

# MSc Business Administration

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## **[MASTER THESIS]**

# **THE FUTURE OF COMMERCIAL DIPLOMACY**

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Research projects such as this Master Thesis rarely require efforts from one person, although solely one person is credited afterwards. In my (lengthy) process of becoming a Master of Science in Business Administration, at the University of Twente, I have had the pleasure to cooperate with many fellow students. I have done projects, exams, attended classes and performed extracurricular activities in a multitude of settings. Above all, I have great joy in working together with people, in teams, committees, boards and associations.

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## MANAGEMENT SUMMARY

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This research describes the predicted future developments in commercial diplomacy and their implications. Commercial diplomacy is defined as “a service to the business community provided by a network of government actors, which aims at the development of international business”. The increasing interest from many countries in the value of commercial diplomacy and the limited body of scholar research on the subject are the primary motives for conducting this research. Our main research question is: “How do practitioners foresee the future of the actors and their organisation and the activities of commercial diplomacy?”

Following a literature review, a two-round Delphi study was conducted. Expert practitioners were interviewed on the future of commercial diplomacy. The interview questions in the first round concerned different aspects of commercial diplomacy: its activities, the actors and their organisation, effects of the global debt crisis on commercial diplomacy, and spending and budgeting. In the second round, the experts completed a questionnaire, in which they rated all of the developments from the first round with the use of a 5-point Likert scale. A ranking based on the means and standard deviations of all of these developments was subsequently prepared.

The main results fall into two categories: commercial diplomacy actors and their organisation and its activities. The analysis shows that the respondents expect that 1. actors will have to work faster, more professionally and efficiently in the future; 2. prominent political figures will be heading trade missions more often; 3. locally engaged staff will substitute for diplomats more; 4. foreign ministers’ interest in commercial diplomacy will increase further; 5. Asia will become increasingly important as a region of interest for actors. Concerning the activities of commercial diplomacy, the respondents expect that 1. commercial diplomacy will have a more central role in diplomatic policy and practice; 2. higher service levels will be expected if there are fees for the services; 3. commercial benefit will become a requirement of all embassy-wide activities; 4. Asia is becoming more important as a region of interest for activities; 5. the recession will lead to assigning priority to commercial diplomacy as a specific form of diplomacy.

The predicted developments for commercial diplomacy have several implications. First, the economic recession is expected to have both a negative effect, through government austerity measures, and a positive effect, through prioritisation of commercial diplomacy above other forms of diplomacy. Second, commercial diplomats are expected to work more efficiently, and combine their own expertise with that of locally engaged employees. The final implication is that it is likely that commercial diplomacy activities and the presence of actors in Asia will be intensified, with challenges arising in the continent’s emerging economies.

Commercial diplomacy can aid in overcoming the global recession through the promotion of international trade and investment. There is a need for all of the actors of diplomacy in general to cooperate more on commercial opportunities, and this is a shared responsibility. Many activities being conducted for other forms of diplomacy can be employed for commercial diplomacy as well.

The field of commercial diplomacy would benefit from more research into the effectivity of commercial diplomacy, actor roles in commercial diplomacy and the use of locally engaged staff as commercial diplomats.

## MANAGEMENT SAMENVATTING

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Dit onderzoek beschrijft de voorspelde toekomstige ontwikkelingen in de commerciële diplomatie en hun implicaties. Commerciële diplomatie is gedefinieerd als 'een service aan de bedrijfswereld gegeven door een netwerk van overheidsactoren, gericht op de ontwikkeling van internationaal zakendoen'. De groeiende belangstelling van vele landen in de waarde van commerciële diplomatie en het beperkte aantal wetenschappelijke onderzoeken op het gebied zijn de belangrijkste motieven voor het uitvoeren van dit onderzoek. Onze onderzoeksvraag is: "Hoe zien praktijkuitvoerders de toekomst van de actoren en hun organisatie en de activiteiten van commerciële diplomatie?"

Na een literatuurstudie is een Delphi studie van twee ronden uitgevoerd. Praktijkexperts zijn geïnterviewd over de toekomst van commerciële diplomatie. De interviewvragen in de eerste ronde betroffen verschillende aspecten van commerciële diplomatie: de activiteiten, de actoren en hun organisatie, effecten van de wereldwijde kredietcrisis en uitgaven en budgettering. In de tweede ronde hebben de respondenten een vragenlijst ingevuld, waarin de geresulteerde ontwikkelingen uit de eerste ronde gewaardeerd werden met behulp van een 5-punts Likert schaal. Hierop volgend is een rangschikking gemaakt gebaseerd op de gemiddelde scores en standaardafwijkingen van de geresulteerde ontwikkelingen.

De belangrijkste resultaten zijn onderverdeeld in twee categorieën: actoren van commerciële diplomatie en hun organisatie en haar activiteiten. De analyse laat zien de respondenten verwachten dat 1. actoren sneller, professioneler en efficiënter zullen moeten gaan werken in de toekomst; 2. prominente politieke figuren vaker aan het hoofd zullen staan van handelsmissies; 3. lokaal aangenomen personeel vaker zal worden gebruikt om diplomaten te vervangen; 4. ministers van Buitenlandse Zaken meer interesse zullen gaan hebben in commerciële diplomatie; 5. Azië als interesseregio voor actoren belangrijker wordt. Betreffende de activiteiten van commerciële diplomatie verwachten de respondenten dat 1. commerciële diplomatie een meer centrale rol in het beleid voor diplomatie en de praktijk zal gaan innemen; 2. meer service wordt verwacht als bijdragen worden verwacht van bedrijven voor de dienstverlening; 3. alle activiteiten op ambassades zullen een commercieel oogpunt gaan bevatten; 4. Azië als interesseregio voor activiteiten wordt belangrijker; 5. de recessie zal leiden tot meer prioriteit voor commerciële diplomatie binnen de gehele diplomatie.

De voorspelde ontwikkelingen voor commerciële diplomatie hebben diverse implicaties. Ten eerste wordt verwacht dat de economische recessie zowel een negatief, door versoeringsmaatregelen van overheden, als een positief effect, door priorisering van commerciële diplomatie boven andere vormen van diplomatie, zal hebben op commerciële diplomatie. Ten tweede wordt verwacht dat commerciële diplomaten efficiënter gaan werken en hun expertise zullen samenvoegen met de specifieke kennis van lokaal aangenomen personeel. De laatste implicatie is dat het waarschijnlijk is dat activiteiten van commerciële diplomatie en de aanwezigheid van actoren in Azië geïntensifieerd zullen worden, waarbij uitdagingen zullen ontstaan in de ontwikkelende economieën op dit continent.

Commerciële diplomatie kan bijdragen in het overwinnen van de wereldwijde recessie door het stimuleren van internationale handel en investeringen. Alle diplomatieke actoren moeten meer samen gaan werken op het gebied van commerciële kansen en dit is een gedeelde verantwoordelijkheid. Veel activiteiten die worden uitgevoerd in de naam van andere vormen van diplomatie kunnen ook worden ingezet voor commerciële diplomatie.

Het onderzoeksveld van commerciële diplomatie zou baat hebben bij onderzoek naar de effectiviteit van commerciële diplomatie, rolvulling door actoren en het gebruik van lokaal aangenomen personeel als commerciële diplomaten.

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# 1. INTRODUCTION

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*In this chapter we introduce our research. We briefly define the concept of commercial diplomacy, and give different aspects of the concept. Subsequently, we discuss the scientific and practical relevance of the study. Finally, we provide the reasons for conducting this research, which leads to the research question and the (four) sub-questions.*

## COMMERCIAL DIPLOMACY

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Governments conduct a large number of diplomatic activities involving commercial issues (Mercier 2007; Kopp, 2004; Rana, 2000). Ambassadors indicate that up to 60 per cent of their work is aimed at efforts to promote economic opportunities (Rana, 2004). What exactly do governments (and ambassadors as their representatives) do to address commercial issues? Commercial companies are often interested in going abroad for various reasons: opening up new markets, attracting foreign investments, producing closer to the source of the products, labour cost advantages, legislative advantages, etc. 'Commercial diplomacy' can be said to be the government's way of helping those that wish to cross, or already have crossed, homeland borders to do business. Obviously, in most instances these companies face many challenges. The assistance offered by the different types of foreign representations (embassies, high commissions, consulates, etc.) can be accepted by businesses in need.

In 1911, Straus coined the term *commercial diplomacy* to indicate activities that must be distinguished from "a diplomacy of exploitation", which he described as "the subordination to strictly material advantages" (p. 203). With these words, Straus wanted to distinguish commercial diplomacy from the exploitation of countries, or so-called 'dollar diplomacy'. According to him, the latter was "based upon mutuality; it is diplomacy essentially of peace, of equal opportunity, and of the open door." A more recent definition by Naray (2008) adds actors and a goal: "Commercial diplomacy is an activity conducted by state representatives abroad (with diplomatic status) in view of business promotion between a home and a host country."

Recently, many governments concluded that increasing the attention paid to the economic side of diplomacy would enable more stable growth of the economy and create opportunities for economic development of the home country. For example, The Netherlands is focusing on economic diplomacy offered by multiple actors, as described in a letter to the House of Representatives by Maxime Verhagen (2009), the former Dutch Minister of Economic Affairs and Innovation: "Economic diplomacy increases prosperity by 100 to 200 million euros a year." Obviously, these are important figures for any country.

A change of policy and practice in commercial diplomacy has been observed in many instances. Over the last two decades the activities of commercial diplomats evolved as a result of a shift in government priorities, technological innovations and developments in the trading environment. Governments take an increasingly active approach to Foreign Direct Investment (FDI) attraction, research & development promotion, country branding and tourism (Kostecki & Naray, 2007). Technological innovations enable people to collect more and more information faster than ever before. As a result, the service requested from commercial diplomats is becoming more specific in nature. Diplomatic missions are therefore adopting more technical and specialised business assistance activities (Rose, 2006, and Rana, 2001).

## RESEARCH GOAL

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In the previous section, we briefly introduced commercial diplomacy. In this section we set out the aim of our study on commercial diplomacy and what we would like to accomplish. So far, scholarly interest in commercial diplomacy has been modest, though it is an ancient practice. There is a definite increase in interest in the subject nowadays, especially since the credit crunch that started in the second half of the 2000s. Many governments have been striving for efficiency in their foreign representation because of budget deficits. All activities carried out by foreign missions are therefore scrutinised, including commercial diplomacy. This scrutiny can raise doubts about the effectiveness of commercial diplomacy, and therefore jeopardise its future.

The aim of this research is to provide recommendations on how to prepare for, or cope with, expected future developments in commercial diplomacy. Therefore, we will focus on the future of commercial diplomacy. How will commercial diplomacy be performed in ten years' time, if it still exists at all? To cope with the changes in the context of commercial diplomacy, a preview of the future will help all actors in the commercial diplomatic environment adjust to the circumstances and challenges that may lie ahead.

In practice, many shifts are occurring in the policy of the different actors and their governments concerning commercial diplomacy. It does not appear to be a coordinated system, and many different approaches are being used. Some countries will adapt their policy for the future, for example because of financial restrictions, while others may not change anything at all. We examine the differences and similarities in the expectations for the future of commercial diplomacy. We do not, however, seek a best practice or best fit approach.

## RESEARCH QUESTION

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Now that we have established the goal of this research, we can set the research question. It cannot be too general, but should be abstract enough to be applicable and useful to a wide public. Given that the aim of this research is to provide recommendations on how to prepare for, or cope with, expected future developments in commercial diplomacy, we will focus on the activities, the actors and the organisation of commercial diplomacy. The unit of analysis will be practitioners of commercial diplomacy, i.e. the diplomats working in the field of commercial diplomacy on a daily basis. Our research question is the following:

*“How do practitioners foresee the future of the actors and their organisation and the activities of commercial diplomacy?”*

In order to answer the main research question and structure the research, we use four sub-questions.

Sub-question I: *How has commercial diplomacy developed so far, and will these developments persist?*

Sub-question II: *Which developments can be expected to occur concerning the actors of commercial diplomacy and their organisation?*

Sub-question III: *Which developments can be expected to occur concerning the activities of commercial diplomacy?*

Sub-question IV: *What can be done to cope with the challenges and opportunities that may lie ahead?*

In the first sub-question the emphasis will be put on the historical developments in commercial diplomacy. The goal is to find out if the developments that have occurred in the past can be converted into a forecast for the future of commercial diplomacy. Not only will this give the research a stronger foundation, it will also combine the literature with the view on the future. This differs from current literature reviews because of the angle that has been taken to consider what this will bring in the future. We will answer sub-question I in Chapter 2.

Sub-question II will address the fieldwork of this research and will focus on the primary aspects of commercial diplomacy: the actors and their organisation. The relevance of this question lies in the possibility of pointing out specific developments that may occur concerning the actors and their organisation. Practitioners will be asked to specify how they see the future for each aspect. Therefore, before the general future of commercial diplomacy is assessed, an analysis will be made of the separate aspects. The answer to sub-question II will be given in Chapter 4.

The third sub-question concerns the remaining aspect of commercial diplomacy: activities. Exactly like the case for sub-question II, sub-question III analyses a specific aspect without considering the general picture. The answer to sub-question III will also be given in Chapter 4.

Finally, sub-question IV will build on the analysis of sub-questions I, II and III, and will elaborate on which developments could be seen as opportunities or challenges. Furthermore, recommendations will be made on how to cope with the foreseen developments. We will present them in Chapter 5. The question is relevant to practitioners because of the possibility to understand or even adjust to the foreseen developments. For the scientific field, the answer to this research question fills a gap in the knowledge of the future of commercial diplomacy.

## **SUMMARY**

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This introductory chapter presented the main subjects of the research, and we gave a brief overview of the complexity of the field of commercial diplomacy. We presented the goal of our research: to predict the future of commercial diplomacy, and how to cope with the foreseen challenges and opportunities. Through the main research question and four sub-questions, we provided a step-wise framework for this research.



## 2. LITERATURE REVIEW

Although commercial diplomacy has been practised for many centuries, the literature on the subject is rather limited (Kostecki & Naray, 2007). In fact, in a study by Reuvers & Ruël (2012), research on commercial diplomacy was said to be in its infancy. In order to research the different aspects of commercial diplomacy, we conducted a literature review of what commercial diplomacy is, and how it has been viewed over the years. Because the subject is on the crossroads between two research fields, international business and international relations, much of the literature has a one-sided viewpoint, though a few scholars have adopted both views in their research.

### DEFINING COMMERCIAL DIPLOMACY

The term commercial diplomacy was first coined in the scientific literature in 1911 by Oscar Straus, but does not receive significant interest in scientific journals again until 1992-1999, from which Reuvers & Ruël (2012) found five publications concerning the subject. From then onwards, the concept is of interest to not one, but several research fields. The concept is described as being in a definitional chaos (Okano-Heijmans, 2011), mainly because of the existence of a few similar concepts: *economic diplomacy*, *trade diplomacy* and *financial diplomacy*.

Commercial diplomacy is described in certain articles as being a part of economic diplomacy (Okano-Heijmans, 2011; Okano-Heijmans & Ruël, 2011) or as separate activities, yet “irrevocably intertwined” (Potter, 2004). The latter also adds an interesting insight into the difference between commercial and economic diplomacy, namely that commercial diplomacy “aims to exploit comparative advantages and capitalize on the international opportunities created by economic diplomacy” (Potter, 2004). Okano-Heijmans & Ruël (2011) rightfully address this point as a level difference: commercial diplomacy does not concern trade agreements, developing aid and trade sanction politics, which is part of economic diplomacy. The ground for this distinction is that economic diplomacy is more aimed at a macro-view of diplomacy instead of focusing on the commercial gains of the individual organisations requesting assistance, while a more custom-made service is provided in commercial diplomacy.

Because of the existence of several similar concepts, a clarification of a couple of them is useful. *Trade diplomacy* and *financial diplomacy* are in the same ‘conceptual field’ as *commercial diplomacy*. All three concepts are political tools, but commercial diplomacy is the most politically and economically oriented of the three. Trade diplomacy is considered to be less of a political tool, while at the same time being more politically oriented, and financial diplomacy is even more politically oriented, while being only slightly addressed as a political tool (Okano-Heijmans, 2011). Figure 1 is a schematic view of the spectrum surrounding economic diplomacy.

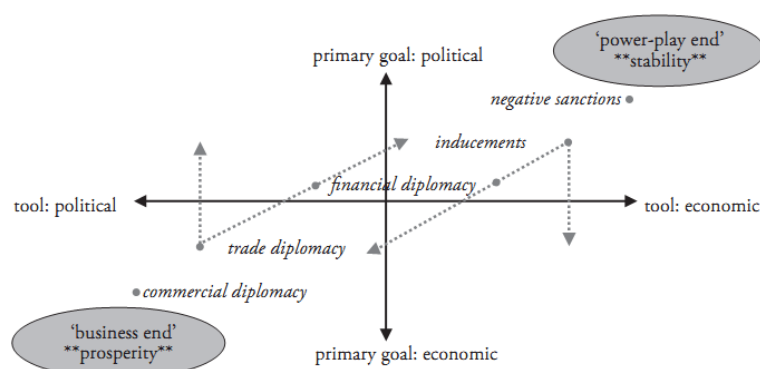


Figure 1. Concepts related to economic diplomacy (Okano-Heijmans, 2011).

A diplomacy dictionary defines commercial diplomacy as “the work of diplomatic missions in support of the home country’s business and finance sectors. Distinct from, although obviously closely related to economic diplomacy, it is now common for commercial diplomacy to include the promotion of inward and outward investment as well as trade” (Berridge & James, 2001). This definition is specific in nature, and therefore excludes for example agricultural sectors and cooperation on science projects as well as the involvement of other actors than diplomatic missions. The addition of FDI (Foreign Direct Investment) and trade benefits is nevertheless useful. Mercier (2007) adopts Lee’s (2004) definition “as the work of a network of public and private actors who manage commercial relations using diplomatic channels and processes” (Lee, 2004).

For this research we use a more specific definition that does not include the private sector, meaning that the conduct of diplomacy is being solely conducted by diplomats. Diplomats are individuals in the service of the government with no direct commercial goals for themselves. This is a view that can be criticised, as private companies can enable opportunities for themselves and other business ventures, too. However, we consider the private intervention to be in the domain of corporate political activity (CPA) or business diplomacy management, in which business ventures attempt to shape policy for their business goals.

We build on a definition presented by Kostecki & Naray (2007), stating that commercial diplomacy is “a government service to the business community, which aims at the development of socially beneficial international business ventures”. We combine this with the insightful view of seeing the actors as a network (Lee, 2004), but excluding the non-state actors.

Therefore, we define commercial diplomacy as: *A service to the business community provided by a network of government actors, which aims at the development of international business.*

As an aside, we add that among the services offered by the government, we will look at those that are offered by the actors in the host country, and assume a narrower, ‘commercial’ view by excluding those economic diplomacy aspects that are not part of commercial diplomacy as instigated by Okano-Heijmans & Ruël (2011): trade agreement negotiations, development aid and trade sanction politics, and Kostecki & Naray (2007): activities related to trade policy-making.

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## ASPECTS OF COMMERCIAL DIPLOMACY

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In this section we define the aspects of commercial diplomacy by briefly discussing three different views on them. Then we discuss which approach is used in this thesis.

Mercier (2007) mentions three main aspects to describe commercial diplomacy: actors, structure and process. The actors are usually the Ministry of Economic Affairs or Foreign Affairs, but non-state actors can also play an important role in commercial diplomacy in his view. The structure and process consist of the strategic approach and targeted companies, government programmes and pricing practices (Mercier, 2007).

To the three main aspects described by Mercier, Naray (2011) adds what he describes as the roles of commercial diplomats with respect to the actors. Three roles can be distinguished: facilitation, advisory, and representation. Naray (2011) sets up a framework of roles and specific activities executed by commercial diplomats. In this framework, he defines five major activity areas: promotion of trade in goods and services, protection of intellectual property rights (IPR), cooperation in science and technology, promotion of ‘made-in’ and corporate image, and promotion of FDI.

Reuvers & Ruël (2012) build on Naray's framework and suggest redesigning the aspects involved. Their framework suggests a process model that starts with the input of commercial diplomacy, identifying the drivers and shapers. The second phase is the throughput, more specifically the activities and practices of commercial diplomacy, and the last phase is the output of the system, in which the benefits to commercial diplomacy are the central subject, both economic as well as political. Figure 2 shows the framework divided into the three main phases. This model gives us a holistic view of all the possible aspects that could be influenced by development or change in the future.

Summarizing these three approaches (see Table 1), we come to the point of choosing one for this research. The three discussed approaches all have advantages and disadvantages. For example, the aspects of Mercier (2007) are rather broad, while Reuvers & Ruël (2012) have a detailed approach. In this research, we mainly use the process model suggested by Reuvers & Ruël (2012), because it is more detailed, which enables us to identify separate aspects that are used to structure the future developments.

However, this study has a focus on the future of commercial diplomacy, and it needs to be demarcated. For this reason we look at the developments of commercial diplomacy and take the aspects that are most likely to develop as the main focus for our research. We chose two main aspects: activities and actors (and their organisation). The actors can be seen as the input, while the activities are the throughput. In the next two sections we will assess in depth what these activities are, who the actors are and how they are organised.

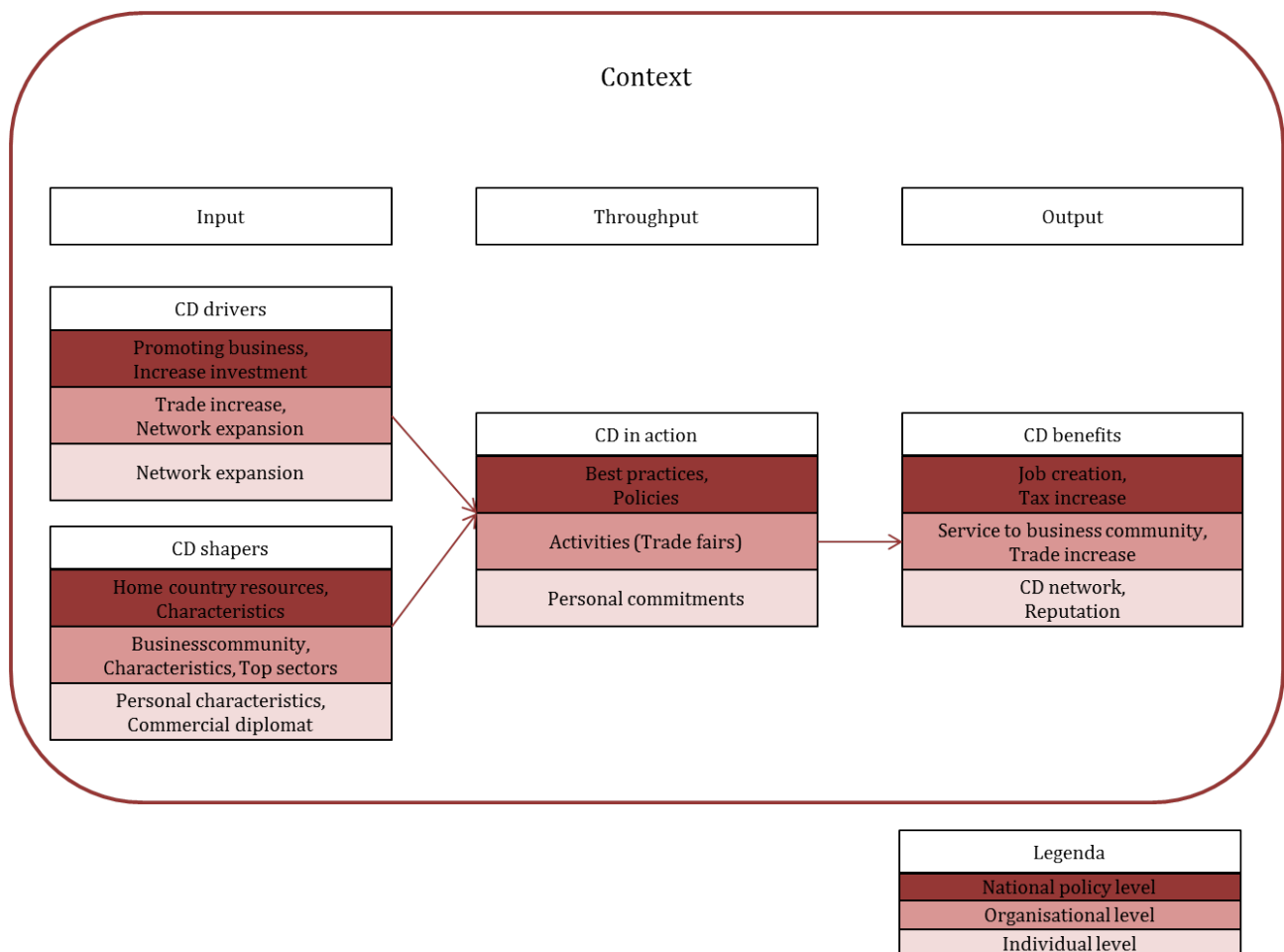


Figure 2. Input-Throughput-Output model of commercial diplomacy (Reuvers & Ruël, 2012).

**Table 1. Aspects of commercial diplomacy.**

Author	Aspects
Mercier (2007)	Actors, structure, and process
Naray (2011)	Specific roles and activities
Reuvers and Ruël (2012)	Input, throughput, and output

### Activities in commercial diplomacy

Now that we have defined commercial diplomacy and which aspects are to be examined, it is useful to establish a framework along which we can identify developments that might occur in the future.

The framework that we introduce originates from Reuvers & Ruël (2012). In it, activities have been divided into four categories: network activities, intelligence, image campaigns and support of business. For each of the categories, a few specific activities have been given. Figure 3 displays this categorised view of activities.

This framework attempts to be exhaustive in naming the activities that can be executed to meet the goals of commercial diplomacy, and clearly categorising them. It can be seen as the spectrum of activities that a commercial diplomat can employ.

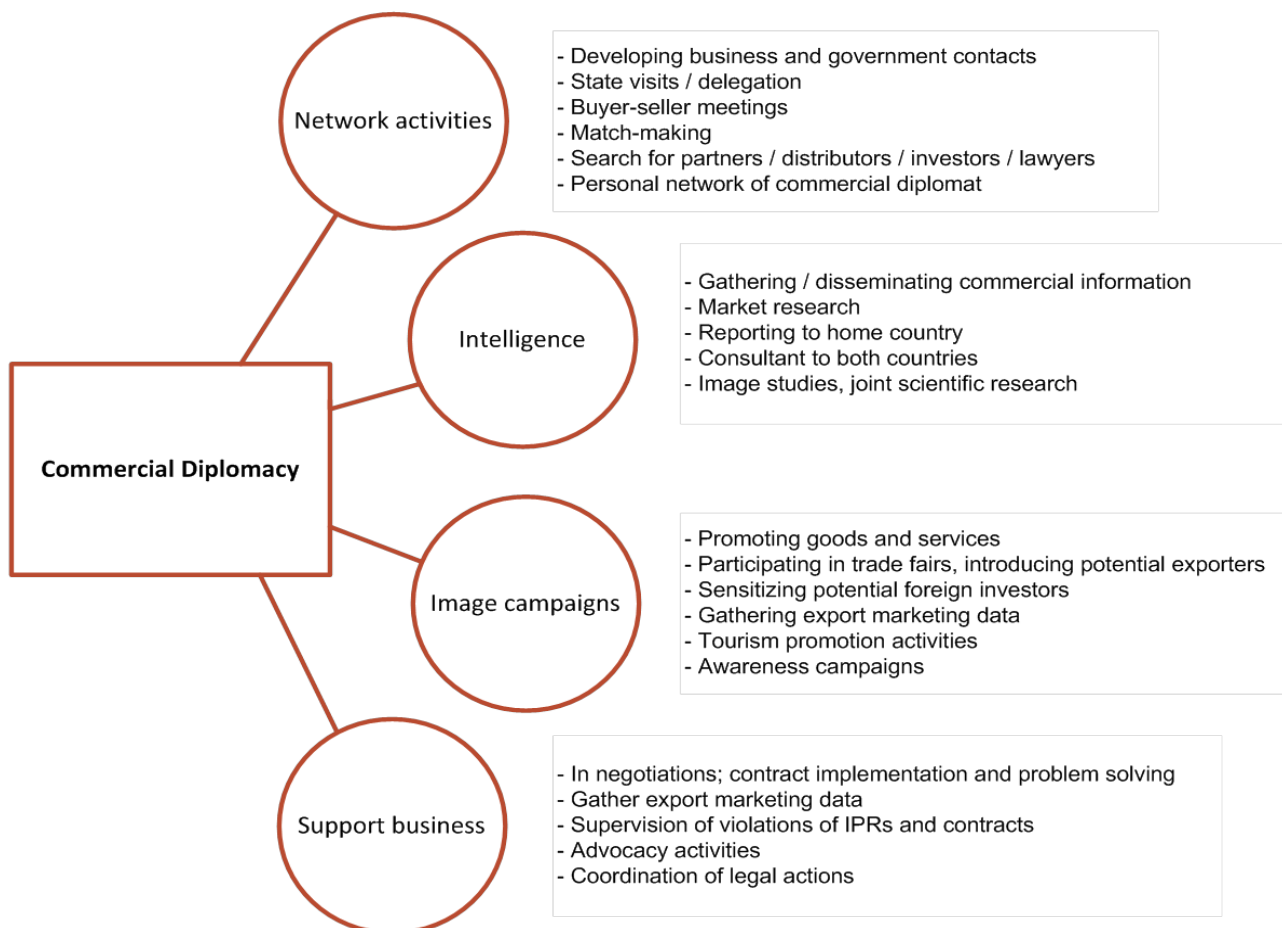


Figure 3. Framework of activities in commercial diplomacy (Reuvers & Ruël, 2012).



The results of commercial diplomacy are hardly evaluated in the literature. What we do know is that exports appear to rise by about 6-10 per cent for each consulate placed abroad (Rose, 2006). On a more abstract level, a few things can be said about the effectiveness of commercial diplomacy. The output of commercial diplomacy can be categorised into three benefits as follows (Reuvers & Ruël, 2012).

1. Economic benefits, such as creation of wealth and knowledge, and increasing international trade.
2. Political benefits, among which being able to offer development aid, pursue political goals, but also general diplomatic representation are the most important.
3. Nation branding, which is beneficial for both economic and political reasons.

### Actors and organisation of commercial diplomacy

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The actors and their organisation in commercial diplomacy are important factors in delivering the service to the businesses. After all, we need to know who the commercial diplomats are and how they are organised.

Economic and commercial diplomacy are mainly handled by the economic and trade ministries (Saner and Yiu, 2002). However, many more actors can be involved, of which non-state actors such as a chamber of commerce and industry or trade associations are the most important (Saner and Yiu, 2002). Both Kostecki and Naray (2007) and Mercier (2007) consider the existence of Investment Promotion Agencies (IPAs) that promote foreign direct investment, as well as Trade Promotion Offices (TPOs), in association with or reporting to either the Ministry of Foreign Affairs or the Ministry of Trade or both. TPOs and IPAs are charged with either trade promotion or attracting foreign direct investments.

Many actors were mentioned by Kostecki & Naray (2007), and divided into two groups:

1. High policy level: head of state, prime minister, minister, member of parliament.
2. Ambassador and the lower level of specialized diplomatic envoy: trade representative, commercial attaché, commercial diplomat.

Naray (2011) also adds an interesting insight into the configuration of the actors of commercial diplomacy. Six arrangement types are suggested in which the TPOs, the Ministry of Trade, the Ministry of Foreign Affairs, embassies and consulates and even companies play a role. The types are: the Corporatist type – working with independent trade-promotion structures; the Pragmatist type – using coordination mechanisms; the Northern European type; the Commonwealth type; the Classical type – trade promotion as part of trade policy and Ministry of Trade; and the Developing Country type – trade promotion in the Ministry of Foreign Affairs.

### **COMMERCIAL DIPLOMACY: A TIMELINE**

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As mentioned earlier in this thesis, the first notion of the term commercial diplomacy was published in 1911, and we are now over a hundred years further along. Although it has apparently been practised, scholarly interest in the subject seems to have faded until the 1990s. In this section we will sketch the process through which contemporary commercial diplomacy has evolved.

Trade as a means for diplomacy dates back many centuries. The oldest diplomatic document ever found is a clay tablet from ancient Syria. It states that around 2500 years BC, there was a king who offered a quantity of wood to another king from a nearby kingdom. In return, the offering king

requested mercenaries. Economic representation was thus a fundamental part of diplomacy even then (Kesteleyn, 2009). Many examples of economics used as diplomacy can be named throughout history, including Marco Polo's and others' journeys to unknown territories and shortly after that the colonial eras of European countries.

Gathering intelligence and establishing connections were primary activities of the first commercial attachés, in the late nineteenth century (Naray, 2011). After the Second World War, large-scale social science research was started on analysing and understanding international negotiators (Saner & Yiu, 2002).

The rise of the internet in the early 1990s changed the value of information, and a shift towards intelligence occurred, which added more value and is tailor-made by nature. Most information was now openly and widely available online (Naray, 2011).

A larger sense of competition between countries for commercial opportunities was also identified in the 1990s (Potter, 2004). Foreign policy offices began to focus more on the 'main game': economic competitiveness and establishing market access (Cooper, 1999). In the late 1990s, Small to Medium-sized Enterprises (SMEs) came into the spotlight for support by diplomatic means. In Canada, research has observed that markets were specifically targeted by growth potential, and a focus arose on the knowledge economy (cultural sector, information, biotechnology) and even specific groups of people (Aboriginal Canadians, women) (Potter, 2004). These signs can be seen as a drive for efficiency of commercial diplomacy, since the actors are focusing their attention on the aspects they find most important to them.

The interest and attention spent on commercial diplomacy has been growing ever since. In the United Kingdom, a government strategy was seen to "increase formal links with business that has given private interests growing influence in U.K. diplomatic practice" (Lee, 2004). Foreign representatives have been reported as spending less time on other aspects of diplomacy (Lee, 2004), making it clear that commercial diplomacy is evolving into being a more central part of all types of diplomacy.

The specialisation of foreign missions on commercial activities has raised the question of whether or not the current diplomats are capable of taking a more commercial stance. Therefore, the role of the diplomat is changing towards a more active and direct role in the promotion of export. Specialist training will be required to enable the diplomats to perform more commercial tasks (Lee, 2004). Case studies have found that secondment programmes of both diplomats to the corporate world and business leaders to missions (Lee, 2004) take place in contemporary commercial diplomacy.

## **PERSPECTIVES ON THE FUTURE OF COMMERCIAL DIPLOMACY**

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Our research sets out to forecast the future of commercial diplomacy through interviewing field experts. It is nevertheless interesting to see what has already been published on the future. Because of the very limited body of literature (no forecasting studies have yet been published on the subject), we shall explore further than just scientific journals.

One of the trends is that diplomatic missions have been observed to undertake more and more specialised functions to assist business (Rose, 2006 and Rana, 2001). More specifically, partner search, investment promotion and technology transfer are commonly stated as primary tasks for diplomatic staff now (Kostecki, 2005). Developments in information technology (IT) take a number of responsibilities from the designation of diplomatic staff abroad and embed them in organisations in

the home country (Kostecki & Naray, 2007). This all emphasises that of all the tasks that a foreign mission undertakes, commercial diplomacy is rising in importance and priority. It also indicates that the influence of IT will make certain tasks easier to perform from the home country instead of from abroad. Of the activities that are performed by a commercial diplomat, a focus on certain ones may be applied to increase efficiency. In particular, the promotion of services, science and technology and investment attraction are mentioned as key benefactors of this focus (Kostecki & Naray, 2007).

The use of commercial diplomacy is a hot topic on the policy agenda of most foreign ministries in the world. For instance, in a recently published document, the Quadrennial Diplomacy and Development Review, the US Department of State aims to prioritise certain key aspects of diplomacy: *"We are [...] elevating economic diplomacy as an essential strand of our foreign policy by expanding State's role on geo-economic issues. This includes appointing a Chief Economist, who will create a new early-warning mechanism - coordinated with other similar systems throughout the U.S. government - to identify issues at the intersection of economics, security, and politics."* (Department of State, 2012)

The Ministry of Foreign Affairs of the Netherlands also intends to make a big investment in economic diplomacy, and cooperate more closely with the business sector in the future, thus prioritising commercial diplomacy above other types of diplomacy (Rosenthal, 2011). In addition, the foreign missions will need to integrate tasks. More can be done to decompartmentalise their operations. According to the Dutch view, there is no need for different sections for politics, economics, and development cooperation in each embassy or consulate.

Another interesting goal is that the USA is focussing on certain geopolitical areas as well. Diplomatic engagement in trade and commercial issues are said to be intensified in 'key' global forums like the Asia-Pacific Economic Cooperation Forum (APEC) (US Department of State, 2012). A similar focus will be made by prioritising some countries over others by the government of the Netherlands (Rosenthal, 2011).

In the UK, Prime Minister David Cameron has been accused of 'putting commercial diplomacy first', which is an accusation that in itself does not appear to be negative. However, in this case it implies that weaponry deals are made with countries with questionable reputations (Michou, 2012).

The aforementioned countries (the Netherlands, UK, USA) are all imposing austerity measures on their national budgets and will therefore choose to prioritize commercial diplomacy in a drive for efficiency. China is still experiencing budget growth, however, and will most likely experience sustained growth (at least for the next few years). This does not mean that China does not prioritise the use of commercial diplomacy. On the contrary, the Chinese government focuses strongly on using diplomacy to achieve commercial goals, but it has not been observed to intensify this focus even further, whereas the other countries have (Pei, 2011).

## **SUMMARY**

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In this chapter we have answered the first sub-question: *How has commercial diplomacy developed so far, and will these developments persist?* We now know that despite the limited history in the literature, commercial diplomacy as a trade has been performed for centuries. The interest in commercial diplomacy has been growing in recent years, which can possibly be linked to an intensified drive towards efficiency by governments. Because of austerity measures, governments are looking for a better return on their expenditure. Commercial diplomacy is increasingly prioritised, and it appears this trend will continue in the future.

The increasing influence of commercial diplomacy can have effects on both the actors and the activities they perform. The actors and the way they are organised are fluid, and so are the activities. Because of the way that commercial diplomacy has developed and keeps developing, it is likely that it will still be practised in the coming years. The increasing interest from many countries could indicate a rise in perceived importance, and therefore growing allocation of resources. However, the restraints of the current economic situation are acknowledged, and they drive governments toward austerity measures, which means commercial diplomacy will need to be more efficient.

### 3. METHODOLOGY

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*Our research aims to predict the future of the practice of commercial diplomacy. In the previous chapter we demarcated which aspects of the future of commercial diplomacy will be studied. In this chapter we describe the results of the interviews we had with actors about their vision on the future of commercial diplomacy. We first describe the general and specific research method, then present and discuss the results. We finalise this chapter with a conclusion.*

#### RESEARCH METHOD

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The main methodology that we use in this research is a form of the Delphi study as introduced by Linstone & Turoff (1975). The Delphi method is a communication technique in which experts are questioned in two or more rounds. After each round the researcher provides anonymous feedback to the experts, by presenting them with the summary of ideas and future forecasts. Based on this interaction, the expert can adjust his or her vision, and sharpen the answer to the questions up to the point where it is close to the 'correct' answer. The interaction stops after a predefined set of interactions.

In our Delphi study, several commercial diplomats were interviewed on their vision and ideas on the future of commercial diplomacy, in multiple rounds. The first round of the research consisted of a 1-hour semi-structured interview with each commercial diplomat. We used the interviews to make a mind map of the respondents' ideas of the most relevant subjects in commercial diplomacy, of their developments in the future, and the implications of these changes. In the interviews, the respondents were asked to first give a general input on what they believe to be developments that will occur in commercial diplomacy, or developments that will have an effect on commercial diplomacy. After this general warm-up, the next few questions concerned specific aspects of commercial diplomacy, i.e. activities, actors and actor organisations, and spending and budgeting. The final question spoke to the creative mind of the respondent, and concerned certain 'unexpected' developments that they consider possible.

After each interview, a summary of the mentioned developments grouped per question was sent to each respondent. They can then add, correct or agree on the list that was assembled after their interview. This was done to avoid communication errors in the interview.

After the first round, an additional questionnaire was sent to the same participants. It contained the same main questions as those in the interviews, and the assignment was simply to score each of the mentioned developments on a five-point Likert scale (from very likely to very unlikely to occur). In this way, we created a combined ranking of developments on their likelihood.

With the help of the interviews, we provisionally answered sub-questions II and III. Each interview result was not substantial enough to answer these questions by itself. However, thirteen expert interviews combined might shed light on the future of commercial diplomacy. We then improved the validity of the results by having the respondents review their own and, most importantly, the group response. This creates a group discussion without having all of the parties necessarily come together physically. With this process we come to a conclusion at the end of this chapter, which answers the research question.

The interview questions can be found in Appendix I, the questionnaire can be found in Appendix IV. In the following sections we introduce the Delphi method in more detail, elaborate on the selection of the experts, and arrive at the data set that resulted from the method.

## DELPHI METHOD

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The Delphi method is a commonly used tool for forecasting through a panel of experts. It has been employed for over 50 years. The superiority of the opinion of a group compared to that of the individual is the centre of the train of thoughts. The goal of the Delphi method is to obtain a reliable opinion from a group of experts by using multiple rounds of interviews or questionnaires with feedback (Landeta, 2006). The main characteristics are:

- Repetitiveness: experts are conferred with at least twice about the same question. They have the option to reconsider an answer, and be influenced or not by the opinion of the other respondents.
- Anonymity: respondents are anonymous to each other. The group of respondents is not biased by factors that could result from being familiar with other respondents.
- Controlled feedback: information exchange is not open between correspondents, but through a study group coordinator. Irrelevant information is eliminated.
- Group statistical response: questions are posed in a fashion that can be quantitatively and statistically assessed. All of the opinions of the individuals are part of the result.

The Delphi method is mentioned as a useful methodological tool to enhance the creativity of respondents in a study. A group of persons is assembled who are involved directly in the studied activities. The individuals can be interviewed in a group, but this is not required. It is seen as a democratic and structured methodology in which respondents, usually experts in a certain field, are interviewed on the subject in several rounds (Robson, 2011).

Major strengths of the technique are the likelihood to achieve consensus in areas and contexts in which empirical knowledge is needed and the controlled supply of feedback. The main weaknesses are the lack of clarity in the process of reaching consensus and how highly the accuracy and validity of the research depends on the experience of the researcher and the respondent (Powell, 2003). The validity of a Delphi research can be threatened by (Landeta, 2006):

- The source of information: who is an expert, what biases can an expert have, etc.
- The bias involved in interaction through written and controlled feedback
- The absence of social compensation for individual contribution to the group
- The anonymity creates the opportunity for irresponsible answers on the part of the experts
- The methodology makes it relatively easy for the researcher to manipulate the study
- The difficulty of assessing the Delphi study's accuracy and reliability
- The required time to execute a full study
- The necessary effort from the respondents
- The absence of consideration of possible relations between future developments

We can now explain why we choose the Delphi study as the main methodology for our research and how we cope with the validity threats.

In comparison to statistical groups and classic direct interaction groups, the Delphi study exemplifies mainly positive results. Even so, comparisons made with comparable techniques, such as the Nominal Group, based on multiple criteria (accuracy, confidence, creativity, etc.) have not shown conclusive results, either in favour or against (Landeta, 2006).

Alternative methodological techniques that could have been used for this study are the Q-Methodology, Nominal Group Technique and Cross Impact analysis (Adler & Ziglio, 1996). The Nominal Group Technique (NGT) also uses expert respondents in a group, and is very much like the Delphi method. However, NGT usually requires respondents to meet in a group process, with all the advantages and disadvantages this entails. Cross impact analysis is particularly useful to assess the interconnectedness of the future developments. It is an intensive study of more specific items compared to the Delphi study (Ziglio, 1996). We do not see this as appropriate for the stage of research that the commercial diplomacy literature is in. The Q-Methodology is a design that aims to identify and describe a range of shared interview answers or discourses among participants (Curt, 1994). In a Q sort, respondents arrange cards with statements about the research, thus ranking them on a predefined scale.

All three of the mentioned methods can be combined with a Delphi study, with the Q-Methodology being the most useful addition to the research in terms of validity. A similar combination was previously accomplished in the field of critical psychology (Wallis, Burns & Capdevila, 2009). In our research we chose not to use this combination because of time and distance constraints. We did not have the time to perform Q-sorts in person with the respondents, nor the IT-infrastructure to do a Q-sort digitally at hand.

Of the nine validity threats that we discuss in the thesis, two can be found in separate sections because of their perceived importance (expert selection) and respondent demands (anonymity). The other threats are discussed here.

For us to minimise the influence that written and controlled feedback has on the results, we need to be able to make our goal as clear as possible, both to the researcher and to the respondent. In the interviews, we take into consideration what the non-verbal communication of the respondent suggests, and include this in the notes. No hesitation is introduced when answers are unclear to avoid missing valuable meaning. It is simply not possible for the respondents to communicate with one another directly as a result of their busy schedules. The group process still takes place because the researcher responsible for compiling the results takes all necessary measures to fully understand the answers given, and provides an opportunity to respond to the feedback.

The absence of social compensation for the individual contributions can be seen as a threat in the sense that individual respondents might refrain from certain answers or clarity of answers. Again, we cannot bring together the respondents in a team, therefore the social stimuli that are usually involved with a team are not present. The interviewer does everything reasonable to remove any barriers, but this threat cannot be entirely avoided because of the design of a Delphi study.

The main researcher is in a position that enables him to manipulate the respondent, unintentionally or intentionally. Our research is designed in such a way that the methods are as formalised as possible, in order to have no differences in the interviews or questionnaires. Most importantly, we attempt to be as transparent as possible, by fully describing all the activities that we undertake. Although this creates a larger workload and research duration, the researcher manipulation bias is minimised in this way.

The accuracy and reliability are difficult to assess in a Delphi study because the goal of the research is to analyse the future developments of a subject. Obviously, there is not much we as researchers can do about this except to have as much trust in the respondents and their answers as we can.



A Delphi study requires more time than a normal interview process, and also requires more effort from the respondents. Fortunately, the respondents understood the time demands and saw the value of the design over comparative designs after we explained it to them. All of the respondents initially agreed to a second round of questions, but despite this, two respondents did not complete the questionnaire.

Possible relations between future developments are not considered in a Delphi study. This means that we need to consider that for all our results, the respondents do not consider the interconnectedness of the developments fully. All of our results are therefore to be considered individually, without their combined implications. For this reason, we refrain from any comments on the combined effect of the expected developments.

## **EXPERT SELECTION**

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In this section, we explain how the experts of the Delphi study are selected amongst the group of commercial diplomats. We define who the actual commercial diplomats are, and how we cope with the specific validity threat mentioned in the previous section.

The countries from which the expert diplomats originate is an important property in the selection of the respondents. It is possible that the view of commercial diplomats on the future of 'their trade' is influenced by their country of origin, and the effects of these national backgrounds need to be minimised in order to avoid a bias in the research. To have a reliable sample of commercial diplomats, we choose the G20 countries as an ambitious target. The G20 are the current and future most important players in the world economy. There are 19 countries in the G20, and the European Union. All of these have a foreign representation in Ottawa, except for Canada, which has its own government there.

The G20 members are (2012):

Argentina	France	Japan	South Africa
Australia	Germany	Mexico	Turkey
Brazil	India	South Korea	United Kingdom
Canada	Indonesia	Russia	USA
China	Italy	Saudi Arabia	European Union

Because of the nature of activities of the representation of the European Union, this position in the selection of the experts is substituted by the representation of the Netherlands in Canada. The Netherlands is the sixteenth country in the world in GDP according to the CIA (CIA Factbook, 2012). It is a country that is progressive in its economic policy and has a large influence on commercial diplomacy around the world. Therefore, we do not see the change in the research group as a threat to the reliability or validity of the research.

The selected group represents both the economically most developed countries in the world (USA, Germany, Japan, France, UK, South Korea and Italy), as well as the BRICS countries (Brazil, Russia, India, China and South Africa), the fastest economic developing countries, and the MIKT (Mexico, Indonesia, Korea and Turkey), the emerging markets of the future. The remaining members were added because of their geographical significance combined with economic power (Argentina, Australia, Saudi Arabia).



After an intensive acquisition process, only officials from ten countries of the G20 were found to be willing to cooperate in this research. These thirteen officials act as the respondents of the interviews and the questionnaire. The remaining countries did not wish to participate for diverse reasons, including most prominently privacy concerns (although anonymity was assured, also see next section) and lack of time.

The selection process resulted in an expert panel consisting of thirteen experts from ten countries:

Argentina	Germany	United Kingdom
Australia	Italy	United States
Canada	Mexico	The Netherlands
France		

To conclude, we can address the validity threat concerning the experts in three ways. First, we use an expert group based on a country model that has been formed and proven to be valid over many decades. Second, all of the respondents are interested in the subject, and thus demonstrate a professionalism and a drive to perform better, while respondents not capable of judging their suitability for the research will not want to cooperate. Finally, the experts are all experienced in the practice field and, most importantly, were appointed to their post of commercial diplomat for this reason. Their respective countries have confidence in their expertise to carry out their tasks, which at the very least means these diplomats are found capable of being a commercial diplomat.

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## ANONYMITY

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From the participating ten countries we interviewed thirteen officials, twelve in face-to-face interviews and one in a telephone conference. All of the respondents we interviewed face-to-face were visited in the premises of their foreign mission or, in the case of Canada, the Department of Foreign Affairs & International Trade. We did this to make respondents feel as comfortable and cooperative as possible, in order to remove some of the barriers they might experience to answering the questions.

We paid specific attention to the privacy concerns, because this proved to be a major hurdle. Most of the diplomats we contacted were very keen on making sure that they were guaranteed anonymity. All of the participants were offered anonymity and will only be referred to as 'commercial diplomat from [country]'. This was necessary to be able to interview them, as the number of respondents would have dropped considerably without anonymity, leaving only three or four interviews.

The main validity threat that the anonymity creates is the opportunity for irresponsible answers. As we have stated in the previous section, the respondents can also benefit from the results of the research, especially if they cooperate to the best of their ability. We believe this minimises the likelihood that the respondents answered questions irresponsibly.



## 4. RESULTS

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*In this chapter we present the results of the research. First, we discuss the results of the interview rounds, which we treat as preliminary results. Then, the results of the questionnaire are elaborated on, in order to eventually come to an answer to research sub-questions II and III.*

### RESULTS FROM THE INTERVIEWS

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We will now describe what the main results of the interview round were. When referring to specific respondents, the thirteen individuals are referred to as [country abbreviation]. For example: the respondents from the United Kingdom will be referred to as [UK], and the respondent from Australia is referred to as [AUS]. We present our findings in a systematic way in the following sections. First, we discuss common developments, ones that more than one respondent foresees. Then we discuss the conflicting developments, in other words those that contradict other developments. Finally, we add developments that cannot be classified in either of the two first groups, but whose diversity and implications add depth to the research. We discuss the respondents' answers in detail, because of the richness of the qualitative data. We hope to improve the reader's understanding greatly with this presentation of the developments that our respondents foresee.

The results from the interviews indicate a diversity in opinions from different experts. We discuss a number of the answers here, whilst interview summaries can be found in Appendix II.

### THE FUTURE OF COMMERCIAL DIPLOMACY IN GENERAL

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The first question we posed concerns the general future of commercial diplomacy: *How will the field of commercial diplomacy develop in the coming 10 years (in your personal view)?*

Because of the general nature of the question, the respondents answered it with a large variety of possible developments. First, we identify some similar developments. A large number of the respondents (i.e. [AUS], [NL], [UK], [USA]) indicated that the influence of commercial diplomacy is growing in the diplomatic field, and will continue to exist. However, many adaptations of current commercial diplomacy are foreseen. Commercial diplomacy is in a process of change. Different departments in ministries as well as in foreign missions will cooperate more with each other to produce a combined effort. The regional focus, specifically on developing countries such as the BRICS, will become stronger as an efficiency measure. The method of communication is also gaining in importance. Easily accessible information on the internet, social media connections, and perhaps new communication developments will change the way companies need assistance.

Besides the developments that the respondents agreed on, some developments contradicted each other. In the first question, a contradiction is found in the developments mentioned by [FRA], *"The government will still need to help companies tackle the problems of exporting and working abroad"*, versus [GER], who said that *"self-organised and funded chambers of commerce are increasingly in the focus"*. Also, [USA] mentioned rather positively that the troubling recession has been overcome, and that in the future, *"the main challenge is to maintain the growth of the economy"*, though most other respondents were more cautious in their forecast.

Other developments concern an increasing influence of diplomats in business, state involvement in business, co-investment, a changing business model for the organisation behind commercial diplomacy and Asian influence in Africa. For the full range of developments, please see Appendix III – Question 1.

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## ACTORS IN COMMERCIAL DIPLOMACY

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The second question in the interview concerned commercial diplomacy actors: *Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?*

This question is more specifically about the actors, and a list of possible actors was given (see Appendix I). The common ground for the forecasted developments can be mostly found in the continuing drive for efficiency of the actors, for which a reason is given by [FRA]: *“The right of existence of actors is always questioned, and will be questioned more in the future because of austerity.”* Still, three respondents ([USA], [MEX] & [FRA]) forecast that the actors in commercial diplomacy will not go through major changes. Other respondents commented that the organisation of actors in commercial diplomacy will undergo change, whether transferring more responsibility to IPAs and TPOs, cooperating more with other ministries, or reorganising TPOs. Lastly, some respondents agreed that embassies will have a more ‘embassy-wide’ involvement in commercial diplomacy.

The most important contradiction in the answers is the opposition of no major changes versus the changes that other respondents do mention. Also, while a few respondents forecast that governments will have to reorganise and take the responsibility to fund the actors of commercial diplomacy, others would look for private initiatives and funding. The role of the embassy is also disputed among the respondents; some see its role becoming larger, others expect that TPOs, IPAs and other actors will take over embassy activities.

Other forecasts include subjects such as less diplomacy in developed countries, cultural influences, competition between actors, influence of global value chains and transparency of governments. For the full range of developments, please see Appendix III – Question 2.

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## ACTIVITIES IN COMMERCIAL DIPLOMACY

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Question three in the interview is: *Which developments in commercial diplomacy will arise for the activities that are done to deliver it?*

The respondents did not agree on which activities will be given priority by governments. However, the growing influence of openly available information through new channels such as social media is often foreseen, with a notion to adapt to the opportunities this provides companies. Two respondents, [CAN] and [ITA], also agreed that the business support function will specifically gain importance and grow stronger, though [NL] predicts that problem-solving for companies is the first activity that will become less important when fewer staff are available.

There are many contradictions in the forecasts. First of all, country branding is foreseen to become more important by [NL] and [UK], while [FRA], [ITA] and [GER] expect budgets to allocate less funding for it. [MEX] adds that image campaigns are most interesting for developing countries. Matchmaking activities are thought of as vital for the existence of commercial diplomacy by some respondents, while others believe that the rise of social media will enable companies to skip commercial diplomacy and make contacts directly.

Along with these similarities and contradictions, a number of separate forecasts were introduced by the respondents: increased government activity in business support and IPR, regional focus, stronger role of science and innovation, cultural aspects of commercial diplomacy, intelligence versus information gathering, and country protectionism. For the full list of developments, please see Appendix III – Question 3.

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## SPENDING AND BUDGETING IN COMMERCIAL DIPLOMACY

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The fourth question in the interview is: *Which developments in economic diplomacy policy will arise in the spending/budgeting that is done for delivering commercial diplomacy?*

Most of the respondents indicated that companies will have to contribute to the financial costs of the services they require in the future. This will provide the actors with funding for the activities. The funding could be either a charge for services, or involve joint operations between public and private actors. Even contracting out commercial diplomatic services will be considered as an option. The economic situation is not expected to improve greatly soon, which means more austerity measures and an increasing demand for efficiency, creativity and innovation. Some of the respondents anticipate that budgets for commercial diplomacy will decline more than other budgets, and more than it should in their opinion.

Though most respondents believe that the funding for commercial diplomacy will decrease, [CAN] expects that it will not be affected as much as other areas, as “[...]commercial diplomacy has proven it is worth the effort and cost”. Also, [AUS] indicates that though the expenditure on commercial diplomacy is expected to decrease, trade promotion in particular will still be considered too important to cut significantly.

Other expected developments include subjects such as more tailor-made services, attracting diplomats from the business world, employment in the home country as a goal, project-based commercial diplomacy, host-country adaptation and stricter selection of businesses to help. For the full list of developments, please see Appendix III – Question 4.

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## EFFECTS OF THE GLOBAL DEBT CRISIS ON COMMERCIAL DIPLOMACY

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Question 5 attempts to assess the effect that the global debt crisis has had on the future of commercial diplomacy: *What influence will the current global debt crisis have on commercial diplomacy?*

Respondents generally agreed that because of the global debt crisis, more has to be done with fewer resources. Primarily, the business world is expected to contribute to commercial diplomacy. However, as [FRA] and [ITA] indicate, governments are not the only ones in trouble as a result of the debt crisis, and companies find themselves more and more in stormy financial weather. [FRA] adds to this that commercial diplomacy’s responsibility is to give back hope and confidence to companies. Most respondents agreed that the debt crisis demands more creativity, innovation and most of all efficiency from the actors.

The most noticeable contradiction is the positive expectancy by [USA] versus the expectancy of most of the others, which is generally moderately negative about the developments of the debt crisis. Although [GER] expects the business world to turn things around, most others expect governments to undertake actions to take the lead.

Besides the similarities and contradictions, other developments concern the financial contribution of companies to commercial diplomacy, increased competition between states, abolition of career diplomats, greater use of locally engaged staff, increasing government influence and adapting focus to regional developments. For the full list of developments, please see Appendix III – Question 5.

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## ADDITIONAL DEVELOPMENTS IN COMMERCIAL DIPLOMACY

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The final question in the interview is: *Can you name some additional, perhaps unexpected developments in the economic diplomacy policy that will affect the practice of commercial diplomacy?*

This is a brainstorm question which aims to uncover unexpected developments. It is therefore not surprising that not many similarities are found. However, we came across developments that have been given before in response to the other questions by other respondents. Examples are the forecasts that the emerging economies will become more important, countries will focus their commercial diplomacy activities more on these emerging economies, an increase in home market protectionism changing the field of commercial diplomacy significantly, or the rising influence of social media on commercial diplomacy. Additionally, both [AUS] and [MEX] indicated a possibility of social unrest arising due to tightened labour markets and lower government expenditure.

Although some respondents indicated that embassies will focus on commercial diplomacy more, others felt that commercial diplomacy could be done by other actors entirely. Although most respondents agreed that trade across borders needs to be stimulated, some of them predicted home market protectionism by a few countries.

Other developments concerned meltdowns of major economies, opportunities of the 'Northern passage', a sudden disruption of dependable technologies, increased state transparency, avoidance of the 'American way of life', combining different foreign representation efforts and implications of a war anywhere in the world. For the full range of developments, please see Appendix III – Question 6.

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## RESULTS FROM THE QUESTIONNAIRE

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We presented the results of the interviews in the previous section, so we could prepare the results for the questionnaire in the second round. Firstly, we make lists of all the mentioned developments per question. Next, we take out the developments that are analogous, and answers that cannot be directly interpreted as a forecast development. Finally, we use the data to formulate six questions, with ready-made answers in the form of developments that have to be scored on a five-point Likert scale.

In the following sections, we present the results of the questionnaire. For each question, we present the developments randomly arranged after each question, a table and a bar graph. The first column of the table shows the development number, which corresponds with the numbers of the developments mentioned before. The second column presents the mean score that the combined respondents gave to the respective developments on a scale of 1 (very unlikely) to 5 (very likely). We add the standard deviation in the third column to assess the reliability of the score. In general, we can say that a larger standard deviation gives less reliability, as there is less consensus between the respondents. For example, if the respondents all answer 3 and 4, the mean will be around 3.5 (if evenly distributed). But if the respondents answer 2 and 5, the result will have the same mean. The difference is then the standard deviation, which will be larger in the second situation and show us that the distribution is more diverse, and therefore we can say that the respondents do not agree as strongly on this development. The final column shows the rank number of the development, ranked primarily by the mean scores, and secondarily by the standard deviation, establishing an order of most likely to occur to least likely to occur in the list.

The bar graph gives us a visualisation of the data in the table, making the differences between the developments clearer.

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## THE FUTURE OF COMMERCIAL DIPLOMACY IN GENERAL

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The first question in the questionnaire is: *Which of the following developments in commercial diplomacy are most likely to occur in the coming 10 years?*

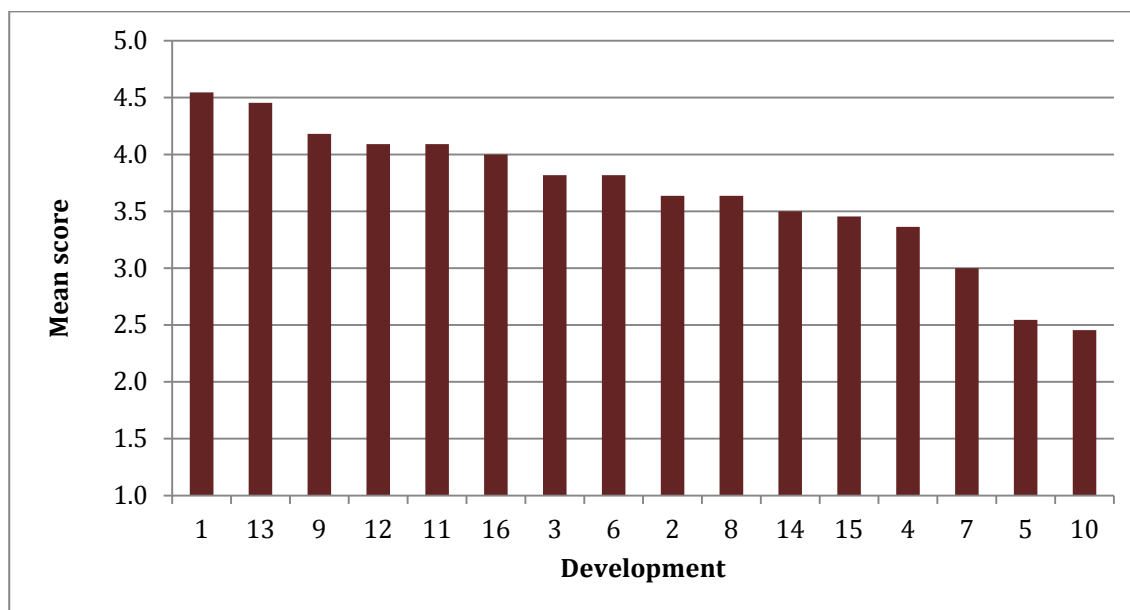
The following sixteen developments are then given and the respondents are asked to score them from very unlikely to very likely to occur.

- |  |   |  |  |
|--|---|--|--|
| 1. Commercial diplomacy will have a more central role in diplomatic policy and practice.   | 2. Commercial diplomats will represent corporate interests better than before, instead of the more traditional political responsibilities.  | 3. Commercial diplomats will be enforced more to gain experience from the corporate world by doing a work placement there.   | 4. Companies will have to contribute to the costs of the services; service fees will be charged.   |
| 5. When commercial diplomatic services must be paid for, demand will fall as companies want to consolidate their home markets first.                                   | 6. In countries with transparent governments (and an equal playing field), commercial diplomacy by the government actors will be limited, but in countries with less transparent governments, a strong role will remain for commercial diplomacy. | 7. Self-organised and funded chambers of commerce will become more interesting to governments.   | 8. The network through which information is transmitted might change in the future, i.e. the organisations that provide the information. |
| 9. Government departments will cooperate more with each other in order to enhance the effectivity of commercial diplomacy.   | 10. Export promotion will mostly be done by TPOs that are not part of the government, instead of by the governments themselves.   | 11. A trend that will gain more attention is that it is not only companies that invest, states are getting involved in business through large wealth funds. Of course this could mean that political interests are also involved, not just commercial. | 12. The influence of emerging/developing countries, especially the BRICS, on the world economy will grow even larger and larger.         |
| 13. Asia as an interesting region for countries is becoming more important than before. This newer focus brings new challenges as well, i.e. for culture and language. | 14. In certain areas - such as tourism promotion - the impact of social media will make commercial diplomacy less relevant than before.   | 15. Governments will be more focused on specific industries instead of using a general approach to all industries. Selections will have to be made by the governments.   | 16. New technological developments in communication could change the playing field of commercial diplomacy and its importance.           |

The results of the first question are displayed in Table 2 and Figure 4.

**Table 2: Commercial diplomacy in general: mean score, standard deviation and rank per development.**

Development	Mean score	Standard deviation	Rank
1	4.55	0.52	1
13	4.45	0.67	2
9	4.18	0.60	3
12	4.09	0.93	5
11	4.09	1.12	4
16	4.00	1.08	6
3	3.82	0.77	7
6	3.82	0.92	8
2	3.64	0.75	9
8	3.64	1.13	10
14	3.50	1.38	11
15	3.45	0.83	12
4	3.36	0.52	13
7	3.00	0.97	14
5	2.55	0.93	15
10	2.45	0.77	16



*Figure 4. Commercial diplomacy in general: mean score per development.*

For this question, we observed that the respondents forecast six developments with a mean score of 4.0 or more, thus essentially saying that six developments are likely to occur in the future. The most prominent one is that commercial diplomacy will play a more central role in diplomatic policy and practice. It is also likely that Asia will gain in importance as an interesting region for countries, government departments will cooperate more with each other, interest in states that get involved in business through large wealth funds will rise, and the BRICS will grow even more influential. Finally, new technological developments could change commercial diplomacy.

The respondents do not strongly believe that when fees are imposed for services by commercial diplomats, the demand for these services will fall or that export promotion will be done mostly by TPOs external to the government.



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## EFFECTS OF THE GLOBAL DEBT CRISIS ON COMMERCIAL DIPLOMACY

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Question 2 in the questionnaire is: *Which of the following developments as a result of the global debt crisis are most likely to occur in the coming 10 years?*

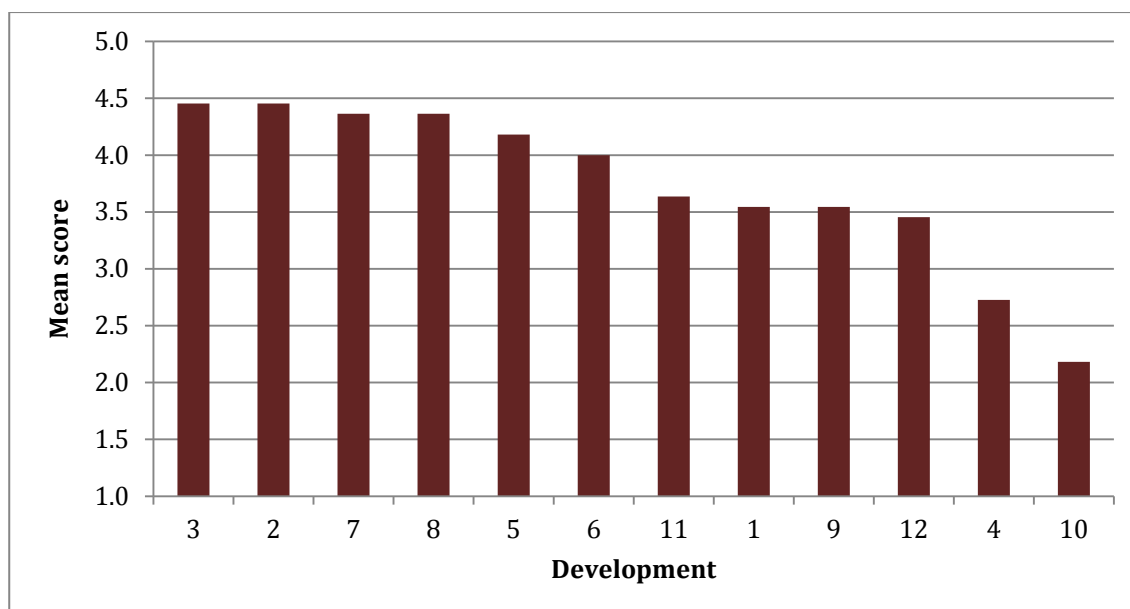
The following twelve developments are then given and the respondents asked to score them from very unlikely to very likely to occur.

- |   |  |   |   |
|---|--|---|---|
| 1. Countries will start to increase their efforts to compete with each other.   | 2. The crisis will push diplomatic missions towards an increasing focus on commercial activities, the degree depending on the severity of the crisis. Commercial diplomacy will therefore become a more important part of diplomacy. | 3. The foreign services will move towards using more locally engaged staff instead of diplomats as a cost-saving measure.   | 4. Companies will start to become less fearful in the coming years.   |
| 5. More influence by governments could develop, governments will try to protect their economies. The prospects of a long recession may enhance protectionism of domestic markets everywhere.  | 6. There will be less funding from the government in all operations.   | 7. The regional priorities that countries have will shift to other regions: currently, developed regions like Europe and North America are priorities for many countries, but they will not be growing as fast as other (emerging) regions (i.e. China, India in the foreseeable future, South-East Asia, South America). | 8. Diversification of trading partners remains essential, as well as 'buying from those that buy from us'.  |
| 9. In the future, products will have to prove over and over again that they are profitable, there will no longer be a production mechanism in which you just produce a lot, and then make sure you sell it. It will be a more reactive mechanism, in which you have tailor-made work, manufacturing or creating products as they are sought after - or in some cases - 'induced to be desired'. | 10. Companies might not go abroad anymore because of the crisis, mostly SMEs might be scared off.  | 11. Because of the crisis, there will be an added need for export financing.  | 12. In case of economic crises, commercial diplomats will be asked to do more economic tasks instead of commercial (e.g. explain situation in the home country to the host country, advise the home country on the host country's point of view). |

The results of question 2 are displayed in Table 3 and Figure 5.

**Table 3. Effects of the global debt crisis on commercial diplomacy: mean score, standard deviation and rank per development.**

Development	Mean score	Standard deviation	Rank
3	4.45	0.52	1
2	4.45	0.69	2
7	4.36	0.52	3
8	4.36	0.79	4
5	4.18	0.87	5
6	4.00	1.00	6
11	3.64	0.67	7
1	3.55	0.67	8
9	3.55	0.82	9
12	3.45	1.33	10
4	2.73	0.81	11
10	2.18	0.82	12



*Figure 5. Effects of the global debt crisis on commercial diplomacy: mean score per development.*

The results show that once again six developments are found likely to occur by the respondent group. The most likely ones are that diplomatic missions will focus more on commercial activities and that locally engaged staff will be used more instead of diplomats to perform commercial diplomacy. Also, the activities will be focused more on the BRICS, diversification is still seen as essential, and markets are expected to be influenced more by governments, with a chance of strong protectionism right around the corner. Finally, the expectancy is that the funding for activities will still decrease.

Then, at the lower end of the table, we can see that the respondents do not expect companies to become less fearful of doing business in the coming years. They do not expect companies to be scared off entirely, preventing them from going abroad, either.

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## ACTORS IN COMMERCIAL DIPLOMACY

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The third questionnaire question is: *Which of the following developments concerning the commercial diplomatic actors are most likely to occur in the coming 10 years?*

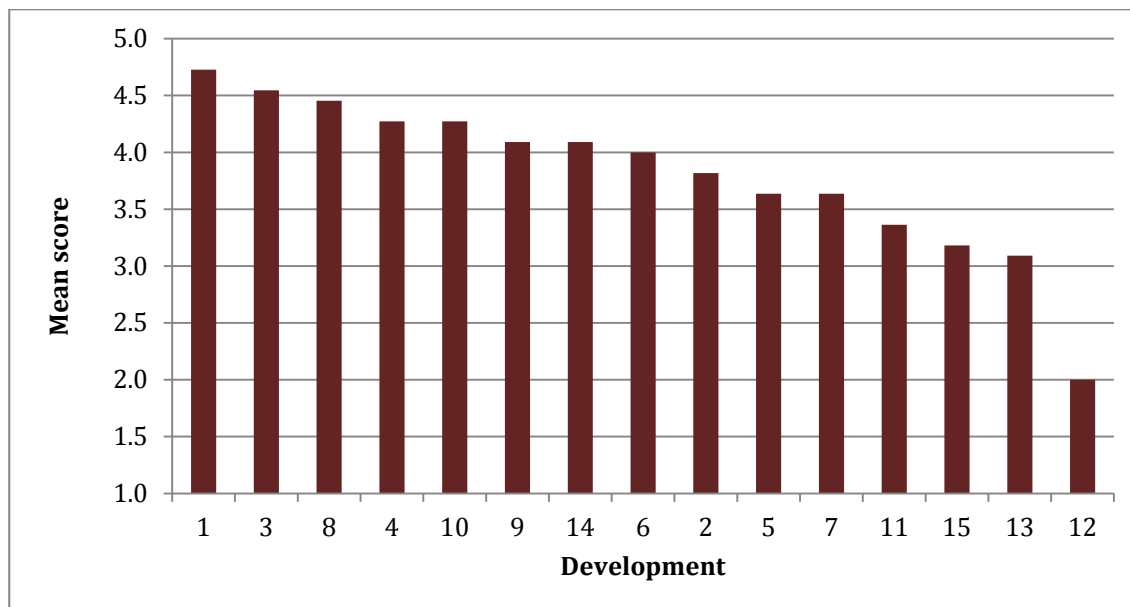
To answer this question the respondents were asked to score the following fifteen developments from very unlikely to very likely to occur.

- |   |  |  |   |
|---|--|--|---|
| 1. Austerity measures are happening everywhere. A drive for more efficiency, faster, more professionally and efficiently working actors will become very important.   | 2. Networking will become more important next to a growing influence of social media.  | 3. Because companies will be charged for services, services are also expected to have higher standards.  | 4. Instead of having different clusters in embassies, the departments will be more integrated, commercial diplomacy will be a more embassy-wide activity.   |
| 5. A convergence between the actors is most likely to occur in the field of international operation and coordination, meaning that not all countries need foreign representation individually.  | 6. Countries will become more interested in investment attraction, therefore investment promotion agencies will become more important.   | 7. Differences between representation in countries will continue to exist, diplomatic missions will become less active in developed countries, but more active in developing countries.              | 8. The interest of foreign ministers in commercial diplomacy will increase, and more generally speaking, of all higher-up diplomats such as ambassadors, because of a perceived greater importance of commercial diplomacy. |
| 9. Commercial diplomacy will look for more cooperation between public & private and private funding of activities in order to increase the success rate of the undertakings. Some activities might even be outsourced to companies.           | 10. The actors will need to work together more than ever to leverage each other to the best of their ability. Cooperation between ministries will therefore be sought more than before.  | 11. The actor organisations in the field of commercial diplomacy are a mix that is required, and therefore the field will mostly stay the same.  | 12. Within embassies, commercial diplomacy will be paid less attention, and the responsibility will be transferred to TPOs.   |
| 13. The investments that are now being done in OECD countries will shift to other countries, i.e. the developing world (BRICS). As a result, Investment Promotion Activities will be focused more on the 'difficult' countries in the future. | 14. There are major regional differences in the developments for actors between countries in which governments have more transparency. In countries where there is less transparency, commercial diplomacy will need more assistance and manpower. | 15. We are moving away from having career diplomats in the foreign service, it will be more accepted that diplomats are in function for shorter terms, perhaps leave the service and come back, etc. |   |

The results for question 3 are displayed in Table 4 and Figure 6.

**Table 4. Commercial diplomacy actors: mean score, standard deviation and rank per development.**

Development	Mean score	Standard deviation	Rank
1	4.73	0.47	1
3	4.55	0.87	2
8	4.45	0.52	3
4	4.27	0.47	4
10	4.27	0.92	5
9	4.09	0.63	6
14	4.09	0.92	7
6	4.00	0.52	8
2	3.82	0.83	9
5	3.64	0.65	10
7	3.64	0.92	11
11	3.36	0.89	12
15	3.18	0.94	13
13	3.09	0.83	14
12	2.00	0.87	15



*Figure 6. Commercial diplomatic actors: mean score per development.*

Question 3 has eight developments that are mentioned as at least likely to occur in the coming 10 years. First of all, with a mean of 4.73, the highest mean in the entire study, is the prediction that more austerity measures will be taken in the future, driving governments and businesses towards greater efficiency and faster, more professionally and more efficiently working actors. Also, companies will expect higher service standards because they will be charged for the services, foreign ministers and other high-ranking diplomats will have more interest in commercial diplomacy, and embassies will be more integrated, making commercial diplomacy a more embassy-wide activity. Other actors than commercial diplomats are expected to have to cooperate on foreign missions more than ever, on the ministerial level for example, but cooperation will also be sought with public and private funding of activities. Finally, in countries with a less transparent government, commercial diplomats will need more assistance and manpower, and countries are in general thought to become more interested in investment attraction, heightening the importance of IPAs. The respondents mostly agreed that it is unlikely that embassies will pay less attention to commercial diplomacy, and TPOs will take over responsibilities from them.

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## ACTIVITIES IN COMMERCIAL DIPLOMACY

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The fourth question in the questionnaire is: *Which of the following developments concerning commercial diplomacy activities are most likely to occur in the coming 10 years?*

The following seventeen developments are then given and the respondents are asked to score them from very unlikely to very likely to occur.

1. The same amount or more activities will have to be done with fewer staff because of lower budgets.

2. Some activities in diplomatic missions will be judged more in terms of their potential commercial benefit.

3. The activities that will suffer the most from cutbacks are the image campaigns (country branding).

4. The first activity that will suffer from the lower budgets will be the business support, more specifically the problem solving.

5. Activities such as market research, partner search and match-making will become paid services that companies will receive upon request.

6. Because of a general decline in expenditure by companies, the demand for the services will be less as well, as companies will not always want to spend money on them.

7. Matchmaking will remain the most important activity for commercial diplomacy, this is the main activity on which the value of commercial diplomacy is judged by the government.

8. Networking to facilitate matchmaking will be done more through IT and social media.

9. An increase in network activities, intelligence & image campaigns will happen, but an even stronger focus on business support activities will be established.

10. The question will rise more and more of how commercial diplomacy adds value, and its activities will have to prove again and again how the information that is offered is more valuable than what you can find through other sources.

11. Trade Promotion Organisations will specialise more in intelligence-gathering than information-gathering. The main difference between these two aspects is that intelligence is of a more specific nature and time sensitive.

12. Trade promotion will remain an important factor and basis of activities in commercial diplomacy.

13. The role of science and innovation will grow stronger, and cooperation at the international level will be enhanced. However, this will have to be done in a more commercial way, linked with business feasibility.

14. New developments in IT (e.g. social media) help companies to conduct networking by themselves, therefore matchmaking and partner-search activities will be less important for commercial diplomacy.

15. Countries will have to decide on how to cope with 'Trade Promotion Agencies' and 'Investment Promotion Agencies'; will they be separate or combined into one organisation?

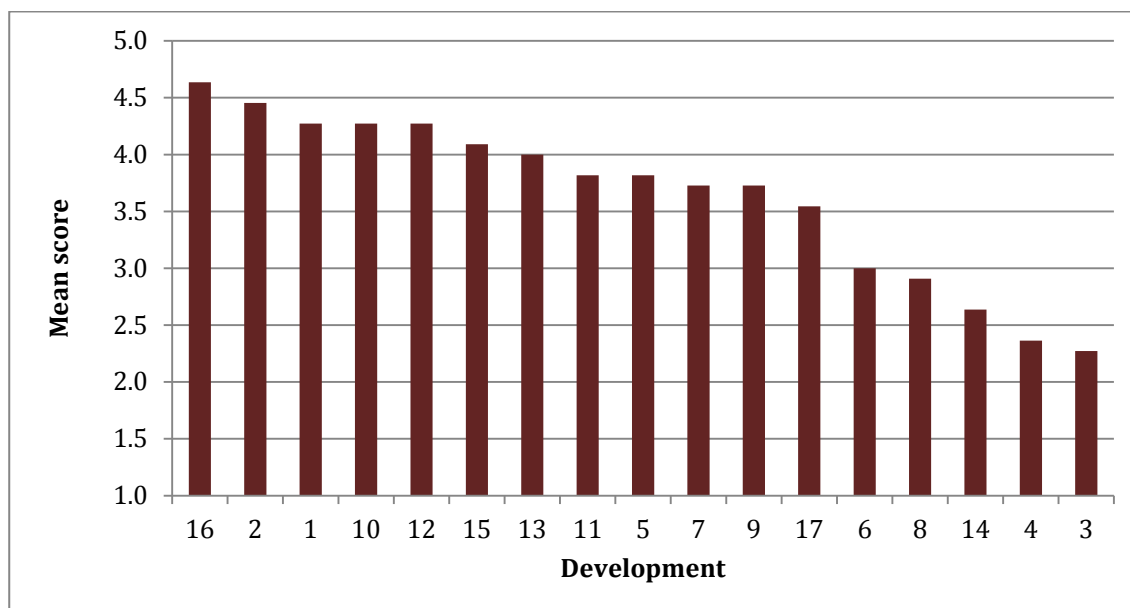
16. Trade missions to countries where governments have a strong influence will be headed by prominent political figures (PM, Minister) more often, because of the perceived importance/priority given by the host country.

17. Business support and IPR will remain the responsibility of the government either in individual countries or in union with others. This cannot and will not be transferred to other actors. There will also be an increase in activities in the field, because of increasing regulations all around the world.

The results of question 4 are displayed in Table 5 and Figure 7.

**Table 5. Commercial diplomacy activities: mean score, standard deviation and rank per development.**

Question	Mean score	Standard deviation	Rank
16	4.64	0.65	1
2	4.45	0.52	2
1	4.27	0.79	3
10	4.27	0.92	4
12	4.27	0.98	5
15	4.09	0.77	6
13	4.00	0.90	7
11	3.82	0.47	8
5	3.82	1.14	9
7	3.73	0.65	10
9	3.73	0.75	11
17	3.55	0.79	12
6	3.00	0.63	13
8	2.91	0.92	14
14	2.64	0.54	15
4	2.36	0.67	16
3	2.27	0.82	17



*Figure 7. Commercial diplomacy activities: mean score per development.*

The results of question 4 show us that seven developments score a mean of at least 4.0. First is the forecast that trade missions to countries with a strong government influence will be headed by a prominent political figure more often in the future. Some already existing activities in diplomatic missions will be judged more in terms of their potential commercial benefit, and the same number of activities or more will have to be done with fewer staff. Also, commercial diplomacy will have to keep proving it is worth the effort, trade promotion will remain a key activity in commercial diplomacy, and countries will have to make a choice between combining IPAs and TPOs or keeping them as separate entities. Finally, the respondents forecast that the role of science and innovation will grow stronger, and international cooperation in this field will be enhanced, but this should always be done on the basis of commercial viability. The respondents do not foresee that image campaigns will be the activity which suffers the most from the cutbacks, nor will the business support function.

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## SPENDING AND BUDGETING IN COMMERCIAL DIPLOMACY

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The fifth question of the questionnaire is:

*Which of the following developments concerning the spending/budgeting for commercial diplomacy are most likely to occur in the coming 10 years?*

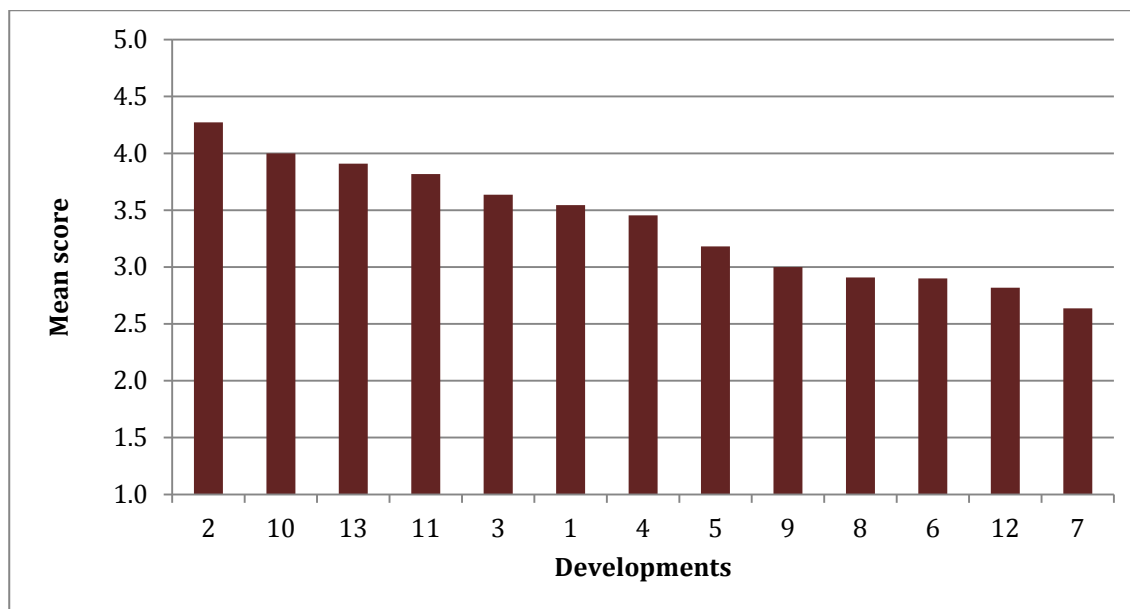
For this question the respondents were asked to score the following thirteen developments from very unlikely to very likely to occur.

- |  |  |   |   |
|--|--|---|---|
| 1. There will be fewer and fewer means, and the instruments are being constantly adapted for efficiency. There will be fewer options for company subsidies, and commercial diplomats will have a more consultative role. | 2. Smaller budgets will be a driver for innovation, efficiency and improved productivity, and the budgets will be reallocated.   | 3. Commercial diplomacy has proven it is worth the effort and cost, and will be appreciated and may not be as affected as other areas.                    | 4. Sponsorship of commercial diplomacy activities by companies will be explored as a way to fund the activities.  |
| 5. Commercial diplomacy activities will be offered more to clusters of companies than to individual companies as a result of charging companies for services.  | 6. Services provided by foreign representations will be charged for more frequently in the future, especially a company that is requesting specific information will be charged for the efforts that are being done by commercial diplomats. | 7. Younger generations will not accept the higher levels of spending of governments, therefore, a dramatic shift in attitude will occur in the budgeting. | 8. Commercial diplomats will be attracted from the business world more and more instead of from the diplomatic world, the foreign representation body will thus be more like a business, with a focus on the accomplishments (outputs). |
| 9. In the future, more cooperation with private parties will be sought, and contracting out commercial diplomacy activities might be an option in order to save on budgets.  | 10. Creating employment in the home country will become the main goal of commercial diplomacy activities, and attracting investments and trade promotion activities will therefore become more important.                                    | 11. More and more of the work being done will be project-based, in order to keep better track of efficiency.  | 12. Manufacturing tangible goods is important in times of crisis, and this is what many countries will focus on.  |
| 13. The budgetary constraints might lead to a stricter selection of businesses being assisted by commercial diplomats.   |  |   |   |

The results of question 5 are presented in Table 6 and Figure 8.

**Table 6. Spending/budgeting for commercial diplomacy: mean score, standard deviation and rank per development.**

Question	Mean score	Standard deviation	Rank
2	4.27	0.93	1
10	4.00	0.79	2
13	3.91	0.81	3
11	3.82	0.93	4
3	3.64	0.98	5
1	3.55	0.99	6
4	3.45	0.67	7
5	3.18	0.83	8
9	3.00	1.10	9
8	2.91	1.00	10
6	2.90	0.75	11
12	2.82	0.60	12
7	2.64	0.94	13



*Figure 8. Spending/budgeting for commercial diplomacy: mean score per development.*

Our results show that only two developments score a mean of 4.0 or higher. First, the respondents expect that the smaller budgets will be a driving force for innovation, efficiency and improved productivity. Second, they forecast that commercial diplomacy will be mainly aimed at creating employment, attracting investments and trade promotion activities.

There are no distinctive developments that are indicated as unlikely to occur, but the least likely development is that the higher government spending will be condemned by younger generations, and the budgeting will be reallocated.

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#### UNEXPECTED DEVELOPMENTS IN COMMERCIAL DIPLOMACY

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The sixth and final question of the questionnaire is: *Which of the following 'unexpected' developments concerning commercial diplomacy are most likely to occur in the coming 10 years?*



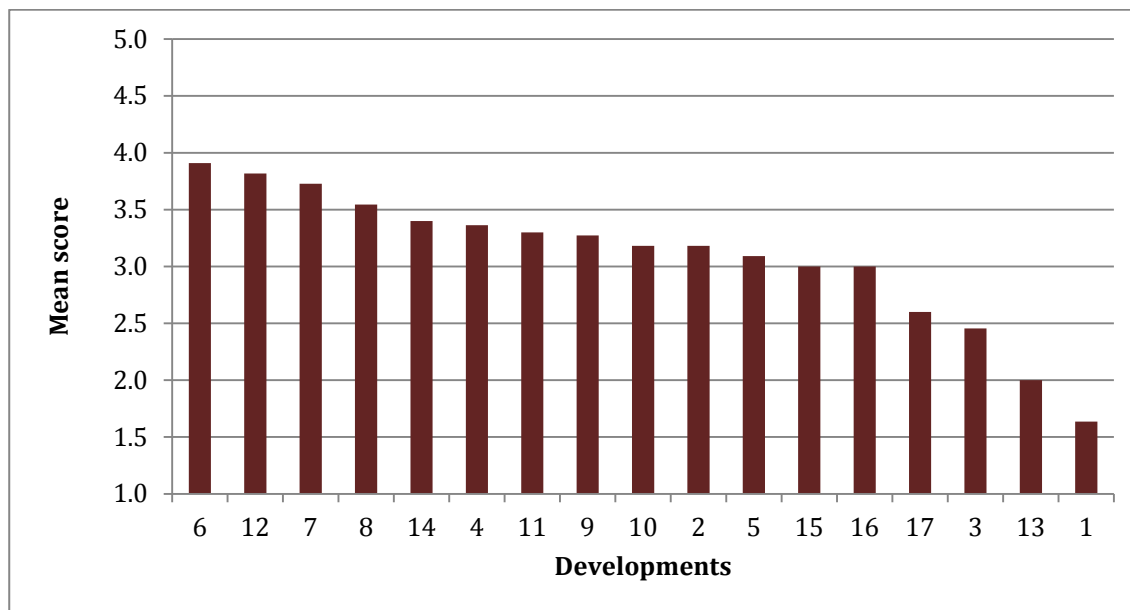
The following seventeen developments were then given, and the respondents were asked to score them from very unlikely to very likely to occur.

- |  |   |   |  |
|--|---|---|--|
| <p>1. Commercial departments could disappear entirely from diplomatic missions. Their activities would be adopted by the corporate world ('rent-a-diplomat').</p>  | <p>2. A strong increase in protectionism could dramatically change the playing field. Barriers would be erected, and the actors of commercial diplomacy will have very different roles.</p>   | <p>3. More meltdowns of major economies could occur: US, China, etc. This might be as a result of protectionism. It could also lead to more regulation by governments, especially in the financial sector.</p>  | <p>4. Climate change might have an effect on the economic situation in the world, therefore also on commercial diplomacy.</p>  |
| <p>5. A sudden disruption of new technologies on which we rely, but which are proven not to be reliable could change the whole attitude of commercial diplomacy towards using these technologies.</p>  | <p>6. The traditional trade lines of the OECD countries amongst each other will shift to the newly emerging world economies (BRICS), and this brings new challenges for the regional requirements for commercial diplomats there, and the focus of countries on doing commercial diplomacy activities in these countries.</p> | <p>7. The availability of resources will become very important in the coming years, new resources might be discovered, old types of resources will decrease in availability.</p>                                | <p>8. Identification of resources becomes a primary activity for businesses and therefore also for commercial diplomats. New developments need to be passed on as quickly as possible.</p>                   |
| <p>9. Once the economy has started to recover, the world will face a high level of unemployment worldwide. Social unrest will become a challenge for many countries.</p>   | <p>10. New developments in social media will occur, and therefore the influence of the public in the promotion of new products and services will be overwhelming, and trade commissioners and governments will need to be trained to play this 'new game'.</p>  | <p>11. The example of 'Wikileaks' shows that countries and governments could become more transparent, whether desired or undesired. This affects all government activities, including commercial diplomacy.</p> | <p>12. It will become more important for products to be more sustainable and socially / environmentally conscious, this will change the products, and also the country branding that is being done.</p>      |
| <p>13. Ideally, the public and consumers should improve their global awareness and avoid voting for leaders who propose the globalisation of the "American way of life", which will only destroy our planet.</p>   | <p>14. A combined commercial representation of member states of a union in host countries could occur.</p>  | <p>15. Commercial diplomacy could start to work on a success fee basis to promote the effectiveness of its services.</p>  | <p>16. The huge influence that MNEs have on the effect of commercial diplomacy could grow. In some cases, governments are smaller than businesses, and the influence they have cannot be underestimated.</p> |
| <p>17. A war in any location might occur, and would change the whole system of agreements and economy. The strong cohesion and commitment to each other would be hindered by this. But, on the other hand, various countries will develop stronger bi- and multilateral ties because of a common enemy, so even though a war is primarily bad, it could bring cohesion and commitment.</p> |   |   |  |

The results of question 6 are presented in Table 7 and Figure 9.

**Table 7. Unexpected developments in commercial diplomacy: mean score, standard deviation and rank per development.**

Question	Mean score	Standard deviation	Rank
6	3.91	0.67	1
12	3.82	0.87	2
7	3.73	0.69	3
8	3.55	0.81	4
14	3.40	0.54	5
4	3.36	0.70	6
11	3.30	0.65	7
9	3.27	0.69	8
10	3.18	0.75	9
2	3.18	0.79	10
5	3.09	0.67	11
15	3.00	0.60	12
16	3.00	0.82	13
17	2.60	0.84	14
3	2.45	0.67	15
13	2.00	0.94	16
1	1.64	0.97	17



*Figure 9. Unexpected developments in commercial diplomacy: mean score per development.*

In our final question, none of the developments achieved a mean score of 4.0 or higher. We will still mention the three highest ranked developments of this question, while accepting that the likelihood that these developments will happen is considered lower than in the previous sections. The respondents forecast that the traditional trade lines between OECD countries will shift to the newly emerging world economies, which would create the requirement that countries need to focus their commercial diplomacy activities more on these countries. Also, it will become more important for products to become more sustainable and socially/environmentally conscious, affecting both the products and the country branding. Finally, the availability of resources will become very important, and new resources might be discovered, while old types of resources will decrease in availability.

Most unlikely to occur out of the entire questionnaire, with a mean score of 1.64, is the development in which the commercial departments would disappear entirely from diplomatic missions. The respondents also suggested that the possibility that the public and consumers would improve their global awareness against the 'American way of life' is unlikely. Finally, meltdowns of major economies, perhaps as a result of protectionism, are rather unlikely to occur.

## SUMMARY

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We have seen the results of this research. With the help of our research method, we present the likelihood of developments as suggested in the interviews with the experts. The goal of this chapter is to answer research sub-questions II and III:

Sub-question II: *Which developments can be expected to occur concerning the actors of commercial diplomacy and their organisation?*

Sub-question III: *Which developments can be expected to occur concerning the activities of commercial diplomacy?*

We asked questions specifically on the aspects of actors and their organisation and their activities. But this is not where it ends. We pose other questions, too, because we need to understand the external influences on the aspects just as much, and the developments that were scored in these questions also affect these aspects. Now we present an integrated list for the two aspects, combining the answers presented in the sections above, to answer research sub-questions II and III. We will only use the developments that have mean scores of 4.0 or higher.

Both tables contain 19 developments, with an overlap in some developments, which influence both aspects. From these tables, we conclude that the future of commercial diplomacy is challenging because of current and persistent government budget constraints, and various measures will be taken to cope with these lower budgets. The actors and their organisation will have to become more efficient, professional and innovative, and cooperate more with each other, on all levels from the foreign missions to the ministries in the home country. The emerging economies, i.e. the BRICS, will be assigned higher priorities in most foreign policies, and actors will have to focus on these countries more. Some actors such as TPOs are expected to become more important, but still assessed strongly on their efficiency. In general, commercial diplomacy will attract more attention from foreign ministers and other high-ranking diplomats. Commercial diplomats abroad, on the other hand, are forecast to be substituted more and more by locally engaged personnel.

The activities are also influenced by the governments' austerity measures and the shifting of priorities to emerging economies. The demand for efficiency has a strong influence on the activities. The potential commercial benefit will be used to evaluate activities. Nonetheless, we see that commercial diplomacy will have a stronger foothold in diplomatic activities. The activities are likely to be charged for, slightly compensating governments for their efforts. Among the commercial diplomacy activities, trade diplomacy is forecast to remain the most important activity.

Table 8 presents the ranked list with developments concerning and influencing the actors of commercial diplomacy and their organisation.

Table 9 presents the ranked list of developments concerning and influencing the activities of commercial diplomacy.

**Table 8. Mean score and standard deviation of developments with a mean score of at least 4.0 concerning the actors of commercial diplomacy and their organisation.**

<b>Development</b>	<b>Mean Score</b>	<b>Standard deviation</b>	<b>Rank</b>
Austerity measures are happening everywhere. A drive for more efficiency, faster, more professionally and efficiently working actors will become very important.	4.73	0.47	1
Trade missions to countries where governments have a strong influence will be headed by prominent political figures (PM, Minister) more often because of the perceived importance/priority assigned by the host country.	4.64	0.65	2
The foreign services will move towards using more locally engaged staff instead of diplomats as a cost-saving measure.	4.45	0.52	3
The interest of foreign ministers in commercial diplomacy will increase, and more generally that of all higher-level diplomats such as ambassadors, because of a perceived greater importance of commercial diplomacy.	4.45	0.52	4
Asia as a region of interest for countries is becoming more important than before. This newer focus brings new challenges as well, i.e. culture and language.*	4.45	0.67	5
The regional priorities that countries have will shift to other regions: currently, developed regions like Europe and North America are priorities for many countries, but they will not be growing as fast in the foreseeable future as other (emerging) regions (i.e. China, India, South-East Asia, South America).*	4.36	0.52	6
Instead of having different clusters in embassies, the departments will operate in a more integrated manner, commercial diplomacy will be a more embassy-wide activity.	4.27	0.47	7
The actors will need to work together more than ever to leverage each other to the best of their ability. Cooperation between ministries will therefore be sought more than before.	4.27	0.92	8
Smaller budgets will be a driver for innovation, efficiency and improved productivity, and the budgets will be reallocated.*	4.27	0.93	9
Government departments will cooperate more with each other in order to enhance the effectivity of commercial diplomacy.	4.18	0.60	10
More influence by governments could occur, governments will try to protect their economies with more influence. The prospects of a long recession may enhance protectionism of domestic markets everywhere.*	4.18	0.87	11
Countries will have to decide on how to cope with 'Trade Promotion Agencies' and 'Investment Promotion Agencies'; will they be separate or combined into one organisation?	4.09	0.77	12
There are major regional differences in the developments for actors between countries in which governments have more transparency. In countries where there is less transparency, commercial diplomacy will need more assistance and manpower.	4.09	0.92	13
The influence of emerging/developing countries, especially the BRICS, on the world economy will grow even larger.*	4.09	0.93	14
A trend that will receive more attention is that companies are not the only ones that invest, states are getting involved in business through large wealth funds. Of course this could mean that political interests will be involved, not just commercial.*	4.09	1.12	15
Countries will become more interested in investment attraction, and therefore investment promotion agencies will become more important.	4.00	0.52	16
The role of science and innovation will grow stronger, and cooperation at the international level will be enhanced. However, this will have to be done in a more commercial way, linked to business feasibility.*	4.00	0.90	17
There will be less funding from the government into all operations.*	4.00	1.00	18
New technological developments in communication could change the playing field of commercial diplomacy and its importance.*	4.00	1.08	19

\* applicable to both actors & their organisation and activities categories.

**Table 9. Mean score and standard deviation of developments with a mean score of at least 4.0 concerning the activities of commercial diplomacy.**

<b>Development</b>	<b>Mean score</b>	<b>Standard deviation</b>	<b>Rank</b>
Commercial diplomacy will play a more central role in diplomatic policy and practice.	4.55	0.52	1
Because companies will be charged for services, services are also expected to have higher standards.	4.55	0.87	2
Some activities in diplomatic missions will be judged more in terms of potential commercial benefit.	4.45	0.52	3
Asia as a region of interest for countries is becoming more important than before. This newer focus brings new challenges as well, i.e. culture and language.*	4.45	0.67	4
The crisis will push diplomatic missions towards an increasing focus on commercial activities, with the degree depending on the severity of the crisis. Commercial diplomacy will therefore become a more important part of diplomacy.	4.45	0.69	5
The regional priorities that countries have will shift to other regions: currently, developed regions like Europe and North America are priorities for many countries, but these will not be growing as fast in the foreseeable future as other (emerging) regions (i.e. China, India, South-East Asia, South America).*	4.36	0.52	6
Diversification of trading partners remains a must, as well as 'buying from those that buy from us'.	4.36	0.79	7
The same number or more activities will have to be done with fewer staff because of lower budgets.	4.27	0.79	8
The question will arise more and more about how commercial diplomacy adds value, and its activities will have to prove over and over again how the information that is offered is more valuable than what you can find through other sources.	4.27	0.92	9
Smaller budgets will be a driver for innovation, efficiency and improved productivity, and the budgets will be reallocated.*	4.27	0.93	10
Trade promotion will remain an important factor and basis of activities in commercial diplomacy.	4.27	0.98	11
More influence by governments could occur, governments will try to protect their economies with more influence. The prospects of a long recession may enhance the protectionism of domestic markets everywhere.*	4.18	0.87	12
Commercial diplomacy will look for more cooperation between public & private and private funding of activities in order to increase the success rate of the undertakings. Some activities might even be outsourced to companies.	4.09	0.63	13
The influence of emerging/developing countries, especially the BRICS, on the world economy will grow even larger.*	4.09	0.93	14
A trend that will receive more attention is that it is not just companies that invest, states are getting involved in business through large wealth funds. Of course, this could mean that political interests will be involved, not just commercial.*	4.09	1.12	15
Creating employment in the home country will become the main goal of commercial diplomacy activities, so attracting investments and trade promotion activities will become more important.	4.00	0.79	16
The role of science and innovation will grow stronger, and cooperation at the international level will be enhanced. However, this will have to be done in a more commercial way, linked to business feasibility.*	4.00	0.90	17
There will be less funding from the government for all operations.*	4.00	1.00	18
New technological developments in communication could change the playing field of commercial diplomacy and its importance.*	4.00	1.08	19

\* applicable to both actors & their organisation and activities categories.



## 5. DISCUSSION & CONCLUSION

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*This final chapter builds on the results of the previous chapter. We analyse developments that the group of respondents predicts will occur in the future. In this analysis, we aim to understand the prediction and its implications for commercial diplomacy, regarding two aspects: actors and their organisation and activities. We also include recommendations for commercial diplomats, and a review of the limitations of the research. Finally, we answer the main research question.*

In our presentation of the results, we display 19 developments for each of the two aspects. In our analysis, we will assess five developments for the actors of commercial diplomacy and their organisation, and five developments for the activities. We chose the developments that were indicated as the most likely to occur, and describe for each one what it means, what the implications are, and how commercial diplomats can prepare for the future.

### **THE FUTURE OF THE ACTORS OF COMMERCIAL DIPLOMACY AND THEIR ORGANISATION**

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The challenging future of commercial diplomacy is largely in the hands of the actors and their organisation. Austerity measures will be taken by governments, and the actors will have to cope with them. Greater efficiency and more professional and innovative work will be expected. Cooperation on all levels of operation needs to be stimulated. Emerging economies, i.e. the BRICS, will be assigned higher priority by the policy-making actors.

In this section, we discuss the five top-ranked developments regarding the actors of commercial diplomacy and their organisation (chapter 5).

#### **ACTORS WILL NEED TO WORK FASTER, BE MORE PROFESSIONAL AND EFFICIENT**

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The credit crunch and subsequent recession of the past few years are affecting almost all business and government budgets. Our study shows that the economic situation most likely will not improve in the coming years, and commercial diplomacy will continue to feel the effects of the austerity measures due to the recession. The actors of commercial diplomacy will be influenced by these measures and will need to work faster, more professionally and efficiently. They will be asked to do more tasks, and professionalise the practice of commercial diplomacy even further. Their efficiency will be assessed by understanding the contribution of commercial diplomacy, and improving the outcome. This will put great strain on the actors; commercial diplomats will need to cope with higher expectations, as will TPOs and IPAs. Ambassadors, ministers, and other high-ranked actors will have to prioritise commercial diplomacy on their busy agendas, acknowledging its value.

The organisation of the actors is under comparable stress, as each actor has to prove its value. If at some point an actor is found to be redundant, measures will be taken, and the whole organisation of actors will be influenced. Governments will use every method to enable commercial diplomats to achieve greater efficiency, and the organisation of the actors will be optimised to support this.

Our theoretical study indicated that some countries are currently concentrating on efficiency in their use of commercial diplomacy, as a result of the austerity measures imposed on many activities (Lee, 2004 and Rosenthal, 2011). This is parallel to our findings in this study.

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## PROMINENT POLITICAL FIGURES HEADING MORE TRADE MISSIONS

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In countries where governments have a strong influence on business, it is often useful to open doors for home businesses or investment attraction. Prominent political figures such as Ministers of Foreign Affairs or Trade, or even a prime minister, president or king can open these doors with official trade missions, which businesses join. The more that prominent political figures understand and acknowledge the value of commercial diplomacy, the more they will take initiatives to organise trade missions. From our study, we conclude that this understanding will improve, and these actors will prioritise commercial diplomacy on their agenda by taking the initiative to set up trade missions. This will improve the bilateral relations between the home and the host country and, most importantly, will open up opportunities for international trade. The organisation of actors will need to adapt to the increase in trade missions. In our theoretical exploration we have seen that the actors will need to take a more active and direct role, specifically in the promotion of export (Lee, 2004), and prominent political figures can contribute largely to this.

The more these missions can be professionalised, the more effective they will be. Because countries will also focus more on countries where governments have a strong influence, such as the newly emerging economies, the competency of the actors organising trade missions will become vital.

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## MORE USE OF LOCALLY ENGAGED STAFF INSTEAD OF DIPLOMATS

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Traditionally, commercial diplomacy is performed by officials with diplomatic status. The respondents in our study expect that countries will employ more locally engaged staff. This will save significantly on personnel expenses, and the expertise that locally engaged employees have is comparable to or even higher than the expertise of diplomats. Countries may be hesitant to employ only locally engaged staff, because of a fear of conflicts of interest. Locally engaged employees can have conflicting interests because they may not originate from the country they represent. Nevertheless, diplomats are very costly to send abroad, and because efficiency is becoming more important, this cost advantage will push countries to employ more locally engaged staff. Our theoretical framework has provided insight into the specialisation of commercial diplomats (Lee, 2004). Locally engaged staff can be a cost-effective method of attracting specialists, and they can be selected to be more commercially aware.

The new actors will have more host-country-specific knowledge, but less home-country-specific knowledge, which will change the information they require. The organisation behind these actors will therefore be slightly affected, creating the need to inform the new actors more about the home country.

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## FOREIGN MINISTER'S INTEREST IN COMMERCIAL DIPLOMACY WILL INCREASE

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In addition, our study shows that the foreign ministers, and other higher-level diplomats, will become more and more interested in commercial diplomacy in general. In a situation of world-wide economic recession, we have seen that countries cut their national budgets. This makes it interesting for foreign ministers to prioritise commercial diplomacy, as it has proven and will keep proving its worth. Prioritising commercial diplomacy is an investment in more international trade, which will result in higher rates of employment. The economic results of commercial diplomacy are easier to connect with the input than for other forms of diplomacy. The actors of commercial diplomacy will therefore be more interesting to their ministers and other higher-level officials, and will act more as commercial diplomats in all their responsibilities. In this way, policy-makers will trust commercial diplomacy more. Perhaps in the long run its budget might be increased, but as stated in the first development



analysis, this will not happen in the coming years. Countries like China, the USA and the Netherlands are paying a great deal of attention to commercial diplomacy already, and the last has already indicated an intention to intensify the budget spent on economic diplomacy as a whole (Rosenthal, 2011).

The prioritisation of commercial diplomacy will enhance professionalism in the field, as it will be monitored closely by more actors than before. This can only benefit the execution of commercial diplomacy.

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## **ASIA IS GETTING MORE IMPORTANT AS A REGION OF INTEREST**

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Our respondents see a growing interest in opportunities in new regions, not the traditional OECD countries that are well-established but suffering strongly from the recession. Specifically, Asian countries are interesting because international business opportunities are very common there, but also because there is room for improvement of the links to them, in most cases. Prioritising Asia in commercial diplomacy might be considered a challenge, because Asian culture and languages are considered significantly different from other world cultures and languages. However, the possible gains are large, and worth the effort. Cultural and language barriers will be overcome for the benefit of international business with the help of expertise already available in the foreign missions and TPOs / IPAs. Combined with greater use of locally engaged staff, the expertise in these actor organisations will increase and respond to the demands of the business world. In our theory chapter, we analogously indicated that countries could focus more on specific geographic areas of the world, targeting countries by growth potential (Potter, 2004).

When commercial diplomacy from many countries focusses more on Asia as a whole, good matches between the diverse home countries and host countries will have to be made. The home countries will have to identify which Asian countries best fit their interests and are potential partners in stimulating bilateral trade.

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## **THE FUTURE OF COMMERCIAL DIPLOMACY ACTIVITIES**

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In the previous sections, we have seen how efficiency will change the future of the actors of commercial diplomacy. Obviously, this will have a considerable effect on the activities in commercial diplomacy, too, demanding creativity and prioritisation of activities. The continuing austerity measures imposed by governments will greatly influence the activities, which will be reviewed regarding their benefits. Still, the activities will have a larger influence on the diplomatic field, requiring more input from their main benefactors, businesses.

We will discuss the top 5 developments in the activities of commercial diplomacy in this section.

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## **COMMERCIAL DIPLOMACY WILL HAVE A MORE CENTRAL ROLE IN DIPLOMATIC POLICY AND PRACTICE**

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The group of respondents foresees commercial diplomacy gaining priority. When foreign missions have to choose between cultural activities or commercial activities, for example, the tendency will be to choose commercial activities more often, or perhaps create a commercial angle to the cultural activity. By investing in commercial diplomacy, foreign missions and the policy-makers based in a foreign ministry will continuously improve their 'value for input'. All activities that we have named as commercial diplomacy activities will benefit from this emphasis, from networking to business support.

If an opportunity or demand for these activities arises, more effort will be made to take action. This also means that the activities will be done more frequently, and should be professionalised more. The practice aspect of the development displays the significance of the practice field. Indicating opportunities and appropriately responding to requests are of the utmost importance. The whole spectrum of commercial diplomacy activities must be clear to commercial diplomats as well as to businesses, in order to achieve an optimal cooperation.

Our theoretical research has indicated parallel expectations. Commercial diplomacy has been said to be gaining more influence in the world of diplomacy, becoming a more central part of diplomacy (Lee, 2004; Kostecki, 2005; Pei, 2011).

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### BETTER SERVICE IS EXPECTED BECAUSE FEES ARE CHARGED FOR SERVICES

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Companies will have to contribute to the costs that the actors of commercial diplomacy bear. Undertaking commercial diplomacy activities can be a costly endeavour, and up until a few years ago, companies expected governments to fund commercial diplomacy fully. Some countries already charge companies for market scans, intelligence gathering or match-making activities. The results of our study show an increase in financial contribution by companies in the future. Consequently, businesses will expect more from the services they receive. The easy access to information on the internet enables companies to collect general information rather quickly. However, some important and detailed piece of information, or intelligence, that a commercial diplomat possesses is not as easily acquired. Therefore, commercial diplomats must be aware of this intelligence and able to deliver it to business in the professional manner that it is requested. More detailed intelligence will be needed to meet the demands of modern businesses.

Although our theoretical framework does not include the specific mention of fee-based services, indications can be found of searching for new sources of funding for activities in the theory. In the drive for efficiency, charging for services, and the consequence that better service is expected, is a creative solution.

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### POTENTIAL COMMERCIAL BENEFIT AS A REQUIREMENT FOR ACTIVITIES

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In a few of the previously discussed developments, we touched on the subject already that activities will have to prove their value more. This not only concerns commercial diplomacy activities, other diplomatic activities will be evaluated in terms of their commercial benefit, too. When, for example, a public diplomacy department in an embassy wants to carry out an activity, the ambassador will need to see the value of the activity in the light of commercial diplomacy more often than before. This does not mean that if an activity has no commercial benefit, it will not be approved, but it will improve the chances for an activity to have a direct or indirect commercial diplomatic goal. More cooperation between the different departments is the key to accomplishing this. When the different departments cooperate more, they understand each other better and can organise activities together, so that more than one goal is achieved.

We have shown before that the promotion of services, science and technology, and investment attractions will become key benefactors of a stronger focus on certain activities of commercial diplomacy (Kostecki & Naray, 2007). From these three activities, countries can profit in the most direct possible way. These activities have the most direct connections to commercial benefit, and this can be a reason for paying special attention to them. Additionally, we can confirm that countries are

aiming more at the 'main game' of economic competitiveness and establishing market access (Cooper, 1999) through the intensified focus on commercial outcomes for all activities.

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## ASIA IS BECOMING MORE IMPORTANT AS A REGION OF INTEREST

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Our respondents predict that the strength of Asia as an economic bloc will keep growing. This influences both the actors and their organisation and the activities of commercial diplomacy. The results from our study show that Asia is being prioritised more and more as a region of interest on which to focus commercial diplomacy activities. There are differences between carrying out commercial diplomacy activities in the conventional OECD countries and doing so in the Asian region. Generally speaking, the respondents expect that diplomats in Asia will focus substantially more on commercial diplomacy. Because of the sometimes significant cultural and language differences, more locally engaged staff will be able to create a good link between home and host countries. Parallel to our theoretical framework, we identify the importance of growth potential in the target markets (Potter, 2004) such as Asia.

Some activities such as the business support group will become stronger in Asia, because when the companies involve themselves more in Asia, the differences will result in challenges. Because of this rising interest, we will see increasing intelligence activities to prevent companies needing to request support from the home government.

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## PRIORITY OF COMMERCIAL DIPLOMACY AS A RESULT OF THE RECESSION

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As described above, our respondents do not expect the recession to be over soon. We have mentioned several consequences, such as austerity measures imposed by governments, decreasing likelihood of companies going abroad, and budget cuts of commercial diplomacy specifically. The respondents also expect the recession to be a cause of more prioritisation of commercial diplomacy. Its value will be understood, higher-up officials will acknowledge its value, and it will even be seen as a possible, partial solution to the recession. At the very least, governments will agree that they can communicate without worries that commercial diplomacy is not something we should cut on.

Although a drive for efficiency is identified in our theory chapter, the recession had not been labelled as a specific force. The need for efficiency and integrating tasks as suggested by Minister Rosenthal (2011) only gains in importance and visibility. Although alternative options of commercial diplomacy have not always been received favourably (Michou, 2012), in general, commercial diplomacy is seen as one of the methods for responding to the recession (Lee, 2004; Kostecki, 2005).

The severer the perception of the crisis, the stronger the focus on commercial diplomacy will establish itself. Using commercial benefit as an evaluative tool for other types of diplomacy will be affected by the crisis as well in a similar fashion. Therefore, because of the recession, commercial diplomacy will become a more important part of diplomacy. Our respondents expect it will become easier for commercial diplomacy activities to establish diplomacy-wide acceptance of value than it will be for other activities of diplomatic actors.

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## CHALLENGES AND OPPORTUNITIES

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In this thesis, we have analysed what expert practitioners expect of the future of commercial diplomacy. Here, we will build on the developments that we expect to occur, and identify the major challenges and opportunities for commercial diplomacy.

We commence with a rather paradoxical forecast. Because of the economic recession, we have seen that governments are putting austerity measures into effect which would hurt commercial diplomacy, as it is almost fully funded by government finances. In contrast, commercial diplomacy is expected to be prioritised more often by policymakers and diplomats. Therefore, we can identify the economic recession as both a challenge and an opportunity for commercial diplomacy. The challenge lies greatly in the power of commercial diplomacy to help overcome the recession, proving that investing in commercial diplomacy will lead to more international trade and investment and eventually higher employment and greater prosperity. To accomplish these impressive feats, a great responsibility lies with commercial diplomats and the activities they undertake. It is necessary to take an active stance in the identification of business or investment opportunities and communicate them to home country businesses. The opportunity lies exactly there, in establishing a source of intelligence that is offered to and can be used by businesses. The more detailed information commercial diplomacy can provide to a business, the stronger their choices will be, and can perhaps even change into a competitive advantage for businesses from other countries. Of course, the intelligence activities do not stand alone here, they are part of the whole spectrum of activities that should be used more proactively than before.

The second challenge is the need for commercial diplomats to work more efficiently. It was suggested in the interviews that commercial diplomacy could be outsourced in its entirety to the business world, or that commercial diplomats could do work placements in the companies they provide service to. However it is accomplished, we expect commercial diplomats to learn from the business world and become more professional in their work. Combined with the prospect of hiring more locally engaged employees in the place of diplomats, professionalization is an even more significant challenge. Locally engaged staff can possess more expertise on the host market than commercial diplomats that come from the home country on four-year terms. Hiring these locally engaged employees can improve the service level given to companies, while lowering the cost of staff per employee. However, the professionalization of commercial diplomacy could become more difficult when diplomats are exchanged for locally engaged employees, as there is less control over them. Also, there may be doubts about the loyalty of the locally engaged employees to the home country or to their employer. Organising the actors and using the activities to improve the efficiency, and using locally engaged staff to the fullest of their potential are vital to commercial diplomacy.

The Asian continent as a target area for businesses and therefore also commercial diplomacy is an opportunity that cannot be ignored. Countries will be eager to use the entire spectrum of commercial diplomacy activities in the vast markets of Asia. Though the presence of commercial diplomacy will increase in Asia, governments will need to select which countries are interesting to them and would make a good match in order to benefit from the growth.

The last challenge that we identify is linked to the opportunities in Asia. Because of the growing interest in commercial diplomacy and in Asia as a priority region, commercial diplomacy will be intensified there. A challenge in the newly emerging economies, including those in Asia, is that governments have a strong influence on the market. This can create difficult situations for companies that attract investment from, for example, China, or want to set up offices in, for example, Vietnam. These challenges can vary from political interference in company decisions to unequal legal treatment in the host country. It is an inherent task of commercial diplomacy to warn businesses about these risks, and perhaps even lobby for changes in the host country. Commercial diplomats need to understand the effects of the host government involvement in domestic companies as gaining influence through foreign investment.

## **LIMITATIONS OF THE RESEARCH**

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In any study it is important to understand the limitations. This study is a forecasting study, in which we have used a scientific methodology to forecast the future of commercial diplomacy. The general weaknesses of the methodology have been described in Chapter 3. We will elaborate on each specific limitation in this section.

- The forecast of the future of commercial diplomacy is based on the professional opinion of thirteen commercial diplomats. The reliability of their answers depends on their degree of expertise and their willingness to cooperate. As all respondents were given clear explanations about the research and the time it would take to participate, and were then given the choice to cooperate or not, we believe that their willingness is not a limitation. Their expertise, however, is a hard-to-define variable. We trust in the judgement of the countries the diplomats represent. In other words, if a diplomat is considered to have sufficient expertise to represent his or her country independently, he or she will have sufficient expertise to cooperate in this research. Our aim was not to look for the most knowledgeable diplomats on the policy of commercial diplomacy, but rather the experts in the practice of commercial diplomacy.
- The group of respondents was intended to represent the G20, in order to be able to generalise to the entire world. We were not able to reach all of the countries in the G20, and mainly the absence of Asian and African countries is a limitation to the applicability of the research.
- Our research time-frame allowed us only two rounds of interaction with the respondents. We believe that its reliability would have been improved if a third round of interaction could have been done.
- Because of personal circumstances, the thesis was presented almost a year after all the data had been gathered. This could influence the results of the study, as some interpretations were made well after the developments had been forecast.
- The research outcomes have three main validity threats we can identify. First, out of the thirteen respondents in the interview round, eleven took part in the questionnaire. The other two chose not to participate, even after repeated requests. Second, because the questionnaire is done without the notion of country of origin of the respondent, we cannot connect forecasts to countries at this stage. Of course, the goal of the research is to see what the combined group expects, so the additional anonymity does not interfere with the results of this research. Finally, the results of the research show six omissions (out of a total of 978) in the answers to the developments, creating missing data on these developments. We treat the missing answers as not given, and omit them from the calculation of the means in the result presentation. We refer the reader to Appendix V to identify which data were omitted.

## **CONCLUSION**

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Commercial diplomacy is becoming an essential part of diplomacy, being recognised as such by scholars, practitioners, higher-level diplomats and politicians. Through our expert interviews, we made a forecast of the expected developments in commercial diplomacy in the coming 10 years.

Contemporary commercial diplomacy is executed by an actor in commercial diplomacy. These actors can be diplomats in a commercial department of an embassy or TPO, but also ambassadors or even

ministers and presidents. Commercial diplomacy activities can be classified into network activities, intelligence activities, image campaigns and business support.

Through six main interview questions we answered research sub-questions II and III with an extensive list of possible developments. The suggested developments were ranked in the second round by the same respondents, and the analysis of the results led to the following conclusions.

We conclude from our study that the actors of commercial diplomacy will have to become faster, more professionalised and more efficient. The current global economic recession will not resolve quickly, but commercial diplomacy can help governments to overcome it through promoting international trade and investment. Companies will have to contribute to its funding through paid commercial diplomacy activities.

In foreign missions and foreign ministries, diplomats and other functionaries will attempt to include commercial goals in other activities than commercial diplomacy. Different departments will be expected to cooperate with the commercial department. By doing so, a shared responsibility for commercial diplomacy will be achieved.

Diplomats will in some cases be exchanged for locally engaged staff. With these skilled host-country experts, a competitive edge will be created on more than one commercial diplomatic activity. Especially in countries where governments have a strong role in controlling the market, these actors can be of significant use to support companies. We also expect a growing interest in Asia, from both a company as well as a commercial diplomacy perspective. The newly emerging economies there will become more influential in the world economy in the coming 10 years. Governments in some of these countries can be more influential on the market than other countries, and different objectives, for example political, could play a role here. Commercial diplomacy has an important responsibility in this case, and skills in this field will need to be improved.

Commercial diplomacy remains an underdeveloped scientific field, which would benefit from more research into the effectivity of commercial diplomacy, actor roles and the use of locally engaged staff as commercial diplomats. The practice field will go through change, but a key element is that commercial diplomacy is expected to gain in importance and be assigned priority by policymakers, making the future of the concept more and more interesting to follow. We hope we have established a basis for research into a new era of commercial diplomacy.

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## APPENDIX I: INTERVIEW ROUND

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This appendix provides the questions of the interview round.

Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

Examples of actors provided to respondents:

- Diplomatic missions
- Trade Promotion Organisations (Agency NL, EDC)
- International Chambers of Commerce
- Investment Promotions Agencies (NFIA)
- But also individuals: ambassador, Head Economic Affairs, Commercial Affairs, even Minister of Foreign Affairs.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

Examples of activities provided to respondents:

- Network activities: state visits, match-making, partner-search
- Intelligence: gathering information, market research, consulting countries
- Image campaigns: promoting goods/services, country branding
- Support business: problem-solving, IPR violation supervision

Question 4: Which developments in economic diplomacy policy will arise in the spending/budgeting that is done for delivering commercial diplomacy?

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

Question 6: Can you name some additional, perhaps unexpected developments in the economic diplomacy policy that will affect the practice of commercial diplomacy?

## APPENDIX II: RESULTS OF THE INTERVIEW ROUND

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This appendix provides the interview summaries per country.

### INTERVIEW SUMMARY NL1

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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Commercial diplomacy will have a more central role in diplomatic policy and practice.

Corporate interests will be represented better by commercial diplomats, instead of the more traditional political responsibilities, and commercial diplomats will take a more activist stance.

Classic diplomacy is about describing developments, very much related to economic diplomacy. In commercial diplomacy the government takes the initiatives by itself to see where there are chances, but also coordinates or organises business opportunities in response to requests from companies. This is an on-going trend.

The task of the commercial department of an embassy will align more with the demands of the business world. How can the government give Dutch companies more footing abroad, and make this more visible at the same time? It will become more demand-oriented. Therefore, more adapted to demands of the business world, but also more pro-active provision of information about opportunities to Dutch businesses.

Government services are expensive, companies will have to contribute financially in the future.

Country branding is very important and will remain to be executed, even on a larger scale.

Governments will focus more on people/staff, providing training to diplomats in the business world, gaining experience there. Creating a stronger bond with companies to make opportunity identification easier.

Good antipodes will be appointed in the Netherlands to cooperate with the 'probes' abroad so that companies abroad can be helped and opportunities can be seen. These antipodes will be intermediaries that provide home country requests to commercial diplomats, and give feedback to the requesting companies.

Companies will focus on the core, less on business abroad. Financial contribution to commercial diplomacy services will strengthen the effect as more investment is required.

More custom-made services will be delivered by commercial diplomats.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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Cutbacks are made everywhere, economy remains important. We will have to operate more professional. Contacts become more important: social media. Faster and more professional operations, cutbacks on staff will occur. This calls for a more efficient approach to the tasks.

Because companies will have to pay for services, better services are expected.

The entire embassy will be expected to cooperate more with the economic department. A more integrated approach will be required, other departments will be involved more in commercial diplomacy (for example: country branding by public diplomacy department).

**Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?**

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More activities will have to be done with less staff.

Cutbacks are the reason for having less staff, the first activity that would lose importance is problem-solving for companies.

Market research, partner research and match-making will become services on request and require financial contribution.

The number of requests for the activities will decrease as a result of tight company budgets and required financial contributions.

Country branding will become an important activity for the foreign missions.

**Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?**

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Means will only become less. A constant effort will be spent on efficiency of instruments. There will be less opportunity for subsidies, and a commercial diplomat will have a more consulting role. Services will be provided more to clusters, as in organised groups of companies.

Services will be more tailor-made, and agreements will become clearer on the input-output achievements. It will become not as free of obligations as it used to be.

Stronger ties with businesses must be sought after.

Country branding will remain very important, there are still many opportunities to characterise your country.

**Question 5: What influence will the current global debt crisis have on commercial diplomacy?**

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Because of the economic crisis companies are experiencing more problems and need more support from the government (i.e. more branding).

The willingness to contribute financially to services provided by commercial diplomats. The economic hard time will cause companies to focus more on what they have, and less on expanding their businesses abroad.

The difficult economic situation will remain. This causes the necessity to specialise on the field of opportunity identification and knowledge of the demand in the home country.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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Commercial departments on embassies could disappear, activities will be adopted by companies with the title 'rent-a-diplomat'.

An office can be opened in the host-country, where industry associations could establish themselves to do the promotion of the companies, instead of commercial departments of embassies.

## **INTERVIEW SUMMARY GER1**

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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Difference between countries with transparent governments and an 'equal playing field', and more developing countries. In the first group of countries, the state-run commercial diplomacy should be limited in the future. Business should be capable to define their interest & goals, and implement that. In other parts of the world, you will still need to use government to help business prosperity. In some countries the influence of the diplomats might become more important in the future.

Trade barriers will keep existing, access to markets is still limited or divided in an unfair manner.

Self-organised and funded chambers of commerce are increasingly in the focus.

Network through which information is transmitted might be changing in the future, specifically the organisations that provide the information. This is a trend that will not be reversed, rather even increased. If this will happen for all countries is unsure.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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Countries will become more interested in investment attraction, therefore investment promotion agencies will become more important.

Difference will keep existing between countries, diplomatic missions will become less active in developed countries, more active in developing countries.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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Also very dependent on regions, difference between developed countries and developing countries.

Matchmaking will increase further, countries will realise more and more what the value of this activity is.

Missions will be involved with basic information, competition with openly available information is a challenge.

Country branding: sponsoring has become an option for funding cd activities, but this will become less accepted as politically correct. However, labels are 'out there' already, they do not need much more branding. The companies however do need more space for this.

Business support and IPR will be kept as a responsibility of the government, no other actors can fulfil these tasks, either in individual countries or in unions with others. There will be an increase in activities in that field, because of more regulations emerging in countries.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

Charging companies is done, fund raising by chambers of commerce.

Younger generations will not accept the higher levels of spending of governments. A dramatic shift in the attitude will happen in the budgeting. "You cannot keep on spending and just try to survive until the next elections without thinking of our future in the sense of economic viability and sustainability."

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

Obvious effect is that there is a necessity of growth to overcome the critical situation, trade must be promoted through the most effective way to accomplish this.

It effects almost all players in the world economy, however, it is the foremost responsibility of the industries, not as much the government.

States might start to increase their efforts to compete with each other.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

A strong increase in protectionism would dramatically change the playing field. Borders could be closed, and the actors of cd will have very different roles.

More meltdowns of major economies: US, China, etc. Could be a result of protectionism. Could also lead to more regulation by governments, especially in the financial sector.

Climate change might have an effect on the economic situation in the world, therefore also on cd.

## **INTERVIEW SUMMARY UK1, UK2 & UK3**

Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

Commercial diplomacy is not going to disappear, will still prove to be worth the inputs.

An increase in significance is expected, as there is a current trend toward this.

The influence of globalisation is a facilitator of the understanding that countries cannot borrow themselves out of trouble anymore, but rather need a more commercial approach to economic growth.

We are currently in a huge financial dip, and this cannot be resolved with printing more money, a different approach is needed.

Not just the government is responsible for the change that we need to do, but also the consumers and businesses need to promote change.

In the future, there is a need for closer coordination between governments and businesses.

The industry has to be consulted more on the matters involved in commercial diplomacy, especially on the focus of the government, and the identification of opportunities for companies.

Government departments will cooperate more with each other in order to enhance the effectivity of commercial diplomacy.

Export promotion will be mostly done by TPO's, not just governments.

A trend that will get more attention is that states are getting involved in business through large wealth funds. A problem could arise here that political interests are also involved, not just commercial.

The involvement of the BRICS in the world economy will increase.

Traditionally, the strength of countries was measured by the strength of their defence apparatus, now and in the future the economic apparatus will be much more important.

**Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?**

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In general, a convergence between the actors is most likely to occur on the field of international operation and coordination, meaning that not all actors need foreign representation individually.

The interest of foreign ministers in commercial diplomacy will increase

Ambassadors will be more involved in commercial diplomacy because of an increase perception of importance of commercial diplomacy.

All diplomats in embassies will spend more and more time on commercial diplomacy, it will be a more embassy-wide involvement.

**Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?**

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Trade promotion will remain important factor and base of activities in commercial diplomacy.

An increase in network activities, intelligence & image campaigns is foreseen, however, an even stronger focus on business support activities will be established.

A focus on regions will be made, efforts will be aimed at special interest regions for different countries because commercial diplomacy cannot just target the whole world anymore as a result of economic restraints.

No more swapping of beads in the commercial diplomatic service, cd's will have a more facilitating role in export/import or trade.

The role of science and innovation will grow stronger, and cooperation on the international level will be enhanced. However, this will have to be done in a more commercial way, linked with business feasibility.

All activities in diplomatic missions will be judged more on their commercial gain, always.

Sponsorship of commercial diplomacy activities by companies can be explored as a way to fund the activities.

Countries might also explore an acceptance of brands from companies in their home country to be national brands.

The most important driver for the activities will be the creation of employment in the home country.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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The future will not bring an easy solution, it will not automatically become easier.

Overall, the budgets will be shortened in the future.

Shortened budgets will be a driver for innovation, efficiency and improved productivity.

The budgets will be spent differently, a strong prioritisation on issues will be done.

Governments will have to take a more business-like approach in order to cope with the economic constraints.

Activities of foreign representation will have to be combined more as a result of shortened budgets, and the spending will have to be done more strategically.

The line between business spending and diplomatic spending is blurring.

Commercial diplomats will more and more be attracted from business world instead of from the diplomatic world, the foreign representation body will thus be more like a business, with a focus on the accomplishments (outputs).

Commercial diplomacy might become more multilateral because of the membership of states in unions as the EU.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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It will push diplomatic missions towards commercialisation, the degree is depending on the severity of the crisis.

Diplomacy is not anymore and will not be an isolated activity, this trend will continue to have an impact.

Commercial diplomacy will become a more important part of diplomacy as a result of the crisis.

The term commercial diplomacy will fade away, as diplomacy will imply a commercial approach, this will become the norm.

We are moving away from having career diplomats in the foreign service, it will be more accepted that diplomats are in function for shorter terms, perhaps leave the service and come back, etc.

The foreign services will move towards using more locally engaged staff instead of diplomats as a cost saving measure.

**Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?**

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The creation of new industries will have a huge effect, innovation and technological advancements will facilitate new opportunities and challenges (example of IT emergency in the past).

Humans will keep on discovering new resources and types of resources in different places in the world and out of this world.

The traditional trade lines of the OECD countries amongst each other will shift to the newly emerging world economies (BRICS), and this brings new challenges for the regional requirements for commercial diplomats there, and the focus of countries on doing commercial diplomacy activities in these countries.

Diplomats will have to prove their value-adding skills, and this will change to:

1. Analysis of information, select and adapt the vast amount of information available to the audience.
2. Face-to-face contact skills, building personal relationships in order to be able to use the network.

## **INTERVIEW SUMMARY USA1**

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**Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?**

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The future looks positive, the economic trouble of the past years will be resolved in the coming years.

There will be a lot of opportunities for growth that are being recognized by commercial diplomats.

We are now mostly taking action upon questions from companies. There is a trend towards more active participation in trade promotion.

The main challenge is how to maintain the growth of the economy.

There will be several challenges for companies, for example technical, that can be addressed by co-production, cooperation and combined R&D or cooperation in R&D.



Co-investment might be something we will see more in the future of the companies that decide to go abroad.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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Because of shrinking budgets, more cooperation between public & private will be looked for in order to increase the success rate of the undertakings.

The organizations and their roles will stay the way they are, no major changes will appear there.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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All activities will stay important, the most important responsibility that commercial diplomacy has, is to offer a buffet of options to companies. These activities contribute to having a broad buffet, and will remain being offered.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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The budget cuts that most countries are experiencing require more creativity from the side of the practitioners.

In the future, more cooperation with private parties will be sought for.

Contracting out commercial diplomacy activities might be an option in order to save on budgets.

Services provided by foreign representations will be charged for more and more in the future, especially a company that is requesting specific information will be charged for the efforts that are being employed by the diplomatic missions and other actors.

The aim of most services is and will not be on MNE's but rather on SME's. MNE's will still be able to make sure that their interests are represented, but this will become harder for SME's.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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The crisis is a challenge that must be overcome and will be overcome.

Companies will start to become less fearful in the coming years already, and the future is looking positive.

The challenge that is posed by the crisis is to be creative in many ways, as a company, as government, and as a foreign representation to support your businesses and government.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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The availability of resources will become very important in the coming years, new resources might be discovered, old types of resources will decrease in availability.

Identification of resources becomes a prime activity for businesses and therefore also for commercial diplomats. New developments need to be passed on as quickly as possible.

Logistical opportunities as the Northern Passage will become important to many countries, as well political as economical, and commercial diplomacy has an important role in the exploration of the opportunities and informing the home country about developments.

## **INTERVIEW SUMMARY MEX1**

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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There is a more complex world now, there are different economic blocks because of trade agreements in regions.

Countries are facing a difficult dilemma: privilege the regional agreements or the multilateral agreements.

The influence of the economic blocks in the world economy is going to change, different blocks will emerge stronger.

The influence of emerging/developing countries on the world economy will grow even larger and larger.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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The actor organizations in the field of commercial diplomacy are a mix that needs to be offered, and therefore mostly the field will stay the same.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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Networking and information activities are the core of the diplomatic activities now, and will be done in the future.

Country perceptions have to be dealt with, very important that the image is a truthful reflection of the reality, perceptions will change, but the way they are dealt with will not.

Image campaigns will become more important for developing countries, these have a larger role here, because there are many negative aspects of these countries being put in the spotlight, and they need to balance this.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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The current economic situation in the world is definitely a challenge.

Most governments will have less to spend, in the future this will not change.

Creating employment in the home country will be a goal of commercial diplomacy activities, attracting investments and trade promotion activities will therefore become more important.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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*Mostly see question 4.*

More influence by governments is a possibility, governments will try to protect their economies with more influence.

Less funding from the government into all operations.

An emphasis will rise onto the commercial side of all government activities, and therefore also on commercial diplomacy, in order to promote growth of the economy and employment.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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The influence of social protests and developments in the political field where it touches the commercial field is changing, and therefore the most important activity is to keep gathering information from your host country.

Once the economy has started to recover, which will probably happen in the coming years, the world will face a high level of unemployment worldwide. Social inconformity will rise because of this, and will become a challenge.

## **INTERVIEW SUMMARY AUS1**

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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Commercial diplomacy has to become more targeted in the future to overcome challenges as budget cuts, and to make sure the service keeps on proving its value.

The operations will become more outcome-focused in the next 10 years because there is a need for more outcome-driven operations, as this would enable more efficiency and a better overall effectivity of the operations in commercial diplomacy.

The business model of the organisation behind commercial diplomacy will most likely undergo changes to adapt to a business world that asks more understanding and cooperation from (commercial) diplomacy.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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The actors will need to work together more than ever to leverage each other to the best of their ability. Cooperation between ministries will therefore be sought more than before.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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Opportunities that IT gives us will change the value of information, but only general information. Specific information on markets to move into and how will remain valuable and important to provide as an actor in commercial diplomacy.

The usage of social media will have a large impact on the network activities that are being done for commercial diplomacy, and also on the information provision of interested companies.

The question will rise a lot stronger in the future into how commercial diplomacy adds value to the chain, and will have to prove over and over again how the information that is offered is more valuable than what you can find through other sources.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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Commercial diplomacy is considered as a luxury activity in many countries. This means that in a time in which budgets are being cut, the budgeting for commercial diplomacy will be lower.

Trade promotion as a specific activity of commercial diplomacy will be considered important still, and this might open up relatively more budget for the field.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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A strong pressure will be put on the abilities of all the actors, and they will need to show creativity to overcome the pressures and organise the activities more efficient.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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Governments will choose priority countries on which they will concentrate their commercial diplomatic efforts, these focus countries might change for many governments.

The focus of governments will be more on developing countries and less on developed countries because the developed countries need more time to recover from the crisis.

Social unrest will be caused by the crisis and its effects. It is very dependent on countries how they deal with it, but it will have a strong effect on the time it takes to recover from the crisis.

A sudden disruption of new technologies on which we relied, but are proven to not be reliable could change the whole attitude of commercial diplomacy towards using for example IT.

## **INTERVIEW SUMMARY ARG1**

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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The role of a trade commissioner is nowadays that of a facilitator who contacts the parties involved in a trade relation, and this will continue being so.

The influence of the private sector on the activities traditionally being carried out by commercial diplomacy will grow, and therefore the mandate will become more easily defined and more focused.

In areas such as tourism promotion the impact of social media will make commercial diplomacy less relevant than before.

Governments will be more focused in specific industries instead of using a general approach to all industries. Selections will have to be made of which industries to support more or support less.

Industries will find better ways to promote themselves as an industry (i.e. through specific chambers or industry associations), and less as individual companies. This will be a size advantage in the promotion, and will need more organization of the companies themselves.

#### Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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The enhancement of stronger integration processes as well as new trade agreements that affect their countries as part of a broader region might imply that trade commissioners of a specific regional union will have to learn how to work together with common strategies, tactics, action plans and concrete promotional activities.

Cultural factors will also change the way we will do our commercial diplomacy, as it has great influence on commercial diplomacy. Continuing globalisation is the driver for this change in culture.

#### Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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Information is easier to access for anyone now than ten years ago, and will become even easier to access. This implies a relevant shift in the way we collect intelligence. At the same time there will be a larger need for specific information as opposed to general information.

Cultural aspects might become more important in the activities, and as the culture is changing as well, this will change commercial diplomacy.

Just making products and attempting to sell them is less important now, it will be more about reacting to the market demand and producing or servicing what is asked for. A different type of skills is needed for this in the market, but also in the commercial diplomacy activities. Therefore the role of a trade commissioner is that of a seeker of new opportunities for the country's products and services. This can also be outsourced, but the trade commissioner should be able to detect if the new trends of the local consumers are in effect a challenge that is up to the standards or potential of export of his particular country.

A tendency is currently developing to make more use of outsourcing trade promotion responsibilities to local professionals, in or out of the office.

#### Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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More and more of the work being done is project-based, in order to keep a better track of the efficiency of the work being done.

### Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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This is a great challenge, since the prospects of a long recession may enhance protectionism everywhere.

The trade commissioners will need to keep offering a diverse portfolio of export opportunities for their home companies. This is a challenge with declining budgets for most countries.

The regional priorities that countries have will shift to other regions. Europe and North-America are at the moment, and will in the foreseeable future not be growing as fast as other regions (China, India, South-East Asia, South-America). Therefore countries will adapt their focus to these regions instead of the traditional focus.

Diversification of trading partners remains as a must, as well as 'buying from those that buy from us'.

In the future, products have to prove over and over again that they are profitable, it will not be a production mechanism anymore in which you can just produce a lot, and then make sure you sell it, it is more of a reactive mechanism, in which you have more tailor-made work, manufacturing or creating products as they are desired - or in some cases - 'induced to be desired'.

### Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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New developments in social media will occur, and therefore the influence of the public in the promotion of new products and services will be overwhelming and trade commissioners and governments will need to be more trained for playing in this 'new game'.

The example of 'Wikileaks' shows that there could be more transparency of countries and governments in the future, desired or undesired. This affects all government activities, including commercial diplomacy.

Other technological developments that will change the way we do business and perhaps the way that we communicate would have a huge effect.

It will become more important for products to be more sustainable, socially and environmentally conscious, this will change the products, and also the country branding that is being done.

Ideally, the public and consumers should grow their global awareness and avoid voting leaders that propose the globalisation of the "American way of life", that will only destroy our planet.

## **INTERVIEW SUMMARY FRA1**

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### Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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Trade promotion organisations will be more active in trying to match home offers with foreign demand.

The government will still need to help companies tackle the problems of exporting and working abroad.

European Union will need to evolve and the governments will do many reforms.

Governments will remain to have a strong role in promoting trade and helping companies abroad.

**Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?**

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Commercial diplomacy is a public service, and is paid with public funds. Because of this, some countries have to deliver their services to all companies which apply for it.

Actors will still be in effect in the coming years, and will not go through major change.

Within embassies, the commercial diplomacy might be given less attention, and would become a responsibility of solely TPO's.

Good cooperation between the actors is key for the success of commercial diplomacy and will be sought after more in the future.

In some regions cooperation between actors might be hard to establish as actors are set in a competitive situation rather than cooperative.

The right of existence of actors is always questioned, and will be questioned more in the future because of austerity.

It will stay important to stay focused on the objective and the means that are used to achieve the objective.

Governments might decide to transfer commercial diplomacy responsibilities from embassies to TPO's more.

The main question for commercial diplomacy is if the funding will be done by public (government) or private funding.

**Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?**

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In countries where there is a difference in commercial and economic representation, problem solving will be a shared subject between these two.

Budgets for promotion of the country image will be shortened for many countries.

Important question is the division into two parts for many governments, 'Trade promotion agencies' and 'Investment Promotion Agencies': separate or together?

Social media is being done more central in the future, and it is needed to advice companies on these matters.

Matchmaking will remain to be the most important activity for commercial diplomacy, this is the main activity on which the value is judged by the government.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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The trend for the first couple of years is still a decrease of funds for commercial diplomacy.

Financing support from the government is decreasing, commercial diplomacy actors have to look for other ways of funding the activities.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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Companies might not go abroad anymore because of the crisis, mostly SME's might be scared off.

The influence that the crisis will have on companies makes sure that commercial diplomacy needs a more proactive stance towards the companies now.

Commercial diplomacy has the responsibility to give companies back the hope and drive that they lost because of the crisis.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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Europe has to work more together in their foreign representations in the future.

A combined commercial European representation in the host countries is an option that might occur.

Commercial diplomacy can try to start working on a success fee basis to promote the effectiveness of the services.

## **INTERVIEW SUMMARY CAN1**

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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We are currently experiencing changes in the world economy and technology, and these would continue to develop and emerge.

The importance of emerging economies (i.e. the BRICS) will be greater in the future, the emerged economies have had economic difficulties, and these are definitely not over yet. Therefore the focus will shift to the emerging economies that show more promise for high growth.

There is a trend of rising occurrence of global value chains, this will most likely be a trend that will require more attention. In a global value chain, value is added to a product or service in different countries.

Asia as an interest region for countries is getting more important than before. This newer focus brings new challenges as well, i.e. culturally and language wise.



New technological developments in communication could be able to change the playing field of commercial diplomacy and its importance.

The Asian influence in Africa will rise in importance, state-run enterprises that acquire stakes in companies will be interesting to pay attention to.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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Most of the government actors now are being faced with cut-backs and will have to be flexible with their resources in the future.

The investments that are now being done in OECD countries will shift to other countries, i.e. the developing world (BRICS).

All actors will need to adjust to the paradigm of the global value chains: on the one hand, jobs are being created and economy is growing as a result of the value chains, on the other hand, because of growing cooperation with foreign countries, there's also growing value being added in the other countries.

New business models for service delivery will need to be developed, options will be explored how activities such as business support could be outsourced to companies.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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There is a difference between what will happen in countries where governments have a strong influence on business and countries where governments do not have direct decision making power on commercial activities.

Trade missions to countries where governments have a strong influence will be headed by prominent political figures (PM, Minister) more, because of the perceived importance/priority given by the host country.

Person-to-person networking to facilitate matchmaking will be done more through IT and social media in the future.

Trade Promotion Organisations will specialise more in intelligence than information-gathering. The main difference between these two is that intelligence is of a more specific nature and time sensitive.

Information will be even more openly available, and even for free in many cases.

The creation of perception of countries will be done less through books and other conventional media, but more through social media and other modern media.

Governments are less in control of perceptions because they are so openly available, and also based on many more sources (everyone can post their perception). It is more a case of monitoring perceptions in the future.

The most important role for the government in commercial diplomacy is that of supporting businesses abroad.

Because of the current economic situation, many countries might decide to become more protectionist towards their economy and giving support for own business development will therefore become more important.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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Trade Promotion Organizations, as all government agencies, are in a budget constraint, and will most likely remain there for some time.

However, commercial diplomacy has proven its worth the effort and cost, and will be appreciated and may not be as affected as other areas.

Different countries ask for different approaches, there is no single best practice, and the business models will adapt even more to the country they are used in.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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*Mostly answered in the questions above*

There will be an added need for export financing.

The interest markets for countries will most likely shift from developed countries to emerging countries.

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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The huge influence that MNE's have on the effect of commercial diplomacy. In some cases, governments are smaller than businesses, and the influence they have cannot be underestimated.

## **INTERVIEW SUMMARY ITA1 & ITA2**

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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The polarisation in the Doha round exemplifies that multilateral cooperation is hard to accomplish, and this will also be the situation for cooperation on the field of commercial diplomacy.

Markets could behave more protectionist because of the difficult economic situation, this will be a large threat to all economic and commercial activity in the world.

It very much depends on the region where commercial diplomacy is applied what kind of activities will be offered, this is an existing situation, however this might be enforced by the polarisation.

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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There are major regional differences in the developments for actors between countries in which governments have more transparency. In countries where there is less transparency, commercial diplomacy will need more assistance and manpower.

Investment Promotion Activities will be focused more on the 'difficult' countries in the future.

The activities will be done more on the basis of corporate funding in the future, companies will have to contribute to the expenses that are made for them by commercial diplomacy.

Most Trade Promotion Organisations are in need of reorganisation.

There will be less and less public funds available to execute commercial diplomacy activities.

Efficiency will become an important target more and more, coordination is harder because of this (less resources), and there is a need to strive for synergy.

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

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Intelligence will prevail as the most important activity, but network activities will remain important too.

The activities that will suffer the most from cutbacks are the image campaigns.

New developments in IT (social media) help companies to do networking by themselves, therefore match-making and partner-search activities will be less important for commercial diplomacy.

The business support function will grow stronger as well, there will be more demand for assistance.

Question 4: Which developments will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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Manufacturing tangible goods is important in times of crisis, and this is what many countries will focus on.

In times of economic crisis, commercial diplomacy should be promoted, and more should be spent on it, however, reality will show that this will not be the case.

Major cuts will be done on commercial diplomacy as well, as a result of the austerity measures in governments all over the world.

All actors will be pushed again and again to do more with less and focus on efficiency and finding creative solutions such as co-organising events.

The budgetary constraints might lead to stricter selection of businesses to help by commercial diplomacy.

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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The effects of the crisis could have an irreversible effect on the economy.

The markets are slowing down as well, not only the governments will have to cut in the near future.

In case of economic crises, commercial diplomats are asked to do more economic tasks instead of commercial (e.g. explain situation in the home country to the host country, advise to the home country on the host country's point of view).

Question 6: Can you name some additional, perhaps unexpected developments that will affect the practice of commercial diplomacy?

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Our life, the way we do business and the economy all need restructuring to cope with current and future developments.

In the future, the economies will have to be made more long term sustainable.

A war in any location might occur, and would change the whole system of agreements and economy. The strong cohesion and commitment to each other would be hindered by this.

In case of a war, various countries will grow stronger bi- and multilateral ties because of a common enemy, so even though a war is primarily bad, it could bring cohesion and commitment.

The crisis might justify countries to put up trade barriers to defend their home economy.

## APPENDIX III: ADDITIONAL DEVELOPMENTS PER QUESTION

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Question 1: How will the field of commercial diplomacy develop the coming 10 years (in your personal view)?

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*"In [...] parts of the world, you will still need to use government to help business prosperity. In some countries the influence of the diplomats might become more important in the future."* [GER]

*"A trend that will get more attention is that states are getting involved in business through large wealth funds. A problem could arise here that political interests are also involved, not just commercial."* [UK]

*"Co-investment might be something we will see more in the future of the companies that decide to go abroad."* [USA]

*"The business model of the organisation behind commercial diplomacy will most likely undergo changes to adapt to a business world that asks more understanding and cooperation from (commercial) diplomacy."* [AUS]

*"The Asian influence in Africa will rise in importance, state-run enterprises that acquire stakes in companies will be interesting to pay attention to."* [CAN]

Question 2: Which developments in commercial diplomacy will arise for the actors that are being employed to deliver it?

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*"Difference will keep existing between countries, diplomatic missions will become less active in developed countries, more active in developing countries."* [GER]

*"Cultural factors will change the way we will do our commercial diplomacy, as it has great influence on commercial diplomacy. Continuing globalisation is the driver for this change in culture."* [ARG]

*"In some regions cooperation between actors might be hard to establish as actors are set in a competitive situation rather than cooperative."* [FRA]

*"All actors will need to adjust to the paradigm of the global value chains: on the one hand, jobs are being created and economy is growing as a result of the value chains, on the other hand, because of growing cooperation with foreign countries, there's also growing value being added in the other countries."* [CAN]

*"There are major regional differences in the developments for actors between countries in which governments have more transparency. In countries where there is less transparency, commercial diplomacy will need more assistance and manpower."* [ITA]

Question 3: Which developments in commercial diplomacy will arise for the activities that are done to deliver it?

---

*"Business support and IPR will be kept as a responsibility of the government, no other actors can fulfil these tasks, either in individual countries or in unions with others. There will be an increase in activities in that field, because of more regulations emerging in countries."* [GER]

*"A focus on regions will be made, efforts will be aimed at special interest regions for different countries because commercial diplomacy cannot just target the whole world anymore as a result of economic restraints."* [UK]

*"The role of science and innovation will grow stronger, and cooperation on the international level will be enhanced. However, this will have to be done in a more commercial way, linked with business feasibility."* [UK]

*"Cultural aspects might become more important in the activities, and as the culture is changing as well, this will change commercial diplomacy."* [ARG]

*"Trade Promotion Organisations will specialise more in intelligence than information-gathering. The main difference between these two is that intelligence is of a more specific nature and time sensitive."* [CAN]

*"Because of the current economic situation, many countries might decide to become more protectionist towards their economy and giving support for own business development will therefore become more important."* [CAN]

Question 4: Which developments in economic diplomacy policy will arise in the spending/budgeting that is done for delivering commercial diplomacy?

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*"Services will be more tailor-made, and agreements will become clearer on the input-output achievements. It will become not as free of obligations as it used to be."* [NL]

*"Commercial diplomats will more and more be attracted from business world instead of from the diplomatic world, the foreign representation body will thus be more like a business, with a focus on the accomplishments (outputs)." [UK]*

*"Creating employment in the home country will be a goal of commercial diplomacy activities, attracting investments and trade promotion activities will therefore become more important."* [MEX]

*"More and more of the work being done is project-based, in order to keep a better track of the efficiency of the work being done."* [ARG]

*"Different countries ask for different approaches, there is no single best practice, and the business models will adapt even more to the country they are used in."* [CAN]

*"The budgetary constraints might lead to stricter selection of businesses to help by commercial diplomacy."* [ITA]

Question 5: What influence will the current global debt crisis have on commercial diplomacy?

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*"The willingness to contribute financially to services provided by commercial diplomats. The economic hard time will cause companies to focus more on what they have, and less on expanding their businesses abroad."* [NL]

*"States might start to increase their efforts to compete with each other."* [GER]

*"We are moving away from having career diplomats in the foreign service, it will be more accepted that diplomats are in function for shorter terms, perhaps leave the service and come back, etc."* [UK]

*"The foreign services will move towards using more locally engaged staff instead of diplomats as a cost saving measure."* [UK]

*"More influence by governments is a possibility, governments will try to protect their economies with more influence."* [MEX]

*"The regional priorities that countries have will shift to other regions. Europe and North-America are at the moment, and will in the foreseeable future not be growing as fast as other regions (China, India, South-East Asia, South-America). Therefore countries will adapt their focus to these regions instead of the traditional focus."* [ARG]

Question 6: Can you name some additional, perhaps unexpected developments in the economic diplomacy policy that will affect the practice of commercial diplomacy?

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*"More meltdowns of major economies: US, China, etc. Could be a result of protectionism. Could also lead to more regulation by governments, especially in the financial sector."* [GER]

*"Logistical opportunities as the Northern Passage will become important to many countries, as well political as economical, and commercial diplomacy has an important role in the exploration of the opportunities and informing the home country about developments."* [USA]

*"A sudden disruption of new technologies on which we relied, but are proven to not be reliable could change the whole attitude of commercial diplomacy towards using for example IT."* [AUS]

*"The example of 'Wikileaks' shows that there could be more transparency of countries and governments in the future, desired or undesired. This affects all government activities, including commercial diplomacy."* [ARG]

*"Ideally, the public and consumers should grow their global awareness and avoid voting leaders that propose the globalisation of the 'American way of life', that will only destroy our planet."* [ARG]

*"A combined commercial European representation in the host countries is an option that might occur."* [FRA]

*"A war in any location might occur, and would change the whole system of agreements and economy. The strong cohesion and commitment to each other would be hindered by this."* [ITA]

## APPENDIX IV: QUESTIONNAIRE ROUND

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This appendix provides the questionnaire as presented to the respondents.

### INTRODUCTION: THE FUTURE OF COMMERCIAL DIPLOMACY

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Dear respondent,

Welcome to this second round of my research into the future of commercial diplomacy. In the first round, I have used six questions to interview you on this subject. I have interviewed 13 persons from 10 different countries, all in Ottawa or Toronto.

In this second round, I have stated all the developments that have been suggested by the respondents. Based on your professional opinion, I would like to come to a ranking of the results of the first round. This questionnaire consists of the same 6 categories that were treated in the interview:

- Commercial diplomacy in general
- Commercial diplomacy & the global debt crisis
- Actors of commercial diplomacy
- Activities of commercial diplomacy
- Spending/budgeting of commercial diplomacy
- 'Unexpected' developments in commercial diplomacy

Each category has approximately 15 stated developments.

Please read the questions and developments carefully. If you would like to add developments, there is an opportunity for this at the end of each page. My estimation is that filling in the full questionnaire should not take more than 30 minutes.

### QUESTION 1: WHICH OF THE FOLLOWING DEVELOPMENTS IN COMMERCIAL DIPLOMACY ARE MOST LIKELY TO OCCUR IN THE COMING 10 YEARS?

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Please choose between (from left to right) 'Very unlikely', 'Unlikely', 'Neutral', 'Likely' and 'Very likely'.

		Very unlikely			Very likely	
1	Commercial diplomacy will have a more central role in diplomatic policy and practice.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Commercial diplomats will represent corporate interests better than before, instead of the more traditional political responsibilities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	Commercial diplomats will be enforced more to gain experience from the corporate world by doing a work placement there.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	Companies will have to contribute in the costs of the services; service fees will be charged.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5	When commercial diplomatic services will be charged for, demand will fall as companies want to consolidate their home markets first.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



6	In countries with transparent governments (and an equal playing field) commercial diplomacy by the government actors will be limited, but in countries with less transparent governments a strong role will remain for commercial diplomacy.	0	0	0	0	0
7	Self-organised and funded chambers of commerce will gain interest from governments.	0	0	0	0	0
8	The network through which information is transmitted might change in the future, i.e. the organisations that provide the information.	0	0	0	0	0
9	Government departments will cooperate more with each other in order to enhance the effectivity of commercial diplomacy.	0	0	0	0	0
10	Export promotion will be mostly done by TPO's that are not part of the government, instead of by governments themselves.	0	0	0	0	0
11	A trend that will get more attention is that it is not just companies that invest, but states are getting involved in business through large wealth funds. Of course this could mean that political interests are also involved, not just commercial.	0	0	0	0	0
12	The influence of emerging/developing countries, especially the BRICS, on the world economy will grow even larger and larger.	0	0	0	0	0
13	Asia as an interest region for countries is getting more important than before. This newer focus brings new challenges as well, i.e. cultural and language.	0	0	0	0	0
14	In certain areas - such as tourism promotion - the impact of social media will make commercial diplomacy less relevant than before.	0	0	0	0	0
15	Governments will be more focused on specific industries instead of using a general approach to all industries. Selections will have to be made by the governments.	0	0	0	0	0
16	New technological developments in communication could be able to change the playing field of commercial diplomacy and its importance.	0	0	0	0	0

**QUESTION 2: WHICH OF THE FOLLOWING DEVELOPMENTS AS A RESULT OF THE GLOBAL DEBT CRISIS ARE MOST LIKELY TO OCCUR IN THE COMING 10 YEARS?**

Please choose between (from left to right) 'Very unlikely', 'Unlikely', 'Neutral', 'Likely' and 'Very likely'.

		Very unlikely			Very likely	
1	Countries will start to increase their efforts to compete with each other.	0	0	0	0	0
2	The crisis will push diplomatic missions towards an increasing focus on commercial activities, the degree is depending on the severity of the crisis. Commercial diplomacy will therefore become a more important part of diplomacy.	0	0	0	0	0

3	The foreign services will move towards using more locally engaged staff instead of diplomats as a cost saving measure.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	Companies will start to become less fearful in the coming years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5	More influence by governments could occur, governments will try to protect their economies with more influence. The prospects of a long recession may enhance protectionism of domestic markets everywhere.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6	There will be less funding from the government into all operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7	The regional priorities that countries have will shift to other regions: now developed regions as Europe and North-America are priorities for many countries, but these will in the foreseeable future not be growing as fast as other (emerging) regions (i.e. China, India, South-East Asia, South-America).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8	Diversification of trading partners remains as a must, as well as 'buying from those that buy from us'.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9	In the future, products have to proof over and over again that they are profitable, it will not be a production mechanism in which you just produce a lot, and then make sure you sell it anymore. It will be a more reactive mechanism, in which you have tailor-made work, manufacturing or creating products as they are sought after - or in some cases - 'induced to be desired'.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10	Companies might not go abroad anymore because of the crisis, mostly SME's might be scared off.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11	Because of the crisis, there will be an added need for export financing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12	In case of economic crises, commercial diplomats are and will be asked to do more economic tasks instead of commercial (e.g. explain situation in the home country to the host country, advise to the home country on the host country's point of view).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**QUESTION 3: WHICH OF THE FOLLOWING DEVELOPMENTS CONCERNING THE COMMERCIAL DIPLOMATIC ACTORS ARE MOST LIKELY TO OCCUR IN THE COMING 10 YEARS?**

Please choose between (from left to right) 'Very unlikely', 'Unlikely', 'Neutral', 'Likely' and 'Very likely'.

		Very unlikely			Very likely	
1	Austerity measures are happening everywhere. A drive for more efficiency, faster, more professionally and efficiently working actors will become very important.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Networking will become more important next to a growing influence of social media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	Because companies will be charged for services, services are also expected to have higher standards.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4	Instead of having different clusters in embassies, the departments will operate more integrated, commercial diplomacy will be a more embassy-wide activity.	0	0	0	0	0
5	A convergence between the actors is most likely to occur on the field of international operation and coordination, meaning that not all countries need foreign representation individually.	0	0	0	0	0
6	Countries will become more interested in investment attraction, therefore investment promotion agencies will become more important.	0	0	0	0	0
7	Differences between representation in countries will remain to exist, diplomatic missions will become less active in developed countries, but more active in developing countries.	0	0	0	0	0
8	The interest of foreign ministers in commercial diplomacy will increase, and more generally spoken, of all higher-up diplomats such as ambassadors, because of a perceived higher importance of commercial diplomacy.	0	0	0	0	0
9	Commercial diplomacy will look for more cooperation between public & private and private funding of activities in order to increase the success rate of the undertakings. Some activities might even be outsourced to companies.	0	0	0	0	0
10	The actors will need to work together more than ever to leverage each other to the best of their ability. Cooperation between ministries will therefore be sought for more than before.	0	0	0	0	0
11	The actor organisations in the field of commercial diplomacy are a mix that needs to be offered, and therefore the field will mostly stay the same.	0	0	0	0	0
12	Within embassies, commercial diplomacy will be given less attention, and the responsibility will be transferred to TPO's.	0	0	0	0	0
13	The investments that are now being done in OECD countries will shift to other countries, i.e. the developing world (BRICS). As a result, Investment Promotion Activities will be focused more on the 'difficult' countries in the future.	0	0	0	0	0
14	There are major regional differences in the developments for actors between countries in which governments have more transparency. In countries where there is less transparency, commercial diplomacy will need more assistance and manpower.	0	0	0	0	0
15	We are moving away from having career diplomats in the foreign service, it will be more accepted that diplomats are in function for shorter terms, perhaps leave the service and come back, etc.	0	0	0	0	0

**QUESTION 4: WHICH OF THE FOLLOWING DEVELOPMENTS CONCERNING COMMERCIAL DIPLOMACY ACTIVITIES ARE MOST LIKELY TO OCCUR IN THE COMING 10 YEARS?**

Please choose between (from left to right) 'Very unlikely', 'Unlikely', 'Neutral', 'Likely' and 'Very likely'.

		Very unlikely			Very likely	
1	The same amount or more activities will have to be done with less staff because of lower budgets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	Some activities in diplomatic missions will be judged more in terms of potential commercial benefit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	The activities that will suffer the most from cutbacks are the image campaigns (country branding).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	The first activity that will suffer from the lower budgets will be the business support, more specifically the problem solving.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5	Activities such as market research, partner search and match-making will become paid services that companies will receive upon request.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6	Because of a general decline in expenditure by companies, the demand for the services will be less as well, as companies will not always want to spend money on the services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7	Matchmaking will remain to be the most important activity for commercial diplomacy, this is the main activity on which the value of commercial diplomacy is judged by the government.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8	Networking to facilitate matchmaking will be done more through IT and social media.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9	An increase in network activities, intelligence & image campaigns will happen, however, an even stronger focus on business support activities will be established.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10	The question will rise more and more how commercial diplomacy adds value, and its activities will have to prove over and over again how the information that is offered is more valuable than what you can find through other sources.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11	Trade Promotion Organisations will specialise more in intelligence-gathering than information-gathering. The main difference between these two is that intelligence is of a more specific nature and time sensitive.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12	Trade promotion will remain an important factor and base of activities in commercial diplomacy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13	The role of science and innovation will grow stronger, and cooperation at the international level will be enhanced. However, this will have to be done in a more commercial way, linked with business feasibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14	New developments in IT (e.g. social media) help companies to do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

networking by themselves, therefore match-making and partner-search activities will be less important for commercial diplomacy.

- |    |  |   |   |   |   |   |
|----|--|---|---|---|---|---|
| 15 | Countries will have to decide on how to cope with ‘Trade Promotion Agencies’ and ‘Investment Promotion Agencies’; will they be separated or combined into one organisation?  | 0 | 0 | 0 | 0 | 0 |
| 16 | Trade missions to countries where governments have a strong influence will be headed by prominent political figures (PM, Minister) more, because of the perceived importance/priority given by the host country.   | 0 | 0 | 0 | 0 | 0 |
| 17 | Business support and IPR will be kept as a responsibility of the government either in individual countries or in unions with others. This cannot and will not be transferred to other actors. There will also be an increase in activities in the field, because of increasing regulations all around the world. | 0 | 0 | 0 | 0 | 0 |

**QUESTION 5: WHICH OF THE FOLLOWING DEVELOPMENTS CONCERNING THE SPENDING/BUDGETING FOR COMMERCIAL DIPLOMACY ARE MOST LIKELY TO OCCUR IN THE COMING 10 YEARS?**

Please choose between (from left to right) 'Very unlikely', 'Unlikely', 'Neutral', 'Likely' and 'Very likely'.

- |   |   | Very unlikely |   |   | Very likely |   |
|---|---|---------------|---|---|-------------|---|
| 1 | There will be less and less means, and the instruments are constantly adapted for efficiency. There will be less options for company subsidies and commercial diplomats will have a more consultative role.                               | 0             | 0 | 0 | 0           | 0 |
| 2 | Smaller budgets will be a driver for innovation, efficiency and improved productivity and the budgets will be reallocated.  | 0             | 0 | 0 | 0           | 0 |
| 3 | Commercial diplomacy has proven it is worth the effort and cost, and will be appreciated and may not be as affected as other areas.   | 0             | 0 | 0 | 0           | 0 |
| 4 | Sponsorship of commercial diplomacy activities by companies will be explored as a way to fund the activities.   | 0             | 0 | 0 | 0           | 0 |
| 5 | Commercial diplomacy activities will be offered more to clusters of companies than to individual companies as a result of charging companies for services.  | 0             | 0 | 0 | 0           | 0 |
| 6 | Services provided by foreign representations will be charged for more frequently in the future, especially a company that is requesting specific information will be charged for the efforts that are being done by commercial diplomats. | 0             | 0 | 0 | 0           | 0 |
| 7 | Younger generations will not accept the higher levels of spending of governments, therefore, a dramatic shift in the attitude will occur in the budgeting.  | 0             | 0 | 0 | 0           | 0 |
| 8 | Commercial diplomats will be more and more attracted from the   | 0             | 0 | 0 | 0           | 0 |

business world instead of from the diplomatic world, the foreign representation body will thus be more like a business, with a focus on the accomplishments (outputs).

9	In the future, more cooperation with private parties will be sought for and contracting out commercial diplomacy activities might be an option in order to save on budgets.	0	0	0	0	0
10	Creating employment in the home country will become the main goal of commercial diplomacy activities, attracting investments and trade promotion activities will therefore become more important.	0	0	0	0	0
11	More and more of the work being done will be project-based, in order to keep a better track of the efficiency of the work being done.	0	0	0	0	0
12	Manufacturing tangible goods is important in times of crisis, and this is what many countries will focus on.	0	0	0	0	0
13	The budgetary constraints might lead to a stricter selection of businesses to assist by commercial diplomats.	0	0	0	0	0

**QUESTION 6: WHICH OF THE FOLLOWING 'UNEXPECTED' DEVELOPMENTS ARE MOST LIKELY TO OCCUR IN THE COMING 10 YEARS?**

Please choose between (from left to right) 'Very unlikely', 'Unlikely', 'Neutral', 'Likely' and 'Very likely'.

		Very unlikely			Very likely	
1	Commercial departments could disappear entirely from diplomatic missions. Their activities would be adopted by the corporate world ('rent-a-diplomat').	0	0	0	0	0
2	A strong increase in protectionism could dramatically change the playing field. Barriers would be erected and the actors of commercial diplomacy will have very different roles.	0	0	0	0	0
3	More meltdowns of major economies could occur: US, China, etc. This might be as a result of protectionism. It could also lead to more regulation by governments, especially in the financial sector.	0	0	0	0	0
4	Climate change might have an effect on the economic situation in the world, therefore also on commercial diplomacy.	0	0	0	0	0
5	A sudden disruption of new technologies on which we relied, but are proven not to be reliable could change the whole attitude of commercial diplomacy towards using these technologies.	0	0	0	0	0
6	The traditional trade lines of the OECD countries amongst each other will shift to the newly emerging world economies (BRICS), and this brings new challenges for the regional requirements for commercial diplomats there, and the focus of countries on doing commercial diplomacy activities in these countries.	0	0	0	0	0
7	The availability of resources will become very important in the	0	0	0	0	0

coming years, new resources might be discovered, old types of resources will decrease in availability.

- |    |  |   |   |   |   |   |
|----|--|---|---|---|---|---|
| 8  | Identification of resources becomes a primary activity for businesses and therefore also for commercial diplomats. New developments need to be passed on as quickly as possible.   | 0 | 0 | 0 | 0 | 0 |
| 9  | Once the economy has started to recover the world will face a high level of unemployment worldwide. Social unrest will become a challenge for many countries.  | 0 | 0 | 0 | 0 | 0 |
| 10 | New developments in social media will occur, and therefore the influence of the public in the promotion of new products and services will be overwhelming and trade commissioners and governments will need to be trained aptly for playing in this 'new game'.  | 0 | 0 | 0 | 0 | 0 |
| 11 | The example of 'Wikileaks' shows that countries and governments could become more transparent, desired or undesired. This affects all government activities, including commercial diplomacy.   | 0 | 0 | 0 | 0 | 0 |
| 12 | It will become more important for products to be more sustainable and socially / environmentally conscious, this will change the products, and also the country branding that is being done.   | 0 | 0 | 0 | 0 | 0 |
| 13 | Ideally, the public and consumers should grow their global awareness and avoid voting leaders that propose the globalisation of the "American way of life", that will only destroy our planet.   | 0 | 0 | 0 | 0 | 0 |
| 14 | A combined commercial representation of member states of a union in host countries could occur.  | 0 | 0 | 0 | 0 | 0 |
| 15 | Commercial diplomacy could start to work on a success fee basis to promote the effectiveness of the services.  | 0 | 0 | 0 | 0 | 0 |
| 16 | The huge influence that MNE's have on the effect of commercial diplomacy could grow. In some cases, governments are smaller than businesses, and the influence they have cannot be underestimated.   | 0 | 0 | 0 | 0 | 0 |
| 17 | A war in any location might occur, and would change the whole system of agreements and economy. The strong cohesion and commitment to each other would be hindered by this. But, on the other hand, various countries will grow stronger bi- and multilateral ties because of a common enemy, so even though a war is primarily bad, it could bring cohesion and commitment. | 0 | 0 | 0 | 0 | 0 |

## **AFTER SUBMISSION OF THE QUESTIONNAIRE**

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Thank you for filling in the full questionnaire!

For any questions or remarks, please do not hesitate to contact me on my personal e-mail address:  
[m.j.kosters@student.utwente.nl](mailto:m.j.kosters@student.utwente.nl)

## APPENDIX V: RESULTS OF THE QUESTIONNAIRE

This appendix provides the questionnaire results.

Legenda:

- 1 = very unlikely
- 2 = unlikely
- 3 = neutral
- 4 = likely
- 5 = very likely

### RESULTS OF QUESTION 1: THE FUTURE OF COMMERCIAL DIPLOMACY

In Table A1 we present the results of the 11 respondents with regard to the first questionnaire question: *Which of the following developments in commercial diplomacy are most likely to occur in the coming 10 years?*

**Table A1. Commercial diplomacy in general: scoring of all the respondents per development.**

Development	Respondents										
	1	2	3	4	5	6	7	8	9	10	11
1. Commercial diplomacy will have a more central role in diplomatic policy and practice.	5	4	4	5	5	4	5	4	5	4	5
2. Commercial diplomats will represent corporate interests better than before, instead of the more traditional political responsibilities.	4	3	3	4	5	3	4	3	4	4	3
3. Commercial diplomats will be enforced more to gain experience from the corporate world by doing a work placement there.	4	3	3	4	4	4	4	4	3	5	4
4. Companies will have to contribute in the costs of the services; service fees will be charged.	4	4	3	5	2	3	2	5	3	2	4
5. When commercial diplomatic services will be charged for, demand will fall as companies want to consolidate their home markets first.	3	3	3	4	1	3	2	1	2	3	3
6. In countries with transparent governments (and an equal playing field) commercial diplomacy by the government actors will be limited, but in countries with less transparent governments a strong role will remain for commercial diplomacy.	3	3	3	4	5	2	5	5	5	3	4



7. Self-organised and funded chambers of commerce will gain interest from governments.	4	3	4	3	2	3	2	3	3	4	2
8. The network through which information is transmitted might change in the future, i.e. the organisations that provide the information.	3	3	5	3	5	4	4	3	4	2	4
9. Government departments will cooperate more with each other in order to enhance the effectivity of commercial diplomacy.	5	3	5	4	5	4	4	3	5	4	4
10. Export promotion will mostly be done by TPO's that are not part of the government, instead of by governments themselves.	3	3	2	3	1	3	1	4	2	4	1
11. A trend that will get more attention is that it is not just companies that invest, but states are getting involved in business through large wealth funds. Of course this could mean that political interests are also involved, not just commercial.	5	4	5	2	5	4	5	1	4	5	5
12. The influence of emerging/developing countries, especially the BRICS, on the world economy will grow even larger and larger.	5	4	5	3	5	4	4	3	4	3	5
13. Asia as an interest region for countries is getting more important than before. This newer focus brings new challenges as well, i.e. for culture and language.	5	4	5	4	5	4	4	4	5	5	4
14. In certain areas - such as tourism promotion - the impact of social media will make commercial diplomacy less relevant than before.	3	3	5	3	4	2	5		3	3	4
15. Governments will be more focused on specific industries instead of using a general approach to all industries. Selections will have to be made by the governments.	5	3	5	4	3	3	2	3	3	4	3
16. New technological developments in communication could be able to change the playing field of commercial diplomacy and its importance.	4	3	5	4	5	4	4	3	4	5	3

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## RESULTS OF QUESTION 2: THE EFFECT OF THE GLOBAL DEBT CRISIS ON COMMERCIAL DIPLOMACY

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In Table A2 we present the results of the 11 respondents with regard to the second questionnaire question: *Which of the following developments as a result of the global debt crisis are most likely to occur in the coming 10 years?*

**Table A2. Effects of the global debt crisis on commercial diplomacy: scoring of all the respondents per development.**

Development	Respondents										
	1	2	3	4	5	6	7	8	9	10	11
1. Countries will start to increase their efforts to compete with each other.	4	3	4	4	4	2	4	4	3	4	3
2. The crisis will push diplomatic missions towards an increasing focus on commercial activities, the degree is depending on the severity of the crisis. Commercial diplomacy will therefore become a more important part of diplomacy.	4	4	4	4	5	4	5	5	4	5	5
3. The foreign services will move towards using more locally engaged staff instead of diplomats as a cost saving measure.	5	4	4	5	5	4	4	4	5	5	4
4. Companies will start to become less fearful in the coming years.	4	3	3	2	3	2	2	3	2	2	4
5. More influence by governments could occur, governments will try to protect their economies with more influence. The prospects of a long recession may enhance protectionism of domestic markets everywhere.	4	3	5	4	5	3	5	5	4	3	5
6. There will be less funding from the government into all operations.	5	4	5	5	4	4	2	3	4	5	3
7. The regional priorities that countries have will shift to other regions: now developed regions as Europe and North-America are priorities for many countries, but these will in the foreseeable future not be growing as fast as other (emerging) regions (i.e. China, India, South-East Asia, South-America).	4	3	5	4	5	4	4	5	5	5	4
8. Diversification of trading partners remains as a must, as well as 'buying from those that buy from us'.	5	3	5	4	5	4	5	5	4	4	4
9. In the future, products have to proof over and over again that they are profitable, it will not be a production mechanism in which you just produce a lot, and then make sure you sell it anymore. It will be a more reactive mechanism, in which you have tailor-made work, manufacturing or creating products as they are sought after - or in some cases - 'induced to be desired'.	3	3	5	3	5	3	4	3	3	4	3
10. Companies might not go abroad anymore because of the crisis, mostly SME's might be scared off.	2	2	4	5	1	2	1	2	3	1	1
11. Because of the crisis, there will be an added need for export financing.	3	3	4	4	5	3	5	3	4	3	3
12. In case of economic crises, commercial diplomats are and will be asked to do more economic tasks instead of commercial (e.g. explain situation in the home country to the host country, advise to the home country on the host country's point of view).	5	3	4	4	2	3	4	3	3	4	3

## RESULTS OF QUESTION 3: ACTORS IN COMMERCIAL DIPLOMACY

In Table A3 we present the results of the 11 respondents with regard to the third questionnaire question: *Which of the following developments concerning the commercial diplomatic actors are most likely to occur in the coming 10 years?*

**Table A3. Commercial diplomatic actors: scoring of all the respondents per development.**

Development	Respondents										
	1	2	3	4	5	6	7	8	9	10	11
1. Austerity measures are happening everywhere. A drive for more efficiency, faster, more professionally and efficiently working actors will become very important.	5	4	5	5	5	4	5	5	4	5	5
2. Networking will become more important next to a growing influence of social media.	4	4	5	3	5	4	2	4	3	4	4
3. Because companies will be charged for services, services are also expected to have higher standards.	5	4	5	4	4	4	5	5	4	5	5
4. Instead of having different clusters in embassies, the departments will operate more integrated, commercial diplomacy will be a more embassy-wide activity.	4	4	5	4	4	4	4	5	4	4	5
5. A convergence between the actors is most likely to occur on the field of international operation and coordination, meaning that not all countries need foreign representation individually.	4	3	5	5	4	3	2	4	3	4	3
6. Countries will become more interested in investment attraction, therefore investment promotion agencies will become more important.	5	4	5	4	4	3	4	4	4	3	4
7. Differences between representation in countries will remain to exist, diplomatic missions will become less active in developed countries, but more active in developing countries.	3	2	5	3	4	3	4	4	3	4	5
8. The interest of foreign ministers in commercial diplomacy will increase, and more generally spoken, of all higher-up diplomats such as ambassadors, because of a perceived higher importance of commercial diplomacy.	5	4	5	4	4	4	4	5	5	4	5
9. Commercial diplomacy will look for more cooperation between public & private and private funding of activities in order to increase the success rate of the undertakings. Some activities might even be outsourced to companies.	5	3	5	4	5	3	4	4	3	5	4
10. The actors will need to work together more than ever to leverage each other to the best of their ability. Cooperation between ministries will therefore be sought for more than before.	5	3	5	4	5	4	4	4	4	4	5
11. The actor organisations in the field of commercial diplomacy are a mix that needs to be offered, and therefore the field will mostly stay the same.	4	3	5	4	2	3	4	3	2	3	4

12. Within embassies, commercial diplomacy will be given less attention, and the responsibility will be transferred to TPO's.	3	3	3	1	1	2	2	1	1	2	3
13. The investments that are now being done in OECD countries will shift to other countries, i.e. the developing world (BRICS). As a result, Investment Promotion Activities will be focused more on the 'difficult' countries in the future.	3	3	5	2	4	3	2	3	2	3	4
14. There are major regional differences in the developments for actors between countries in which governments have more transparency. In countries where there is less transparency, commercial diplomacy will need more assistance and manpower.	4	3	5	4	5	3	5	4	3	4	5
15. We are moving away from having career diplomats in the foreign service, it will be more accepted that diplomats are in function for shorter terms, perhaps leave the service and come back, etc.	4	2	3	4	2	4	2	3	3	4	4

## RESULTS OF QUESTION 4: ACTIVITIES IN COMMERCIAL DIPLOMACY

In Table A4 we present the results of the 11 respondents with regard to the fourth questionnaire question: *Which of the following developments concerning commercial diplomacy activities are most likely to occur in the coming 10 years?*

**Table A4. Commercial diplomacy activities: scoring of all the respondents per development.**

Development	Respondents										
	1	2	3	4	5	6	7	8	9	10	11
1. The same amount or more activities will have to be done with less staff because of lower budgets.	5	4	3	5	4	4	4	4	4	5	5
2. Some activities in diplomatic missions will be judged more in terms of potential commercial benefit.	4	4	4	4	5	4	5	5	4	5	5
3. The activities that will suffer the most from cutbacks are the image campaigns (country branding).	3	2	3	1	2	3	2	3	1	2	3
4. The first activity that will suffer from the lower budgets will be the business support, more specifically the problem solving.	2	3	4	1	2	3	1	3	2	2	3
5. Activities such as market research, partner search and match-making will become paid services that companies will receive upon request.	5	3	4	4	4	4	2	5	3	5	3
6. Because of a general decline in expenditure by companies, the demand for the services will be less as well, as companies will not always want to spend money on the services.	3	3	4	4	2	3	2	4	2	3	3
7. Matchmaking will remain to be the most important activity for commercial diplomacy, this is the main activity on which the value of commercial diplomacy is judged by the government.	4	3	4	2	5	3	5	4	3	4	4

8. Networking to facilitate matchmaking will be done more through IT and social media.	4	3	4	3	1	4	1	3	2	4	3
9. An increase in network activities, intelligence & image campaigns will happen, however, an even stronger focus on business support activities will be established.	4	3	4	4	4	3	4	4	3	4	4
10. The question will rise more and more how commercial diplomacy adds value, and its activities will have to prove over and over again how the information that is offered is more valuable than what you can find through other sources.	4	3	4	5	5	4	5	4	4	5	4
11. Trade Promotion Organisations will specialise more in intelligence-gathering than information-gathering. The main difference between these two is that intelligence is of a more specific nature and time sensitive.	3	3	4	4	5	3	5	3	4	4	4
12. Trade promotion will remain an important factor and base of activities in commercial diplomacy.	4	3	4	5	5	4	5	3	4	5	5
13. The role of science and innovation will grow stronger, and cooperation at the international level will be enhanced. However, this will have to be done in a more commercial way, linked with business feasibility.	5	3	4	4	4	4	5	4	3	4	4
14. New developments in IT (e.g. social media) help companies to do networking by themselves, therefore match-making and partner-search activities will be less important for commercial diplomacy.	4	3	4	2	1	3	2	2	2	3	3
15. Countries will have to decide on how to cope with 'Trade Promotion Agencies' and 'Investment Promotion Agencies'; will they be separated or combined into one organisation?	4	4	4	4	4	3	5	4	4	5	4
16. Trade missions to countries where governments have a strong influence will be headed by prominent political figures (PM, Minister) more, because of the perceived importance/priority given by the host country.	5	4	5	5	5	3	5	4	5	5	5
17. Business support and IPR will be kept as a responsibility of the government either in individual countries or in unions with others. This cannot and will not be transferred to other actors. There will also be an increase in activities in the field, because of increasing regulations all around the world.	3	3	5	3	5	3	3	3	4	4	3

## RESULTS OF QUESTION 5: SPENDING AND BUDGETING IN COMMERCIAL DIPLOMACY

In Table A5 we present the results of the 11 respondents with regard to the fifth questionnaire question: *Which of the following developments concerning the spending/budgeting for commercial diplomacy are most likely to occur in the coming 10 years?*

**Table A5. Spending/budgeting for commercial diplomacy: scoring of all the respondents per development.**

Development	Respondents										
	1	2	3	4	5	6	7	8	9	10	11
1. There will be less and less means, and the instruments are constantly adapted for efficiency. There will be less options for company subsidies and commercial diplomats will have a more consultative role.	3	3	5	5	4	3	2	3	3	4	4
2. Smaller budgets will be a driver for innovation, efficiency and improved productivity and the budgets will be reallocated.	5	3	5	4	5	4	5	4	3	5	4
3. Commercial diplomacy has proven it is worth the effort and cost, and will be appreciated and may not be as affected as other areas.	5	3	5	3	4	3	4	3	3	4	3
4. Sponsorship of commercial diplomacy activities by companies will be explored as a way to fund the activities.	5	3	3	2	4	3	5	3	3	4	3
5. Commercial diplomacy activities will be offered more to clusters of companies than to individual companies as a result of charging companies for services.	3	3	5	4	4	3	2	2	2	4	3
6. Services provided by foreign representations will be charged for more frequently in the future, especially a company that is requesting specific information will be charged for the efforts that are being done by commercial diplomats.	5	3	3	4	3	-	2	2	2	3	2
7. Younger generations will not accept the higher levels of spending of governments, therefore, a dramatic shift in the attitude will occur in the budgeting.	3	3	1	3	3	3	2	3	3	3	2
8. Commercial diplomats will be more and more attracted from the business world instead of from the diplomatic world, the foreign representation body will thus be more like a business, with a focus on the accomplishments (outputs).	4	3	1	4	3	3	2	3	3	3	3
9. In the future, more cooperation with private parties will be sought for and contracting out commercial diplomacy activities might be an option in order to save on budgets.	5	3	1	4	3	3	2	3	2	4	3
10. Creating employment in the home country will become the main goal of commercial diplomacy activities, attracting investments and trade promotion activities will therefore become more important.	5	4	5	2	4	3	5	4	3	5	4
11. More and more of the work being done will be project-based, in order to keep a better track of the efficiency of the work being done.	5	3	5	4	4	3	4	3	4	4	3
12. Manufacturing tangible goods is important in times of crisis, and this is what many countries will focus on.	4	3	3	2	3	3	2	2	3	3	3
13. The budgetary constraints might lead to a stricter selection of businesses to assist by commercial diplomats.	3	4	5	5	5	3	4	3	3	3	5

## RESULTS OF QUESTION 6: UNEXPECTED DEVELOPMENTS IN COMMERCIAL DIPLOMACY

In Table A6 we present the results of the 11 respondents with regard to the sixth questionnaire question: *Which of the following 'unexpected' developments concerning commercial diplomacy are most likely to occur in the coming 10 years?*

**Table A6. Unexpected developments in commercial diplomacy: scoring of all the respondents per development.**

Development	Respondents										
	1	2	3	4	5	6	7	8	9	10	11
1. Commercial departments could disappear entirely from diplomatic missions. Their activities would be adopted by the corporate world ('rent-a-diplomat').	1	2	1	2	2	3	1	2	1	1	2
2. A strong increase in protectionism could dramatically change the playing field. Barriers would be erected and the actors of commercial diplomacy will have very different roles.	2	3	3	3	4	2	5	3	4	3	3
3. More meltdowns of major economies could occur: US, China, etc. This might be as a result of protectionism. It could also lead to more regulation by governments, especially in the financial sector.	1	3	3	3	3	3	2	2	2	3	2
4. Climate change might have an effect on the economic situation in the world, therefore also on commercial diplomacy.	5	2	4	3	3	3	4	4	3	3	3
5. A sudden disruption of new technologies on which we relied, but are proven not to be reliable could change the whole attitude of commercial diplomacy towards using these technologies.	3	3	4	3	3	3	3	3	2	4	3
6. The traditional trade lines of the OECD countries amongst each other will shift to the newly emerging world economies (BRICS), and this brings new challenges for the regional requirements for commercial diplomats there, and the focus of countries on doing commercial diplomacy activities in these countries.	5	3	4	4	4	3	4	5	3	4	4
7. The availability of resources will become very important in the coming years, new resources might be discovered, old types of resources will decrease in availability.	3	4	3	5	4	4	4	4	3	3	4
8. Identification of resources becomes a primary activity for businesses and therefore also for commercial diplomats. New developments need to be passed on as quickly as possible.	5	4	3	3	3	3	4	4	4	3	3
9. Once the economy has started to recover the world will face a high level of unemployment worldwide. Social unrest will become a challenge for many countries.	3	3	4	5	3	3	2	3	4	3	3
10. New developments in social media will occur, and therefore the influence of the public in the promotion of new products and services will be overwhelming and trade commissioners and governments will need to be trained aptly for playing in this 'new game'.	2	3	4	4	3	4	4	2	3	3	3

11. The example of 'Wikileaks' shows that countries and governments could become more transparent, desired or undesired. This affects all government activities, including commercial diplomacy.	3	-	4	3	4	4	2	3	4	3	3
12. It will become more important for products to be more sustainable and socially / environmentally conscious, this will change the products, and also the country branding that is being done.	5	4	4	3	4	3	4	4	3	4	4
13. Ideally, the public and consumers should grow their global awareness and avoid voting leaders that propose the globalisation of the "American way of life", that will only destroy our planet.	1	-	3	2	2	3	2	1	2	3	1
14. A combined commercial representation of member states of a union in host countries could occur.	2	-	4	4	3	3	5	3	3	4	3
15. Commercial diplomacy could start to work on a success fee basis to promote the effectiveness of the services.	4	-	4	2	3	3	3	3	2	3	3
16. The huge influence that MNE's have on the effect of commercial diplomacy could grow. In some cases, governments are smaller than businesses, and the influence they have cannot be underestimated.	3	-	4	2	3	3	5	2	3	2	3
17. A war in any location might occur, and would change the whole system of agreements and economy. The strong cohesion and commitment to each other would be hindered by this. But, on the other hand, various countries will grow stronger bi- and multilateral ties because of a common enemy, so even though a war is primarily bad, it could bring cohesion and commitment.	3	-	4	1	2	3	4	2	2	2	3