



How Economic Diplomacy Shapes Export Performance: Theoretical Perspectives and Future Directions

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كيف تؤثر الدبلوماسية الاقتصادية على أداء الصادرات: وجهات نظر نظرية وتوجهات مستقبلية

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The current study aims to develop a conceptual framework to explore the role of economic diplomacy in export promotion. By integrating four theoretical frameworks—institutional theory, resource theory, network theory, and transaction cost economics—the study adopts a conceptual and theoretical research approach. The paper highlights four key mechanisms through which economic diplomacy influences export outcomes: institutional legitimacy, resource provision, network integration, and transaction cost reduction. It also points to contextual conditions that may affect the quality of economic diplomacy, including institutional quality and the alignment of diplomatic initiatives with domestic policies. Formal proposals (P1–P6) are presented to clarify these theoretical links and guide future field research. The paper draws lessons relevant to the Iraqi context and demonstrates how diplomatic strategies can enhance institutional credibility, support local businesses, and reduce risks associated with international trade. By integrating multiple theoretical perspectives and drawing policy-relevant insights, this study contributes to the literature on international business and international economics, providing a basis for empirical testing and useful recommendations for policymakers for policymakers aiming to strengthen export performance through the use of economic diplomacy tools.

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المستخلص

تهدف الدراسة الحالية إلى تطوير إطار مفاهيمي لاستكشاف دور الدبلوماسية الاقتصادية في ترويج الصادرات. من خلال دمج أربع أطر نظرية وهي النظرية المؤسسية، ونظرية الموارد، ونظرية الشبكات، واقتصاديات تكاليف المعاملات، تتبنى الدراسة منهجاً بحثياً مفاهيمياً ونظرياً. تسلط الورقة الضوء على أربع آليات رئيسية تؤثر من خلالها الدبلوماسية الاقتصادية على نتائج الصادرات وهي الشرعية المؤسسية، توفير الموارد، تكامل الشبكات، وخفض تكاليف المعاملات. كما تشير الدراسة إلى الظروف السياقية التي قد تؤثر على جودة الدبلوماسية الاقتصادية، بما في ذلك جودة المؤسسات ومواءمة المبادرات الدبلوماسية مع السياسات المحلية. وتقدم مقترحات رسمية (من P1 إلى P6) لتوضيح هذه الروابط النظرية وتوجيه البحوث الميدانية مستقبلاً. تستخلص الورقة بعض الدروس المناسبة للسياق العراقي وتوضح كيف يمكن للاستراتيجيات الدبلوماسية أن تحسن المصدقية المؤسسية، وتدعم الشركات المحلية، وتقلل المخاطر المرتبطة بالتجارة الدولية. فمن خلال دمج وجهات نظر نظرية متعددة واستخلاص رؤى ذات صلة بالسياسات، تساهم هذه الدراسة في الأدبيات المتعلقة بأعمال التجارة الدولية والاقتصاد الدولي، مما يوفر أساساً للاختبار الميداني وتوفير توصيات مفيدة لصناع السياسات الذين يهدفون إلى تعزيز أداء الصادرات من خلال استخدام أدوات الدبلوماسية الاقتصادية.

1. Introduction

Export performance is a key driver of economic growth and competitiveness, particularly for developing and emerging economies aiming to diversify their export base and prepare for the repercussions of crises (such as political, health, and security crises) (Fernandes & Forte, 2022). Traditional explanations of export performance have predominantly focused on firm capabilities, trade costs, and macroeconomic conditions. However, there is a growing interest in the role of the state in enhancing international trade performance. In this context, economic diplomacy has been defined as “the use of political means as leverage in international negotiations, with the aim of enhancing national economic prosperity, and the use of economic leverage to increase the political stability of the nation” (Okano-Heijmans, 2011, p.17). Csabay and Cséfalvayová (2022, p. 10) further describe economic diplomacy as “an institutional system dedicated to the promotion of exports, investment, innovation and other forms of external economic cooperation.” This underscores the importance of export promotion activities.

In practice, economic diplomacy encompasses a wide range of activities, including trade negotiations, bilateral and multilateral agreements, export promotion through embassies and trade missions, attracting and exporting investment, and effectively leveraging diplomatic networks to support domestic companies in foreign markets (Ahmed & Islam, 2019; Pontes et al., 2024; Woolcock, 2025). Current research reveals that diplomatic representation, trade agreements, and established export promotion mechanisms can positively impact export volume, market access, and export performance (Moons & van Bergeijk, 2017; Naray & Bezençon, 2017). However, research in this area remains limited and often focuses on developed countries or relies on specific case studies, highlighting the need to understand how economic diplomacy works to improve export performance. In this context, Mouloudj (2021) emphasized the need for further research exploring the impact of economic diplomacy on export promotion in the context of developing countries.

In recent years, some research has focused on investigating the impact of economic diplomacy on exports in countries such as Portugal (Fernandes & Forte, 2022) and Croatia (Peternel & Grešš, 2021). These studies have demonstrated that economic diplomacy can improve export performance. However, contextual factors may mediate this impact, including economic factors (such as the competitiveness of domestic firms), political factors (such as "political stability"), and technological factors (Naray & Bezençon, 2017; Pacheco & Matos, 2022). This underscores the need for further research to uncover the frameworks of economic diplomacy, particularly in emerging economies, such as the Arab economies, many of which remain heavily reliant on oil revenues, like the Iraqi economy. Furthermore, these economies are characterized by fragile institutions, limited international integration, weak export performance, and dependence on natural resources—conditions also prevalent in many conflict-affected countries. In this regard, economic diplomacy can reduce institutional uncertainty, build credibility with foreign partners, and facilitate access to information and networks, and support companies that lack the resources to enter the international market (Garlick & Havlová, 2020; Pontes et al., 2024). However, the absence of a coherent conceptual framework has limited the capacity to formulate effective policies.

In response to this challenge, this paper develops a theoretically grounded conceptual framework to elucidate how economic diplomacy influences export performance. By drawing on "institutional theory, resource theory, network theory, and transaction cost economics", the study identifies the primary channels through which diplomatic actions affect export outcomes and explores the conditions that contribute to the success of economic diplomacy. Rather than concentrating on a single country, the paper adopts a multi-faceted analytical perspective and draws policy-relevant insights for Iraq, a resource-dependent economy seeking to strengthen its non-oil exports and reintegrate into global markets.

Based on the above, our study is expected to contribute to the literature on international trade and diplomacy. It will also provide policymakers in Iraq and similar economies with insights into how to utilize diplomatic tools to enhance export performance.

2. Theoretical Framework

To achieve the study's objectives, four theoretical frameworks will be integrated. This is because no single model or theory is sufficient to explain the complexities of interactions among the major players (various stakeholders) in the international trade market. Therefore, this study integrates "institutional theory", "resource-based view", "network theory", and "transaction cost economics" to explain the mechanisms by which economic diplomacy affects export outcomes. These perspectives, taken together, are expected to provide a coherent conceptual framework for explaining how diplomacy shapes export performance, particularly in a context where most developing economies suffer from significant institutional constraints.

2.1. Economic Diplomacy as an Institutional Support Mechanism

Institutional theory highlights the role of formal and informal institutions in shaping economic behavior by reducing uncertainty and conferring legitimacy (Doh et al., 2022; Ruël, 2020). Exporters in developing economies, however, often encounter numerous challenges, including weak domestic institutional support, complex regulations and procedures (e.g., taxation, customs, banking, and currency exchange), corruption, bribery, nepotism, political instability, economic dependency, and negative perceptions of product quality in foreign markets (Alammar & Pauleen, 2022; Ruël, 2020). Accordingly, economic diplomacy activities can mitigate some of these institutional constraints (Bugarčić et al., 2025; Fernandes & Forte, 2022; Pacheco & Matos, 2022). In doing so, it can serve as a cornerstone for developing foreign relations and an important tool for enhancing economic performance (Csabay & Cséfalvayová, 2022; Okano-Heijmans, 2011; Pontes et al., 2024). As a result, it can play an effective role in promoting exports in general and supporting local companies (especially those with limited capabilities) in particular by helping them access foreign markets (Ahmed and Islam, 2019; Deng et al., 2023).

Pontes et al. (2024) argued that the quality of economic diplomacy is linked to the quality of implementation of a range of activities, including: (1) "promotional communications and trade negotiations"; (2) investment facilitation and support; (3) trade dispute resolution; (4) policy coordination and institutional efforts; (5) strengthening the capacities of local businesses; (6) improving the country's image; and (7) participation in

international cooperation initiatives. According to Fernandes and Forte (2022, p. 216), the "size of economic diplomatic representation" is an important tool for overcoming export barriers and promoting economic growth.

Furthermore, Li and Liu (2025) found that major agricultural exporters to China maintain good diplomatic relations with the Chinese government, implying that building strong bilateral ties can improve export performance. Similarly, Li et al. (2018) emphasized that companies with close ties to their local governments are better positioned to leverage intergovernmental diplomacy, which provides investment opportunities in friendly host countries, mitigates political risks, and enhances their legitimacy. Moreover, economic diplomacy helps reduce barriers to entry into foreign markets (Sultan et al., 2025). Indeed, local companies sometimes face institutional obstacles (such as "unfamiliarity with foreign laws and regulations") or cultural challenges (such as "language barriers") (Moons & van Bergeijk, 2017; Woolcock, 2025). On this basis, economic diplomacy activities can contribute to reducing barriers and bridging information gaps (Alammar & Pauleen, 2022; Garlick & Havlová, 2020), for example, by providing brochures, seminars, training, and meetings with potential business players. Similarly, economic diplomats can leverage the frameworks and agreements of the "World Trade Organization" (WTO) to promote their countries' interests, improve export flows, reduce tariffs, protect intellectual property, and maximize foreign investment (Mouloudj, 2021; Okano-Heijmans, 2012).

In Iraq, despite numerous challenges, the government continues to exert efforts to strengthen state institutions and enhance governance and public trust. Therefore, economic diplomacy can play a crucial role in restoring confidence in the country's capabilities, improving its image, promoting tourism, attracting foreign investment, and concluding more economic agreements to boost exports outside the hydrocarbon sector.

2.2. Economic Diplomacy as a Strategic Resource: A Resource-Based View

The resource-based view highlights the importance of intangible resources (such as knowledge, information, technology, systems and procedures, and stakeholder relationships) as significant competitive advantages for firms (Abbasi Kamardi et al., 2025; Vigfusson et al., 2025). In this context, business networks, facilitation, market information, and all the non-material advantages provided by economic diplomacy services are considered invaluable intangible resources due to the difficulty firms' face in acquiring them (Sultan et al., 2025; Woolcock, 2025). Using a resource-based view, Safari and Saleh (2020) found that the export performance of small and medium enterprises is affected by a range of factors, including perceptions of barriers and risks, distance, support, networks, innovation, and external factors (such as financing export activities and information availability). Kamanga (2025) observed that many developing countries fail to fully capitalize on the potential of economic diplomacy to enhance export performance and expand trade volumes when engaging in economic diplomatic relations with China. In Serbia, Bugarčić et al. (2025) demonstrated that the quality of economic diplomacy constitutes a critical instrument for strengthening cooperation and investment, fostering intra-regional trade, and positively influencing export promotion. In Croatia, Peternel and Grešš (2021) demonstrated a positive correlation between the volume of exports and the "staff employed in diplomatic mission".

In practice, governments often provide exporting firms with valuable information about external demand, potential constraints, regulatory procedures, and the nature of competition through trade missions, export promotion programs, and agreements (Muter, 2025; Woolcock, 2025). Providing such resources undoubtedly encourages businesses (especially those with limited capabilities) and enhances their ability to access foreign markets (Peternel & Grešš, 2021; Sui & Bull, 2025).

Based on the above, in the Iraqi context, where few companies possess sufficient international experience and high competitiveness, economic diplomacy can be a crucial resource that helps reduce barriers to entry into foreign markets and enhances the competitiveness of small and medium-sized enterprises (SMEs) to improve export volumes.

2.3. Network Theory and Relational Channels of Economic Diplomacy

In the economic sphere, network theory (paradigm/ approach) emphasizes the importance of relationships and trust in creating and sustaining trade, viewing this phenomenon as an interconnected and cohesive system (Hübler, 2016; Kacziba, 2021). So, international trade is not solely determined by price levels, contracts, and competitive advantages; social and institutional networks can also play a significant role (Mouloudj, 2021; Safari & Saleh, 2020). Therefore, economic diplomats can act as intermediaries between local businesses and foreign business networks (corporations, investors, intermediaries, etc.) (Peternel & Grešš, 2021; Rose, 2007). Indeed, the importance of consular and embassy representatives as intermediaries increases in situations of cultural and geographical distance and when trust is lacking between exporters and potential foreign network partners (Peternel & Grešš, 2021; Tsitsoglou & Zarotiadis, 2025). Consequently, building international partnerships and networks is a cornerstone of a country's foreign relations, significantly enhancing bilateral trade, by approximately 25%, and generating dynamic effects that can persist for up to five years (Zhou & Lin, 2025).

In the context of bilateral and regional partnerships, Chinese economic diplomacy has played a significant role in recent years in fostering a new wave of China–Africa cooperation across both public and private sectors (Faleye & Igechi, 2026). This approach is widely viewed as mutually beneficial, contributing to local business development and broader economic growth in host countries on a win–win basis (Zhou & Lin, 2025). Using data from 100 countries, Visser (2019) found that economic diplomatic representation has a stronger and more significant impact on exports of "differentiated goods" than on exports of "homogeneous goods". He also argued that diplomatic representation facilitates the flow of information and market access, and can reduce market failures. In Thailand, Jongwanich (2025) found that well-designed free trade agreements exert a significant positive influence on the export structures of partner countries, with preferential treatment playing a key role in enhancing both the scope and performance of exports.

In the field of agricultural exports, Li and Liu (2025) highlighted that diplomatic relations facilitate the development of strong ties with trading partners and that diplomatic rapprochement exerts a positive and significant effect on "bilateral agricultural export flows". Fernandes and Forte (2022) found that expanding the number of economic diplomatic representation offices in foreign countries has a positive impact on export volumes to those countries. Similarly, Ding et al. (2023) reported that "friendly" bilateral

economic diplomacy between the home and host countries can facilitate the internationalization of firms, thereby enhancing their export performance in the host markets. In addition, Kamanga (2025) noted that official visits by high-ranking government officials may exert both positive and negative effects on trade flows. Kamanga also argued that establishing "formal diplomatic relations" is more effective than occasional official visits.

Despite their importance, economic partnership agreements may face obstacles, such as conflicts with the interests of powerful actors, or the absence of robust mechanisms for resolving potential disputes (Wardani et al., 2025). Hence, it would be beneficial for such agreements to be accompanied by the development of potential solutions to address these challenges, which could enhance their long-term success. For Iraq, diplomatic networks can be used to build a positive reputation to improve the prevailing image and impression of the country, and to help local companies develop their exports.

2.4. Transaction Cost Economics and the Risk-Reducing Role of Economic Diplomacy

Transaction cost economics focuses on the costs associated with finding partners, "negotiating contracts", "monitoring compliance", and implementing agreements (Brouthers & Nakos, 2004; Williamson, 1989). In the context of export operations, costs are likely to increase for several reasons, including geographical distance (transportation costs), translation, customs duties, marine insurance, geopolitical risks, and conflicts, among others (Brouthers & Nakos, 2004). Therefore, the efficiency and quality of economic diplomacy services are highlighted by their ability to reduce the costs associated with export operations (Alsuwaidi et al., 2024; Naray & Bezençon, 2017). Indeed, the diplomatic corps possesses expertise and access to a vast amount of information, enabling it to provide guidance and implement measures that minimize unnecessary costs.

Economic diplomats, including "embassies, consulates, other diplomatic facilities, investment and export promotion offices", and trade or state visit delegations, play a critical role in providing local businesses with essential information (Rose, 2007; Woolcock, 2025), such as market prices, opportunities, and trade fair details, by doing so, they help reduce transaction costs, improve international flows of trade and investment, and enhance the efficiency of capital allocation (Moons & van Bergeijk, 2017; Tsitsoglou & Zarotiadis, 2025). In addition, economic diplomacy "facilitates trade by reducing uncertainty" in international economic relations, thereby lowering "dispute resolution" costs, enhancing returns on investment, and increasing the volume of international trade, particularly exports (Alsuwaidi et al., 2024; Kamanga, 2025). In Portugal, Leitão (2023) found that a shared language between trading partners reduces communication costs and enhances export performance. These effects, in turn, contribute to higher revenues and reduced avoidable costs arising from information asymmetries or misunderstandings of regulatory and procedural requirements.

In the case of Iraq, where exporters face numerous political and economic risks, diplomatic missions can effectively contribute to reducing export costs, which could attract many businesses to engage in exporting.

2.5. Integrating the Framework: Economic Diplomacy and Export Performance

Building on these four perspectives, this study conceptualizes economic diplomacy as a multidimensional mechanism that enhances export performance through institutional legitimacy, resource provision, network integration, and reduced transaction costs. These channels are mutually reinforcing and do not operate independently. Studies have revealed that the effectiveness of economic diplomacy is linked to numerous contextual factors in the exporting country, such as institutional quality, corporate competitiveness, market complexity, technology level, government support, export marketing strategies, and political stability (Naray & Bezençon, 2017; Ruël, 2020; Rose, 2007; Safari & Saleh, 2020). Accordingly, economic diplomacy cannot replace economic reform efforts. Rather, it should be viewed as a complementary tool for enhancing export performance. In practice, economic diplomacy may fail to achieve its objectives for several reasons, including institutional corruption, weak governance, instability, structural imbalances in the economy, and poor coordination (Mouloudj, 2021). With regard to the Iraqi economy, this may indicate the importance of aligning diplomacy programs with institutional policies to achieve sustainable gains in the level of exports.

This integrated framework thus provides a foundation for future research and offers policymakers a new perspective to help them design and evaluate economic diplomacy strategies aimed at improving export outcomes in developing and post-conflict economies.

3. Methodology

To achieve the objectives of this research, a "conceptual and theoretical approach" was employed. Due to the difficulty in obtaining quantitative data, this research sought to develop, integrate, and synthesize existing knowledge and frameworks in a rigorous scientific manner, aiming to generate new insights and open multiple avenues for future quantitative research (Jabarin, 2009; Webster & Watson, 2002). Accordingly, the author reviewed and analyzed 40 previous studies directly related to economic diplomacy and exports. In this process, to strengthen the arguments and provide a solid foundation for the proposed framework, the most recent published studies (within the last five years) were examined, most of which were indexed in the Scopus database, while duplicate studies were excluded.

3.1. Study Questions

Our study aimed to answer four questions: (1) How does economic diplomacy contribute to enhancing export performance? (2) What institutional and informational mechanisms influence export performance? (3) What is the nature of the economic and institutional conditions that enhance the effectiveness of economic diplomacy activities to improve the level of exports? And (4) What lessons can be drawn from the literature to improve the performance of Iraqi economic diplomacy?

3.2. Importance of the study

The significance of this study lies in its highlighting of the role of economic diplomacy services for exporting companies. Furthermore, this study is expected to provide valuable insights for policymakers, practitioners, and other stakeholders in developing countries, such as Iraq, on how to utilize economic diplomacy tools to promote international trade

and exports in their countries. Finally, given the scarcity of research in the Arab world, this study is expected to contribute to filling some of the research gaps related to the field of economic diplomacy.

3.3. Study objectives

In general, this study aimed to develop a conceptual and theoretical understanding of the role of economic diplomacy in enhancing export performance. Specifically, this study sought to: (1) explore the role of economic diplomacy and clarify its main tools and actors, (2) integrate four theoretical frameworks to identify the mechanisms through which economic diplomacy works to promote exports, (3) provide a conceptual framework that defines the factors that shape the quality of economic diplomacy, (4) provide insights to support Iraq's experience in non-hydrocarbon exports, and (5) highlight research topics that can expand knowledge in this field.

3.4. Study Design

This research adopts a conceptual, theory-based research design involving four main steps: First, summarizing existing knowledge on economic diplomacy and exports. Second, developing a theoretical synthesis that integrates multidisciplinary perspectives to conceptualize the potential framework through which economic diplomacy stimulates exports. This integration helps explore interrelated dimensions, such as "institutional legitimacy, resource provision, network connectivity, and transaction cost reduction", thereby highlighting underlying causal processes. Third, developing proposals, whereby proposals (P1–P6) are formulated that identify the expected relationships between economic diplomacy and export performance, taking context into account. Finally, drawing policy-relevant insights to enhance the role of economic diplomacy in developing countries such as Iraq.

4. Propositions Development

The developed framework comprises six propositions, as follows:

Proposition 1 (Institutional Legitimacy Mechanism): We propose that economic diplomacy can enhance export performance by strengthening institutional legitimacy and reducing institutional uncertainty in international markets. In fact, this proposal reflects the institutional theory argument that "diplomatic representation, trade agreements, and state support increase the credibility of domestic exporters and facilitate their acceptance by foreign partners."

Proposition 2 (Resource Provision Mechanism): In this proposal, we argue that economic diplomacy can improve export outcomes by providing current and potential exporters with intangible resources (such as market information, regulatory knowledge, and diplomatic support). From a resource perspective, this proposal emphasizes the role of diplomatic networks and export promotion services as valuable resources that can enhance the competitiveness of domestic firms.

Proposition 3 (Network Integration Mechanism): In this proposal, we argue that the impact of economic diplomacy on export performance can be enhanced through the optimal use of existing networks. Integrating local businesses into international trade networks can build trust and strengthen economic ties. Drawing on network theory, this

proposal highlights the role of embassies and trade missions as intermediaries between local exporters and foreign clients.

Proposition 4 (Transaction Cost Reduction Mechanism): According to this proposal, economic diplomacy is expected to enhance export outcomes by reducing transaction costs and mitigating risks associated with international trade. This proposal is derived from the "Transaction Cost Economics" model, which highlights the role of trade agreements, participation in trade fairs, negotiations, and dispute resolution in reducing export operating costs.

Proposition 5 (Contextual Circumstances Mechanism): This proposal suggests that the relationship between economic diplomacy and export performance is stronger in economies characterized by weak institutions, high levels of uncertainty, or limited corporate capacity. It adds a contextual dimension, demonstrating that economic diplomacy is effective in developing and resource-dependent economies, such as Iraq's.

Proposition 6 (Policy Alignment Mechanism): This proposal suggests that economic diplomacy services are most effective in improving export outcomes when effectively integrated with domestic economic and institutional reforms and export support programs. It emphasizes the need for integration and coordination among various economic actors.

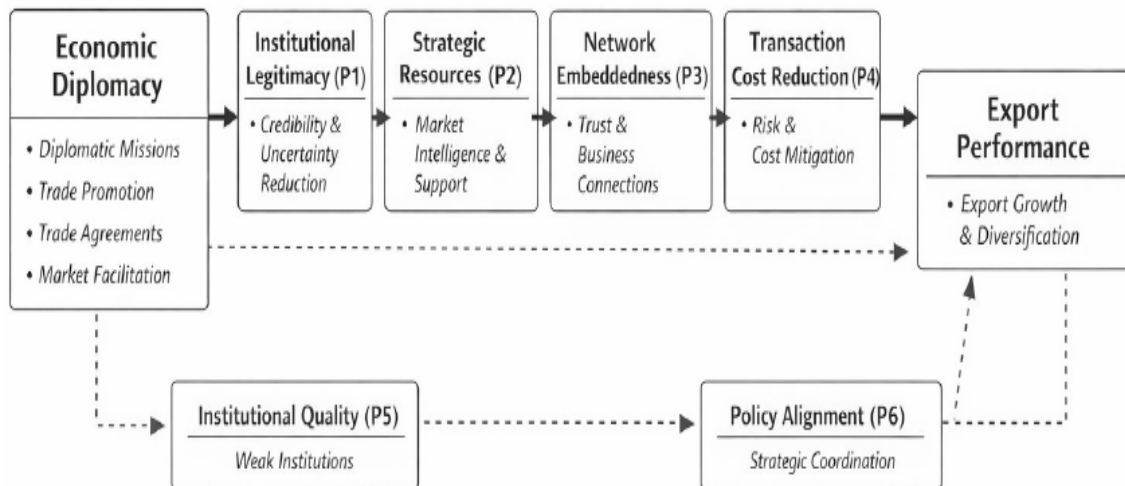
Table 1 summarizes these six propositions.

Table (1) Description of the Six Propositions

Proposition	Mechanism	Description
P1	Institutional Legitimacy	Economic diplomacy enhances "export performance by strengthening institutional legitimacy and reducing uncertainty".
P2	Resource Provision	Economic diplomacy improves "export performance by providing market intelligence and diplomatic support".
P3	Network Embeddedness	Economic diplomacy facilitates "trust-based relationships, positively influencing export performance".
P4	Transaction Cost Reduction	Economic diplomacy reduces "trade-related risks and costs, enhancing export engagement".
P5	Contextual Contingency	Effects of economic diplomacy are stronger in "economies with weak institutions or high uncertainty".
P6	Policy Alignment	Economic diplomacy is most effective when "aligned with domestic reforms and export promotion strategies".

Source: Developed by the Author

Figure 1 shows the general conceptual model of the role of economic diplomacy in promoting exports.

Figure (1) Conceptual model of economic diplomacy and export performance

Source: Developed by the Author

To support future quantitative research, we have suggested some potential quantitative indicators for each proposal. These indicators provide quantitative measures for conducting empirical measurements to verify the relationship between economic diplomacy and export performance. The complete list of proposed indicators is provided in Appendix 1.

5. Policy Implications for Iraq and Future Research Agenda

5.1. Policy Implications for Iraq

From an economic standpoint, export performance does not depend on a single factor; rather, it is shaped by a combination of macroeconomic conditions, including inflation dynamics and exchange rate fluctuations (Muter, 2025). In this vein, Truong et al. (2025) demonstrate that the "real exchange rate" has a positive long-term effect on export performance in Vietnam, suggesting that currency depreciation can, under certain conditions, enhance export competitiveness. In the Iraqi context, this implies that the depreciation of the dinar could offer a potential competitive edge—particularly for firms that are both capable of and willing to expand into international markets. However, this opportunity is not automatic; it requires firms to possess sufficient capacity and strategic intent to internationalize. Moreover, geography continues to play a crucial role in shaping trade patterns. Leitão (2023), for instance, highlights that geographical distance tends to hinder exports, whereas proximity reduces transportation costs and facilitates trade flows. Building on this insight, Iraq could benefit from rethinking its economic diplomacy through a more geographically informed lens. More specifically, strengthening economic ties with neighboring and politically aligned countries may yield tangible benefits. In addition, there is considerable scope for promoting exports in sectors where Iraq already enjoys a comparative advantage.

In practice, economic diplomacy involves far more than simply gathering publicly available information. As noted by Moons and van Bergeijk (2017), it also entails providing firms with access to high-quality, often non-public, information about business opportunities, investment projects, and potential deals in foreign markets. This expanded

role significantly elevates the importance of economic diplomacy, transforming it from a supportive activity into a central mechanism for enhancing national export performance. Against this backdrop, Iraqi economic diplomacy should take a more proactive stance in assisting domestic firms—particularly in key sectors such as oil, petrochemicals, and agriculture, including date production—to expand into strategic partner markets.

Taken together, these insights point to several key policy directions. First, enhancing institutional credibility is essential; embassies and consulates can play a pivotal role by facilitating trade agreements that strengthen Iraq's reputation among international partners. Second, greater emphasis should be placed on resource provision, ensuring that trade missions and diplomatic offices supply businesses with timely market intelligence and clear regulatory guidance. Third, network-building efforts remain critical. This includes not only establishing new relationships but also deepening existing ones, for example through active participation in international trade fairs and business forums. Furthermore, reducing transaction costs should be a central objective. Economic diplomacy can help streamline administrative procedures, support negotiation processes, and assist in dispute resolution. It can also contribute to lowering export-related costs by facilitating trade agreements that reduce or eliminate tariffs, easing compliance with technical standards, and mitigating logistical and supply chain expenses. At the same time, access to reliable information can help firms better manage economic and legal risks. Finally, these diplomatic efforts must be complemented by sustained domestic reforms. In particular, macroeconomic policies should continue to support the diversification of exports beyond the hydrocarbon sector, ensuring a more resilient and balanced economic structure.

5.2. Future Research Agenda

The conceptual framework presented in this study offers broad prospects for future research on the relationship between economic diplomacy and export performance. Given the theoretical nature of this study, we encourage further research to examine, develop, and empirically expand the proposed mechanisms across different contexts. Therefore: First, future research can apply and empirically test the proposed mechanisms. Quantitative studies could address the mediating roles of institutional legitimacy, access to resources, networking, and transaction cost reduction, using data at the firm, sector, or country level. Second, it would be beneficial to explore the specific contextual conditions of the quality of diplomatic services. Comparative studies (between industries, sectors, and/or countries) could provide valuable insights for stakeholders. Third, it is also important to examine sectoral variations (e.g., oil versus non-oil) and firm-level variations (small, medium, and large, or expertise and capabilities) in the impact of economic diplomacy to explore which sectors or firms are most in need of diplomatic support. Fourth, qualitative research (such as interviews, surveys, and document analysis) can provide deeper insights into export problems and how to overcome them through economic diplomacy activities. Furthermore, in the age of artificial intelligence, it would be valuable for future research to examine the role of digital technologies in enhancing the effectiveness of economic diplomacy and to explore the implications of these developments for export performance. Finally, researchers can study the long-term effects of economic diplomacy services on export performance, a country's reputation, foreign investment attraction, and foreign tourism.

Such studies are likely to help identify weaknesses and understand the level of investment required to develop economic diplomacy activities.

6. Conclusion

This study aims to provide a conceptual framework explaining how economic diplomacy impacts export promotion. Building on previous research, it integrates institutional theory, resource theory, network theory, and transaction cost economics to explore the mechanisms of influence. The framework developed in this study highlights four interconnected channels—"institutional legitimacy, resource availability, network integration, and transaction cost reduction"—through which export performance can be enhanced. It also demonstrates that the quality of economic diplomacy is context-dependent, including the capabilities of exporters and the various forms of support available to them.

In addition, important lessons were drawn for developing economies to improve their export capabilities. For the Iraqi economy, economic diplomacy is a crucial mechanism for building trust and supporting local businesses. However, the analysis confirmed that diplomatic services cannot replace economic reforms. In this context, the study calls for further research to understand how, when, and under what conditions economic diplomacy can improve export performance, as well as the importance of exploring the role of digital technologies in enhancing the quality of economic diplomatic services.

In conclusion, this study offers several recommendations for various stakeholders and actors in economic diplomacy. First, the export capabilities of domestic companies should be explored and assessed to identify their strengths and weaknesses. Second, it is beneficial to organize training courses for current and potential exporters to enhance their skills and knowledge in international trade, export, and communication. Third, institutional efforts should be coordinated among the Ministries of Industry, Trade, and Foreign Affairs, as well as exporters' associations. Fourth, emphasis should be placed on improving the quality of economic diplomacy services and integrating digital technology into routine work practices. Finally, the government should intensify its efforts to enhance the country's image, develop infrastructure, and conclude more international agreements to facilitate the expansion of economic transactions.

Appendix 1

Table (2) Suggested Quantitative Indicators for Empirical Testing of the Propositions

Proposition	Mechanism	Quantitative Indicators
P1	Institutional Legitimacy	<ul style="list-style-type: none"> • Number of bilateral or multilateral trade agreements signed • Number of diplomatic missions/embassies in trading partner countries • World Governance Indicators (government effectiveness, regulatory quality) • Number of trade disputes resolved through diplomatic channels • Export market diversification index
P2	Resource Provision	<ul style="list-style-type: none"> • Number of export promotion programs offered by government agencies

		<ul style="list-style-type: none"> • Number of exporters receiving market intelligence reports or advisory services • Government budget allocated to export promotion or economic diplomacy • Number of firms participating in export training or capacity-building programs • Frequency of market information updates provided by embassies or trade offices
P3	Network Embeddedness	<ul style="list-style-type: none"> • Number of trade missions and business delegations organized annually • Number of B2B meetings facilitated by embassies or trade promotion agencies • Number of foreign partnerships or distribution agreements formed by domestic firms • Participation rate of firms in international trade fairs or exhibitions • Number of bilateral business councils or chambers of commerce
P4	Transaction Cost Reduction	<ul style="list-style-type: none"> • Average tariff rates faced by exporters in target markets • Time required for customs clearance (days) • Logistics Performance Index or trade facilitation indicators • Number of trade disputes mediated or resolved diplomatically • Cost of exporting a container (World Bank Doing Business indicators)
P5	Contextual Contingency	<ul style="list-style-type: none"> • Institutional quality indicators (e.g., World Governance Indicators) • Political risk index or economic uncertainty index • Ease of Doing Business indicators • Export capacity indicators (number of exporting firms, SME export participation rate) • Level of economic diversification or dependence on natural resources
P6	Policy Alignment	<ul style="list-style-type: none"> • Degree of coordination between economic diplomacy agencies and domestic export promotion institutions • Government expenditure on industrial and export promotion policies • Number of joint initiatives between ministries of trade, industry, and foreign affairs • Export growth rate following policy reforms • Implementation score of national export strategies

Source: Developed by the Author

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