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# “Czechia Team”. Economic diplomacy of the Czech Republic in the face of global challenges<sup>1</sup>

„Team Czechia”. *Dyplomacja ekonomiczna Republiki Czeskiej wobec globalnych wyzwań*

**Abstract:** The purpose of this article is to show the evolution of the Czech Republic’s economic diplomacy model from the systemic transformation in the 1990s to the present day. Using a case study and descriptive analysis method, the author analysed government documents shaping foreign policy and the state’s pro-export strategy. The economic conditions and the will of policymakers, who understood the need to take measures to support Czech exports and create an integrated system of economic diplomacy, were taken as the starting point for the considerations undertaken. In addition, it was necessary to find an answer to the question of the determinants that caused the modification of objectives and the introduction of a component of scientific diplomacy and development aid and led to measures for the territorial diversification of exports of goods and Czech investments towards non-European markets. The Czech Republic is the best-industrialised country in Central and Eastern Europe, a stable and open-to-the-world economy, focused on the markets of the European Union countries with ambitions to inspire technology and innovation in industry. Additional analysis of the research material, found on the websites and portals of state institutions and specialised agencies, allows us to conclude that the hallmark of the Czech model of economic diplomacy is its ability to respond quickly to crisis situ-

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<sup>1</sup> The title of the article is a reference to the words of Judit Štouračová, an unabashed advocate for the creation of a system of support for Czech exports and the promotion of the Czech Republic in the world, who in the late 1990s recognised that the mission of all state representatives abroad was to promote economic interests and work together as part of *Team Czech Republic*. J. Žižka, *Judita Štouračová: “Ekonomka se silným tahem na branku”, “Moderní Ekonomická Diplomacie”* 2018, no. 3, pp. 12–13.

ations such as COVID-19 as well as its transparency, including in the sphere of spending funds, and its commendable use of digital diplomacy, including social media, to conduct outreach and promotional activities.

**Keywords:** economic diplomacy, Czech Republic, foreign services of the Czech Republic

**Streszczenie:** Celem artykułu jest ukazanie ewolucji modelu dyplomacji ekonomicznej Republiki Czeskiej od transformacji systemowej w latach 90. do czasów współczesnych. Wykorzystując metodę analizy studium przypadku oraz opisową, autorka dokonała analizy rządowych dokumentów kształtujących politykę zagraniczną oraz proeksportową strategię państwa. Jako punkt wyjścia dla podjętych rozważań przyjęto uwarunkowania gospodarcze oraz wolę decydentów politycznych, którzy zrozumieli konieczność podjęcia działań wspierających czeski eksport oraz stworzyli zintegrowany system dyplomacji ekonomicznej. Ponadto konieczne było znalezienie odpowiedzi na pytanie o uwarunkowania, które spowodowały modyfikację celów, wprowadzenie komponentu dyplomacji naukowej oraz pomocy rozwojowej i doprowadziły do podjęcia działań na rzecz terytorialnej dywersyfikacji eksportu towarów i czeskich inwestycji w kierunku rynków pozaeuropejskich. Republika Czeska to kraj najlepiej uprzemysłowiony w Europie Środkowo-Wschodniej, stabilna i otwarta na świat gospodarka, skoncentrowana na rynkach państw Unii Europejskiej z ambicjami, aby inspirować technologiami i innowacjami w przemyśle. Dodatkowa analiza materiału badawczego, znajdującego się na stronach i portalach internetowych instytucji państwowych i wyspecjalizowanych agend, pozwala na stwierdzenie, że cechą charakterystyczną czeskiego modelu dyplomacji ekonomicznej jest jego umiejętność szybkiego reagowania na sytuacje kryzysowe, jak COVID-19 oraz transparentność, także w sferze wydatkowania środków finansowych oraz godne docenienia wykorzystanie dyplomacji cyfrowej, w tym mediów społecznościowych, w celu prowadzenia działań informacyjnych i promocyjnych.

**Słowa kluczowe:** dyplomacja ekonomiczna, Republika Czeska, służba zagraniczna Republiki Czeskiej

## Introduction

The first years of systemic transformation in Czechoslovakia and later in the Czech Republic were marked by liberal intramarket reforms, the fight against inflation, and unemployment. As in Poland and Hungary, the political, economic, and social transformation was carried out under the strong influence of the process of integration into Euro-Atlantic structures, up to the Czech Republic's full membership in NATO and the European Union. At the threshold of this systemic change, Czechoslovakia had a relatively strong macroeconomic situation; it was the most industrialised country in Central and Eastern Europe, its economy was stable, and unemployment and debt were lower than in Poland. The reforms implemented by the government of Václav Klaus were liberal in nature and were initially successful in stabilising the budget and keeping the unemployment rate low. However, the ineptly implemented voucher privatisation (1991–1994) negative-

ly affected the value of the koruna, shook the financial markets, and caused foreign investors to withdraw. Unfortunately, by the same token, the productivity of labour and the value of privatised enterprises failed to increase, and already in 1995–1996 the foreign trade balance was upset, as a result of which the Czech Republic recorded a deficit of 150 billion CZK, and the share of merchandise exports in the country's GDP fell to 39.2% compared to 1993 when it was 41.3%<sup>2</sup>. 1997 proved to be the most difficult year for the Czech economy since the partition of Czechoslovakia, and so the government in Prague took steps to stabilise the budget and strengthen the currency. Just before the early elections, the government of Josef Tošovského (ODS, OD, KDU ČSL) was formed, which decided to strengthen pro-export measures, inter alia, by supporting small and medium-sized companies in their commercial expansion abroad and attracting foreign direct investment<sup>3</sup>.

The economic crisis in which the country found itself in 1997 was the impetus for the government to support the initiative to establish CzechTrade, the originator of which was Judita Štouračová, its first head, an economist and ambassador of the Czech Republic to Belgrade<sup>4</sup>. Among the collaborators and, at the same time, creators

- 2 E. Klvačova, *Institutional Changes, Social and Economic Cost and Benefits of Integration of the Czech Republic in the UE*, [in:] J. Kundera (ed.), *Rozszerzenie Unii Europejskiej. Korzyści i koszty dla nowych krajów członkowskich*, Warsaw 2005, pp. 143–145.
- 3 Government program statement 27.01.1998, Josefa Tošovského, <https://vlada.gov.cz/assets/clenove-vlady/historie-minulych-vlad/prehled-vlad-cr/1993-2010-cr/josef-tosovsky/Programove-prohlase-vlady.pdf> [10.02.2020]; B. Pichová, *Dopady změn v zahraničněobchodní politice na českou ekonomiku po našem vstupu do EU*, "Acta Oeconomica Pragensia" 2004, vol. 12, issue 3, pp. 133–134.
- 4 The CzechTrade Agency (Trade Support Agency) was established on May 1, 1997, by Decision No. 97/1997 of the Minister of Industry and Trade. Its mission since its inception has been to support Czech exports abroad. CzechTrade's predecessor was the Infocenter at the Centre for Foreign Economic Relations, established in 1995 under the Ministry of Industry and Trade. J. Štouračová et al. (eds.), *Proměny ekonomické diplomacie v ČR a ve světě*, Prague 2012, pp. 126–138; J. Žižka, *Judita Štouračová...*, pp. 12–13; *History of the CzechTrade Agency*, <https://www.czechtrade.cz/czechtrade/o-nas/historie-agentury> [18.04.2023]. Prior to the creation of the Czech export support system, there were pro-export policy instruments – 1992 Export Guarantee and Insurance Corporation (EGAP), in 1995 the Czech Export Bank (ČEB) was established, still operating today, see: <https://www.egap.cz/cs/profil> [20.03.2024]. The EGAP website has posted annual activity reports since 2003, <https://www.egap.cz/cs/vyrocnni-zpravy> [20.03.2024]; The Czech Export Bank has supported Czech entrepreneurs in their projects in 94 countries around the world since 1995, with 390 million CZK, <https://www.ceb.cz/o-bance/profil-banky/>; CzechTrade today is a government agency supporting foreign trade of the Czech Republic and Czech entrepreneurs in foreign markets,

of the concept of the so-called triangle of services (CzechTrade, Export Guarantee and Insurance Corporation – EGAP, and the Czech Export Bank) supporting foreign trade and exports from the Czech Republic, was the Secretary for Economic Affairs at the Czech Embassy in Canada, Martin Tlapa, then director of CzechTrade, an economist who for many years, working at the Ministry of Industry and Trade and the Ministry of Foreign Affairs, became a symbol of the continuity of economic diplomacy.

The purpose of the article is to present the model of economic diplomacy of the Czech Republic, its conditions, genesis, and evolution under the influence of challenges and crisis situations in the world. The relevant time-periods are, on the one hand, the second half of the 1990s, when the first measures were taken to support exports, and on the other hand, the year 2023, when the latest *Export Strategy of the Czech Republic* was adopted. Economic diplomacy in this country took shape earlier than it did in Poland (2006–2007) and evolved from a dual model to a network model. The realisation of the research objective required the use of the case study analysis method and the descriptive method, allowing reconstruction of the conditions affecting the objectives, structures, and operation of the economic diplomacy of the Czech Republic. The author analysed government documents produced by the Ministry of Foreign Affairs, the Ministry of Industry and Trade, statements of the Government of the Czech Republic, reports on the implementation of foreign policy, and research material in the form of publications and information found on the websites and portals of the entities forming the system of economic diplomacy.

individual advice for entrepreneurs, market information, comprehensive assistance in dealing with administrative activities, licensing (Kompas) organization of B2B meetings directly or online, <https://www.czechtrade.cz/služby>. CzechTrade has pre-partnerships in 67 countries around the world. Information on export support is available on BusinessInfo.cz; EGAP – Export Insurance and Guarantee Company insures credits related to exports, services and foreign investments of Czech entities. Czech Export Bank has been financing Czech exports of both products and investments since 1995, in 2022 the volume of support amounted to 5,000, 22 million CZK. ČEB reporting, *Report for 2022*, p. 30, [https://www.ceb.cz/storage/AnnualReport\\_ReportTranslation/1-2000/d7f694c3-57fb-4052-b919-4858353e94c9\\_file\\_2022-cs.pdf](https://www.ceb.cz/storage/AnnualReport_ReportTranslation/1-2000/d7f694c3-57fb-4052-b919-4858353e94c9_file_2022-cs.pdf) [12.02.2024].

## 1. Economic diplomacy of the Czech Republic: genesis, structures, understanding of the concept

An important political impetus for the creation of economic diplomacy was the new economic strategy of the social-democratic government of M. Zeman, which included increasing the Czech Republic's exports and strengthening trade contacts. It was followed by further steps – on 12 August 1998, the government decided to create a comprehensive system of export policy, strengthen commercial departments at embassies, and upgrade the activities of the CzechTrade representative offices in promoting foreign and domestic foreign investment<sup>5</sup>. On 8 October 1999, a *Memorandum of Understanding on matters relating to foreign trade and export promotion in foreign service activities* was signed between the Ministry of Foreign Affairs and the Ministry of Industry and Trade of the Czech Republic. Under the agreement, 57 trade and economic sections with 130 foreign service employees were placed in structures under the Ministry of Industry and Trade. The foreign service's activities paid more attention to supporting businesses interested in foreign relations, and this applied equally to embassies and consular offices. Structural changes were not the only ones that took place in the Czech foreign service. The goal was also to improve the substantive preparation of the employees of the Commercial and Economic Departments of the embassies, to improve their qualifications for the positions of commercial advisors, and to organise training courses through the MFA for employees going to foreign missions<sup>6</sup>.

When the foundations of the Czech Republic's economic diplomacy were laid, a so-called dual system based on two ministries – foreign affairs and industry and trade – was adopted, supported by the aforementioned triangle (actually a quadrangle, if you count the activities

- 5 *Zpráva o zahraniční politice České republiky 1998–1999*, pp. 202–207, [https://mzv.gov.cz/jnp/cz/zahranicni\\_vztahy/vyrocní\\_zpravy\\_a\\_dokumenty/zprava1998\\_1999.html](https://mzv.gov.cz/jnp/cz/zahranicni_vztahy/vyrocní_zpravy_a_dokumenty/zprava1998_1999.html) [3.04.2024]; *Miloš Zeman's government's program statement*, August 1998, [https://vlada.gov.cz/assets/clenove-vlady/historie-minulych-vlad/prehled-vlad-cr/1993-2010-cr/milos-zeman/Programove-prohlaseni-vlady\\_1.pdf](https://vlada.gov.cz/assets/clenove-vlady/historie-minulych-vlad/prehled-vlad-cr/1993-2010-cr/milos-zeman/Programove-prohlaseni-vlady_1.pdf) [3.04.2024]; J. Štouračová et al. (eds.), *Proměny ekonomické diplomacie...*, pp. 133–135.
- 6 On 1 February 1999, an agreement was signed between the Ministry of Foreign Affairs in the Ministry of Foreign Trade on coordinating the activities of CzechTrade, Czech Invest, Czech Centres. Its purpose was to make efficient use of resources in the sphere of foreign trade activities. An instruction dated 2 March 1999 defined the tasks of embassies and trade and economic departments. *Zpráva o zahraniční politice České republiky 1998–1999...*, pp. 202–207.

carried out by the Czech Centres for Business Promotion) formed by government agencies. It was realised that there could be duplication of some activities by the two ministries so, in order to avoid this, an Internet communication system was created between them, to which all embassies were connected. In 1999, the first website of the Czech Foreign Ministry was created, with the Press Department responsible for the content on it and the communication policy. Through the efforts of the Foreign Ministry and the Interdepartmental Council for Support of Entrepreneurship and Export, an Integrated Information System was created, addressed to Czech entrepreneurs and containing analytical materials created at embassies (Trade and Economic Departments) and Czech Centres. The diplomats' goal was to promote economic interests and raise awareness of economic potential and export opportunities<sup>7</sup>.

The model of economic diplomacy functioning in this way corresponded to the understanding of this concept, popularised in the literature through Judita Štouračová, as a specific part of diplomacy and the diplomatic service, focused on creating conditions for the realisation of the state's economic interests abroad and supporting the trade and investment activities of domestic economic entities in their entry into foreign markets as well as supporting the activities and interests of foreign investors in doing business in the Czech market<sup>8</sup>.

Symptoms of a slow improvement in the Czech Republic's economy were evident as early as 2000, with economic growth of GDP at 3.3% and foreign investment reaching 8.3 million USD in 2002<sup>9</sup>. A negative trade balance continued, however, but the share of exports in GDP rose to more than 50%. The impetus for the economic improvement came from the liberalisation of trade with the European Union, which remained the Czech Republic's most important trading partner, as well as funds flowing into the Czech Republic in the pre-accession period, with 358 million EUR between 1995 and 1999. All of these activities

7 In 1999 alone, [www.export.cz](http://www.export.cz) was visited by 346,000 viewers. *Zpráva o zahraniční politice České republiky 1998–1999...*, p. 205.

8 J. Štouračová et. al., *Systém řízení ekonomické diplomacie České republiky*, Prague 2010, p. 8, <https://www.spcr.cz/files/cz/dokumenty/analiza.pdf> [9.02.2024].

9 *Ekonomický Biuletyn Informacyjny Wydziału Ekonomiczno-Handlowego Ambasady RP w Pradze*, Prague, January 2003, [www.weh.cz.pl](http://www.weh.cz.pl); A. Szczepańska, *Czech Republic in the European Union*, [in:] P. Krakora (ed.), *Obnova demokracie v Československu po roce 1989*, Prague 2010, pp. 284–297.

contributed to the successful completion of the EU accession process, which the Czech Republic began on 23 January 1996 by applying for membership in the European Union and already implementing the provisions of the Association Treaty<sup>10</sup>.

Before accession became a reality, it was necessary to adopt a communications strategy in 2001, the purpose of which was to convince the public of the old EU that the Czech Republic's place was in its structures and to create an image of a country with a mature democracy and a strong, industrialised economy. The second major goal of the communications strategy was to prepare its own citizens for accession. Joining the European Union also created new conditions for economic diplomacy activities under conditions of a free internal market and common trade policy at a time when such powers as China and India were gaining importance<sup>11</sup>. Membership in the European Union meant greater export opportunities to EU countries, where Czech exports had long been concentrated anyway, but also opened up opportunities for diversification of Czech companies' export and investment activities.

## **2. The Czech Republic as a developed Central European country, a modern and trustworthy trading partner**

In the absence of interest on the part of successive governments in Prague, there were no fundamental changes in the model of economic diplomacy until the adoption of the *Export Strategy of the Czech Republic for 2006–2010*, which assumed the creation of a positive image of the Czech Republic as a developed Central European country, a modern and trustworthy trading partner with a large potential of well-educated people and a developed infrastructure<sup>12</sup>. In addition

- 10 *National Program for the Preparation of the Czech Republic for Membership of European Union*, Prague 1999, [www.euroskop.cz](http://www.euroskop.cz); J. Wojnicki, *Droga Europy Środkowej do Unii Europejskiej (Czechy, Słowacja, Słowenia, Węgry)*, Warsaw 2007, pp. 3–80.
- 11 *Concept of the Czech Republic's Foreign Policy 2002–2006*, [https://mzv.gov.cz/file/1413384/KONCEPCE\\_2003\\_2006.pdf](https://mzv.gov.cz/file/1413384/KONCEPCE_2003_2006.pdf) [14.03.2024]; [https://mzv.gov.cz/jnp/cz/zahranicni\\_vztahy/vyrocnizpravy\\_a\\_dokumenty/zpravaz2002.html](https://mzv.gov.cz/jnp/cz/zahranicni_vztahy/vyrocnizpravy_a_dokumenty/zpravaz2002.html) [16.02.2024].
- 12 *Export Strategy of the Czech Republic 2006–2010*, <https://www.mpo.cz/assets/dokumenty/36360/40980/488764/priloha001.pdf> [8.12.2023]. The document sets out the concepts for branding the country through trade and investment, how to communicate and inform (the creation of the portal <https://www.businessinfo.cz/>), or the selection of priority markets such as Argentina, Brazil, Bulgaria, Serbia, Canada, China, Chile, Croatia, Egypt, India, Mexico, Romania,

to 30 CzechTrade representative offices and 86 Trade and Economic Departments in Czech embassies around the world, economic diplomacy tasks were also entrusted to Honorary Consulates and Consulates General of the Czech Republic, 16 of which had trade and economic sections<sup>13</sup>. Interestingly, two such posts existed in Russia and Germany, one in Katowice (Poland was one of the four most important trading partners), and in Italy, with the rest located in non-European markets – two consulates in the USA and China, and one each in Turkey, South Africa, Australia, India, Brazil, and Canada<sup>14</sup>.

Economic diplomacy activities went hand in hand with the public diplomacy strategy of building a Czech brand under the slogans – “Czech brands in the world” and “It’s Czech and you didn’t even know it”, aimed at promoting tourism, Czech products, and attracting foreign investment<sup>15</sup>.

Conclusions from the evaluation of the first years of economic diplomacy indicated that the activities of institutions responsible for helping Czech companies exporting or wishing to start operations in foreign markets were too dispersed and that there was a lack of cooperation between diplomatic representations and CzechTrade posts<sup>16</sup>. The solution to these problems, in addition to the competence disputes between the Ministry of Foreign Affairs and the Ministry of Industry

Russia, Saudi Arabia, Turkey, Montenegro, Ukraine Export. F. Tesař, *Mužeme, chceme, dokážeme: česka ekonomická, veřejná a kulturní diplomacie a Balkán*, Prague 2013, pp. 24–25.

- 13 The tasks of the Economic and Commercial Departments of the Embassies of the Czech Republic are to carry out analytical work, advise and mediate on legal and economic conditions for doing business and investing, promote the country, assist Czech companies in finding contractors and monitor market trends in the country of office. See: [https://mzv.gov.cz/berlin/cz/obchod\\_a\\_ekonomika/cile\\_a\\_poslani\\_oeu.html](https://mzv.gov.cz/berlin/cz/obchod_a_ekonomika/cile_a_poslani_oeu.html). The embassies' websites also provide information on investment opportunities in the Czech Republic, [https://mzv.gov.cz/file/5364414/Doing\\_Business\\_in\\_Czech\\_Republic\\_2023.pdf](https://mzv.gov.cz/file/5364414/Doing_Business_in_Czech_Republic_2023.pdf) [6.02.2024].
- 14 *Export Strategy of the Czech Republic 2006–2010...*, pp. 61–63; *Zpráva o zahraniční politice České republiky 2008*, [https://mzv.gov.cz/jnp/cz/zahranicni\\_vztahy/vyrocní\\_zpravy\\_a\\_dokumenty/zprava2008.html](https://mzv.gov.cz/jnp/cz/zahranicni_vztahy/vyrocní_zpravy_a_dokumenty/zprava2008.html) [10.03.2024].
- 15 L. Cabada, Š. Waisová, *Branding the Czech Republic". Public Diplomacy and Nation Branding as instruments of foreign policy*, "Przeгляд Europejski" 2016, no. 1, pp. 92–94; J. Peterková, E. Tomalová, *Perspektivy veřejné diplomacie České republiky*, Policy paper of the Institute of International Relations, pp. 6–7, [http://www.iir.cz/upload/PolicyPapers/2008/verejna\\_diplomacie.pdf](http://www.iir.cz/upload/PolicyPapers/2008/verejna_diplomacie.pdf) [3.02.2024]; J. Peterková, *Veřejná diplomacie malých států a realita České republiky*, "Mezinárodní Vztahy" 2008, no. 2, pp. 8–17.
- 16 More on the evaluation of economic diplomacy activities and the results of surveys conducted among Czech entrepreneurs see: *Systém řízení ekonomické diplomacie...*, pp. 27–28, 139–141.



and Trade, was to be brought about by the redefinition of the rules of cooperation between the MFA and the MIT, which signed an agreement on cooperation in export promotion and economic diplomacy on June 26, 2014<sup>17</sup>. It stipulated the establishment of a Customer Centre for Czech exporters within CzechTrade, providing a one-stop shop for Single Foreign Network services. B2B services were handled by CzechTrade outposts or embassies. The network of foreign fingers carrying out the tasks of economic diplomacy of the Czech Republic was expanded to include diplomatic representations in non-European markets – Colombia, Kenya, Senegal, Myanmar, and Kurdistan, where representatives of the Ministry of Foreign Affairs also went on economic missions to support Czech entrepreneurs.

There were five agricultural diplomats at diplomatic missions and one diplomat for science and research innovation<sup>18</sup>. The appearance of diplomats in charge of promoting and selling Czech food and agricultural products at the missions was the result of a strategy to enter non-EU markets<sup>19</sup>.

The *Map of Global Industry Opportunities*, prepared on the basis of information and analysis compiled by employees of the Foreign Service of the Czech Republic is an instrument that has been supporting Czech entrepreneurs from 2014 to the present day. It contains market information, data on the Czech Republic's foreign trade and investment with individual countries around the world, and preferred industries and sectors of the economy in which Czech companies can find an export or investment niche for themselves<sup>20</sup>.

17 Text of the agreement signed by Minister of Foreign Affairs Lubomír Zaorálek and Minister of Industry and Trade Jan Mládek, see: [https://mzv.gov.cz/ekonomika/cz/udalosti/vysledky\\_ekonomicke\\_diplomacie\\_v\\_roce.html](https://mzv.gov.cz/ekonomika/cz/udalosti/vysledky_ekonomicke_diplomacie_v_roce.html) [5.03.2024].

18 Priorities of Economic Diplomats 2015: consistent quality across the network. *Report on the Conference of Economic Diplomats of the Czech Republic and Directors of CzechTrade Offices*, Prague, 22–26 June 2015, <https://www.mpo.cz/cz/rozcestnik/pro-media/tiskove-zpravy/priority-ekonomickych-diplomatů-2015-jednotna-kvalita-v-cele-siti-159245/> [4.05.2024].

19 12 June 2014 Memorandum of Cooperation between the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Agriculture to increase exports of Czech agricultural and food products. See: [https://mzv.gov.cz/jnp/cz/udalosti\\_a\\_media/fakta\\_a\\_data\\_k\\_aktualitam/ekonomicka\\_diplomacie.mobi](https://mzv.gov.cz/jnp/cz/udalosti_a_media/fakta_a_data_k_aktualitam/ekonomicka_diplomacie.mobi) [17.02.2024].

20 The first version of *Map of branch opportunities* was presented at the International Engineering Fair in Brno in September 2014. It is published jointly by MFA, MIT and Czech Trade, [https://mzv.gov.cz/file/1263904/Mapa\\_globalnich\\_oborovych\\_prilezitosti.pdf](https://mzv.gov.cz/file/1263904/Mapa_globalnich_oborovych_prilezitosti.pdf) [14.02.2024]. The structure of the publication is twofold – in territorial form by state or by individual economic sector,

As of January 2015, a new system for evaluating the activities of economic diplomats was being implemented. Its basis was an evaluation of representatives of Czech companies that used the assistance of diplomatic representations and an analysis of export growth by companies that used such services in the country. De facto, the system for evaluating the activities of economic diplomats since 2014 has been based on a measure of customer satisfaction and the number of economic diplomacy activities carried out<sup>21</sup>. The qualitative methods applied use surveys of businessmen, while the quantitative methods are based on numerical data collected among others from diplomats' reports.

For the period 2012–2020, both the Export Strategy created by the Ministry of Industry and Trade and the Strategy for the International Competitiveness of the Czech Republic were created during a period of downturn caused by the global financial crisis, but they included a vision for the Czech Republic's presence on global markets and entry into the ranks of the world's 20 most developed economies and emphasised the need for Czech exporters to diversify their interests in non-European markets. The Ministry of Industry and Trade divided the priority countries, from the perspective of economic diplomacy, into two groups. The first included Brazil, China, India, Iraq, Kazakhstan, Mexico, Russia, Serbia, Turkey, Ukraine, the US, and Vietnam. The second group of countries was much larger at 25 and included some African countries like Angola, Ethiopia, and Ghana but also Japan, Israel, Peru, Moldova, Switzerland, and Singapore. However, the priority was not the territorial division but also took into account industry investment opportunities, which were reflected in the form of the *Global Opportunities Map*. The obstacles to the implementation of the strategy, which lay in the low innovativeness of many Czech companies, were accurately diagnosed; on the other hand, industrial

[https://mzv.gov.cz/public/bo/33/e6/3044371\\_2026823\\_Mapa\\_sektorova\\_2019.pdf](https://mzv.gov.cz/public/bo/33/e6/3044371_2026823_Mapa_sektorova_2019.pdf) [16.02.2024]. In 2020/2021, in response to the pandemic *Map of strategic opportunities* was issued, [https://mzv.gov.cz/ekonomika/cz/servis\\_exporterum/mapa\\_globalnich\\_oborovych\\_prilezitosti/mapa\\_strategickyhprilezitosti.html](https://mzv.gov.cz/ekonomika/cz/servis_exporterum/mapa_globalnich_oborovych_prilezitosti/mapa_strategickyhprilezitosti.html) [18.02.2024].

21 M. Tlapa, *Inspirace pro hodnocení ekonomické diplomacie*, "Moderní Ekonomická Diplomacie" 2019, no. 10, p. 9, <https://www.export.cz/komentar/hodnoceni-ekonomicke-diplomacie-inspiracihledame-i-v-zahranici>. According to Deputy Minister Tlapa, the average score in 2019 was very high at 1.08; see: *Report on the Implementation of the Export Strategy of the Czech Republic 2012–2020 for 2019*, <https://www.mpo.cz/assets/cz/zahranicni-obchod/podpora-exportu/exportni-strategie/2020/6/zprava-o-plneni-ES-2019.pdf> [21.03.2024].

goods, machinery, equipment, or cars exported from the Czech Republic were produced by companies dependent on their Western parent companies. The country's great asset (formerly also in Czechoslovakia) is good staff levels of trained engineers and a high level of industrialisation<sup>22</sup>. The so-called "turnkey" investments in the form of building and equipping hospitals, railroads, water supply infrastructure, and power plants have been the key to the success of Czech companies. Czech companies took part in the modernisation of the Baku-Tbilisi-Kars railroad infrastructure, in Georgia they built resort complexes on the Black Sea, and Czech engineering projects were used in the modernisation of energy infrastructure including hydropower in Georgia and Azerbaijan<sup>23</sup>. All these investments were supported by EGAP and ČEB, as was the construction and equipping of hospitals in Gabon, Ghana, Laos, and Papua New Guinea. Over the two years of operation from 2015–2017, Klientské centrum pro export supported 1,800 Czech companies interested in seeking foreign contractors<sup>24</sup>.

After ten years of the economic diplomacy model, it began to change to a network model, based on the teamwork of many entities and institutions supporting state activities for entrepreneurs in various fields such as agriculture, defence, scientific research, sports, health, and environmental protection<sup>25</sup>. In the pre-pandemic year, the Ministry of Foreign Affairs supported the implementation of 288 projects for a total of 48 million CZK, mainly in the agriculture, food, tourism, and defence industries<sup>26</sup>. All the projects were aimed at supporting

22 *Export Strategy of the Czech Republic 2012–2020*, <https://www.mpo.cz/dokument103015.html> [21.03.2024].

23 The involvement in the markets of countries with authoritarian regimes like Azerbaijan, Belarus, and Kazakhstan remained the image issue. V. Kopecký, *Ekonomická diplomacie*, 22 March 2017, <https://www.amo.cz/cs/agenda-pro-ceskou-zahranicni-politiku/ekonomicka-diplomacie/> [16.03.2024].

24 *Information on projects implemented by Czech companies*, "Moderni Ekonomicka Diplomacie" 2018, no. 3, pp. 4–23; *Zpráva o zahraniční politice České republiky 2018*, [https://mzv.gov.cz/file/3559577/ceska\\_diplomacie\\_2018\\_final\\_6\\_6.pdf](https://mzv.gov.cz/file/3559577/ceska_diplomacie_2018_final_6_6.pdf) [23.03.2024].

25 Interview with M. Tlapa. "Moderni Ekonomicka Diplomacie" 2017, no. 1, pp. 2–4.

26 *Česka diplomacie 2019*, p. 11, [https://mzv.gov.cz/jnp/cz/zahranicni\\_vztahy/vyrocní\\_zpravy\\_a\\_dokumenty/x2020\\_03\\_12\\_publikace\\_ceska\\_diplomacie\\_2019.html](https://mzv.gov.cz/jnp/cz/zahranicni_vztahy/vyrocní_zpravy_a_dokumenty/x2020_03_12_publikace_ceska_diplomacie_2019.html) [24.02.2024]. The reports of the Ministry of Foreign Affairs of the Czech Republic are available on the website. Until 2010, they were published under the title *Zpráva o zahraniční politice ČR*. In 2019, the government of Andrej Babiš developed *Innovation Strategy of the Czech Republic 2019–2030*, which was guided by the slogan "The Czech Republic: the country of the future". The goal of the strategy was to position the Czech Republic among the most innovative economies in the world. See: [https://mzv.gov.cz/jnp/cz/zahranicni\\_vztahy/vyrocní\\_zpravy\\_a\\_dokumenty/x2020\\_03\\_12\\_publikace\\_ceska\\_diplomacie\\_2019.html](https://mzv.gov.cz/jnp/cz/zahranicni_vztahy/vyrocní_zpravy_a_dokumenty/x2020_03_12_publikace_ceska_diplomacie_2019.html)

the pro-export activities of Czech companies and took the form of inbound missions, workshops, participation in exhibitions or fairs, and conferences or seminars<sup>27</sup>. In addition to the Ministry of Foreign Affairs, the Ministry of Industry and Trade, the Ministry of Agriculture, the Ministry of Defence, and the Ministry of Regional Development participated in the joint financing instrument for these activities. CzechTourism, which is subordinate to the Ministry of Regional Development, and the Czech Development Agency were also included in the economic diplomacy system<sup>28</sup>.

The experience of the COVID-19 pandemic left its mark on the Czech Republic's economic diplomacy model. The first activities of the foreign service during this difficult period focused, of course, on organising the return of the country's citizens to the country and supporting entrepreneurs to reduce their export risks, take over the representation of their company by foreign service employees, or help open an on-site representative office in the country where the company did business. Another task of Czech diplomacy was to help other countries in hardship, with development assistance being an important component of the country's economic and public diplomacy. The Czech Development Agency achieved the best result in its history by implementing 116 aid projects amounting to 458 million CZK. Within a joint EU-Team Europe project, the Czech government allocated an additional 250 million CZK to fight the pandemic. Aid was focused on countries with which the Czech Republic had established bilateral development cooperation; Bosnia and Herzegovina, Ethiopia, Georgia, Cambodia, Moldova, Zambia, but also Afghanistan, Ukraine, and several African countries. The form of assistance was based on health considerations and consisted of supplying hygiene and protective measures and providing access to clean water

gov.cz/file/3569261/Innovation\_Strategy\_of\_the\_CR\_2019\_2030\_The\_Country\_for\_the\_Future.pdf, <https://www.facebook.com/country4future/> [19.02.2024].

- 27 Lists of all projects accepted for funding are published annually on the MFA website, [https://mzv.gov.cz/file/3810977/PROPED\\_schvalene\\_pro\\_rok\\_2020\\_sektor.pdf](https://mzv.gov.cz/file/3810977/PROPED_schvalene_pro_rok_2020_sektor.pdf) [19.02.2024]. Any entrepreneur interested in participating in the projects can make an enquiry to the Customer Centre pro export (klexport@businessinfo.cz) or to a diplomatic mission.
- 28 The goal of CzechTourism is to ensure the promotion of the Czech Republic and to continuously work on creating the image of the Czech Republic as a tourist destination both abroad and in the domestic market. See: <https://cms.czechtourism.cz/cms/getmedia/a00189ff-5b3d-4a29-a98e-feb197d8c656/Zrizovaci-listina-CzechTourism-vcetne-dodatku-c-pdf> [20.02.2024].

and food. In addition to its standard B2B programs, the agency also enlisted business-focused organisations to support NGO activities such as those in the medical device supplier industry, rail transportation, or nanotechnology and thus created an opportunity to include Czech companies in development assistance<sup>29</sup>.

The activities of economic diplomacy largely moved to the world of the Internet, where deals were made and negotiations were conducted. With an eye on the cybersecurity of companies more actively using this form of communication, the National Office for Cyber and Information Security was included in the joint financial instrument. Support was provided under PROPED for those projects of cooperation between Czech companies and foreign partners that were feasible online, creating the category of e-PROPEDs, offering these companies the possibility of representation on foreign markets during the period of isolation caused by COVID-19. A new solution forced by the situation was the establishment of cooperation between the Ministry of Foreign Affairs and the Ministry of Culture, on the promotion of Czech culture and especially the creative sector abroad.

The Czech economic diplomacy's response to global challenges is the 2023–2033 Export Strategy, which assumes bringing about the internationalisation of Czech companies and increasing their competitiveness in order to respond more effectively to crisis situations. Diversification of resources and ensuring the continuity of the supply chain were recognised as a necessary condition for economic, raw material, and energy security. Export potential was seen in industries related to mobility, energy, food safety, health, smart cities, security and defence, and the raw materials sector. The Czech Republic is interested, within the framework of EU trade policy, in concluding free trade agreements with countries in the Indo-Pacific region, Latin America, and North America, including agreements on so-called digital part-

29 Since 2015, the Czech Development Agency has been implementing a B2B support mechanism to integrate the private sector into development assistance consisting of financial support to minimise the impact of Czech companies entering Czech development assistance priority markets: Bosnia and Herzegovina, Moldova, Georgia, Cambodia, Zambia, and Ethiopia, see: [https://mzv.gov.cz/file/3603450/Mapa\\_globalnich\\_oborovych\\_prilezitosti\\_2019\\_2020.pdf](https://mzv.gov.cz/file/3603450/Mapa_globalnich_oborovych_prilezitosti_2019_2020.pdf) [13.03.2024]. Read more about the activities of the Czech Development Agency in implementing the slogan Czech Republic Helps, <http://www.czechaid.cz/nase-aktivity> [13.03.2024].

nerships<sup>30</sup>. The goal of economic diplomacy is also the participation of private companies in European foreign development assistance projects financed by the likes of Team Europe Initiatives or Global Gateway, thus increasing the presence of Czech small and medium-sized companies on international markets.

The changes that the Czech Republic's economic diplomacy is undergoing under the influence of international trends are reflected in the introduction of a new component to it – scientific cooperation. On the formal layer, 2023 even saw the renaming of an organisational unit in the Prague MFA to the Department of Economic and Scientific Diplomacy within a larger organisational unit – the Department of Non-European Countries, Economic and Development Cooperation. This is a result of the Czech Republic's interest in establishing cooperation in research and innovation on, among others, digital technologies, artificial intelligence, green technologies, and e-health<sup>31</sup>.

## Conclusions

The economic diplomacy of the Czech Republic was created under the influence of the needs arising from both the internal economic crisis and was also a response to the increased importance of economic issues in international relations and the progressive process of integration with the European Union. Over the years, its structure, management system, and presence in priority foreign markets have evolved. The network of diplomatic and consular representations has expanded. The size and substantive preparation of the cadre of economic and commercial diplomats and government agency staff has increased. The model that has been in operation until now – Modern Economic Diplomacy – is networked, non-hierarchical in nature, and focused on openness and increasing cooperation between state institutions and subordinate agencies and entrepreneurs. The Czech

30 *Zpráva o zahraniční politice České republiky 2021*, [https://mzv.gov.cz/file/4872324/Ceska\\_diplomacie\\_2021.pdf](https://mzv.gov.cz/file/4872324/Ceska_diplomacie_2021.pdf).

31 *Information on the establishment of the Department of Scientific Diplomacy*, 1 April 2023, <https://www.novinky.cz/clanek/veda-skoly-na-mzv-vznika-oddeleni-vedecke-diplomacie-ma-spojovat-ceske-vedce-a-firmy-se-zahranicim-40427944>; Czech Foreign Ministry Scientific Diplomacy, [https://mzv.gov.cz/jnp/en/foreign\\_relations/science\\_and\\_technology/index.html](https://mzv.gov.cz/jnp/en/foreign_relations/science_and_technology/index.html), see: science@mzv.cz.

Republic is using advanced technology and industrial innovation to increase exports and foreign investment by its companies. Despite these changes, the Czech Republic's economic diplomacy uses standard tools to achieve its primary goal of increasing the openness of the Czech economy and supporting exports and investments abroad. The Czech economy is considered no less open than Germany's, the number of projects implemented in 2016 was 161, and 16 million CZK were spent. In 2017, 300 projects were implemented, financed with 53 million CZK, and there was a marked increase in interest in Czech investments carried out under development assistance, by as much as 30%. In 2018, 22 million CZK were allocated for the implementation of the B2B program, which increases the participation of Czech companies in developing countries. In 2022, the Czech Republic was represented in more than 90 countries around the world through diplomatic representations and specialised government agencies, which carried out more than 200 PROPED projects that are effective tools for promoting the country's interests.

One of the priorities of Prague's pro-export policy has been to increase the Czech presence in non-EU markets. In 2017, year-on-year exports of goods from the Czech Republic to China increased by 25% and to Thailand by 18%. Despite the trend toward diversification of foreign trade, in 2023, EU countries still accounted for 79.9% of exports and 62.2% of imports from the Czech Republic. In 2022, it was Prague that hosted the EU summit with Indo-Pacific countries, and several major economic conferences were held with representatives of African countries and the Gulf region.

A noteworthy positive aspect of the Czech Republic's diplomacy is its transparency, manifested, among other things, in the access of the domestic and foreign public to numerous guides, analytical market studies, reports, and financial statistics on the implementation of projects, which do not exist in other countries. Communication tools are not limited, with the websites of the Ministry of Foreign Affairs, embassies, or a web portal operating in five languages (czech.cz; czechia.eu) but also accounts on Facebook, Platform X (previously Twitter), Instagram, and LinkedIn.

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