

Poliakova Yuliia

Doctor of Economic Sciences, Professor of the Department of International Economic Relations,
Lviv University of Trade and Economics;
State Institution "Institute of Regional Research named after M.I. Dolishniy of the National Academy of Sciences of Ukraine"
ORCID: <https://orcid.org/0000-0002-8073-6186>

Shayda Oksana

PhD, Assistant Professor,
Assistant Professor of Department of Entrepreneurship and Environmental Examination of Goods,
Lviv Polytechnic National University
ORCID: <https://orcid.org/0000-0003-1666-0436>

Hrabar Liliia

Senior Teacher of the Department of Foreign Languages,
Lviv University of Trade and Economics
ORCID: <https://orcid.org/0009-0006-7509-4410>

Полякова Ю.В.

Львівський торговельно-економічний університет;
ДУ «Інститут регіональних досліджень імені М.І. Долишнього Національної академії наук України»

Шайда О.Є.

Національний університет «Львівська політехніка»

Грабар Л. І.

Львівський торговельно-економічний університет

ECONOMIC DIPLOMACY AS A TOOL FOR INTERNATIONAL BUSINESS DEVELOPMENT: UKRAINE'S EXPERIENCE

This article examines the role of economic diplomacy in the development of international business and provides a rationale for utilising Ukraine's export potential in global markets in wartime. It outlines the distinctive features of the development of economic diplomacy and its essence as a tool for representing the country at the world level is considered. The transformation of the role of economic diplomacy is demonstrated. It is noted that export support is currently one of the key areas of Ukraine's economic diplomacy. Ukraine's export potential in the global commodity market has been examined. A linear relationship has been established between the volumes of domestic core exports and unutilized export potential. The countries with the greatest potential for the export of domestic products have been identified. Based on the results of the study, the areas for applying the tools of domestic economic diplomacy have been substantiated.

Key words: economic diplomacy, export, export potential, foreign trade, economic security.

Problem Statement. Nowadays economic diplomacy remains particularly relevant because, according to its classical understanding, the economic interests of states largely reflect their positions in international relations. Modern economic diplomacy uses a sufficiently broad set of means to protect national interests, spread geopolitical influence, and support international cooperation. As an instrument of international communication, it is rapidly evolving, encompassing not only foreign trade but also investment, technology and financial resources, and forging international partnerships to strengthen economic security. The role of economic diplomacy is increasing primarily

due to the close interconnectedness of countries through supply and production chains, trade and credit-financial relations, which requires constant dialogue. States also use diplomatic means to support their businesses abroad and implement joint investment projects. Today, protectionist manifestations, such as restrictions, sanctions, trade wars, and economic or energy crises, raise the system of protecting a country's economic interests to a significantly higher level, which requires international cooperation. Competition for new progressive technologies, the use of artificial intelligence, and critical group resources necessitate the development and application of new

approaches to implementing the means of economic diplomacy. For Ukraine, economic diplomacy today is of strategic importance, as it ensures the resilience of the state, integrates the tasks of supporting the economy during wartime with measures aimed at preparing for post-war recovery and European integration. At the state level, the importance of strengthening economic diplomacy and supporting export activities has been recognised as a key priority.

Analysis of recent studies and publications. Ukrainian scholars Petryshyn O., Marhita M., and Yefriemova K. note that economic diplomacy is an important component of a country's foreign policy as a whole, as its effectiveness impacts the state's economic security and the realisation of national economic interests by using a set of appropriate forms, means and methods [1]. Hruschynska N. regards economic diplomacy as a key instrument of foreign policy, aimed at achieving national economic interests through international cooperation, the role of which is growing in the context of globalisation and technological change [2]. Zubchuk O. and Ruban Yu. link economic diplomacy, as a mechanism of public administration, to the protection of national security, economic growth and the enhancement of the state's competitiveness, which is particularly relevant for Ukraine in wartime [3]. Rudnieva O., Holovashchenko O., Zhuk N., and Shevchuk M. emphasise on the link between economic diplomacy and government intervention, highlighting that structure of economic diplomacy encompasses three key dimensions – commercial diplomacy, trade diplomacy and development cooperation – which demonstrates the transformation of foreign policy in a changing international environment [4]. Kukharyk V. and Nübling Th. define economic diplomacy as the science of international economic relations and a means of implementing a state's foreign economic policy, which today serves to integrate national interests into the broader context of ensuring the sustainable development of the regional and global economy [5].

Therefore, economic diplomacy not only retains its importance in the current geopolitical conditions, but is also becoming the most relevant tool for representing the country on the global stage – not merely from the perspective of economic interests, but also for safeguarding national interests and national security. The importance of economic diplomacy for Ukraine in wartime is underlined by the need to support and expand domestic exports, the opening of new markets, secure foreign direct investment to fund national reconstruction projects, and facilitate the ongoing and prospective diversification of Ukraine's international economic ties.

The article's objectives. The aim of this article is to examine the role of economic diplomacy in the development of international business and to substantiate proposals for using Ukraine's export potential in global markets during war.

Presentation of the main content. Economic diplomacy developed gradually, reflecting current changes in the world economy and international relations. Initially, it

was used by countries mainly as a component of foreign policy, it involved simple conclusion of trade agreements, protectionism and development of international trade. Accordingly, the main tools of economic diplomacy were customs tariffs, trade negotiations, and interstate cooperation. The formation of international economic organizations and the initial institutionalization of globalization processes contributed to strengthening its role to attract foreign investments, export development, activation of integration processes, international financial cooperation and the activities of transnational corporations. In the future, in our opinion, economic diplomacy has become more interdisciplinary, as it combines economics, international relations, political science, management, marketing, and economic security. In the conditions of modern global crises, geopolitical instability and growing competition for investments, economic diplomacy is considered as one of the key tools for ensuring the competitiveness of the state, strengthening its economic security and realizing strategic national interests.

Among the main reasons for the current relevance of economic diplomacy, we can differentiate the strengthening of global competition, the growing role of foreign trade, the importance of attracting foreign investments, economic security, the growing importance of international economic cooperation, the emergence of crisis phenomena and geopolitical conflicts. The essence of economic diplomacy in modern global conditions is presented in Fig. 1.

D. Chopenko proves that modern economic diplomacy is gradually shifting from a mere tool for supporting international trade to a comprehensive mechanism for projecting state geo-economic influence, and thus, in turn, increases the asymmetry of development, changes the configuration of international competition and forms the prerequisites for the emergence of new models of geo-economic rivalry [6]. Thus, the role of economic diplomacy has significantly transformed (Fig.2).

The effectiveness of economic diplomacy has been linked to the models of its construction. For example, in such countries as Belgium, Georgia, Macedonia, the Ministry of Foreign Affairs plays a decisive role in the mentioned processes. In Australia, Canada, and Great Britain, responsibility for economic diplomacy is shared by foreign policy and foreign economic departments. In Spain and Israel, economic diplomacy is dealt with specifically for this purpose by established departments or directorates [4]. Therefore, governments form and use different models of organizing economic diplomacy at the official level.

Today, export support is one of the key areas of Ukraine's economic diplomacy, as it directly affects foreign exchange earnings, employment, production and the international economic position of the state. The export activities of domestic entities help to support economic sustainability in wartime, contribute to the diversification of foreign markets, and ensure the deepening of Ukraine's integration into global economic processes.

In general, in the established system of world economic relations, export potential reflects the comprehensive

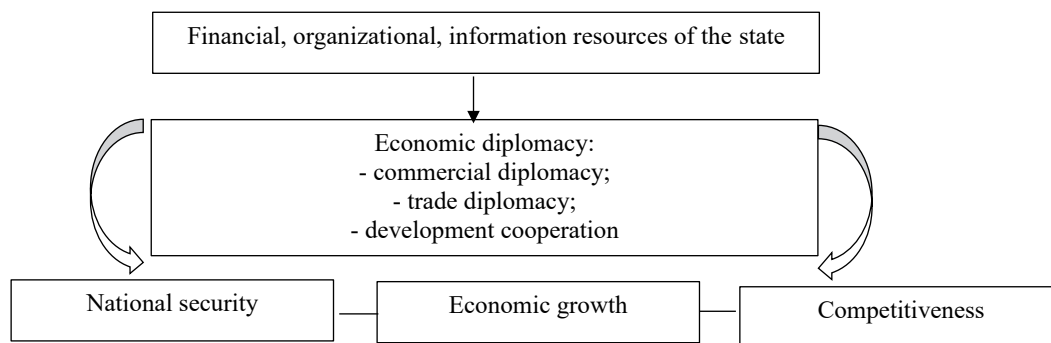


Fig. 1. Economic diplomacy in modern global conditions

Source: Compiled by the authors [3; 4; 5]

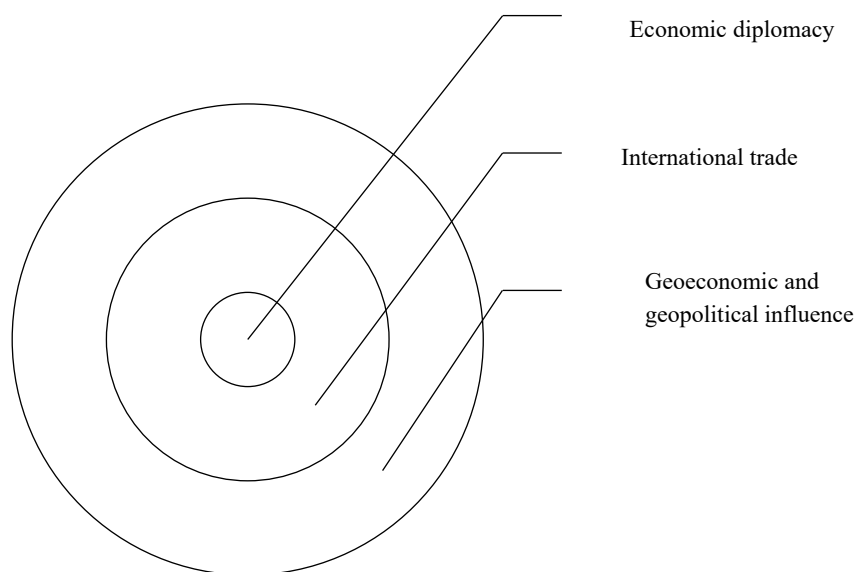


Fig. 2. Transformation of the role of economic diplomacy

Source: Compiled by the authors [5; 6]

ability of the national economy to produce, promote and sell competitive goods and services on foreign markets, and it is also a comprehensive indicator that reflects not only the available production capacity and resources, but also the institutional capacity of the state to represent itself and producers on foreign markets [7].

In the conditions of foreign economic shocks and security challenges, the distinction between actual (basic) export and export potential becomes especially relevant. The existence of a gap between these indicators (unutilized potential) signals the existence of non-tariff barriers, logistical constraints or institutional deficits, overcoming which is a reserve for further growth.

To identify commodity-geographical prospects for export promotion, the International Trade Centre (ITC) has developed an export potential assessment methodology based on the Export Potential Indicator (EPI). It takes into account world demand indicators, supply characteristics of the exporting country, tariff conditions and bilateral trade facilitation [8]. To study the export potential of Ukraine in the world commodity market, it is advisable to use the ITC methodology for building an interactive map of export

potential. According to the given data, the export potential of Ukraine remains unrealized (29 billion US dollars out of 60 billion US dollars of export potential have not been realized). The assessment of the geothennal structure of Ukraine's export opportunities for the period until 2030 (according to the data of an array of 46 key partner countries) is given in the table 1.

The econometric analysis was carried out on the data of 46 countries reveals a close linear relationship between the volumes of basic exports and unused potential (Pearson's correlation coefficient was 0,8021). This shows that the largest space for increasing supplies is concentrated precisely in those countries where Ukraine has already had a significant export presence. This trend is explained by the raw material-oriented structure of domestic exports (agrarian raw materials, oil, ore, metals), the demand for which on foreign markets is highly secure and practically unlimited. Where Ukraine has already recorded large volumes of supplies, the expansion potential is proportionally greater than for goods from narrow niches.

China, Poland and Germany have been identified as markets with significant potential for the export of

Table 1

**Assessment of Ukraine's export potential and the level of its implementation
in the markets of partner countries, million US dollars**

Country	Export potential	Basic export	Unrealized potential	Country	Export potential	Basic export	Unrealized potential
China	7500	4300	4000	Bangladesh	540	209	338
Poland	4800	4800	1500	OAU	538	313	323
Germany	3800	2800	1800	Lithuania	530	522	241
Spain	3200	2400	1200	Israel	527	327	276
the Netherlands	2700	1800	1300	Pakistan	519	270	314
Italy	2500	2100	996	Libya	510	250	270
Turkey	2500	3000	547	Moldova	468	785	91
India	2400	1100	1400	Portugal	447	275	198
Egypt	2200	1700	1200	Kazakhstan	373	305	268
Romania	1900	2000	506	Vietnam	366	242	250
the USA	1600	1100	1100	Greece	361	306	161
Hungary	1500	1300	665	Tunisia	360	317	100
France	1200	771	611	Denmark	327	211	247
Czech Republic	1200	1200	581	Algeria	324	241	139
Belgium	1000	644	583	Morocco	299	191	123
Slovakia	1000	968	409	Uzbekistan	285	206	207
Great Britain	981	706	497	Iran	271	142	134
Bulgaria	899	1100	190	Thailand	257	162	168
Indonesia	764	456	360	Latvia	240	289	158
Saudi Arabia	698	429	414	Georgia	223	227	132
Austria	687	447	431	Switzerland	215	132	139
Iraq	672	340	409	Canada	207	112	148
the Republic of Korea	592	372	436	Azerbaijan	185	234	104

Source: Compiled by [8; 9]

domestic products. Thus, the PRC shows the largest absolute difference between potential and basic exports in value terms, leaving opportunities for the sale of additional exports in the amount of 4 billion US dollars (this is 14% of the unrealized export potential). China is the only market where untapped potential (4,0 billion US dollars) is almost equal to the already existing basic exports (4,3 billion US dollars). Therefore, the growth potential for Ukraine is also concentrated within the Asia-Pacific region, but its implementation directly depends on the security of maritime trade routes.

It should be noted that in the markets of some key trading partners (for example, Poland and Turkey), exports have already been at the peak of model expectations, so further growth is possible due to a change in the structure of goods, in particular, a reorientation towards the export of goods with higher added value.

Furthermore, it is important to emphasize that the Chinese market occupies a dominant position in the geographical structure of our country's export opportunities. The realized potential for China is at the level of 47%, that is, Ukraine has mastered less than half of the possible market volume. Also, significant markets in terms of volume, in which Ukraine realized less than half of its export potential, are Egypt (47,8%), India (42,8%) and the USA (35,7%).

According to the results of the analysis, a group of neighboring countries is observed, where the basic export

exceeds the mathematically estimated potential. These are markets with a fairly high level of development of export potential: Poland (69,5%), Romania (72,7%) and Turkey (78,2%). They have a small free space for increasing export supplies. The determined effect may be the result of forced redirection of export flows by land and Danube routes due to the blockade of deep-sea ports after the start of the war in 2022. Consequently, these countries have emerged as transit and re-export hubs for Ukrainian grain and vegetable oil, causing a temporary structural market saturation in neighboring regions.

Therefore, the realization of the identified export potential of Ukraine and the unblocking of the critical gap between the available opportunities and the actual volumes of supplies allows us to single out modern directions of application of the tools of domestic economic diplomacy. In the conditions of geo-economic transformations and security constraints, the activities of State institutions should focus on opening up new markets, overcoming non-tariff barriers and rebuilding logistics routes.

Thus, diplomatic provision of security and smooth functioning of trade corridors is of primary importance in the mentioned context. Since a significant share of unused export potential is concentrated on geographically distant and high-capacity markets, an important task of economic diplomacy remains to ensure stable conditions for maritime shipping and systemic diplomatic pressure in the direction of lifting blockages in the Black Sea Basin.

In parallel with this, there is an urgent need to address the disproportionate oversaturation of the markets of neighbouring EU Member States, where the underlying exports substantially exceed the calculated potential. Through the use of diplomatic negotiations, so-called “green transit corridors should be formed, which would allow the unhindered transportation of Ukrainian agro-industrial and raw materials through the territory of the EU directly to end consumers in the countries of Asia and Africa, thereby relieving tensions in trade relations with neighboring countries.

We are generally agreed that an important step in the direction of strengthening foreign trade policy is the institutionalization and specialization of diplomatic missions abroad, in particular the introduction of the practice of appointing agricultural attachés in key partner countries [10]. The primary task of such specialists is to promptly and diplomatically overcome regulatory, veterinary and phytosanitary barriers, expand the list of Ukrainian enterprises admitted for export, and support domestic producers in going through complex certification procedures. An example of such work at the intergovernmental level is the activity of the State Production and Consumer Service regarding the constant coordination of international forms of certificates and the opening of new markets for Ukrainian agricultural products.

At the same time, the practical implementation of the existing potential requires a system of modern digital and organizational support for direct B2B interaction. In this context, a key role is played by such tools as the digital platform of the Ministry of Foreign Affairs of Ukraine “NAZOVNI”, which allows us to automate the process

of processing requests from Ukrainian exporters and involve specialists in the search for business partners in specific countries. In addition to this is the active work of the Council of Exporters and Investors under the Ministry of Foreign Affairs of Ukraine and the Office for the Development of Entrepreneurship and Export, whose activities are devoted to conducting analytical studies of markets, organizing targeted trade missions under the auspices of the state, and forming a positive international image of Ukrainian manufacturers.

Conclusions. The traditional understanding of economic diplomacy equates it with the activities of the state and its diplomatic missions aimed at protecting and promoting the country's economic interests at the international level. In a period of global challenges and geopolitical instability, economic diplomacy becomes a tool for strengthening a country's economic security and realising its strategic national interests. Global experience shows that the effectiveness of economic diplomacy depends on the model for its organisation established within a country. For Ukraine, in wartime, economic diplomacy is a tool for economic resilience and national recovery, whilst export support is a key focus of economic diplomacy. Ukraine's export potential is predominantly concentrated within the Asia-Pacific region and the markets of EU member states. Current approaches to utilising the tools of Ukraine's economic diplomacy include ensuring, through diplomatic channels, the security and uninterrupted functioning of trade corridors; using diplomatic negotiations to establish green transit corridors; setting up an effective system of modern digital and organisational support for direct B2B interaction; and stepping up the activities of specialised institutions.

Список літератури:

1. Петришин О. О., Маргіта М. Є., Єфремова К. В. Економічна дипломатія та її роль в забезпеченні економічної безпеки України. *Юридичний науковий електронний журнал*. 2023. № 4. С. 113–117. DOI: <https://doi.org/10.32782/2524-0374/2023-4/25>
2. Грушинська Н. Економічна дипломатія в епоху штучного інтелекту. *Київський економічний науковий журнал*. 2025. № 8. С. 25–31.
3. Зубчик О., Рубан Ю. Економічна дипломатія як механізм публічного управління конкурентоспроможністю держави в контексті національної безпеки України. *Вісник Київського національного університету імені Тараса Шевченка. Національна безпека*. 2024. № 1(1). С. 19–25.
4. Руднева О. М., Головащенко О. С., Жук Н. А., Шевчук М. О. Економічна дипломатія як засіб забезпечення національних інтересів. *Юридичний науковий електронний журнал*. 2024. № 6. С. 60–63. URL: https://lsej.org.ua/6_2024/15.pdf (дата звернення: 03.08.2026).
5. Kukharyk V., Nübling T. The Role of Economic Diplomacy in the System of Modern International Economic Relations. URL: https://economics-msu.com.ua/web/uploads/pdf/Scientific%20Bulletin%20of%20MSU.%20Series%20Economics_2021_Vol.%208,%20No.2_35-44.pdf (дата звернення: 04.08.2026).
6. Chopenko D. Economic diplomacy in the context of great power competition for influence over global trade systems. *Здобутки економіки: перспективи та інновації*. 2026. №27. URL: <https://econp.com.ua/index.php/journal/article/view/791/747> (дата звернення: 05.08.2026).
7. Дроздовський Я. П. Стратегічні пріоритети відтворення експортного потенціалу України: воєнний та поствоєнний виміри. *Трансформаційна економіка*. 2025. № 4 (13). С. 77–81.
8. Official website of the International Trade Center. URL: <https://www.intracen.org> (дата звернення: 29.07.2026).
9. Export Potential Map. URL: <https://exportpotential.intracen.org/en> (дата звернення: 22.07.2026).
10. Хоманець В. А. Економічна дипломатія як чинник структурної трансформації зовнішньої торгівлі України. *Вісник ХДУ. Серія Економічні науки. Секція 2. Світове господарство і міжнародні економічні відносини*. 2026. № 58. С. 22–29.

References:

1. Petryshyn O. O., Margita M. Ye., Efremova K. V. (2023) Ekonomichna dyplomatiia ta yii rol v zabezpechenni ekonomichnoi bezpeky Ukrainy [Economic diplomacy and its role in ensuring economic security of Ukraine]. *Yurydychnyi naukovyi elektronnyi zhurnal – Legal scientific electronic journal*. DOI: <https://doi.org/10.32782/2524-0374/2023-4/25>
2. Hrushchynska N. (2025) Ekonomichna dyplomatiia v epokhu shtuchnoho intelektu [Economic diplomacy in the age of artificial intelligence]. *Kyivskiy ekonomichnyi naukovyi zhurnal – Kyiv Economic Scientific Journal*, vol. 8, pp. 25–31. (in Ukrainian).
3. Zubchuk O., Ruban Yu. (2024) Ekonomichna dyplomatiia yak mekhanizm publichnoho upravlinnia konkurento-spromozhnistiu derzhavy v konteksti natsionalnoi bezpeky Ukrainy [Economic diplomacy as a mechanism for public management of the state's competitiveness in the context of Ukraine's national security]. *Visnyk Kyivskoho natsionalnoho universytetu imeni Tarasa Shevchenka. Natsionalna bezpeka – Bulletin of the Taras Shevchenko National University of Kyiv. National Security*, vol. 1(1), pp. 19–25 (in Ukrainian).
4. Rudnieva O. M., Holovashchenko O. S., Zhuk N. A., Shevchuk M. O. (2024) Ekonomichna dyplomatiia yak zasib zabezpechennia natsionalnykh interesiv. [Economic diplomacy as a means of ensuring national interests]. *Yurydychnyi naukovyi elektronnyi zhurnal – Legal scientific electronic journal*, vol. 6, pp. 60–63. Available at: https://lsej.org.ua/6_2024/15.pdf (accessed: 03.08.2026) (in Ukrainian).
5. Kukharyk V., Nübling T. The Role of Economic Diplomacy in the System of Modern International Economic Relations. Available at: https://economics-msu.com.ua/web/uploads/pdf/Scientific%20Bulletin%20of%20MSU.%20Series%20Economics_2021_Vol.%208,%20No.2_35-44.pdf (accessed: 04.08.2026).
6. Chopenko D. (2026) Economic diplomacy in the context of great power competition for influence over global trade systems. *Zdobutky ekonomiky: perspektivy ta innovatsii. – Economic achievements: prospects and innovations*, vol. 27. Available at: <https://econp.com.ua/index.php/journal/article/view/791/747> (accessed: 05.08.2026).
7. Drozdovskiy Ya. P. (2025) Stratehichni priorityty vidtvorennia eksportnoho potentsialu Ukrainy: voiennyi ta postvoiennyi vymiry [Strategic priorities for recreating Ukraine's export potential: war and post-war dimensions]. *Transformatsiina ekonomika – Transformational economy*, vol. 4 (13). pp. 77–81 (in Ukrainian).
8. Official website of the International Trade Center. Available at: <https://www.intracen.org> (accessed: 29.07.2026).
9. Export Potential Map. Available at: <https://exportpotential.intracen.org/en>. (accessed: 22.07.2026).
10. 10. Khomanets V. A. (2026) Ekonomichna dyplomatiia yak chynnyk strukturnoi transformatsii zovnishnoi torhivli Ukrainy [Economic diplomacy as a factor in the structural transformation of Ukraine's foreign trade]. *Visnyk KhDU. Seriiia Ekonomichni nauky. Sektsiia 2. Svitove hospodarstvo i mizhnarodni ekonomichni vidnosyny – Bulletin of KhSU. Economic Sciences Series. Section 2. World Economy and International Economic Relations*, vol. 58, pp. 22–29 (in Ukrainian).

ЕКОНОМІЧНА ДИПЛОМАТІЯ ЯК ІНСТРУМЕНТ РОЗВИТКУ МІЖНАРОДНОГО БІЗНЕСУ: ДОСВІД ДЛЯ УКРАЇНИ

Стаття присвячена вивченню ролі економічної дипломатії у розвитку міжнародного бізнесу та обґрунтуванню пропозиції для використання експортного потенціалу України на світових ринках в умовах війни. Показано зміни у розвитку економічної дипломатії від її простого використання як складової зовнішньої політики до інструменту забезпечення конкурентоспроможності держави, зміцнення її економічної безпеки та реалізації стратегічних національних інтересів. Показано трансформацію ролі економічної дипломатії та наголошено на основних причинах її сучасної актуалізації. Зазначено, що ефективність економічної дипломатії визначається моделями її побудови, які мають свої специфічні характеристики в різних країнах світу. Розкрито значення економічної дипломатії для України в умовах війни, що обґрунтовується важливістю підтримки і розширення вітчизняного експорту, відкриття нових ринків, потребою залучення іноземних інвестицій для фінансування проєктів відбудови країни, диверсифікацією міжнародних економічних зв'язків України. На основі даних та методології Міжнародного торгового центру досліджено сучасний експортний потенціал України на світовому товарному ринку. Шляхом використання економетричного аналізу даних для 46 країн світу встановлено лінійний зв'язок між обсягами вітчизняного базового експорту та невикористаного потенціалу. Визначено перелік країн із найбільшим потенціалом для експорту вітчизняної продукції та показано, що простір для нарощування поставок зосереджений у тих країнах, де Україна вже має експортну присутність. Доведено, що експортний потенціал України переважно зосереджений в межах Азійсько-Тихоокеанського регіону та ринках країн-членів ЄС. За результатами проведеного дослідження обґрунтовано комплекс напрямів застосування інструментарію вітчизняної економічної дипломатії, що передбачають безпеку та безперерйність функціонування торговельних коридорів на дипломатичному рівні; використання переговорів для підтримки зелених транзитних коридорів; налагодження дієвої системи сучасної цифрового та організаційного супроводу для взаємодії бізнесу; активізацію діяльності спеціалізованих вітчизняних інституцій.

Ключові слова: економічна дипломатія, експорт, експортний потенціал, зовнішня торгівля, економічна безпека.

Дата надходження статті: 20.08.2026

Дата прийняття статті до публікації: 16.09.2026

Дата публікації статті: 06.10.2026