on introducing new products on the Swedish market), maintaining the positive trade balance and identify and attract investment. An annual mandate is set up with the new goals for the coming year. The office is the 1<sup>st</sup> contact point for companies as a bridge between the Swedish companies and the companies and government in Romania. They provide support and information for both Romanian

and Swedish companies. These companies are mostly SME's that ask for information and support for their business - export or investment. The big companies, which have their own marketing policies and strategies, use the trade office more as a contact. The trade office is also working on bilateral agreements, on a governmental bilateral relations level.

On the investment side the office looks for and helps Swedish companies that want to invest in Romania. Sweden is the 20<sup>th</sup> investor to Romania. Swedish companies are involved in Romania, among other sectors, in projects within the energy sector, based on a MoU in the fields of energy and environment. On the export side the objective is to increase the export. Historically, Romania had a deficit in the bilateral trade, because they imported more than they exported. Even in times of crisis the bilateral trade was at a good level, and since 1.5 years it has been registered a surplus in the trade balance favourable to Romanian exports. Main exports of Romania to Sweden: subparts for the industry, furniture, chemical industry. The office follows the trend in Sweden and tries to promote the new products of Romanian companies.

The office uses programmes that are based on the National Export Strategy for 2010-2014 of the Ministry of economy. The strategy defines the main sectors of interest for Romanian export promotion. These are the automotive, furniture, textile, agriculture and wine, and IT and communications. Stockholm trade office follows these guidelines and acts accordingly, there are of course other sectors and issues that are given the same importance. A yearly programme for export promotion that includes participating in international promotional activities - trade missions, fairs and exhibitions, study and work visits- is sustained through financing from the ministry's budget. The trade and investment agency works together with the trade offices abroad to arrange the events taking place in a specific country. They arrange meetings, give presentations and help companies to become potential business partners. The office also assists delegations, organises the economic component of companies' participation to fairs and provide answers to questions and requests. For instance, In November a trade mission of 16 people representing the IT and communications sector took place in Stockholm. The office in Sweden arranged the visit, worked on matchmaking and partner search for companies, organised a business seminar and provided information and support to the companies, finding possible contacts and possible future partners for them.

Every week is different for the employee. No day is the same, because of all the different requests from companies and all the different events he participates at - seminars, conferences, meetings, etc. The employee works on trade promotion in Sweden. He answers market questions, works on partner search, provides contact information to companies and connects them to business partners. After putting the companies in contact he does not have the authority to interfere on commercial issues between partners; sometimes follows-up the results. He follows the tenders for goods and services organized in Sweden and forwards the information to companies in Romania that are potentially interested to participate. Furthermore, the employee deals with requests from the institutional level about economic and financial activities in Sweden. He provides information so that the government can harmonize their legislation with the rest of the EU. He covers the EU agenda on EcoFin, Competitiveness and TTE Councils and attends briefings organized to present Sweden's position on those issues. He follows the Swedish international development and reports his findings to the ministry. There are monthly, quarterly and yearly reports to be sent. The monthly reports show the macroeconomic figures of Sweden. The quarterly and yearly show the activities that have been done and the work that has been completed.



The Foreign trade department has set up an online trade portal. There the employee can publish information about Sweden, tenders, business requests and events, such as fairs. Next to this website, the Trade and investment agency publishes a weekly business journal with information about the current business opportunities for different sectors. Other offices can also provide and look for information on the website. All the offices follow the general policy. The employee is not sure how it works in other offices, because this is his first assignment. He heard that most offices work similar, some on a smaller some on a larger scale. In some countries it might be easier to arrange meetings than in Sweden, where the request for a meeting has to be done in written by e-mail and planned well in advance. The requirements for working as a foreign trade representative are: being a Romanian citizen, having a bachelor degree (juridical or economical affairs), having knowledge of at least 2 foreign languages, the Swedish language was not a requirement for working at the trade office in Stockholm, though in general the knowledge of the local language is a plus. The employee has to agree not to use his position for private matters and cannot be involved in a business nor in a political party. The selection process before being assigned to a post abroad: the candidate has to do a written test about the country he wants to go to. He has to know about the economic relation of the home country with that particular country, about the figures regarding investment and trade between Romania and the country, and has to know about the economic policy of the country. The candidate has to do an interview where they test the communication and language skills. The employee also had to follow a training programme that contained performing tasks and meet with different ministries, professional associations, companies that have commercial interests in the country they are to be assigned – in order to learn about different policies, directions and issues they will encounter when posted abroad. The mandate of a diplomat is normally 4 years. The foreign trade representatives are given a diplomatic status for the period of their mandate (which can be extended for short periods in some extraordinary cases). After finishing a post, they are required to go back and spend about 6 months to a year working at the foreign trade department, until they can apply for a test and, if they pass it, start training to prepare for the next assignment abroad.

### **Slovakia Practices**

To find out what the practices of Slovakia are, the embassy of Slovakia in Sweden was visited and one employee was interviewed. At the Embassy of the Slovak Republic to the Kingdom of Sweden there is one employee that is working as Commercial Counsellor. Until 1997 the commercial counsellors were placed under the Ministry for Foreign Affairs. From 1997 to 2010 they were placed under the Ministry of Economy, but since 2011 they came back to the Ministry for Foreign Affairs. Slovakia has a trend that they get the commercial counsellors more outside the EU in order to find new markets for Slovakia. They closed 15 commercial sections in the EU and are going to open them outside the EU, such as in Brazil, America and Asia. That the sections are closed does not mean that no commercial diplomacy is performed. It just means that there is not one special person working on it. The task is performed by an employee of the embassy that is also doing other work. The number of employees and counsellors depend on the embassy and the quantity of the work. The counsellors are situated in countries that are important to Slovakia.

The goals of the commercial counsellors are to identify trends, strengthen the competition of Slovak companies within the EU internal market, attract investment to Slovakia, support export activities, represent Slovakia abroad, and look for innovation and knowledge transfer. The employee answers questions of Slovak companies, but also of Swedish companies that want to invest or do business in Slovakia. She also goes to the ministry meetings (briefings) about economic affairs and reports to the



government in Slovakia. She provides companies with market information and helps them to visit fairs. SME's need the most support from the commercial counsellors. Furthermore, she organises missions, presentations and options for trade fairs. Next to that, she has to travel and find companies for export and investment. She has to go out and present her country's business opportunities to other companies. For example, in North Sweden there is a new place for raw materials. The Ambassador together with her go there to make contacts and create the business cooperation. Slovakia has a tradition in mining and building tunnels. The work that is done by the commercial section depends on the person doing it. The counsellor has to have the knowledge and skills for such a work. It is important for employees of the commercial section to work on promoting export in the best way they can. The employee of the commercial section in Stockholm is a representative for Sweden and Finland. Before she worked 5 years in Finland and here she is posted for four years. Next to the commercial counsellors, Slovakia also has a Trade and Investment agency (Sario), and a Chamber of commerce, but they do not have employees working abroad at an embassy or office. There is a connection between the Chamber of commerce of Slovakia in Slovakia and the Chamber of commerce of Sweden in Sweden.

According to the employee, the economic affairs of a country depend on the location of a country. Economic affairs also depend on the country, the goal of the economic relation, what you want from a country and for example if there are trade barriers. It is important to know what kind of production you are good at and what other countries can offer your country. Slovakia's central location in the EU is very strategic. Slovakia is an open trade country; they have a small market and are dependent on the export. They depend on the global market. They depend on raw materials import, because these are limited in the country. 85% of Slovakia's production goes to export, and 87% of the export goes to countries within the EU markets. For Slovakia Sweden is a good location. Sweden has innovation, R&D and electronics which can base a good ground for cooperation. Slovakia aims for increasing bilateral trade. Slovakia has a long-term tradition in some sectors of industry such as the machinery, etc. Slovakia has also a very skilled labour market. About 91% of the people have a second degree education. It is true that the Slovak labour costs are in comparison to Swedish ones lower, but more important is that they are high skilled labour.

The practice factors of the 14 EU Member States are summarized in table 4. In the next section a comparison is shown and the differences and similarities between the MS are discussed.

**Table 4: Practice factors EU Member States**

Practice factors	Austria	Belgium	Denmark	Estonia	Finland
Structure foreign post	Chamber of commerce, private.	Trade agency, public.	Embassy, public.	Embassy, public.	Embassy, public.
Economic function	business promoter	Business promoter	business promoter	Civil servant/business promoter	Business promoter/civil servant
Tasks	Problem solver; answer questions; provide information; organise events, fairs, trade shows, missions, delegations, ministry visits, business to business meetings; partner search; briefings; reports	Reporting, answering questions, trade missions, trade fairs, market study, country profile	Promote investment and export; market analysis; partner search; exporting strategies; events, tradeshows and seminars; meetings; report; briefings; company visits; missions.	Assisting business with their export and going abroad, answer questions, promote Estonia, cooperate on EU affairs, attend briefings, organise events	Reporting, answering questions, events, meetings, briefings, visits
Staff category	Elite oriented	Structure oriented	Structure oriented	Mixed oriented	Elite oriented
Number of employees	7 in the office	Two on economic affairs	8 on economic affairs	One on economic affairs	One on economic affairs
Programmes	Seminars, fairs, missions, reports	Fairs, trade missions, reporting	Seminars, fairs, missions, reports	Reporting, seminars, missions	Trade missions, reporting, seminar
Activism foreign post	Proactive	Reactive	Proactive	Proactive	Proactive
Requirements	German and English, economic and law degree	University degree, diplomatic test, affinity with country and economic degree recommended,	Experience within economic sector, business degree, local language is a plus	Diplomatic requirements	University degree, 4 languages: Finish, Swedish, English and own choice,
Training	On the job training, with seminars & personal training	Assessment and test, after that no training	Teambuilding, competence development courses	Diplomatic training	Diplomatic training
Background	Economics and law	Politics and economics	International business	Politics	International politics, law and communication
Access to information	Good	Good	Good	Good	Good

(Table 4 continued)

Practice factors	France	Germany	Greece	Hungary	Latvia
Structure foreign post	Trade agency, public.	Embassy, public.	Embassy, public.	Embassy, public.	Embassy, public.
Economic function	Business promoter	Civil servant/business promoter	Business promoter	business promoter	business promoter
Tasks	Give advice, provide information, show benefits, provide contacts, find partners and opportunities, provide tools for public and press relations and advertising, coordinate young graduate programme, organise fairs and events, make studies	Contact for companies, answer questions, report to ministry and other agencies, support EU affairs, go to briefings, do market studies, organise missions and visits, advice companies	Increase export; promote investment; organize conferences, symposia and workshops; develop business relations; organize trade and business delegations; provide information; arrange options for exhibitions	Organize events, report, arrange delegation visits, find investors, work on export, travel to find & help companies	Attract investment; promote Latvia; organise seminars, fairs/exhibitions; matchmaking; trade missions; individual visits; market research provide information
Staff category	Mixed oriented	Mixed oriented	Elite oriented	Treaty oriented	Elite oriented
Number of employees	Twelve people in the office	12 in the economic department (50 in the chamber of commerce)	Two employees in the economic section	One on economic affairs	One on economic affairs
Programmes	Reporting, fairs, seminars, counselling, missions	Reporting, missions, counselling	Fairs, trade missions, workshops, seminars, report	Reporting, missions	Seminars, fairs, missions, reports
Activism foreign post	Proactive	Reactive	Proactive	Reactive	Proactive
Requirements	English, trade/ business education, learn local language	Diplomatic requirements	University degree, fluent English and France	Diplomatic requirements	Business and trade, 3 to 4 languages, higher education
Training	Exam, experience is training	Diplomatic training	Exam, no further training	Exam for each country you got to, special job training	Presentation exam, experience
Background	Business	Politics, some economics	Business and economics and mass communication	Politics	Economics, journalism
Access to information	Good	Good	Good	Good	Good

(Table 4 continued)

Practice factors	Lithuania	Netherlands	Romania	Slovakia
Structure foreign post	Embassy, public.	Embassy, public.	Embassy, public.	Embassy, public.
Economic function	Business promoter	Business promoter	business promoter	Business promoter
Tasks	Promote export, investment and tourism; provide information; consulting; organize events	Reporting, answering questions, trade missions, market scan, promoting brand Holland	Export promotion and investment attraction; organise missions, fairs, exhibitions, study and work visits, meetings, presentations; go to conferences; answer questions; provide information; partner search; provide contact information; write reports; go to briefings	Identify trends, strengthen competition, attract investment, look for innovation and knowledge, answer questions, briefings, reports, fairs, missions, presentations
Staff category	Mixed oriented	Structure oriented	Mixed oriented	Mixed oriented
Number of employees	One on economic affairs	Two on economic affairs	One on economic affairs	One on economic affairs
Programmes	Fairs, seminars, report, workshops, counselling, missions	Missions, reporting	Seminars, fairs, missions, reports	Fairs, trade missions, reporting
Activism foreign post	Proactive	Reactive	Proactive	Reactive
Requirements	5 years business experience, English + one other language, degree in economics, international trade and law	Affinity with and knowledge of country, economic degree & language recommended,	Romanian citizenship, bachelor degree (economic or juridical), 2 foreign languages (local is a plus).	University degree, diplomatic test, business degree recommended
Training	Test with verbal discussion	Training and test at beginning, after that no training	Training programme with written test and interview before going abroad (applying for job abroad)	Assessment and test, after that no training
Background	degree in economics, international trade and law	Politics, Economics and social	Economics/business	Politics and economics
Access to information		Good	Good	Good

### 4.2.1 Member State practices comparison

This research compares the commercial diplomacy policies and practices of the EU Member States. The policy factors of all the 27 MS have been compared, but because of respondents' willingness to participate only 14 MS were interviewed and for those 14 MS the practice factors are compared. The MS all have a network of embassies and or trade offices that work on commercial diplomacy. In table 3 this network was shown, and almost all MS have embassies and trade offices abroad. Only Bulgaria, Hungary, Slovenia and Slovakia have no trade offices abroad. Austria and Germany also have no trade offices, but they have chambers of commerce abroad (AWO and AHK) that operate as a trade office. The German embassies work on a part of commercial diplomacy and the rest is done at the AHK. Austria has no commercial diplomacy performed by the embassies; everything is done by the AWO. The AWO of Austria is often shown as the economic department of the embassy and some employees of the AWO have a diplomatic status. Denmark, Estonia, Finland, France, Greece, Latvia, Lithuania, Netherlands, and Romania all have embassies and trade offices that work on commercial diplomacy. Often the trade office is part of the embassy (as economic department), but in Estonia, Finland and the Netherlands, they have separate trade (business) offices outside the embassy. The employees of the trade offices or of the economic departments of the embassies can all be classified as business promoters. The employees that work on commercial diplomacy within an embassy, that are not part of an economic department and or also have to perform other activities, are classified as civil servants. In the embassy of Estonia and Finland the employees' working on commercial diplomacy cannot be classified as being predominantly a business promoter, because those employees also perform tasks that do not fall within the scope of commercial diplomacy and because these countries both have trade offices (Estonia Enterprise and Finpro) outside the embassy that are working on commercial diplomacy. The embassy of Germany has an economic department, but the employees in this economic department are working more on economic policy affairs than on commercial diplomacy and cannot be classified as business promoters, but more as civil servants. Germany has an AHK that acts as the trade office and the employees of the AHK are totally business oriented.

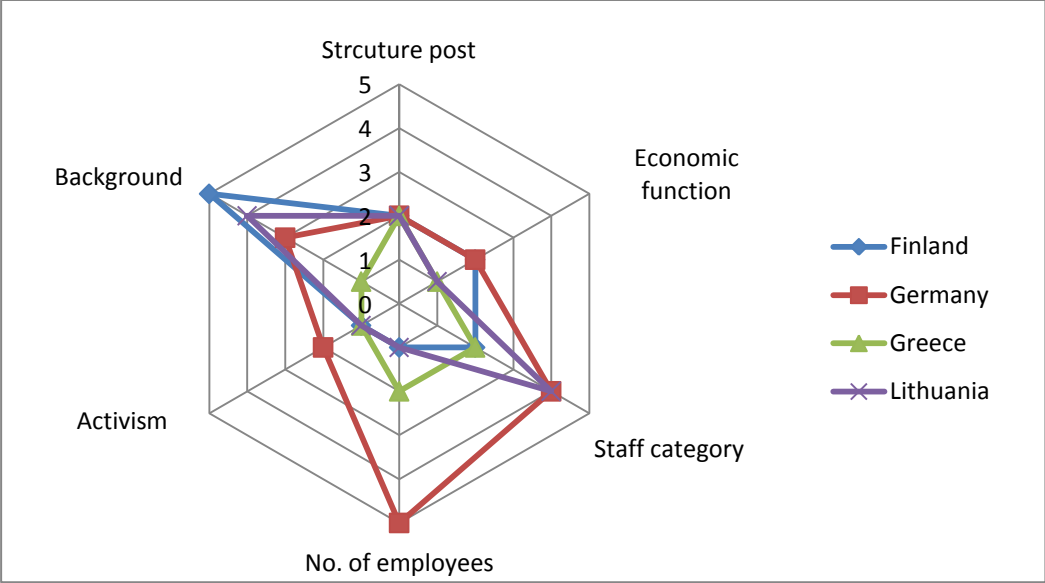
The work of the employees of the foreign posts can be divided into several tasks. The first task of an employee is to write reports. Each employee writes reports to the government or the HQ of a trade office, to update them on the current status of the post, the work that has been accomplished, the events that have been organised, what the economic situation of the host country is and what the position of the host country government is on economic affairs. The second task is to arrange missions. Each foreign post, often in co-operation with the home government and other institutions, arranges missions of trade and/or political delegations that come to the host country. Another important task of the employees is to respond to questions. The employees of each foreign post receives questions from companies, institutions and individuals asking for information about economic sectors of the host country and/or possible business opportunities and partners. Some of the employees indicated that they would help companies to set up meetings with possible business partners and provide some advice concerning the business opportunities. The employees made it clear that they provide information and set up meeting, but they do not take part in the business meetings. The foreign post is not a consultancy firm and is not involved in the strategy of the firms. The employees give options to the firm, and the firms decide on their own which strategy they will follow.

Next to these tasks, the employees of the foreign post organise several events. Most foreign posts organise events to bring companies together or to show what their country has to offer in terms of export and investment opportunities. Fairs and trade shows are two big events where countries show their home products. Often the embassy or trade office arranges a national booth where companies can show their products. The embassies of Estonia, Finland, Germany, Hungary and the Netherlands indicated that they did not arrange fairs, but that Estonia Enterprise, Finpro, the AHK or the agency at home (EVD) arranges national booths at international fairs or trade shows. A second option to promote and show the business opportunities of the home country is by organising workshops and seminars. The employees at the foreign post of Lithuania, Romania, France, Greece, Latvia, Finland, Estonia, Denmark and Austria said that they organise seminars. The employees of Lithuania and Greece said that they also organise workshops. The tasks row in table 3 shows which kind of events countries organise to promote their companies and country. Based on these events the countries are arranged in two categories: pro-active and reactive. A country is labelled as reactive if it only organises missions and fairs, and a country is labelled as pro-active if it also organises seminars, workshops and other events that actively promote their country. The foreign post of Austria, Denmark, Estonia, Finland, France, Greece, Latvia, Lithuania and Romania in Sweden are labelled as pro-active. While the foreign post of Belgium, Germany, Hungary, the Netherlands and Slovakia in Sweden are labelled as reactive.

The events that are organised by the employees depend on the structure and the resources of the foreign post. Embassies have fewer resources, such as money and employees, for commercial diplomacy than the trade offices. Trade offices have more employees working on commercial diplomacy. In an embassy there are often only one or two commercial attachés working on economic affairs. The number of employees working at the foreign post and the activities they perform is decided by the ministry, but this is also influenced by the working requirements, the training, and the background of the employees at the foreign post. All the employees of an embassy have had a diplomatic training. They have an academic background in economics and politics. The employees at trade offices did not all have a diplomatic training and they have an academic background in economics and law. The requirements for a person that wants to work at the foreign post differs per country. The foreign post of Austria, Finland, France, Greece, Latvia, Lithuania and Romania indicated that speaking several languages is a requirement. The foreign post of Belgium, Denmark, Estonia, Germany, Hungary, the Netherlands and Slovakia indicated that speaking the local language is not a requirement, but it is a pre if you do speak the local language and or other languages. The foreign post of each MS has a university/ bachelor degree as requirement.

This comparison shows that the Member States can be similar on one aspect and be different on another. These differences and similarities can be explained by the country characteristics and the geographic welfare division. Just like with the policy factors, patterns are searched between the practice factors of the different European models: the Scandinavian model, the Anglo-Saxon model, the central Europe (Westphalia) model, the southern European model and the eastern European model. Figure 3 shows the policy patterns of 4 countries that each belong to one model. The factors are put in the figure by using the codes from table 1. No practice factors were researched for an Anglo-Saxon country. The figure shows that patterns between the MS can be distinguished. The factors staff category, number of employees, activism, and background show the differences between the geographic welfare divisions. More patterns and relationships are discussed in section 4.3 with the statistical tests.

**Figure 3: Member States practice patterns**



**4.3 Results statistical tests**

The comparison of the commercial diplomacy policy and practice factors showed that there are clear differences and similarities between the EU Member States. The commercial diplomacy policies and practices of the MS depend on the country characteristics. The country characteristic factors show differences and similarities between the MS, but they are also used as an indicator for a possible explanation of the differences and similarities between the commercial diplomacy policy and practice factors of the MS. Most countries have their own record of their characteristics and otherwise a record can be found on the EU website or other institutions that keep country records (UN, CIA fact book). It was not possible to find information for all the MS about the country characteristics' structure of the ministry and the budget for commercial diplomacy. The country characteristics that have been used for the comparison of the MS and the statistical tests are: the size of the country, the wealth of a country, the share of intra-EU trade, the entry time in the EU and the number of employees working on commercial diplomacy. The country characteristics together with all the policy and practice factors have been statistically analysed for possible relations between the factors and if there are possible explanations for the differences and similarities between the MS. The statistical analysis for possible relations is based on the chi square test, the Phi test, the Cramers V test and the correlation test (De Veaux et al. 2008). From a theoretical point of view one would expect to find relationships between several factors. Six interesting relationships are discussed in this section.

***Responsible ministry and policy focus***

On the policy side, one would assume that there is a relationship between the responsible ministry and the policy focus of the MS. Within a country, one would expect that the policy focus and policy goals of a government depend on the responsible ministry that creates the policies. It would make sense that the ministry of foreign affairs is less business oriented than the ministry of trade, but the statistical analysis did not prove this relationship. The ministry of trade as well as the ministries of foreign affairs that are solely responsible for commercial diplomacy were both labelled as business

oriented. If the responsibility lies with both ministries then they have been labelled as business oriented, mixed oriented, but also as trade oriented.

### ***Economic function and background of the employees***

On the practice factor side, one would expect to find a relationship between the economic function of the foreign post and the background of the employees. If the foreign post is business-oriented then one would assume that the employees have a background in economics. This relationship has not been proven by the statistical analysis. The foreign post that is labelled as business-oriented can have employees with a background in economics, politics or law. The employees do not need an economic background to work for a foreign post that is business-oriented.

### ***Staff category and background of the employees***

Also on the practice side, one would assume that there is a relationship between the staff category and the academic background of the employees. According to the literature, a treaty oriented diplomat has a background in law and the structure-oriented diplomat has a background in social sciences (Galtung and Ruge, 1965), but this has not been confirmed by the statistical analysis. The background of an employee cannot be classified into one staff category. An employee with an economic background can be labelled as elite-oriented, but also as structure-oriented or treaty-oriented.

### ***Policy focus and economic function***

Concerning the implementation of the policies of a MS, practice factors have been tested with the policy factors to see if there is a link between the policies and the practices. One would assume that there is a relationship between the policy focus of a country and the economic function of a foreign post. One would expect that the economic function and activities of the foreign post are directly derived from the policy goals of the government. The statistical analysis did not prove this relationship. This means that the employees have some freedom in deciding the function and activities of the foreign post.

### ***Wealth and the number of embassies inside the EU and the number of employees***

Finally, one would assume that there is a relationship between the wealth of a country, the number of embassies a country has inside the EU and the number of employees at the foreign post. A country labelled as rich should have more money and resources to set up an embassy in each MS and to employ more persons at a foreign post than a country that is labelled as poor. This has not been proven by the statistical analysis. Countries labelled as rich do not have significantly more embassies and employees than countries labelled as poor. A country that is labelled as rich might have the resources to set up more embassies and to employ more persons, but that does not mean that the country will set up more embassies and will employ more persons than countries labelled as poor. Both can have the same amount of embassies within the EU and have one person working on commercial diplomacy at a foreign post. The results of the 6 interesting relationships are shown in table 5.



**Table 5: Interesting relationships**

Relationship	Test value *
Responsible ministry and the policy focus of a country	0,893
Economic function foreign post and the background of the employee(s)	0,160
Staff category of the employees of the foreign post and the background of the employee(s)	0,208
Policy focus if a country and the economic function of its foreign post	0,707
Wealth of a country and the number of embassies inside the EU	0,394
Wealth of a country and the number of employees at a foreign post	0,095

\*The test values are similar for the chi-square test, the Phi test and Cramer's V. A relationship is significant when the value is smaller than 0,05.

Next to these 6 relationships the statistical analysis found relationships between policy and practice factors. The relationships and the values of the factors that have a relationship can be found in table 6. Next to these relationships, the statistical analysis found a weak positive correlation between the number of trade offices of MS and the number of embassies within and outside the EU (and the total number of embassies). This means that when the number of trade offices increases the number of embassies also increases or vice versa. For instance, if the number of trade offices of a country is higher, then the number of embassies of that country also will be higher.

**Table 6: Statistical relationships**

Relationship	Test value *
Entry time in the EU and the size of a country	0,018
Wealth of a country and the entry time in the EU	0,001
Entry time in the EU and the share of intra EU trade	0,001
Entry time in the EU and the number of embassies inside the EU	0,020
Entry time in the EU and the activism of the foreign post	0,047
Entry time in the EU and the number of employees at the foreign post	0,019
Size of a country and the wealth of a country	0,039
Size of the country and the number of embassies inside the EU	0,003
Size of the country and the number of employees at the foreign post	0,015
Size of the country and the share of intra EU trade	0,004
Share of intra EU trade and the number of employees at the foreign post	0,002
The academic background of the employees and the activism of the employees of the foreign post	0,019
The total number of embassies and the number of trade offices	0,020

\*The test values are similar for the chi-square test, the Phi test and Cramer's V. A relationship is significant when the value is smaller than 0,05.

Already in the previous sections an attempt has been made to pattern the Member States. After having tested all the factors in order to see if there is a relationship between two factors, it became clear that the MS can be arranged into two groups that have the same categories for several factors. There are only a few countries that fall outside the category and some factors do not apply for all the countries, but the categories make a clear distinction between the MS. The categories contain the country characteristics, the policy factors and practice factors. The data shows that countries labelled as small mostly entered the EU last, they are labelled as poor and have a lower percentage of intra EU trade. They have the responsibility for commercial diplomacy with both the ministry of foreign affairs and the ministry of trade. They also have fewer embassies and fewer employees at the foreign

post. These countries are almost all proactive in promoting trade and investment and have a staff category at the foreign post that is labelled as mixed-oriented. The countries that are labelled as large almost all entered the EU first, they are labelled as rich and have a high percentage of intra EU trade. The responsibility for commercial diplomacy lies with both the ministry of foreign affairs and the ministry of trade or only with the ministry of foreign affairs. They have more embassies and more employees at the foreign post, but are mainly reactive in promotion their country and have different kinds of staff categories.

## 5.0 Conclusion

This research is about commercial diplomacy within the European Union and the differences and similarities between the commercial diplomacy policies and practices of the Member States. In this research, commercial diplomacy is defined *as the services of foreign posts that support export promotion and business development. Commercial diplomacy, in this research, is about the diplomatic activities that help home country companies to sell their products abroad, and to find new business partners and investment opportunities.* The services of the foreign posts are the commercial diplomacy practices of a country and show the implementation of the commercial diplomacy policies of a country. The commercial diplomacy policies and practices of a country depend on the government policies of a country. Each country and governments has its own policies. This would mean that commercial diplomacy is different between the EU Member States. However, in the European Union there is a common economic policy and there exists a single European market with free trade. Several authors indicated that this common economic policy will change the commercial diplomacy policies of the EU Member States and that they will become more similar. It is not clear if this will happen, or whether countries will still have their own policies and practices within the single EU market. To find out if the MS are more similar or still different a research was conducted comparing the commercial diplomacy policies and practices of the MS.

The research consists of two parts. In the first part the policies of the 27 Member States were analyzed based on a policy analysis. The following policy factors were researched and compared: responsible ministry, structure of the ministry, size of the country, wealth of the country, budget for diplomacy and foreign posts, entry time in the EU, share of intra EU trade, policy focus of the ministry, foreign policy goals, number of embassies inside the EU and outside the EU, number of trade offices, and the number of employees. In the second part of the research employees of a foreign post were interviewed to find out the practices of a selection of 14 MS. The following practice factors were asked via the interviews and compared: structure foreign post, the economic function of the foreign post, the tasks of the employees, the number of employees at the foreign post, the staff categories at the foreign post, the programmes used, the working requirements, the training options, the academic background, and the access to information. The policy and practice factors were set next to each other in tables. From these tables the comparison between the MS was constructed. As an extra part of the research, the policy and practices factors were put in a statistical data base and different statistical tests were performed, to see whether there is a relationship between two factors and if this can provide an explanation for the differences and similarities between the MS. The tests that have been used are the chi square test, the Phi test, the Cramers V test and the correlation test (De Veaux et al. 2008).

The results of the two parts of the research provide an answer to the research question. The research question was:

- What are the differences and similarities between the commercial diplomacy policies and practices of EU Member States within the integrated European market?

To begin with, it is obvious that the MS are different in terms of their country characteristics. The country characteristics that have been used in this research are: the size of the country, the wealth of a country, the share of intra-EU trade, the entry time in the EU and the number of employees working on commercial diplomacy. What is more interesting to compare are the commercial

diplomacy policy and practice factors. First the differences between the MS are shown and after that the similarities between the MS are shown.

The first difference between the Member States is that they all have their own commercial diplomacy network of ministries, foreign posts, chambers of commerce and other institutions that are involved in commercial diplomacy. The most common network is a shared responsibility between the ministry of foreign affairs and the ministry of economy. This structure is used in 17 MS: Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Romania and Slovakia. In Belgium, Greece, Ireland, Sweden and the UK only the ministry of foreign affairs is responsible, and in France, Poland, Portugal, Slovenia and Spain the ministry of economy is responsible, often with some support from the ministry of foreign affairs. Next to that, most countries have embassies and trade offices abroad that are working on commercial diplomacy. Only Bulgaria, Hungary, Slovakia, and Slovenia have no trade offices. Austria and Germany also have no trade offices, but they have chambers of commerce abroad (AWO and AHK) that operate as a trade office. Often the trade office is part of the embassy (as economic department), but in some countries, such as Estonia, Finland and the Netherlands, they have separate trade (business) offices outside the embassy.

Member States are also different based on their policy goals and policy focus. The policy focus is derived from the policy goals of the MS. Thirteen countries were classified as being predominantly businesses oriented. These are Austria, Denmark, Estonia, France, Greece, Italy, Luxembourg, Netherlands, Romania, Poland, Portugal, Sweden and the United Kingdom. One country was classified as being predominantly trade oriented based on the data that was gathered: Bulgaria. The other MS have been labelled as mixed oriented. These countries are Belgium, Cyprus, Czech Republic, Finland, Germany, Hungary, Ireland, Latvia, Lithuania, Malta, Spain, Slovenia and Slovakia.

Another aspect on which the MS are different is in terms of the number of embassies, the number of trade offices and the number of employees at the foreign post. There are 8 countries that have an embassy in each MS (26): Belgium, France, Germany, Greece, Ireland, Italy, Portugal and Spain. Most MS have between 21 and 25 embassies in the EU, and have a consulate or high commission in the MS where they do not have an embassy. Estonia, Malta, Latvia and Luxembourg have 20 or less embassies within the EU. Next to these embassies the MS have trade offices that work on commercial diplomacy. The number of trade offices varies a lot per country, and Bulgaria, Hungary, Slovakia and Slovenia do not have trade offices abroad. Also, the number of employees differs per country and per foreign post. In most embassies there were only one or two employees working on commercial diplomacy, while the trade offices had up to 12 employees.

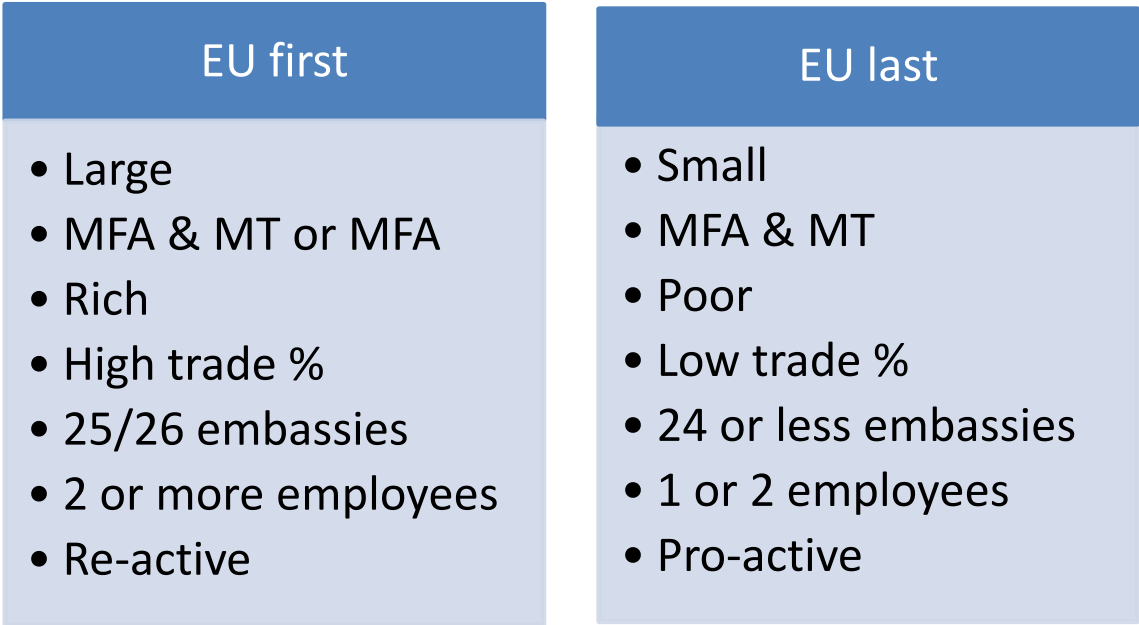
Furthermore, the MS have different staff categories, working requirements, trainings and employees at the foreign posts. The employees of the trade offices or economic departments are labelled as business promoters. The employees that are part of the embassy and also work on other activities are labelled as civil servants. The embassies all have employees with a diplomatic training. Their academic background is mainly economic and political, while employees at trade offices often have an academic background in economics and law. The requirements for working at the foreign post differ per country. The embassy of Austria, Finland, France, Greece, Latvia, Lithuania and Romania indicated that speaking several languages is a requirement. In other countries it is not necessary to learn the local language before an employee starts working at the foreign, but it is almost always a

pre if you speak more languages. All the countries have a university/ bachelor degree as requirement.

Finally the MS are different in terms of the events they organise. The embassies of Estonia, Finland, Germany, Hungary and Netherlands did not indicate that they arrange fairs, but that Estonian Enterprise, Finpro, the AHK or the agency at home (EVD) arrange national booths at international fairs or trade shows. Lithuanian, Romanian, France, Greece, Latvia, Finland, Estonia, Denmark and Austria organise seminars. Lithuanian and Greece said that they also organise workshops. Based on these events the countries are arranged in two categories: pro-active and reactive. Austria, Denmark, Estonia, Finland, France, Greece, Latvia, Lithuania and Romania are seen as being pro-active in Sweden. While Belgium, Germany, Hungary, the Netherlands and Slovakia are seen as being reactive in Sweden.

Next to these differences between the MS, there are also similarities between the MS. The Member States can be categories into two groups: countries that entered the EU first and countries that entered the EU last. Figure 4 shows the two categories that are on almost all aspects opposites from each other.

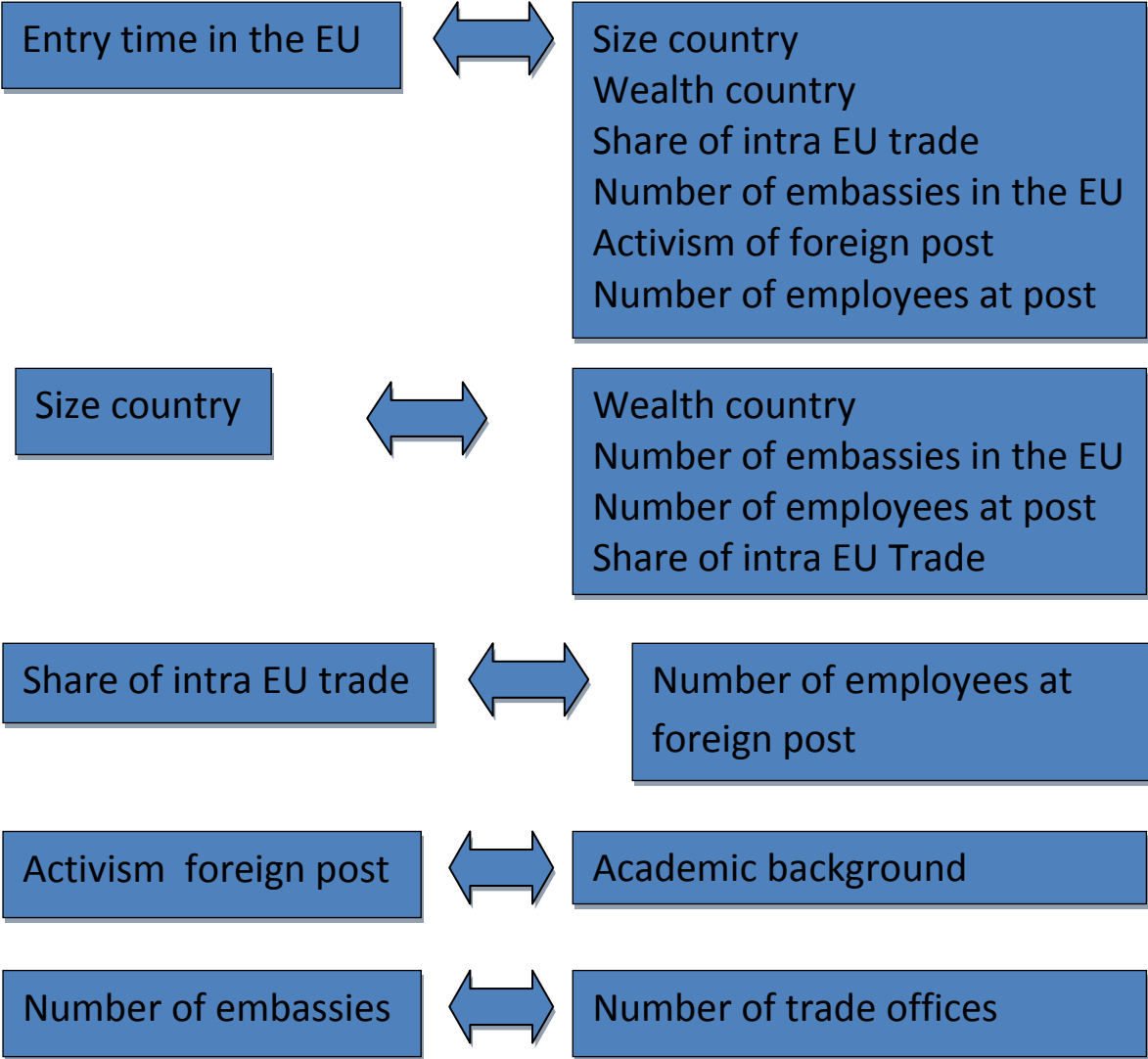
**Figure 4: Member State categories**



The categories look general, and not all the factors count for each country, but it shows in what way the MS are similar to each other. The countries that entered the EU in the middle do not form a third group, but they can be placed in one of the two categories. Examples of countries that fall in the 'first' category are: France, Germany, Italy, Belgium, Netherlands, United Kingdom and Spain. Countries that fall in the 'last' category are, for instance, the Czech Republic, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia. The category shows that there is a big difference between countries that are long in the EU. They have set-up a good trade network. While the countries that are new to the EU still have to set-up a trade network and they have to promote the business and investment opportunities of their country, because these are not known in the other MS.

After the differences and similarities between the MS have been clarified, the commercial diplomacy policy and practice factors have been statistically tested to see if there is a relationship between factors and if there is a possible explanation for the differences and similarities between the MS. Figure 5 shows the relationships between the commercial diplomacy policy and practice factors.

**Figure 5: Relationship between commercial diplomacy factors**



The statistical tests show that there is a relationship or a correlation between two factors, but it does not show which factor can explain the differences or similarities between the MS. One would assume that the size of a country explains the number of employees at a foreign post. However, the statistical tests cannot show which factor is the dependent factor and which is the independent factor (Babbie, 2007; Saunders et al. 2009; Shadish et al. 2002). Also, some of the relationships do not mean that one factor influences the other. There is theoretically no explanation for the relationship between the entry time in the EU and the size of a country. This means that there is no total clarity about which factors explain the differences and similarities between the MS and which factors affect commercial diplomacy. The next section contains a discussion about the factors that influence commercial diplomacy according to the employees that have been interviewed, and to what extent these factors have been mentioned in the literature.

## Discussion

The commercial diplomacy policies and practices of a country are influenced by the country characteristics, and the policies of the government and of the ministry. In section 2.5 a figure was created with factors that influence and concern commercial diplomacy. During the interviews some of these factors have been discussed with the participants. Almost all the respondents mentioned that the practices of the foreign posts are performed differently in each country in the world. Four important points that some of the participants mentioned to influence the commercial diplomacy practices are the host country characteristics, the economic relationship between the country, the kind of foreign posts in the host country and host countries inside the EU and outside the EU.

The first point host country characteristics has been mentioned in broad terms in the literature. According to the literature, the environment, cultural background, regime and institutions of the host country affect commercial diplomacy (Kostecki and Naray, 2007; Ruel and Zuidema, 2012; Yakop and van Bergeijk, 2009). The literature acknowledges that the host country affects commercial diplomacy, but most articles do not mention nor show the host country characteristics that influence commercial diplomacy. The only authors that talk about the host country factors are Kostecki and Naray (2007). They say that “the host country’s market size and market potential is the most significant determinant of the investment in commercial diplomacy (Kostecki and Naray, 2007: p.13). They stress the importance of the host country characteristics in the performance of the commercial diplomacy practices. The employees that have been interviewed mentioned more host country characteristics that influence commercial diplomacy than the literature. The host country characteristics should contain the general characteristics of the country such as identity, character, law, norms, values, rules, traditions, culture, strength/power of the country, government structure, but they should also contain a country’s market characteristics like the type of market (upcoming or developed), size of the market, specific market sectors, specializations, the added value of top sectors and the way of doing business (local business culture).

The second factor that is important is the (economic) relationship between the home and the host country. Several studies show the link between export and demographic factors. Rose (2006) finds in his study that export is negatively linked to the economic distance between two countries. This means that if a host country is further away than the amount of export from the home country to that host country is lower than if the host country is located nearby. He also finds a positive link between export and countries with trade agreements, a common language or land border. Finally, he shows that the relationship between the two countries matters and proves this in the point that colonies trade much more with their colonizer, than with other countries (Rose, 2006). Yakop and van Bergeijk (2009) extend the study of Rose. They confirm that distance influences the amount of trade between two countries and bring new factors that are linked to export. They find that export is positively linked to the economic size of and the important markets in the host country, and that it is negatively related to transaction costs, transportation time, land border, currency union, product area and common language (Yakop and van Bergeijk, 2009). The employees that were interviewed said similar points to what the literature has found. They indicated that distance and the economic interaction between the two countries influence the commercial diplomacy practices. The economic interaction between the two countries depends, according to the employees, on the economic priority of the countries, their current trade relation, possible trade barriers, their cultural differences, the amount of trade, perceptions of the country and what a country can gain from the other country (added value).

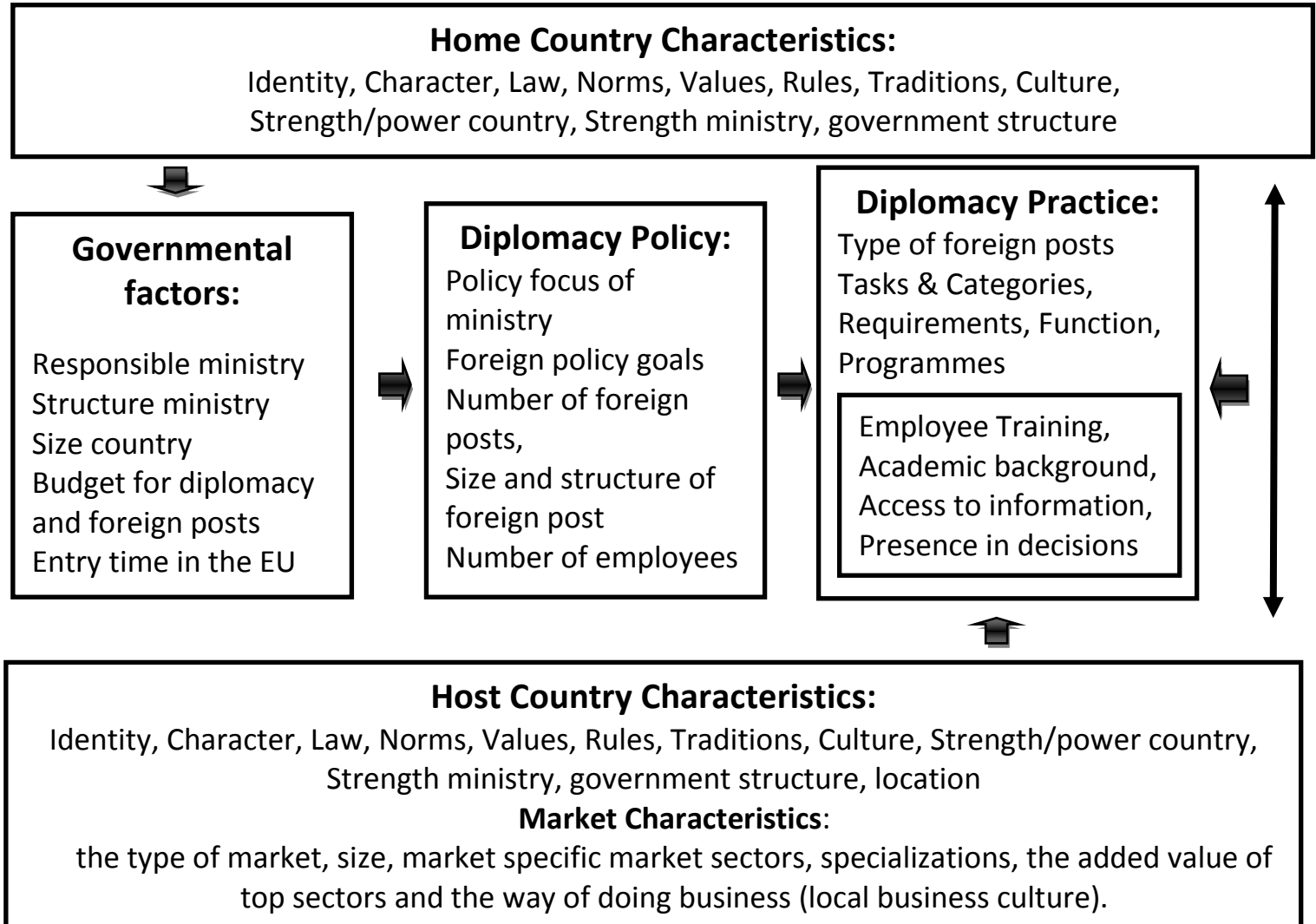
The third point that influences the commercial diplomacy practices are the type of foreign posts a country has in the host country. In the literature review it was already mentioned that the structural form of the foreign posts affect commercial diplomacy and that they can be divided into private, public or mixed (Mercier, 2007). The results of this research made clear that practices are performed differently within an embassy or a trade office. The employees of the foreign posts indicated that the practices depend on the number and the types of foreign posts in the host country. The literature found that an additional consulate or embassy in the host country increases the amount of export (Rose, 2006; Yakop and van Bergeijk, 2009). These studies only look at consulates and embassies related to export, but do not include trade offices or chambers of commerce related to commercial diplomacy. The employees at the foreign posts mentioned that the practices of an embassy in the host country are different if there is also a trade office and a chamber of commerce in the host country. Then the embassy performs different and fewer practices, because these are performed by the trade agency or by the chamber of commerce. If the embassy is the only foreign post that is in the host country then it has to perform all the practices that are normally performed at the trade office or the chamber of commerce.

The final factor that was mentioned by the employees to influence the commercial diplomacy practices is the location of the foreign posts within other EU countries and in countries outside the EU, especially in third world countries. In the literature review it was mentioned that the internal market of the EU changes commercial diplomacy of the MS and that diplomats should modify their duties (Bratberg, 2007; Hocking and Spence, 2005; Kostecki and Naray, 2007). The literature, however, does not show in which way it will change and what duties the diplomats perform. The employees of the embassies said that within the EU they are working more on economic affairs and the political decisions within the EU framework. They look for cooperation options with countries for all the EU affairs and inform the government about a MS position on a certain policy issue. The employees in the EU do not need to work on issues about trade regulations and barriers, because the free trade area in the EU makes it easier for companies to export and import from different countries. According to the employees that were interview, the embassies outside the EU have to work with the removal of trade barriers, and the control of all the rules and regulations of the host country. In third world countries it can be that embassies only get involved when a company has troubles with the rules, regulations and other trade barriers of the host country. In those countries political relations and active roles of diplomats are needed to help a company to go abroad and to find business opportunities.

This discussion makes clear that there are more factors that influence the commercial diplomacy practices than those that have been mentioned in section 2.5. This means that the figure that shows the factors that influence commercial diplomacy has to be extended. Figure 6 contains the home country characteristics, the host country characteristics, its market characteristics, the economic relationship between the two countries and the commercial diplomacy policy and practice factors.



Figure 6: Factors influencing commercial diplomacy



## 5.1 Limitations and further research

This thesis looked at the commercial diplomacy policies and practices of the EU Member States. The policies of the MS were researched based on a policy analysis. The information was found on the government website and in policy documents. The information that was found about the government's policies is limited, because not all the information is published online and a lot of information is only written down in the local language. Still, for this research enough information was found to analyse the policies of a government and to compare the MS. The practices have been researched based on interviews. The participation rate is a limitation for this research, because not all the MS practices could be compared. This means that some of the relationships between the practice factors of the MS can be different if all the 27 MS are taken into account. Next to that, the fact that all the foreign posts were located in Stockholm (Sweden) makes it hard to generalise all the data, but it is good for comparing the factors, because all the posts are located in the same economic market and country.

These limitations and the discussion about the factors that influence commercial diplomacy indicate that there is still enough that is unclear and that could be researched further. Future research should focus on the difference in commercial diplomacy policies and practices within the EU and outside the EU. Researchers and decision-makers have to realise that the internal market changes the way commercial diplomacy is performed. Furthermore, studies should be done to prove which factors, which have been mentioned in this research, really influence commercial diplomacy. More statistical tests have to be performed to conclude the direction of the relationship between factors and which factors determine commercial diplomacy. Also, the practice factors of the MS have to be tested in different countries to show if this data can be generalized to count for practice factors of all the foreign posts of an MS within the EU. These practice factors should also be tested outside the EU whereby special attention should be paid if the host country characteristics, the relationship and the distance between the home and host country matter for commercial diplomacy.

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## Annex

### A. Interview overview

Below the interview that is conducted among the employees of the foreign posts is shown. The interview contains an introduction where the goals and meanings are explained to the participant. The last part contains the work that has to be done after the interview is performed.

#### Interview

Dear Mr/ Ms.

Thank you for your time and your cooperation with the research for my masterthesis. The goal of my master thesis is to compare the commercial diplomacy policies and practices of EU Member States. I use interviews to look at the practices of the EU Member States. The goal of this interview is to find out how commercial diplomacy is performed at this foreign post. In this interview I would like to ask you questions about the foreign post you work at, what kind of economic work is performed here, what your role is in this foreign post and what your background and training is. Do you mind if I record this interview? Do you want to stay anonymous?

Before starting the interview I would shortly like to explain the concept of commercial diplomacy to you, so that you know what I mean with it and that you fully understand what the questions are about. Commercial diplomacy, in my thesis, is defined as the services of foreign posts that support export promotion and business development. It contains the activities that get home products sold abroad, that help home companies to find new business partners/opportunities and that create new investment opportunities. All these services of foreign posts are part of the commercial diplomatic system of a country and are about the implementation of the commercial diplomacy policies and practices. To simplify the wording in the interview, I will sometimes use the term economic instead of commercial diplomacy and I will use the term foreign post to refer to embassies and other posts of a country that deal with commercial diplomacy. Is this definition clear? We will talk later about which activities are performed at this foreign post.

#### Questions about the foreign post

1. Could you tell me something about the setup of this foreign post and in particular the economic department and the number of offices and employees that work on commercial diplomacy?

(Possible sub questions to ask if respondent does not talk about them: How many rooms/offices does this foreign post have? How does the economic department work? How many employees work on economic/commercial affairs at this foreign post? Who is responsible for economic/commercial affairs at this foreign post? Does this foreign post perform all the economic activities self or does it outsource parts of economic activities to a different organisation, for instance to Chamber of Commerce?)

2. So if I understand you correct this foreign post has (no) economic department and x employees that work with economic affairs?
3. So if I understand it correct you perform (X) tasks here at the embassy and (X) tasks are performed by other organisations?



### Questions about the economic work performed at the foreign post

4. Could you describe the economic function, objectives of and programmes used by the economic department of this foreign post?
5. So if I understand you correct the economic function and objectives of this foreign post are (X)? (The functions will later be classified into business promoting, civil servant, generalist or a mix of functions, in the analysis face).
6. And, if I am correct, the programmes used are (Y)? So you do not use (options for programmes if they are not mentioned: trade shows (fairs), sales leads (purchase of products or services), reporting, seminars, counselling to firms, trade mission (aid to firms for future business and FDI at low costs in a simple and cost effective manner))?

### Questions about the economic functions at the foreign post

7. Could you tell me what the requirements for working at this foreign post are in terms of language, degree (diploma/education), practical experience, or other requirements and how these are upheld?
8. Could you tell me about the training, studying or workshops that are provided for the employees at this foreign post?
9. Could you tell me about the duration that employees work here and where employees are posted/work before and after working at this foreign post?

### Questions about you as employee at this foreign post

10. Could you describe your work here at this foreign post and how an average week looks like?
11. So if I understand it correct your work is mostly about (X)? (The employee function will later be characterised as business promoter, trade promoter, civil servant, generalist or other).

(Possible sub questions when this has not been mentioned by the respondent: Do you go to many social events, parties or conferences?, If yes, which and how many?, Are you working on reports or articles?, If yes, what do you do exactly?).

12. In what ways do you have access to information that is important for this foreign post and your country's government and/or businesses?
13. What is your academic background?

### Questions about other foreign post

14. How would you compare this foreign post to any previous ones you worked at?
15. Can you tell something about the economic work at other foreign post of your country?
16. Do you know whether the same focus or programmes are used by other embassies/foreign posts of your country inside the EU or are there clear differences?

Thank you very much for your time and your answers. Is it oke to if I mail you the interview transcript and possible questions that come to me later so that you check the interview?

## B. Statistical output

Relationships that have been found by the statistical tests.

Relationship	Test value *
Entry time in the EU and the size of a country	0,018
Wealth of a country and the entry time in the EU	0,001
Entry time in the EU and the share of intra EU trade	0,001
Entry time in the EU and the number of embassies inside the EU	0,020
Entry time in the EU and the activism of the foreign post	0,047
Entry time in the EU and the number of employees at the foreign post	0,019
Size of a country and the wealth of a country	0,039
Size of the country and the number of embassies inside the EU	0,003
Size of the country and the number of employees at the foreign post	0,015
Size of the country and the share of intra EU trade	0,004
Share of intra EU trade and the number of employees at the foreign post	0,002
The academic background of the employees and the activism of the employees of the foreign post	0,019
The total number of embassies and the number of trade offices	0,02

\*The test values are similar for the chi-square test, the Phi test and Cramer's V. A relationship is significant when the value is smaller than 0,05.