

Economic diplomacy as a tool for development: A critical analysis of the use of economic diplomacy in Dutch port development investments in Brazil

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Abstract

This thesis addresses nuances of economic diplomacy practice, including its relation to power and its potential to shape development promotion. The main research question – *How do different constructions of economic diplomacy shape development promotion?* – is used to investigate the relationship between Brazil and the Netherlands, applying a multi-method approach incorporating a systematic literature review, a case study, a content analysis of interviews, and a media discourse analysis. The single case study concerns Porto Central in Brazil, a greenfield port development venture involving the Port of Rotterdam and TPK Logística. That case study, complemented by the other methods, provided opportunities for unexpected findings, especially at the level of discourses. Moreover, the limitations of the single case study design could be solved in part by the use of the other methods.

The choice of Porto Central as the investigated case was based on the findings of a systematic literature review that indicated few economic diplomacy studies focused on specific sectors (or the port sector) or on the relationship between the Global South and the Global North (as in Dutch-Brazilian relations). Moreover, research gaps, alongside my own personal interests and previous knowledge, inspired the choice of a case having a strong discourse element. The concept of a ‘win-win partnership’, for example, implies that both parties profit from the relationship. However, the question of how an unequal relationship can be win-win is seldom raised. In the Porto Central project, the win-win narrative was evident. In the port sector, Brazil was thwarted by logistical bottlenecks in achieving better integration into the global economy. The Netherlands, for its part, had expertise in port development. The findings of this research, however, demonstrate the weakness of the win-win discourse in practice. In fact, the way Brazil and the Netherlands used economic diplomacy in the Porto Central project seems instead to have supported perpetuation of the unequal relation between the South and the North – far from the promised win-win outcome.

Two other findings of this research are also central. First, the analysis of the use of economic diplomacy by these two countries during periods of change in government leadership and ideology suggests that economic diplomacy is used regardless of the political inclination of the government in place. What changes are the tools or theatres of economic diplomacy used

by these governments. Second, this research found that the way governments of opposing political inclinations used economic diplomacy led to similar results, which did not however concretely foster development.

While the second finding is specific to the analysed case, nothing indicates that the studied case is exceptional in this regard. This finding suggests a fundamental gap in the implementation of economic diplomacy. More research, however, is needed to determine whether the same can be said for other sectors and economic diplomacy engagements.

The chapters in this thesis are as follows: Chapter 1 introduces the research design. Chapter 2 elaborates the conceptual framework, laying out the definitions of the main concepts used. Chapter 3 presents a systematic literature review, which served as the first step of this research and was the basis for some of the decisions taken within it. Chapter 4 begins the empirical part of this thesis, which is the case study and its analysis. Chapter 5 presents my amended framework of Okano-Heijmans (2011), then applies that framework to analyse the interviews, tracing how Brazil and the Netherlands used economic diplomacy, both in general and in the specific case under study. Chapter 6 is the last empirical chapter. It presents a text analysis of media articles related to the case study project. Chapter 7 reviews and analyses the methods used in this research, with the intention of solidifying its methodological contribution. Chapter 8 recaps the main findings and concludes.

A thread running throughout this thesis is the need to be more specific in the definition and practice of economic diplomacy. Here, economic diplomacy is understood as *the use of the state apparatus in international economic policymaking and promotion of national businesses*. This definition, however, denotes an apparent lack of concern for development as social justice and equity. Though this research suggests this neglect is common practice, it is not an ideal to be followed.

This research aimed to start filling gaps in the subfield of economic diplomacy, to make theoretical, methodological and empirical contributions. Its main theoretical contribution lies in the amend framework of economic diplomacy proposed by Okano-Heijmans (2011), incorporating a relational idea of the state (Jessop 2008) and capturing ideational aspects (e.g., discourses) embedded in the use of economic diplomacy. Its main methodological contributions are three. First is the triangulation of text analysis of interviews and media analysis with a case study under a constructivist epistemology. The second methodological contribution is the in-depth reflection on and analysis of the methods chosen. Third, in a broader perspective, the research contributes to the fields of development studies, maritime studies and international relations by providing a framework for analysis of economic diplomacy, using hitherto unexplored methods and focusing on an original case study.

This research, furthermore, touches upon various topics that are complementary to current understandings of the impact of economic diplomacy in the port sector and in general. The examination of how the two countries used economic diplomacy and the influences therein enriches knowledge on the potentials and limitations of country policies. In the port sector, this research investigates the new role of port authorities in the global economy, and the importance of economic diplomacy support in implementing that role. In general, this thesis

also discusses the discourses that are spread in tandem with economic diplomacy and the importance of these in creating expectations within a local population. Lastly, but perhaps most importantly, this research starts a conversation on the state's responsibility in its use of economic diplomacy and the choices inherent in that use.

This study allowed me to offer contributions to policymaking as well, through the discussion of the spectrum of binaries, such as centrality *versus* fragmentation and the disadvantages and advantages of a grand strategy for economic diplomacy. It also enabled me to create a typology of tools used in the practice of economic diplomacy in the port sector. Furthermore, now with a greater understanding of the complications and ambiguities in the use of economic diplomacy in developing countries in general and in the Brazilian port sector in particular, I would urge governments go beyond 'business as usual' and include sustainability, social justice and equity principles in their economic diplomacy practice.

Above all, this study points to issues of responsibility and duty of care when governments use economic diplomacy. Governments, in representing their nation states, and the main actors of economic diplomacy, have a responsibility when supporting companies in their foreign endeavours, as much as when supporting companies domestically. This responsibility is not only to promote change in the traditional dependency dynamics between North and South, but mostly towards the affected populations and to the environment. Economic diplomacy used outside of a framework of sustainability will only continue to perpetuate inequalities and generate failed expectations.

Economic diplomacy is not a tool that can change all inequalities of the international system. However, states do use it – to access development opportunities, to improve their position in the global economy or simply to benefit their national businesses – though these goals may not be easily separated from one another. The influence of economic diplomacy in long-term bilateral relationships seems to open doors, but where these doors lead is yet unknown.