

Interplay of International Trade and Diplomacy

By

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Abstract

This thesis adopts an interdisciplinary methodology that combines International Relations (IR) and International Business (IB), recognising that international trade and diplomacy are not two distinct fields but are fundamentally intertwined. Until 2025, trade was not widely considered a legitimate diplomatic tool; however, contemporary shifts in global politics reveal that trade has become a key instrument of great power strategy. Through historical perspective analysis and structured interviews, this study examines how trade and diplomacy evolved into differentiated domains and challenges that perception by presenting an interplay and co-existing layers model, demonstrating their ongoing interdependence.

The core contribution of this thesis is the development of an interplay-based framework that reconceptualises trade and diplomacy as layered, co-existing practices. These layers, foundational, structured, and institutional, do not function as linear progressions but as simultaneously active domains. Practitioners continuously move between these layers, depending on context, purpose, and strategic necessity. The modern practitioner operates as an interplay-based agent, engages with legal systems, strategic policy, and relational diplomacy in a dynamic and non-sequential order. Supported by hierarchical and holistic decision-making models, the interplay framework reveals that international trade and diplomacy remain co-constitutive, with the foundational principles of diplomatic thinking still embedded within highly institutionalised and bureaucratic trade structures. This thesis challenges the disciplinary boundaries of IR and IB, arguing that an interplay-based methodology more accurately reflects contemporary practice and provides a critical tool for analysing the evolving complexity of international engagement.

AUTHOR'S DECLARATION

I, the undersigned, Nicholas Reimers, candidate for the MA degree in International Relations, declare herewith that the present thesis titled Interplay of International Trade and Diplomacy is exclusively my work, based on my research and only such external information as properly credited in notes and bibliography. I declare that no unidentified and illegitimate use was made of the work of others, and no part of the thesis infringes on any person's or institution's copyright. I also declare that no part of the thesis has been submitted in this form to any other institution of higher education for an academic degree.

Vienna, 18th May 2025

Nicholas Reimers

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Introduction

Until 2025, international trade was not widely regarded as a legitimate tool of state diplomacy. In 2025, under President Trump's second term, trade is being used as a tool for great power politics, and it reignited the global debates over the relationship between trade and diplomacy. Trump's actions created global tensions in how trade and diplomacy are practised. It highlighted that trade negotiations are not only transactional but require strong interpersonal skills and the careful management of dynamic relationships. This thesis responds to 'Trump's 2025 Discretionary Tariff and Trade Wars' (Alessandria et al 2025) and his statements on how "People have never really used trade the way I've used it" (Trump 2025) by proposing new explanatory models for trade and diplomacy. It prompts an examination into the relationship and influence between international trade and diplomacy, and what this means for the disciplinary fields of International Relations (IR) and International Business (IB) within the international system.

This thesis adopts an interdisciplinary methodology that combines International Relations (IR) and International Business (IB), recognising that the concept of trade and diplomacy is relevant to each theoretical domains. The thesis uses a co-existing layers model which draws from an interplay-based analysis to understand the relational dynamic between trade and diplomacy. International trade is broader than an economic tool; it is critical for shaping power relations and broader political strategy, meaning trade is fundamental to both political and economic domains. IR utilising trade to understand the state-oriented diplomatic aspect of trade, whilst IB provides valuable insights into the contemporary practical strategies of trade negotiations. Three core reasons justify why an interdisciplinary approach is both warranted and necessary:

1. An interdisciplinary method bridges theory to the practical. IR theory is used for contextualising trade and diplomacy within great power politics, while IB grounds these theories in the practicality of real-world situations. This combined application offers a

dual lens on the relationship between trade and diplomacy, particularly in the context of trade missions and negotiations.

2. An interplay-based framework is necessary to harness both the IR structural/relational logic approach and IB's functional/managerial practical perspective.
3. IR and IB should both be viewed as primary tools, as opposed to independent domains; IR generally applies trade as a tool for economics and is considered secondary to other forms of foreign policy. Meanwhile, IB often ignores the political and strategic utilisation of trade.

To investigate the interaction between international trade and diplomacy, this study adopts a mixed-methods approach to analysis, first employing a qualitative, interplay-based framework which is represented as a co-existing layers model. This will be used to articulate the interplay of contradictory claims that trade and diplomacy are two separate fields. This analysis will be primarily based on the qualitative data drawn from four structured interviews and historical perspective analysis. These materials were selected for their capacity to reveal the contradictory positions of the external academics regarding the fields of trade and diplomacy. Secondly, this thesis includes a quantitative analysis subsection that uses a rating system employed during the interviews. The purpose of this quantitative subsection is to build an understanding of the decision-making process. The results of the quantitative analysis led to a conceptual positioning mapping process, highlighting the logic behind why and when practitioners in international trade and diplomacy move within the co-existing layers model. The logic behind the position mapping is further explored through the examination of two decision-making models.

For the mixed method approach, I conducted structured interviews with employees of DFAT, Austrade, Queensland Trade and Investment, a diplomacy and trade consultant (former APEC) and an executive at Microsoft (East Asia and Oceania). These interviewees were deliberately

chosen to capture any contradictions or tensions that might emerge during the interviewing process. They represent a cross-section of different aspects of international trade and diplomacy, bringing significant work experience and informed perspectives. This exploration involved examining the roles of trade ministries and embassies. This process ensured a comprehensive understanding of the current relationship between diplomacy and trade. Analysing these interviews provided deeper insights into their complex and intricate interplay. The thesis bridges the gap between the IR and IB fields, demonstrating trade and diplomacy are not loosely connected but rather fundamentally intertwined and both domains must be considered and analysed as one – an ‘interplay-based framework’.

This thesis uses the terminology of trade diplomacy rather than consumer or economic diplomacy. Donna and Hocking’s (2010, 13) definition of trade diplomacy will be used: “trade diplomacy refers to the practice and process of managing international trade relations through negotiation, cooperation, and policymaking, involving not only states but also a wide range of non-state actors, networks, and institutions.” It encompasses traditional intergovernmental negotiations as well as newer forms of diplomacy shaped by regional trade organisations, the World Trade Organisation, and emerging global issues. Consumer or economic diplomacy provides narrow definitions and disciplined, focused approaches. Donna and Hocking (2010, 3) outline, “If diplomacy is tied to state actors and state interests, then economic diplomacy tends to be limited to the use of traditional diplomatic tools to achieve the economic goals of the state” This provides a limited definition of trade diplomacy. Whereas “Commercial diplomacy focuses on building networks of diplomats and business groups based in overseas missions to promote trade and investment as well as business advocacy.” (Donna and Hocking 2010, 12) Using this terminology of commercial diplomacy is useful, though it is confined to the commercial agendas of the parent countries.

The structure of this thesis is divided into four core parts. Firstly, it conducts a historical perspective analysis of the three main evolutions of international trade, highlighted by the work of Pigman (2016). Secondly, it will perform a historical perspective analysis of diplomacy, drawing on the work of Galtung and Ruge (1965), which distinguishes diplomacy as a separate perspective to international trade while also exposing how their evolutionary process mimics each other. These two sections outline how trade and diplomacy have evolved to be perceived as distinct fields in academia and practice.

The third section analyses trade missions to give an understanding of how trade and diplomacy interrelate and interact in a practical, contemporary environment. Additionally, this section highlights how, in practice, trade and diplomacy are often separated and maintain a level of differentiation in their responsibilities, yet they share foundational skill sets and objectives.

Finally, the concluding core section represents the primary contribution of this thesis to the greater academic literature. The research is synthesised through an interplay-based analysis, combining the key findings of this research into a cohesive analytical Interplay framework. It examines the historical phases of trade and diplomacy through perspective analysis, determining that they do not represent individual progressions; instead, domain-based progressions that are interconnected layers built upon each other, coexist and depend on one another. The quantitative research interviews guide the interplay analysis; they represent the two different interplaying perspectives – trade and diplomacy. This analysis identifies three models: one where trade and diplomacy co-exist, separated into three distinct layered domains and overlayed in an interplay framework. It examines the conceptual understanding of trade and diplomacy, emphasising both their interconnectedness and contrasting nature. The remaining two models highlight how trade and diplomacy are influenced by ongoing tension,

driven by the dominant drivers in the decision-making process. Together, these models illustrate the interconnected relationship between international trade and diplomacy.

I. Historical Perspective of International Trade

The Evolution of International Trade

The evolution of international trade has evolved through complex and distinct phases. The distinction between international trade and diplomacy emerged as part of a long historical process. It can be characterised by four phases summarised in Figure 1: trade-as-diplomacy (initial system), trade liberalisation, trade institutionalisation, and trade judicialisation. These four phases with three crucial evolutions highlight how trade has become highly differentiated from diplomacy.

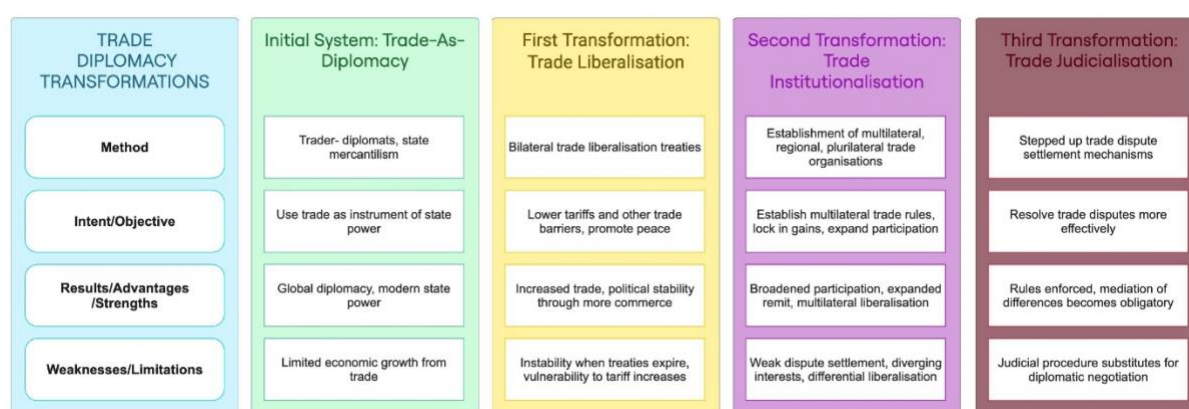


Figure 1. Evolution of Trade-Diplomacy, adapted from Pigman 2016, 11

Initial System: Trade-as-Diplomacy

Trade and diplomacy have been directly related since they were institutionalised into two distinct practices. Pigman (2016) proposes the concept of trader-diplomats, which refers to a trader who, when necessary, can also conduct diplomatic acts. This practice can be traced back to over a millennium ago when a single tribe wanted to develop a new diplomatic relationship with another unknown tribe they would conduct a gift-giving ritual. This practice can be described as a form of meeting ritual where one tribe would send out one of their members into

no man's land between the two tribes with gifts; the tribesmen would then show the receiving tribe that they come in peace by leaving the gifts in a visible location for the receiving tribe to either accept or decline. This ritual underscores the interconnection between trade and diplomacy. The acceptance or decline of the gifts by the receiving tribe would then signal their openness to diplomatic discussions; this process highlights two critical functions of the ritual. Firstly, it highlights the role of trade as the ritual utilises a deal and an exchange. Secondly, it can also be concluded that the actual thought process of the risk/award management can be described as "diplomatic thinking". Institutionalising this trading procedure directly intertwines the origins of both trade and diplomacy. This ritual also sets a precedent that diplomatic relations are co-dependent on international trade. The logic behind this practice's ritualisation is primarily due to trade relations being one of the foundational reasons for developing diplomacy, as different societies had a strong desire to interact with each other to acquire various things, which they did not or no longer possessed.

The dynamics of trade negotiation create a context for a strict interpretation of diplomatic thinking, where it is suggested that the potential for relationships with others to whom individuals feel no traditional emotional, moral, or legal obligations. If those who initiate these ventures are viewed as engaging in diplomatic thought, then those who bring gifts are equally seen as acting as both diplomats and traders. (Sharp 2009, 89). When conducting the ritual, a prerequisite of norms must be followed, as the receiving tribe observes the trade drop-off. If the tribesmen have a less-than-ideal approach and leave the gifts in an undesirable location, they have broken the tribal norms.

Pigman (2016) points to Marco Polo as a prime example of as the ideal type of the "trader-diplomat", Marco Polo travelled across the Silk Road from the Venetian Republic to Asia to discover new spices and exotic produce and products; the very nature of his travels can be

described as are diplomatic missions. This is attributed to Marco Polo interacting consistently with local foreign societies and cultures on the journey to develop a harmonious relationship before commerce and trade could become feasible. The interdependence of economic interactions and diplomatic actions stresses this nuanced relationship. Illustrating that social and cultural engagements are systematically linked to economic dynamics. This suggests that the formulation of diplomatic strategies cannot be disentangled from the broader economic context, as they both influence and shape one another in international relations.

Trader-diplomats utilising Trade-as-Diplomacy were essential in creating international relations and the concept of a modern sovereign state, as dictated by Westphalia. Often, international trade missions also acted as diplomatic actors; it wasn't uncommon for a nation's rulers to enlist the help of a trader to transport important diplomatic letters and treaties. Before the Industrial Revolution, most state leaders did not consider trade to have any value politically or economically. This was primarily because trade was minimal and unnecessary for its own sake. After the Industrial Revolution, trade became increasingly important, to the extent that managing international trade became the primary role of the state (Pigman 2016, 24). However, much like the contemporary state of international trade, during the 18th century, trade had become a tool for war and was more often used by state leaders and diplomats as a hostile tool.

Pigman (2016) explores how the Napoleonic Wars can be viewed as a war driven by trade. Both the English and the French were the world's two largest seaborne traders. They attempted to embargo each other's trade and utilise home trade and manufacturing to gain an advantage over one another. For example, Napoleon introduced the continental system. He held specific economic views, grounded mainly in a superficial understanding of mercantilist theory. He believed that true wealth consisted of land, labour, and domestic industry. From his perspective, trade, particularly finance, was an inherently parasitic activity, leading to an ultimately fragile,

exploitative, and vulnerable economy. His strategy aimed to strike at Great Britain by cutting off its access to European markets for exports and re-exports. Furthermore, Napoleon sought to impede Britain's acquisition of crucial imports, such as Baltic supplies essential for its navy. Simultaneously, he aimed to undermine Britain through a mercantilist approach by compelling it to engage in trade under unfavourable conditions. In 1806, Napoleon introduced the Continental System, which included a comprehensive trade blockade of continental Europe. In response, the British announced a reciprocal blockade on all French ports, stipulating that trade with the English could only be permitted if they followed the British terms of trade (Kyriazis, Vliamos 2006, 11). The Napoleonic Wars mark the first instance of trade and economic warfare, where economic factors significantly influenced the war's outcome, as the Continental System led to fractures among the Germans, Austrians, and Russians.

After the English conclusive victory over Napoleon at the Battle of Waterloo, it became evident that the economic system needed to change. Trade needed to be considered separate from diplomacy, and specialised trade and diplomacy continued to develop side by side until the 20th century, when they split further, focusing more on each domain's skill sets and required abilities. This evolution occurred with the initial rise of liberalism, where trade was legitimately used as a tool of great power politics and became a more effective means of guaranteeing long-term peace (Pigman, 2016).

Evolution 1: Trade Liberalisation

As illustrated in Figure 1, the first evolution in trade diplomacy is trade liberalisation, as noted by Pigman (2016). The first evolution occurred during the liberalisation movement, where the liberalisation of trade treaties and policies became prevalent. This shift marks the first time in which the specialisation of trade differentiated itself from the other aspects of diplomacy (Pigman 2016, 11). The liberalisation of trade policies, like diplomacy, created an environment for debate. Despite the evolving nature of trade and diplomacy, a distinct connection between the two remained. Strategic diplomatic delegations were deployed to negotiate new trade agreements and promote peace, indicating that trade-diplomacy practitioners continued to undertake negotiations with ethical and moral trade objectives. However, this evolution marks the first significant point of differentiation between trade and diplomacy. Trade shifted from primarily a tool for great power politics to becoming a strictly economic commercial instrument.

Post the Napoleonic Wars, the United Kingdom struggled to reap the benefits of its increased trade and production. Between 1826 and 1956, English trade grew at ~5.6% per annum; however, due to the cost of manufacturing and a larger supply of products without a corresponding rise in demand, the trade exports had a heavily reduced value. The trade shift is also closely linked with the 1927 harvest recession and the abolition of the Corn Laws; tariffs on the trade of corn were seen as unfair, keeping the price arbitrarily high, and causing public outrage (Fairlie 1965). Attempts by the government to negotiate reciprocal tariff reductions with other countries, such as France and Belgium, failed, increasing dissatisfaction with the existing trade policies and contributing to the argument for repeal (Pigman, 2016).

In response to these conflicts, the Anti-Corn Law League and the Manchester School began to advocate for free trade, boosting public opinion against the protective mercantile tariffs. They

argued that free trade would promote economic growth, reduce prices, and benefit customers. Key positions within the board of trade and policymakers were filled with pro-free trade advocates, enabling them to freely advocate for and create legislative changes, shifting British trade policy away from a tariff-based system to free trade.

By the start of the Great War, bilateral free trade was operating in developed nations. However, WWI exacerbated trade-related issues. Trade treaties revealed significant weaknesses and limitations, which became increasingly evident as more states participated in the international trading system and began to attain levels of competitiveness and market shares comparable to those of European nations. Firstly, bilateral treaties were typically established for a limited, fixed term. Once these agreements lapsed, conflicts over domestic trade policy had to be revisited and were often influenced by changing economic conditions, before diplomats could initiate negotiations for renewal. The shifting balance of power negatively affected the negotiating strength among European states and, increasingly, non-European states (Pigman 2016). To address this problem, international trade needed to evolve, transitioning from bilateral to multilateral.

In summary, the significance of liberalising international trade lies in its transformation from primarily a tool for great power politics to instead becoming a strictly economic and commercial instrument, compared to diplomacy, which remained a tool for great power politics exercised exclusively by the state.

Evolution 2: Trade Institutionalisation

As early as the turn of the 20th century, Pigman (2016) suggests the Sugar Cane Convention predisposed international trade towards a multilateral, institutional approach to liberalising trade. This was a slow process; however, after World War II, trade interests began to be

considered distinct from other foreign policy and diplomatic interests. This evolution saw the creation of institutions that, in turn, facilitated the widespread implementation of multilateral trade diplomacy, such as the World Trade Organisation, which fundamentally changed how trade diplomacy was conducted. When joining, these institutions were granted power by the member states, thereby ceding a small amount of their sovereignty. (Pigman 2016, 11) The institutionalisation of trade introduced multiple rounds of multilateral negotiations on the role of tariffs in global trade. These negotiations resulted in the near elimination of tariffs, and by the conclusion of the Tokyo round, it was generally accepted that global trade had become fully liberalised. Trade institutionalisation continued the differentiation trend by adding an extra layer of complexity to the international trading market. With the increasing number of new countries engaging in trade, multilateral trade institutions became a necessity.

One of the major objectives of institutionalised trade diplomacy was guaranteeing that institutional members adhered to the agreed-upon trade regulations. This was primarily achieved through two different tactics, the first involving the mediation and resolution of disputes that arose when one or more countries believed they were disadvantaged due to another country's apparent violation of the rules. The second tactic involves ongoing monitoring and the sharing of information among member states. A self-governance model where each member state would monitor the compliance and actions of others. Both approaches are inherently diplomatic, reflecting the sovereignty of the countries involved while simultaneously necessitating robust institutional frameworks for their effectiveness. Under the bilateral trade treaties negotiated before the establishment of these institutions, instances where one signatory accused another of non-compliance with the terms of the agreement typically led to diplomatic engagement (Pigman, 2016).

As international trade shifts from bilateral agreements to more institutionalised multilateral arrangements, intended to be more stable and less reliant on the discretion of individual states, it marks the beginning of the next phase in the evolution of international trade: judicialisation.

In summary, the process of trade institutionalisation has reinforced and perpetuated the trend of differentiation within the global trading landscape, introducing a new layer of complexity. As an increasing number of nations engage in international trade, the establishment of multilateral trade institutions has become essential for facilitating these interactions. This evolution underscores the need for structured frameworks that can support the diverse needs of emerging economies within an increasingly interconnected and multifaceted global market.

Evolution 3: Trade Judicialisation

As trade diplomacy became increasingly more complex, institutions expanded, and coalitions were formed, trade diplomats turned to rules and judicialisation. This is the most contemporary form of a trader, underscoring the largest shift away from diplomacy. This subsection highlights how traders no longer require diplomatic thinking but instead require legal thinking.

The third and latest change provides the most transparent and distinctive split between trade and diplomacy, with international trade shifting from negotiations to a more legal and procedural justice mechanism (Pigam 2016, 12). This fundamental change in practice eliminates the perceived need for the previously dominant diplomatic thinking, which constituted the modern interpretation of trade as the pursuit of chasing the best deal and influencing the operations of countries' trade ministries. To achieve these new objectives, governments invested heavily into legal experts into their global trade ministries, which initiated a sharp decline in diplomatic thinking and instead propagated the rise of a rules-based business legal system.

The change from trader-diplomats to a more procedural problem-solving negotiation exercise is traced to American exceptionalism and hegemony. During the institutionalising phase of international trade, United States (US) leadership played a critical role, the US foresaw the importance of securing the United Kingdom (UK) as a key ally. This partnership was decisive in establishing a US-led international monetary and trading system (Rowland 2007, 2012-2014). US officials viewed the UK as a "junior partner" under their US global hegemony in this new postwar framework, acknowledging Britain's historical role as a leader in liberal international trade and its continued significance as a global financial hub. Wartime diplomacy between the US and the UK created core principles and agreements that shaped the postwar international trading system, along with the institution tasked with administering it. American negotiators aimed to base the postwar trade regime on fundamental liberal principles (Gardner 1957, 16-20). This approach faced opposition from both Britain and France, who sought to maintain trade preferences with their current and former colonies and dominions (Pigman 2016, 110). This saw the complexity of trade negotiations start to overwhelm the current institutions.

As America popularised this agenda, the interpersonal diplomatic actions of deal creation became less relevant, with emphasis towards securing agreements as efficiently as possible (Cohen 1991, 61-62). The change from Trader-diplomats to judicialisation is an expression of modernity, marked by increased complexities within foreign affairs ministries, and trade and diplomacy developed into distinct and highly specialised fields. This evolution has created a hierarchy of importance, which is represented through the Maslow model, where foundational functional needs of international trade must be met before social and ethical concerns can be addressed. This legal approach is evident when analysing China's strategy to integrate into the global judicial institutions.

Since it acceded to the World Trade Organisation (WTO) in 2001, China's trade diplomacy has undergone significant changes. They have evolved from a closed system to one oriented around market principles and procedural justice. Upon joining the WTO, China adopted a more standardised trade diplomacy framework, essential for its rapidly growing economy, which derives a significant portion of its GDP from exports. To support this transition, the Chinese government-initiated WTO law training programs for officials and legal scholars. This effort aimed to cultivate legal expertise within domestic law firms, enabling them to participate effectively in the WTO's dispute resolution process.

Despite its relative newness within the organisation, by 2013, China had participated in 102 WTO cases as a third party, accumulating experience equivalent to that of the United States and European Union. Furthermore, many Chinese lawyers were encouraged to study abroad to gain a deeper understanding of common law and WTO practices. Chinese jurists began to take on prominent roles in WTO panels and bodies, marking a significant milestone in China's integration into the global trading system.

The contemporary trade landscape has undergone a significant transformation, making a notable departure from traditional diplomatic approaches. This subsection exposes the evolving role of traders, who now increasingly prioritise legal reasoning over diplomatic considerations in their operations. This shift underlines a broader trend wherein the skill sets and cognitive frameworks necessary for effective trading in complex modern markets demand legal acumen rather than diplomatic negotiation.

The legal evolution of global trade is currently facing scrutiny. Given the current trajectory of trade and diplomacy, marked by diminished diplomatic thinking, questions arise: Is international trade positioned for further evolution, or will it regress in its institutional foundations?

II. Historical Perspective of International Diplomacy

Shared Original Practice

The discussion thus far indicates that diplomacy and international trade have been diverging through various processes, such as the liberalisation and judicialisation of trade. However, these domains can also be viewed as following parallel and interconnected trajectories. Diplomacy itself has undergone distinct stages that reflect those experienced in international trade.

Gift-giving was an important ritual for the initial fostering of international trade, and it was also prevalent in the early forms of diplomacy. Shepard (1987) highlights the role of gift-giving ceremonies in Byzantine diplomacy. The gift-giving ceremony was an essential principle of medieval Byzantine diplomacy; it was a vital step in the complex process of relations and interactions with foreign rulers and leaders. A “meeting between two rulers was more or less inconceivable without an exchange of gifts” (Vucetic 2016, 11).

Vucetic (2016) further argues that the interpretation of gifts always lies in the beholder's eye. As far as the Byzantines were concerned, a gift presented by a foreign ruler to the emperor was seen as a payment of tribute, while gifts offered by the emperor were seen as an act of grace. This compares to the international trade gift-giving rituals, where the initial gift was seen as a tribute, showing their willingness to initiate trade. The receiving tribe didn't need to give a gift, but the acceptance of it initiated the start of diplomatic and trade relationships.

This process demonstrates that the emperor's gift can be interpreted as a manifestation of his authority or as forming goodwill and building self-equity. Byzantine envoys frequently sought to impress foreign rulers with the power and grandeur of the Roman peace, often involving elaborate displays and offerings: "No effort was spared to impress the barbarian rulers or their

ambassadors who travelled to Constantinople with the power and majesty of the Roman peace" (Obolensky 1961, 118-119). This showcases the Byzantines' diplomatic thinking; gift-giving was a crucial ingredient to reaching their diplomatic objectives, such as understanding the identities and cultures of their counterparts.

Gift-giving has long been a significant diplomatic practice in Byzantium and an effective instrument throughout history. This custom facilitated economic and trade benefits, particularly evident during the later Palaiologan period when medieval Byzantium faced economic difficulties. The Byzantine Emperor Manuel II Palaiologos addressed his challenges and strengthened his relations with the French and English by strategically presenting gifts, which primarily consisted of relics from his travels. Manuel II's trips did not yield the financial assistance he sought; his personal visits, letters, and sacred objects failed to translate into the desired troops or funds. Promises of support ultimately did not materialise (Dennis 1977). Manuel II's travel illustrates the interconnectedness of gift-giving in the context of international diplomacy and trade. Manuel II acted as a trader diplomat (Pigman 2016) by directly interlocking diplomatic and international trade strategies for the same objective.

Historically, gift-giving served as a strategic instrument in both trade and diplomacy. However, just like international trade, which underwent distinct evolutions, diplomacy, too, with the advent of modernity and the growing complexity, was also compelled to transform.

Evolution of International Diplomacy

Pigman's (2016) account of the evolution of international trade shows how trade separated itself from traditional diplomacy. However, the concept of diplomacy has evolved significantly from its original form, with diplomacy evolution following a similar trajectory to that of trade.

International diplomacy has evolved through complex and distinct phases. As mentioned in the previous section, the separation of international trade and diplomacy is not inherent, it was the result of a long historical process characterised by four distinct phases in the evolution of international trade with each phase contributing to their divergence. The evolution of diplomacy further underscores the artificial nature of the separation between trade and diplomacy. Galtung and Ruge (1965) outline the evolution of diplomacy, summarised in Figure 2, and similar to trade, diplomacy progressed through four distinct phases - diplomacy by envoys (initial system), residential diplomacy, conference diplomacy and organised diplomacy. These transformations mirror those seen in trade, transitioning from bilateral to multilateral, then into bilateral institutional and finally to multilateral institutional.

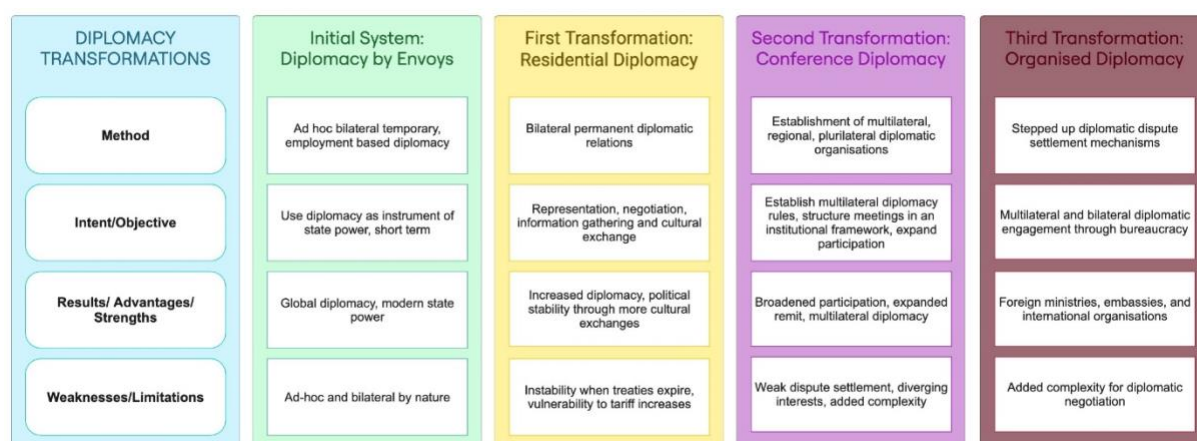


Figure 2. Evolution of International Diplomacy, adapted from Galtung and Ruge (1965)

Initial System: Diplomacy as Envoys

Historically, diplomacy was irregular and through informal interactions, with parties meeting only when warranted. This type of ad-hoc diplomacy can be traced back to early exchanges between tribes and Greek city-states. "Diplomacy by envoys" refers to diplomatic actions involving temporary and appointment-based representatives acting on their governments' behalf to negotiate or communicate with another nation. This approach falls under the broader category of ad hoc diplomacy (Galtung and Ruge 1965), distinguished by its situational nature,

where negotiations and discussions occur as needed rather than through established and permanent channels. This iteration of diplomacy also draws a clear comparison to trade, particularly through the concept of trader diplomats (Pigman 2016), as temporary appointed diplomatic representatives were appointed from the trader merchant class.

Galtung and Ruge (1965) argue that envoys are dispatched to participate only in essential negotiations, discussions, or tasks without intending to establish long-term diplomatic relations. These diplomats typically concentrate on specific issues or events, such as treaty negotiations, peace talks, conflict resolution, and short-term trade deals. Their role primarily focused on addressing the immediate needs of diplomatic interaction. This practice was common within ancient tribal societies and early city-states. Envoys were sent to converse and negotiate on behalf of their leaders. This often served as a personal representative of the head of state. This is described as ad-hoc diplomacy, where missions only emerged in response to specific circumstances, contrasting sharply with today's institutionalised forms of diplomacy that foster ongoing communication and relationships. While modern diplomacy often relies on permanent diplomatic missions, the traditions and functions of envoy-based diplomacy can still be observed in certain situations, such as appointing special envoys for targeted peace negotiations or urgent diplomatic crises.

Evolution 1: Residential Diplomacy

Residential diplomacy refers to the evolutionary practice whereby diplomats are stationed permanently in a foreign country, facilitating consistent and sustained communication, representation, and engagement between nations (Galtung and Ruge 1965). This evolution is foundational to modern diplomatic relations and has direct links to international trade. Institutional liberal trade has created residential traders as an essential role within trade ministries.

The embassies and consulates established within the host country are at the core of the residential diplomacy. These missions function as operational bases where diplomats and traders reside, allowing them to manage ongoing diplomatic interactions, promptly address emerging issues, and maintain a stable presence essential for effective diplomacy. The permanent deployment of diplomats in the host nation enhances the effectiveness of dialogue between the involved governments. Diplomats engaged in residential diplomacy perform various critical functions, including acting as official representatives of their home nation and advocating for national interests within the host country. These responsibilities are directly related to trade liberalisation, where promoting your national interests is paramount (Pigman, 2016). They participate in formal discussions regarding treaties, trade agreements, and other matters of bilateral or multilateral importance, thereby contributing to the evolution of international law and policy; this is the first step to the judicialisation of trade procedures and played a direct role in leading to the latest transformation of global trade (Galtung and Ruge 1965).

Galtung and Ruge (1965) argue that initiatives and events aimed at promoting cultural understanding, residential diplomacy cultivates goodwill, equity and cooperation between nations, thus enhancing soft power and mutual respect. The establishment of permanent diplomatic missions marks a significant departure from earlier practices, such as envoy-based diplomacy. This transition reflects an evolution towards more systematic and organised methods of diplomatic engagement, driven by the need for stable international relations and ongoing interaction to adapt to an increasingly complex global landscape. This evolution, much like trade liberalism, signifies a shift towards permanency, while maintaining its ad-hoc nature (Pigman 2016).

Evolution 2: Conference Diplomacy

Conference diplomacy constitutes a significant evolution of diplomacy. It demonstrates the modality of international relations, wherein representatives from various nations convene to deliberate and negotiate on specific issues, treaties, or cooperative endeavours. This evolution of diplomacy resembles the institutionalisation of trade, where large conferences were conducted to remove tariffs, culminating in the Tokyo Conference. Conference diplomacy started after the Napoleonic wars; however, it was a crucial evolution to mitigate the complexity caused by modernity and the new emerging world order following World War II. The pivotal point in this evolution coincided with the institutionalisation of trade (Pigman 2016), highlighting a direct connection between international diplomacy and trade, and suggesting their contemporary separation is recent and artificial.

Conference diplomacy differs from bilateral diplomacy in that it incorporates multilateral engagement, as seen with the Congress of Vienna, involving interactions among multiple parties rather than just two sovereign states. This multiparty dynamic creates a diverse platform for various perspectives and national interests, enriching discussions and promoting cooperation on both global and regional issues (Galtung and Ruge 1965). Conferences are carefully organised around a set agenda highlighting specific themes, such as peace negotiations, trade agreements, climate change, security concerns, humanitarian initiatives or trade treaties. This structured approach fosters a formal environment conducive to dialogue and deliberation among the participating nations. A key characteristic of conference diplomacy is its use of multifaceted decision-making processes, which may encompass consensus-building, voting mechanisms, or negotiations aimed at achieving agreements that reflect the collective interests of all parties involved. Such collaborative approaches enhance the legitimacy and acceptance of the resultant decisions. This process mimics the procedures and methods of the

early GATT and WTO, highlighting how both conference diplomacy and institutional diplomacy initially began as multi-lateral and ad-hoc. However, unlike trade, which quickly lost its ad hoc nature, conference diplomacy retained its ad hoc nature.

Numerous international organisations, including the United Nations and the WTO, as well as various regional entities, have originally orchestrated ad hoc conferences to address pressing global issues. These gatherings are integral to an overarching institutional framework that nurtures ongoing diplomatic relations and continuous dialogue among nations. Throughout history, various pivotal treaties and agreements have arisen from the arena of conference diplomacy (Galtung and Ruge 1965). The nature of the GATT. These conferences were only organised when there was a dire need, such as the treaties on tariffs for trade and the conference of Vienna for diplomacy. The organisation of many of these conferences underscores the co-dependent and interwoven nature of diplomacy and trade. However, as institutions such as the WTO became more multi-lateral bodies, trade began to differentiate itself from conference diplomacy. A sovereign state is unlikely to have strong diplomatic relations with another sovereign state if they do not already have a favourable trade agreement. This reinforces the argument that international trade is a fundamental prerequisite for effective international diplomacy.

Conference diplomacy serves as a vital mechanism in international relations, emphasising the importance of collaborative diplomatic decision-making and multilateral negotiations on issues of shared interest. It emphasises the importance of collective action and the principles of multilateralism in addressing global challenges and promoting peaceful coexistence among nations. At the same time, it highlights the dual nature of diplomatic and trade relations.

Evolution 3: Organised Diplomacy

The final transformation of diplomacy outlined by Galtung and Ruge (1965) is organised diplomacy. Organised diplomacy embodies a structured approach to international relations defined by formalised institutions and established procedures. It draws a comparison to late-stage institutional trade before its transformation to judicialised trade. This evolution promotes diplomatic engagement by ensuring continuity, leveraging professional expertise, and enhancing collaboration among states, most prominently through global institutions such as the UN and WTO.

Galtung and Ruge (1965) argue that organised diplomacy operates within formal institutions, such as foreign ministries, embassies, and international organisations. These entities create a stable environment for conducting diplomatic relations, ensuring that engagements are institutionalised rather than occurring on an ad hoc basis. The presence of formal structures fosters consistency in diplomatic practices across diverse contexts. At the centre of organised diplomacy is its reliance on established procedures and protocols that guide diplomatic actions. These structures govern the conduct of negotiations, the formalisation of agreements, and information communication between nations. Such standardised approaches enhance predictability and reliability in international negotiations. The procedure is congruent with contemporary international trade, which is also primarily conducted through foreign ministries, embassies, and international organisations. The use of formal complex structures is employed to ensure stability within international trade.

Distinguished from ad hoc diplomatic efforts, which tend to be reactive and context-specific, organised diplomacy provides a framework for continuity in diplomatic relations. This stability is particularly vital during times of political upheaval, as it enables sustained engagement and interaction between states, fostering a robust diplomatic environment (Galtung and Ruge 1965).

Organised diplomacy relies heavily on trained professional diplomats who possess expertise in negotiation, communication, and the intricacies of international law. However, unlike international trade, diplomacy has not progressed through a judicial transformation; the legal perspective is still evolving and has not yet developed to the level of reliance seen in trade (Pigman 2016). This strategy utilises both bilateral and multilateral discussions and negotiations. The structured environments inherent in organised diplomacy share the identical purpose as the judicial transformation of trade; facilitating the growing complexity of diplomatic negotiations by allowing for a more complex level of dialogue that encompasses the different interests and agendas of various global actors.

Galtung and Ruge (1965) argues organised diplomacy is formal, therefore it promotes collaborative efforts among nations, enabling them to address global challenges such as security, trade, and environmental issues. Similarly, the shift towards judicial trade aimed at increasing market confidence (Pigman 2016) further illustrates the interconnectedness between diplomacy and trade, highlighting both have evolved in parallel. Through collective agreements and treaties, organised diplomacy facilitates cooperation that may be unattainable through informal channels. Mechanisms for accountability and transparency are often integrated into organised diplomatic processes, which can strengthen trust among nations. The formal agreements reached through organised diplomacy are subject to scrutiny and ratification in the respective countries involved, reinforcing the commitments and enhancing confidence. When diplomacy evolves into a multilateral and institutionalised process, rather than merely being ‘organised’, it shifts away from dependence on personal relationships and subjective interpretations. Instead, it relies more heavily on the systematic collection and analysis of data. This process can be carried out from an office situated anywhere, eliminating the need for direct interactions with other societies or their elite members.

III. Perception and Realities of Differentiation

The Perception Based on Evolution

The evolution of international trade and diplomacy has been closely intertwined. A significant transformation in one often leads to a fundamental change in the other. This relationship raises an inquiry into whether international trade diverges from traditional diplomacy, as suggested by Pigman, or if both diplomacy and international trade evolve independently from their shared origins. Initially, considering the high-level analysis of the evolutions, the latter assertion may be true. Both diplomacy and trade are departing from their foundational principles, which were once rooted in genuine diplomatic practices.

While these overarching trends are valuable, focusing on them solely does not provide a complete understanding. The ground-level analysis of how diplomacy and trade are operationalised in practice is also required. A more detailed analysis highlights a distinct division of labour between ministries and embassies. Whilst ministries may align with the broader trends, embassies maintain a stronger connection to the traditional virtues and practices of diplomacy, even in matters of trade.

The Realities Based on Practice

When conducting international trade, a practice called a trade mission is often undertaken; trade missions are typically used as an instrument to achieve other diplomatic objectives (Ruël 2013). Trade missions are “the arrangement, made by trade ministries and embassies, between buyers and sellers at appropriate overseas locations” (Wilkinson & Brouthers 2000, 731). According to Seringhaus (1987), the purpose of a trade mission is to assess market opportunities through first-hand experiences, which is critical for understanding and navigating the complexities of

international trade. Establishing direct contacts and cultivating a prominent reputation within a target market are essential components of this process. Additionally, support in the pursuit of representation or potential customers, along with engagement with other industry participants, contributes to a comprehensive understanding of export marketing.

Collectively, these elements facilitate an enriched learning experience that aids organisations in formulating effective strategies for market entry and expansion. All these tasks require the usage of diplomatic thinking (Sharp 2009), echoing Spence's (2003) mainstream trade mission perspective. Trade missions offer an effective strategy for members to develop a nuanced understanding of another country's culture by collaborating with local businesses and governments. This definition resembles Marco Polo's journey through the Silk Road, where (section 1) he consistently interacted with local foreign societies and cultures, developing a harmonious relationship and paving the way for commerce and trade.

Trade missions typically comprise two primary national actors, excluding the previously mentioned institutions. These national actors comprise the trade ministries and embassies, both of which have different objectives and are, therefore, representing distinct trade or diplomatic phases.

Diplomatic Embassies

Trade ministries and diplomatic embassies work closely together to maximise their country's trade. International trade is divided into two diverse responsibilities: the trade ministries are accountable for the micro aspects, while the embassies oversee the macro elements (Rana 2013). In short, the embassy's primary objective is to optimise the home country's exports within the specific market in which it is situated. Its activities encompass seven key components summarised below:

1. Undertaking a thorough analysis of the home country's global export landscape is essential. This involves comparing overall export figures with those directed toward the target market, as well as examining that market's import patterns (Kubiske 2024; Rana 2013).
2. A particular emphasis must be placed on new product offerings. Often, exporters within the home country lack awareness of emerging opportunities in foreign markets, and the embassy plays a vital role in providing pertinent information and guidance. The engagement of a single exporter may lead to a cascading effect, known as the 'lemming effect,' which can establish a sustainable market presence (Kubiske 2024; Rana 2013).
3. During the promotional phase, the embassy plays a crucial role in providing home exporters with relevant market data and insights. Such information is gathered from interactions with local importers, attendance at trade exhibitions, and proactive dialogues with key stakeholders, such as department store chains and mail-order companies (Kubiske 2024; Rana 2013).
4. While embassies typically concentrate on facilitating home exports, they can also support local enterprises seeking to export products to the home country. This reciprocal approach enhances bilateral trade relations and is often initiated when local companies seek assistance from the diplomatic mission (Kubiske 2024; Rana 2013).
5. Addressing trade disputes and anti-dumping cases is essential, albeit challenging. The embassy can offer support during such disputes' initial or informal phases by providing mediation services and facilitating constructive dialogue to encourage reasonable settlements (Kubiske 2024; Rana 2013).

6. Participation in trade fairs remains a quintessential strategy for maintaining existing export markets, acquiring market intelligence regarding new trends, and fostering new business opportunities (Kubiske 2024; Rana 2013).
7. Furthermore, 'Buyer-Seller Meets' can take various forms, from organised programs aimed at engaging numerous local businesses to smaller gatherings involving a limited number of participants, which can be conducted on the embassy premises (Kubiske 2024; Rana 2013).

These responsibilities are diplomatic and tied to the notion of a trader-diplomat. Furthermore, the macro embassy role mirrors the story of Marco Polo. The most crucial skills required to complete this role include initiative, networking and outreach ability - traits that Marco Polo would have excelled in to be a successful trader-diplomat on the Silk Road. Embassies actively explore local markets and communities to foster harmonious relationships, which are subsequently leveraged for specific purposes. Additionally, a further key embassy macro role is accountability for the movement and security of large sums of capital across international borders (Kubiske 2024). The embassies encapsulate the concept of a trader-diplomat; diplomatic actions and responsibilities must be implemented to ensure a successful trade deal, such as meetings with executives for regional and national corporations, meeting industries and cultivating strong relationships with economic journalists and regional administrators. Marco Polo positively represents these traits during his trade journeys, demonstrating little distinction post the third evolution of judicial to international trade (Pigam 2016). This comparison illustrates that to succeed in trade; one must also be skilled in diplomacy.

Trade Ministries

In contrast to diplomatic embassies, trade ministries have one primary objective: to maximise the international trade balance (Rana 2013). These responsibilities are more closely aligned with the stereotypical caricature of a trader - being a greedy merchant who would do whatever possible to guarantee the best deal. This notion is further visualised when Niccolo Polo sold his son to Kublai Khan to gain rights in conducting trade on the Silk Road. Five of the most important tasks and actions undertaken by trade ministries are detailed below:

1. Creating an action plan to meet national trade objectives. This involves assisting exporters in accessing international markets, collaborating with industries to enhance export capabilities, and providing support with financing (Kubiske 2024; Rana 2013).
2. Establishing trade promotion advisory groups comprised of representatives from commerce and export chambers, think tanks, academics, and prominent business leaders. This group offers insights into emerging opportunities and helps formulate policy options (Kubiske 2024; Rana 2013).
3. Identifying key markets and establishing specific targets for each significant trade partner country. Collaborating with all stakeholders, including business associations and commerce chambers, as well as your embassies. (Kubiske 2024; Rana 2013).
4. 'Project diplomacy' by encouraging domestic companies to collaborate in consortia to compete for comprehensive overseas projects. This represents a more sophisticated export type; it's profitable and enhances reputations (Kubiske 2024; Rana 2013).

5. Integrating the nation's economic, political, cultural, and public diplomacy efforts to ensure a coordinated approach in supporting a unified 'whole of government' and, ultimately, a 'whole of country' strategy (Kubiske 2024; Rana 2013).

Whilst the trade ministries' roles may align with more conventional stereotypes of merchants - an emphasis solely focused on securing the best deals - it is essential to recognise that diplomatic thinking is also crucial in achieving that outcome. The individuals fulfilling these roles can be fittingly regarded as trader-diplomats, as the underpinning core skills relate to nurturing and managing significant relationships (Rana 2013). Furthermore, effective relationship and perception management are fundamental aspects of successful negotiation. Understanding the concept of a trader as a diplomat or trader-diplomat requires a reconsideration of assumptions and warrants careful examination. Figure 3 below is a modified RACI diagram that outlines a summary of the roles and responsibilities of Trade organisations.

Trade Action <small>Trade actions summarised in paper</small>	Action Type <small>Is the action being conducted either Macro, Micro or both?</small>	Responsible <small>Performs the tasks and is responsible for their execution</small>	Accountable <small>Has final responsibility for the correct completion of project tasks</small>	Third Party <small>Which third party actors are involved in this task</small>
Analysis of the home country's global export landscape	Macro	Trade Embassies	Trade Ministries	Trade Analysis Consultants
Market opportunity analysis	Macro	Trade Embassies	Trade Embassies	Trade exporters, National Markets
Home export promotion within international societies	Macro	Trade Embassies	Trade Ministries	National Ministries, Multinational Organisations
Local exports to home countries	Macro	Trade Embassies	Trade Embassies	Local Trade exporters, National Markets, Trade Ministries
Addressing trade disputes	Macro	Trade Embassies	Trade Embassies	Trade Exporters, National Markets
Buy-seller meets	Macro	Trade Embassies	Trade Embassies	Trade Exporters, National Markets
Planning National Trade KPIs	Micro	Trade Ministries	Trade Ministries	Trade Ministries, Local Government
Trade Promotion Advisory groups	Micro	Trade Ministries	Trade Ministries	Trade Ministries, Local Groups, Consultants
Identifying Key Markets	Macro	Trade Ministries	Trade Ministries	Trade Ministries, Local Groups, Consultants
Project Diplomacy	Micro / Macro	Trade Embassies and Ministries	Trade Ministries	Trade exporters, International Markets
Integrating the nation's economic, political, cultural, and public diplomacy	Micro	Trade Ministries	Trade Ministries	Trade Ministries, Local Groups, Consultants

Figure 3. Trade Organisations RACI Data, inspired from Kubiske 2024; Rana 2013

The Crack in the Differentiation Perception

An analysis and comparison of the roles and responsibilities of trade missions alongside the perspective analysis of international trade and diplomacy reveals several stark linkages. Firstly, the macro responsibilities draw similarities to the early phases of diplomacy and trade, with both involving envoys. These tasks require diplomatic thinking and a more ad hoc approach. Meanwhile, the micro responsibilities relate directly to the most contemporary evolution, judicial trade and organised diplomacy, where a fundamental agreement across different parties must be met.

Parallels continue to be drawn, as both trade and diplomacy are carried out through everyday trade missions within the current theoretical landscape. This promotes the idea that relationships between trade and diplomacy are a necessity for a successful trade mission, and traders must adopt a more diplomatic approach.

IV. Interplays of International Trade and Diplomacy

The first two sections of this thesis sought to illustrate a prevailing perception within both academia and practical applications: that international trade and diplomacy are viewed as distinct fields. These domains are regarded as separate professions, each requiring its own unique skill set. In the realm of international trade, success hinges on sharp legal insights rather than diplomatic reasoning. Conversely, diplomacy continues to necessitate a foundation in diplomatic thinking. The third section practically tested these theories by analysing the above notions with trade missions. This section emphasised that, on a diplomatic and trade missionary level, both domains, based on their unique roles and responsibilities, have their distinct levels of differentiation. This historical and practical understanding validates the perspective that both international trade and diplomacy should be considered as two different fields and professions.

The following section consists of a mixed-methods analysis, including semi-structured interviews and models I've developed. This builds on the existing literature on evolution, where I argue that these evolutions are not individual domain-based progressions within separate domains as outlined in the first three sections, but instead are unified layers built upon each other, co-exist and are co-dependent.

This section starts by explaining the first of three new models: the co-existing layers model. This model consists of three layers; for the fully integrated model, refer to Appendix A.1. However, for this thesis, a detailed analysis of each layer, which are Layer 1 Foundational Practices (Model 1), Layer 2 Structured Engagement (Model 2) and Layer 3 Institutional and Procedural (Model 3), is provided. Following the analysis of the co-existing layers, a movement evaluation was conducted to illustrate practitioners' movement between the layers. The directional analysis (Model 4) is further supported by position mapping (Figure 4) and an examination of practitioner decision-making, which provides the rationale behind the cross-

layer movement. Finally, this section analyses two further models: the hierarchical (Model 5) and the holistic (Model 6) models, demonstrating the reasons why practitioners are moving across the co-existing layers and explaining what this means for the study of international diplomacy and trade.

Co-existing Layers Model Analysis of International Trade and Diplomacy

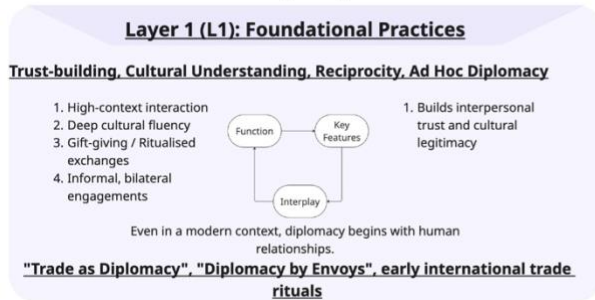
The co-existing layers model serves as a conceptual model for understanding the intricate interplay-based relationship between trade and diplomacy. It synthesises the three evolutions of trade and diplomacy into a layered model. This interplay framework highlights how both trade and diplomacy coexist, operate simultaneously, depend upon each other, and ultimately act in tandem. Drawing on Pigman's (2016) theory of trader-diplomats, Galtung and Ruge's (1965) stages of diplomatic evolution, and grounded empirical evidence from contemporary Australian trade-diplomatic actors, this model elucidates how practitioners continually navigate a pluralistic landscape comprised of foundational, structured, and institutional layers. These layers are not sequential stages in a unidirectional progression but are rather interplay-based moments that demonstrate how diplomacy and trade recursively shape and contest one another.

A complete and integrated version of the co-existing layers model is provided in Appendix A1.

Co-existing Layers Model: L1 – Foundational Practices: The Primordial Interplay

This foundational layer signifies that practices are inherently informal and context-sensitive, highlighting the importance of cultural fluency and interpersonal trust. These elements establish the relational foundation necessary for any subsequent formal or institutional engagement.

Co-existing Layers Model



Analysis Examples

Interview Evidence:

- 1.) QLD T&I Stressed that in markets like the Middle East, no business happens without a strong base of personal trust and cultural respect. Described long-term investment in relationships as central to success.
- 2.) Austrade Highlighted the importance of understanding key players and the political landscape of each market. Used informal conversations and social trust to facilitate early-stage engagement.
- 3.) Microsoft While operating globally, Microsoft often relies on one-to-one, high-level engagement, particularly in markets where legal clarity is lacking. They use relationships to build local trust before navigating rules.
- 4.) Consultant Emphasised that stakeholder empathy, trust-building, and emotional intelligence are not only essential, but often determine success. Noted that listening and mapping human networks is core to trade diplomacy.

Theoretical Link: Pigman (2016) on the "trader-diplomat"; Vucetic (2016) on gift-giving as a diplomatic logic

Model 1. Foundational layer of the Interplay layers model, created through interview data

The foundational layer represents the original mutual entanglement of trade and diplomacy. This interplay is historically manifested through ritualistic interactions, such as gift exchanges, which served as both proto-commercial and diplomatic acts. As detailed in section 2, this “meeting ritual” acted as a signal of peaceful intent while simultaneously facilitating exchange. This dual function established the figure of the trader-diplomat (Pigman, 2016) as the archetype of early international relations.

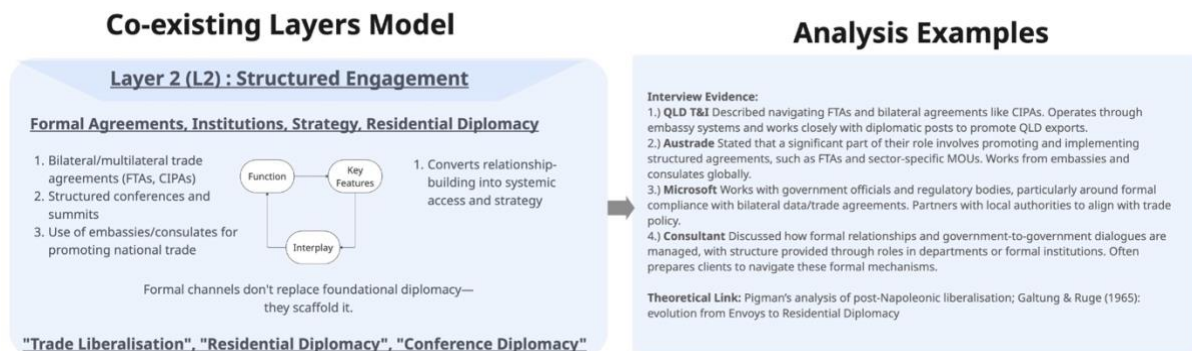
Contemporary interviews underscore the ongoing significance of relational dynamics in markets. A representative from Queensland Trade and Investment highlighted the importance of trust and building relationships within collectivist regions like the Middle East, emphasising the enduring need for foundational, high-context interactions. This statement is also supported by Austrade, which states that a deep understanding of the political nuances, culture, and interpersonal alliances is critical. They can often precede and support any formal economic engagement. These insights help the notion that Layer 1 practices remain essential and are still embedded within contemporary practices. As Sharp (2009) observes, diplomatic thinking is characterised by navigating political norms and contexts beyond formal requirements.

This layer is critical within the interplay-based framework, representing the foundational synthesis of trade and diplomacy, stressing the significance of cultural and emotional interactions of both trade and diplomacy. This synthesis exposes the intersection of trade and

diplomacy, highlighting that trade does not consist of only a transactional objective or context but is also deeply embedded with cultural and emotional dimensions and goals.

Co-existing Layers Model: L2 – Structured Engagement: Formalisation and Partial Differentiation

Layer 2 operationalises the foundational trust by formalising access through the establishment of agreements, the convening of conferences, and the development of strategic policies. It epitomises the institutionalisation of diplomatic intent.



Model 2. Second Structured layer of the Interplay layers model, created through interview data

Layer 2 is characterised by the degree of differentiation within the evolution of trade and diplomacy. While these practices of trade and diplomacy become more clearly defined, they remain interdependent. This layer encompasses the emergence of formal bilateral and multilateral agreements, such as Free Trade Agreements (FTAs) and Comprehensive Investment Protection Agreements (CIPAs), along with the institutionalisation of residential diplomacy (Galtung & Ruge, 1965). Trade representatives and diplomats function within semi-autonomous bureaucracies that include ministries, embassies, and international conferences. This establishes distinct roles, procedures, and strategic objectives.

This formalisation does not signify a departure from foundational practices. The interview data indicate that established diplomatic infrastructure is often utilised to support these foundational objectives. Austrade interviewee recounted how access to ambassadorial backing and diplomatic status increased their negotiating leverage in commercial discussions. Embassies, as highlighted by Austrade and Microsoft, are also involved in the stakeholder mapping, perception management, and conflict resolution stages of negotiations. This suggests that diplomatic thinking remains a vital competency.

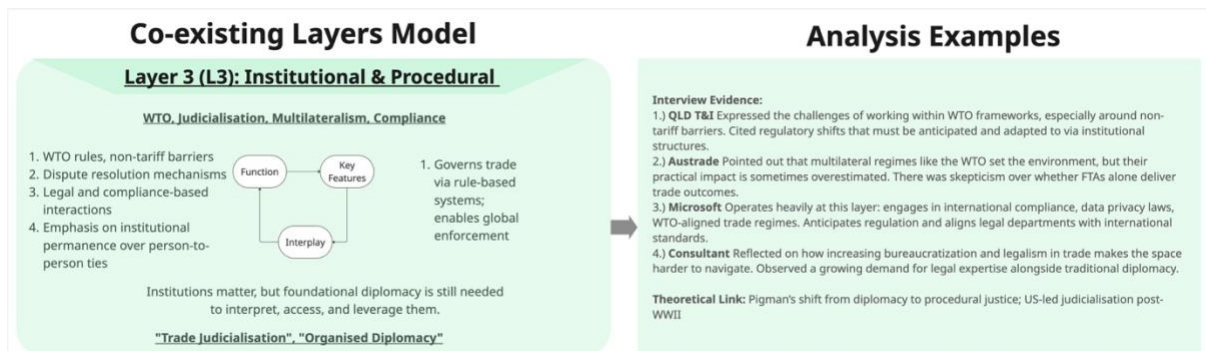
The tension within this layer stems from the relationship between personalisation and standardisation. As all negotiation agreements are standardised, the outcomes are produced through the interpersonal relational dynamics established through Layer 1 practices. Consequently, Layer 2 cannot be regarded as a self-contained domain; it is fundamentally intertwined with foundational diplomacy, even as it aims to regulate and systematise it.

This phase validates a dual evolution of trade and diplomacy. As trade becomes more liberalised, diplomacy increasingly adopts a more institutional framework. Notably, these two domains remain mutually constitutive, as each relies on the other's infrastructure to achieve effectiveness and efficacy in its operations.

Co-existing Layers Model: L3 – Institutional and Procedural;

Judicialisation and Bureaucratic Hegemony

The concluding layer posits that trade operates within established global rule-bound systems, which are primarily governed by legalistic procedures rather than interpersonal relationships. Nonetheless, effective engagement with these systems frequently hinges upon the foundational and structured layers that precede this final layer.



Model 3. Third Institutional and Procedural layer of the Interplay layers model, created through interview data

The institutional and procedural layer aligns with the judicialisation of trade (Section 1) and the formalisation of organised diplomacy (Section 3). Rooted in the postwar institutional order shaped by U.S. hegemonic liberalism (Rowland, 2012), this layer emphasises multilateralism, procedural justice, rule compliance, and legalism. Institutions such as the WTO and UN exemplify this transformation, wherein diplomacy and trade are increasingly institutionally disaggregated and entrusted to technocratic expertise.

Pigman (2016) suggests this development marks a turning point, with the trader-diplomat being replaced by legal professionals and data analysts. However, this layer counters that narrative by illustrating, through interview evidence, that even at the height of bureaucratisation, diplomatic practices continue to thrive beneath the surface of institutional structures. For example, Microsoft operates extensively within the legal frameworks of Layer 3, yet it enhances this approach through high-level personal diplomacy, relationship building, and proactive political engagement.

Furthermore, Layer 3 is not exempt from internal contestation. Interviewees from Austrade conveyed scepticism regarding the dominance of FTAs and WTO processes. They suggested that market access and influence still largely rely on relational and contextual understanding - qualities more closely linked to Layers 1 and 2. The representative from QLD T&I remarked

on the possibility of a resurgence of bilateralism, reflecting a counter-interplay-based impulse that reaffirms earlier diplomatic frameworks even within the most institutionalised contexts.

Dynamic Interactions Across Layers

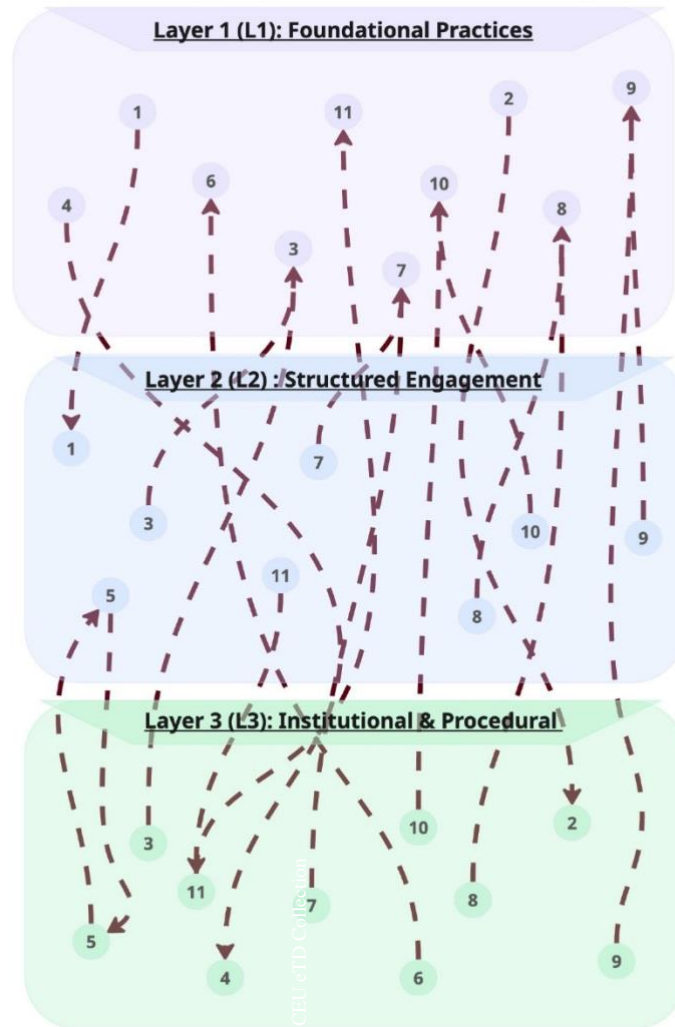
The most critical contribution of the co-existing layers model lies in its illustration of cross-layer interplays, visually represented in Model 4. Both trade and diplomatic actors navigate and negotiate the intersections of foundational, structured, and institutional layers. The model aligns with the co-existing layers model and demonstrates that the evolutions in contemporary trade and diplomacy are fluid rather than linear and unidirectional. Model 4 captures these interplay-based movements visually to provide a deeper understanding of how these interactions work in practice. It is derived from the Movement Analysis Grid in Table 1, which provides the layered system. Table 1 captures and synthesises the interviewee data to highlight the actors' interplay-based movement across these layers, underscoring the non-static nature of trade and diplomacy. Furthermore, the movement is linked to theoretical foundations, reinforcing the analytical relevance of the model.

To support in interpreting the co-existing layers movement model, two examples are provided below:

1. QLD T&I's application of cultural diplomacy within high-stakes trade negotiations confirms the reliance on foundational-level practices (layer 1) and institutional and procedural contexts (layer 3). The mixed layer application illustrates that QLD T&I must commence negotiating from within layer 1 but simultaneously move to layer 3, skipping the structured engagement (level 2). (Movement Analysis Grid Ref No. 2).
2. Austrade stated that the strategic deployment of Layer 2 and 3 credentials, such as ambassadorial titles, is a means of gaining initial meetings to build personal trust, which

is a characteristic of Layer 1. This illustrates that at the start of the negotiation process, Austrade operated within layer 3 while leveraging the institutional and procedural (layer 2) to initiate negotiations. However, to complete the negotiations, they needed to embody the foundational level (layer 1). (Movement Analysis Grid Ref No.7)

Co-existing Layers Movement Analysis



Model 4. The Interplaying Movement Model, created by interview data.

Movement Analysis Grid

Co-existing Layer Movement Analysis Ref. No,	Layers Directional Movement	Movement Reasoning and Analysis	Interview Data	Relation to Literature
1.)	Layer 1 → Layer 2	Scaling personal relationships into strategic agreements	QLD T&I converted cultural understanding into FTA strategies.	Formal engagement requires prior relational groundwork.
2.)	Layer 1 → Layer 3	Soft skills are critical among organised diplomacy an judicialization	QLD T&I used cultural fluency in CIPA negotiations	Trader-diplomat persistence
3.)	Disruption Layer 3 → Layer 1	Undoing multilateralism leads back to power-based diplomacy	Trump-era practices forced ad hoc bilateral dealings.	Institutions are fragile; foundational diplomacy persists.
4.)	Layer 1 Embedded in Layer 3	Cultural fluency driving formal negotiation outcomes	QLD T&I avoided missteps in CIPA by leveraging local etiquette knowledge.	Culture-sensitive navigation enhances legal/institutional outcomes.
5.)	Layer 2 ↔ Layer 3	Contesting institutional dominance	Austrade was skeptical of FTAs/WTO as primary trade drivers.	Relational dynamics often trump formal mechanisms.
6.)	Layer 3 → Layer 1 and 2	Human engagement within compliance regimes	Microsoft paired WTO compliance with bilateral dialogues.	Legal frameworks are filtered through relational diplomacy.
7.)	Layer 2 And 3 → Layer 1	Using structure to serve foundational trust	Austrade used diplomatic platforms to build trust in new markets.	Formal tools are often relationally deployed, echoing Marco Polo's strategies.
8.)	Layer 3 and 2 → Layer 1	Disruptive regression	Trump's presidency destabilized multilateral norms	power diplomacy and trade
9.)	Layer 2 and 3 used to serve Layer 1	Institutions are used to benefit in	Austrade used diplomatic status to open markets	Institutions as relational tools
10.)	Layer 3 → Layer 1 and 2	Pushback against organised diplomacy an judicialization dominance	Austrade skeptical of FTA/WTO utility compared to relationships	Resisting over-legalisation
11.)	All Layer Movement (Layer 2→Layer 3→Layer 1)	Structure and law open doors, but trust sustains access	Actors initiate with legal paths but secure results through trusted ties.	The funnel operates as an ecosystem, not a hierarchy.

Table 1. Movement Analysis Grid, created through interview data

Reaffirming the Interplay

Interpreting trade and diplomacy through the interplay movement model illustrates that increased specialisation and institutional complexity have not dismantled their interplay-based interdependence. Instead, it demonstrates layered new modalities that build upon the enduring foundations, creating a multifaceted field in which the trader-diplomat remains indispensable.

The model can also be further interpreted by examining it in conjunction with Maslow's hierarchy (Model 5) and the Ikigai Model (Model 6), which show that states and practitioners need to continuously integrate and have a deep understanding of the functional, societal, and ethical imperatives. As trade becomes increasingly bureaucratic, the synthesis of business acumen, cultural diplomacy, and relational expertise is paramount for a successful negotiation.

The co-existing layers model illustrates that the dynamics of trade and diplomacy are not two different fields as commonly perceived. Instead, the concept of their separation is an illusion that stems from institutional and functional differences, which obscures their deep dependence and continuous interactions.

Convergence, Not Institutional Replacement

The co-existing layers model affirms the core argument: that the evolution of trade and diplomacy is not characterised by functional separation, but by an interplay-based process of differentiation and reintegration. The trader-diplomat does not disappear with the rise of legal formalism or institutional complexity; instead, this figure is reconstituted across layers, adapting to new structures while retaining the relational competencies that have defined diplomacy since its origins.

This model reclaims the interplays of trade and diplomacy as central to understanding international practice. In doing so, it challenges reductionist accounts of procedural specialisation and legal supremacy, asserting that diplomacy and trade remain mutually constitutive, historically entangled, and inseparable in global governance.

The Trader-Diplomat as Interplay-based Agent

The fundamental insight provided by the co-existing layers model is not only the coexistence of these layers but also their interplay-based co-constitution. Practitioners, as highlighted by the interviewees, do not follow a linear progression from Layer 1 to Layer 3 or discard earlier modalities as newer ones emerge. Instead, they concurrently navigate all three layers, employing institutional tools to accomplish relational objectives, utilising foundational trust to unlock structured agreements, and drawing on diplomatic insight to interpret institutional rules.

To reinforce the analysis of the co-existing layers model, two new models have been developed, adapted from Maslow's hierarchical model, alongside the holistic ethics of ikigai. The hierarchical model posits that fundamental economic and security needs (Layer 1) must be met before addressing higher-order moral and legal issues (Layer 3). Similarly, the holistic model suggests that each layer encompasses moral and diplomatic aspects, thereby questioning the idea that legal rationality exists without a normative context.

These models reflect and reinforce the interplay-based evolution and strengthen the argument that trade and diplomacy have not diverged entirely, but rather overlap, requiring practitioners to integrate trust-building, formal engagement, and procedural expertise seamlessly. The trader-diplomat endures as a core figure navigating this coexistent system. Refer to Appendix A1 for the entire co-existing layers model.

Conceptual Position Mapping

The conceptual positioning map (Figure 4) supports the notion that international diplomacy and trade skills are mutually beneficial and interchangeable in the contemporary global context. Further, it demonstrates that diplomatic and trade positions are inherently linked, dismantling the theoretical understanding that trade and diplomacy have evolved into two unconnected fields. It reveals an interplay-based analysis, demonstrating that the perceived evolutions are not isolated layers but rather layers that coexist within situational scenarios. This underscores the importance of soft skills and the use of legal frameworks, such as the WTO. For a detailed explanation of the positioning and rationale behind the position map, refer to Appendix A2.

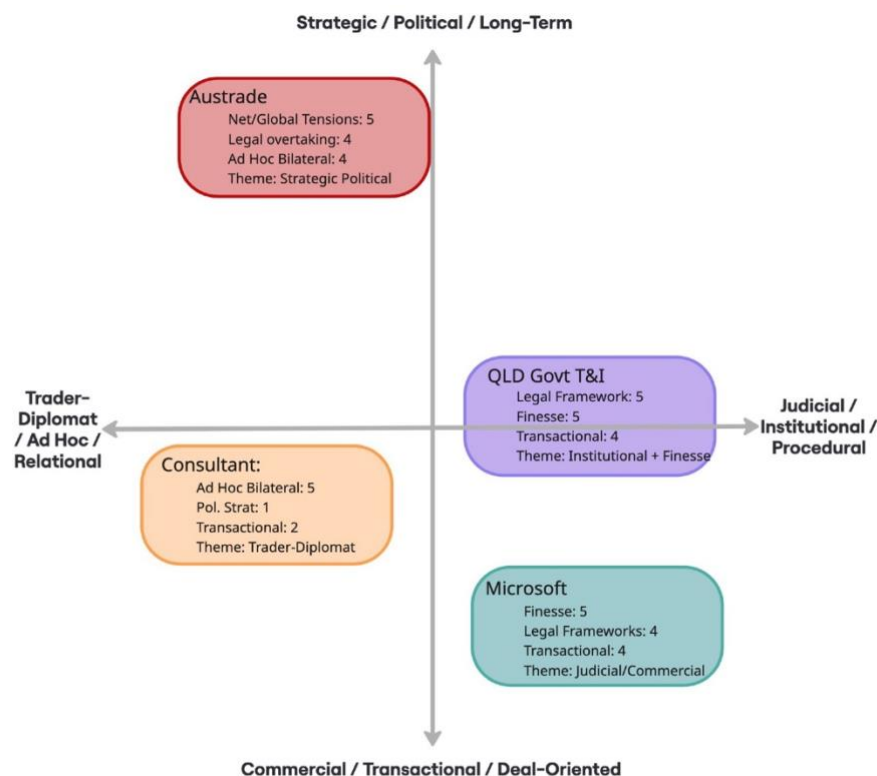


Figure 4 Quantitative Conceptual Positioning Map, drawn from interview data

Connection to Interplays of Trade and Diplomacy

This conceptual position map visually indicates that although the later evolutionary phases (Judicial/Institutional/Organised) are undeniable realities, the skills and approaches associated with earlier phases (Trader-Diplomat/Relational, outlined in sections 1 and 2) remain as crucial. They often must be actively integrated and aptly used, as they are essential for navigating the complexities of contemporary international trade and diplomacy, particularly within practical decision-making. The complexities outlined in the interviews are highlighted below and form the foundational data used for adapting two decision-making models. The underlying logic for the quantitative data is detailed in Appendix A.3.

1. No Single Dominant Phase: The map illustrates that interviewees in trade-focused roles do not fall within one evolutionary stage, and they often blend approaches. For instance, Interviewee 2 (QLD Govt T&I) relies on legal frameworks (Judicialisation) but stressed diplomatic finesse (Trader-Diplomat skill) is an underpinning and crucial skill. Demonstrating that, within a trading role, the following legal conditions are critical during a negotiation; however, equally vital is an effective interpersonal relationship; this relationship is foundational to making agreements.
2. Trader-Diplomat Endures: High value was placed on "finesse" by three out of four interviewees, and the importance given to relational aspects (including the Commercial domain of Microsoft). The emphasis on "finesse" supports the findings that the "trader-diplomat" skillset remains crucial, even as institutional frameworks become more complex. The argument for cross-layer movement presented in point 1 remains relevant here, stressing the importance of inter-relational connections.
3. Tension Between Evolution & Practice: Varied views from interviewees were received on whether legal/institutional frameworks are "overtaking" traditional diplomacy and

the importance of ad hoc bilateral over multilateral highlight the ongoing tension between the later evolutionary stages (Judicialisation/Organised Diplomacy) and the persistent need for flexible, context-specific, and relationship-driven approaches found in earlier phases.

4. There was strong consensus that the current global climate makes diplomacy more challenging; this uniform agreement indicates that the perceived stability of later evolutionary phases can be significantly disrupted, forcing practitioners to rely more on adaptive diplomatic skills.

The complexities of contemporary international trade and diplomacy shape the reasoning behind the movement of practitioners and actors across the co-existing layers model. To further explain the reasons behind movement between different decision-making models, two have been created, which extend and work. The two models are augmented with data from the interviews and classical trade and diplomacy literature, illustrating that practitioners' decision-making can be both hierarchical and holistic.

Literature review can be found in Appendix A.4.

Explanation of Decision-Making Models

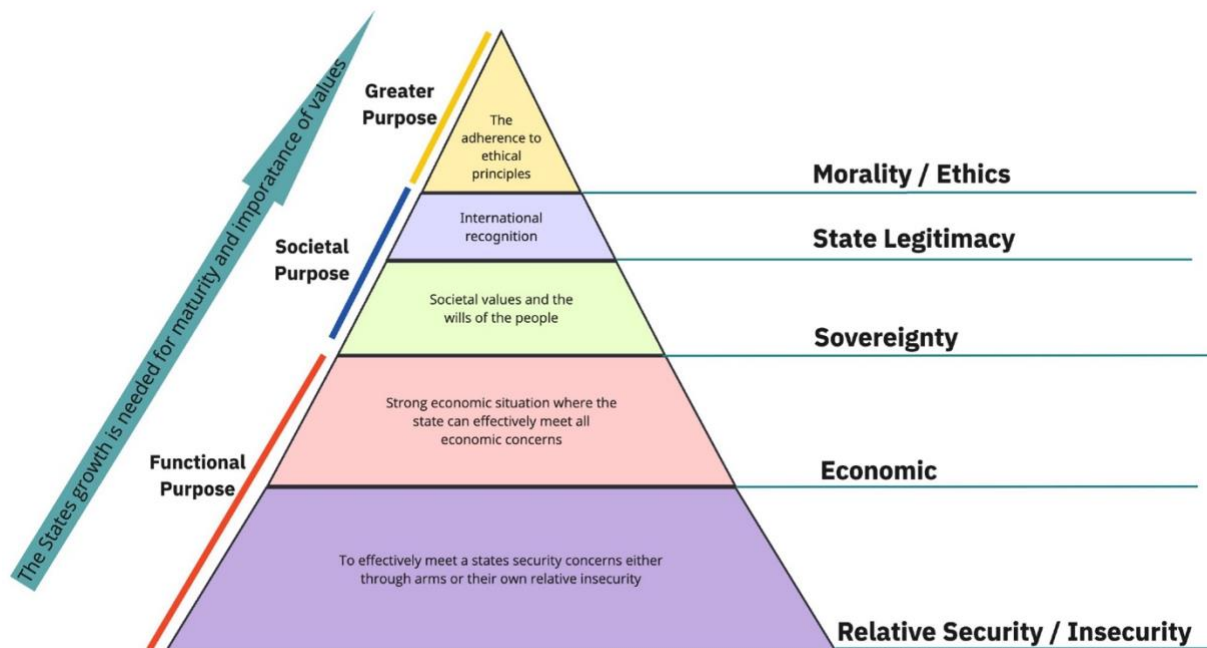
The interplay-based co-existing layers model (Appendix A.1 and explained in Models 1-3) demonstrated how trade and diplomacy interact over time, a dynamic co-constitutive layered process rather than a series of isolated evolutions or a straightforward linear progression. Rather than treating trade and diplomacy as separate domains or viewing one as the cause of the other, this approach understands them as layered practices that evolve together, overlapping, interacting, and shaping one another over time. This subsection introduces two new models that illustrate how interplays unfold across different layers and the reasoning to support their movement.

This reframing shift is from the rigid or mechanistic models of explanation. Instead, it encourages models that foreground relationality, mutual influence, and ongoing transformation. An interplay-based explanation is not concerned solely with cause and effect, but rather with how it applies such practices as negotiation, representation, and economic exchange, constituting each other through tension and adaptation. In this view, a trade agreement is not just a transactional response to material needs; it is a site where political meaning is expressed, identities are reinforced, and diplomatic norms are institutionalised.

To help clarify how practitioners and institutions navigate this layered system, this subsection draws on two adapted explanatory models: a purpose-based reinterpretation of Maslow's hierarchical model (comprising functional, societal, and greater purpose) found in Model 5 and the ikigai holistic model grounded in relational ethics and integrated value found in Model 6. These models sit outside the interplay framework but still serve to illustrate how motivations and behaviours shift across foundational, structured, and institutional layers of international trade and diplomacy.

These models are constructed from data collected during interviews and a review of classical trade and diplomacy literature, which can be found in Appendix A.4.

Decision-Making Model 1: Hierarchical Layer Movement



Model 5. Hierarchical Layer Movement, adapted Maslow Model with three interrelated tiers, based on interview data and literature review found in Appendix A.4

The adapted Maslow model (Model 5) provides a hierarchical perspective on motivation and purpose. It is a tool for understanding how state actors in trade and diplomacy find motivation and purpose. It positions effective action at the intersection of:

1. **Functional Purpose** – Addressing core security and economic needs: access to markets, stability, survival.

The functional purpose of this model is focused on the first two tiers of a state's most fundamental need: relative security or insecurity. It highlights that states often enter into trade agreements to address their security concerns, either through arms sales or in response to their relative diffidence, as demonstrated by the 1963 India-USA Tarapur nuclear facility negotiation (Chatterjee 2011). The second-tier economy is characterised as one where an intense economic situation is required for the state to address all fiscal concerns effectively. In 2025, President

Trump is embodying this tier through the implementation of steel tariffs, demonstrating a security-based approach to trade (Wearmouth 2025). This aligns to Morgenthau (1946), who asserted that having a low opinion of the intellectual and moral qualities of a group of professional men is one thing, it is quite another to believe that they and their work fulfil no proper function, that they have become obsolete, and that their days are numbered. This perspective reinforces the idea that these decision-making processes are secondary and not essential to the primary objective of the state's focus on its security and economic concerns. This highlights how states can prioritise strategic interests over ethical behaviours within international trade.

2. **Societal Purpose** – Serving the legitimacy and identity of the state: sovereignty, public mandates and political continuity.

The societal purpose comprises of two distinct tiers. The first tier relates to the sovereignty needs of a state; this refers directly to the country's social values and the people's overall collective wills. This is most evident through democratic elections, with the moral purpose of a country's trade negotiations being based upon the promises made by the elected government. The second tier directly relates to the legitimacy of a state within the global order, represented by international recognition; this is important in trade negotiations, such as the United States-Taiwan relationship, where the outsourcing of chips guarantees Taiwan's sovereignty and state legitimacy. Putnam (1988) notes that a moral state can be interpreted as a domestic determinant of foreign policy and international relations, and he further emphasises the role of politics, interest groups, public opinion, and elections in shaping a state's actions. This implies that a state's decision-making is influenced by its internal political dynamics and the values of its society, signifying that a hierarchy of needs must be met before 'morality' can be fully implemented across trade and diplomacy.

3. **Greater Purpose** – Reflecting ethical obligations and values: leadership, justice, responsibility beyond self-interest.

The greater purpose comprises only one tier, the morality and ethics tier. States can only adhere to greater morality and ethical concerns after achieving success in all other purposes. Ethics and morality become more relevant in trade negotiation decision-making when a state develops and matures. For example, when a country enters trade negotiations in the greater purpose stage, such as Australia and Indonesia's 2.5 million COVID-19 vaccine trade/aid (Daswir et al 2024), Australia had a strategic partnership with ASEAN, which includes the trade of valuable medical supplies in exchange for future benefits. This greater purpose negotiation is reflected in Australia's mandate to help and elevate its close neighbours.

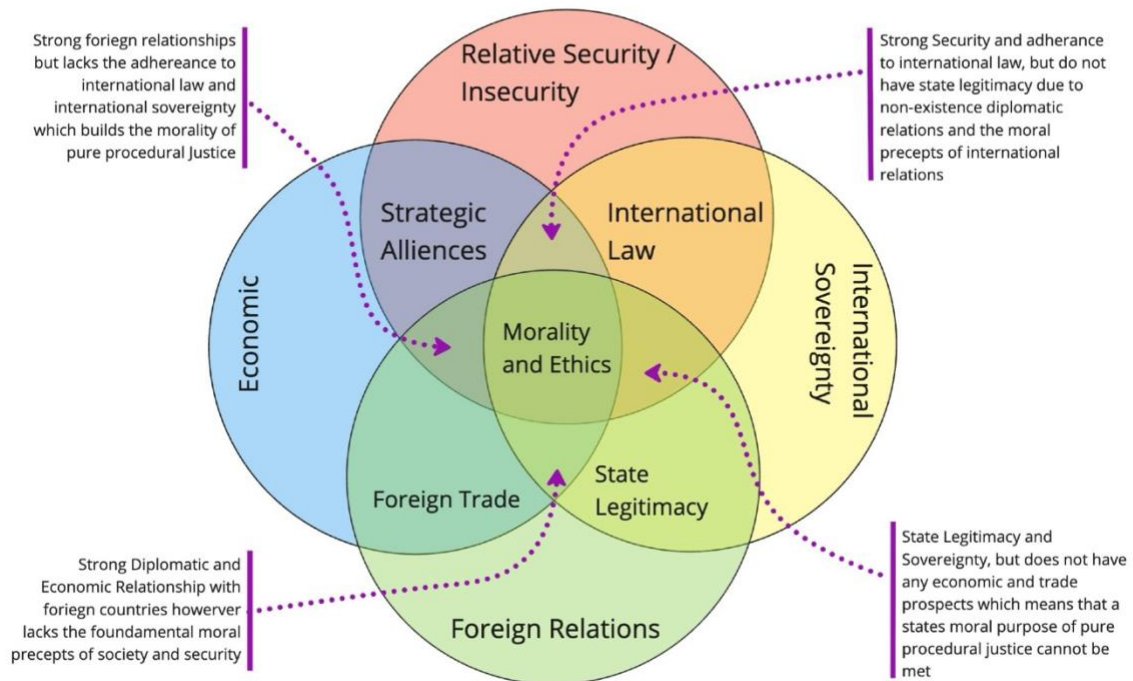
Alignment to Interplay Analysis

- **Layer 1 – Foundational Practices** reflects the functional purpose. This includes the trust-building rituals and interpersonal exchanges that predate formal structures but remain vital today within security and economic objectives. Whether through early tribal gift-giving or the modern cultivation of trust in culturally complex markets, actors in this layer seek recognition, peace, and access—prerequisites for any formal trade engagement.
- **Layer 2 – Structured Engagement** corresponds to societal purpose. Trade and diplomacy become more formalised but are still closely tied to national identity and legitimacy. Ministries, embassies, and bilateral missions operate with clear mandates to reflect and protect domestic interests—e.g., aligning trade deals with electoral promises or demonstrating state competence on the international stage.
- **Layer 3 – Institutional and Procedural** aligns with the greater purpose. Engagement here takes place in legalistic, multilateral contexts like WTO procedures, where states

act not only for material gain but to uphold international norms, reinforce global stability, or project moral leadership. Australia's COVID-19 vaccine diplomacy with ASEAN is one such example, where moral (diplomatic) responsibility supplements strategic (trade) interest.

This adapted morality and ethics model demonstrates that actors do not “graduate” from one purpose to the next. Instead, they operate across all three—functional, societal, and greater based on context, pressure, and opportunity. Even in highly legal environments, success often depends on functional trust and societal legitimacy, confirming that the interplay-based layers are cumulative, not sequential. Ultimately, this reinforces the core premise of the co-existing layers model: meaningful engagement in trade and diplomacy requires a mixed skill set that navigates overlapping layers.

Decision-Making Model 2: Holistic Layer Movement



Model 6. Holistic Layer Movement, adapted Ikigai model, based on interview data and literature review found in Appendix A.4

The adapted Ikigai model (Model 6) provides a holistic, non-hierarchical perspective on motivation and purpose. It is a tool for understanding how state actors in trade and diplomacy find motivation and purpose. It positions effective action at the intersection of:

1. What a state or actor is capable of (competence),
2. What the world requires or the community needs (external need),
3. What the actor or state feels responsible for (moral duty),
4. What provides a broader strategic or ethical purpose (meaning or value).

Alignment to Interplay Analysis

- **Layer 1 – Foundational Practices:** A trade diplomat might deploy institutional tools (layer 3) to achieve structured goals (layer 2), while still depending on foundational trust (layer 1) to secure a negotiation. Their effectiveness stems from balancing technical expertise (1), relational skill (2), political awareness (3), and ethical alignment (4) - a direct expression of Ikigai's fourfold logic.
- **Layer 2 – Structured Engagement** When institutional frameworks falter or become politicised, as seen during episodes of international trade disruption, global actors often revert to earlier modes (e.g., bilateral ties or cultural rapport) to re-establish trust or legitimacy. This return is not a regression, but a rebalancing of the Ikigai elements to meet the current needs.
- **Layer 3 – Institutional and Procedural** This model explains the reason behind why the trader-diplomat figure remains enduring and relevant. This archetype embodies the Ikigai balance in action, integrating legal competence (1), relational empathy (2), commercial acumen (3), and strategic purpose (4) to operate effectively across all layers.

Ikigai demonstrates how complex roles are sustained by an interplay-based framework, showing that success depends not on which layer one is in, but on how well one integrates and adapts simultaneously across all layers. The holistic model is a powerful lens for understanding motivation and action in modern trade and diplomacy.

Relevance of Models and Interplays

Together, these adapted models explain the motive logic and practical behaviour of actors navigating the interplay of trade and diplomacy:

- The Hierarchical decision-making model (Model 5) accounts for the vertical dimension—how different layers correspond to varying tiers of purpose.
- The Holistic decision-making model (Model 6) offers an integrative perspective on how states and actors balance ethical, practical, and strategic imperatives in real-time.

When applying within the domains of trade and diplomacy, both models reaffirm that they are not separate disciplines but are intertwined structures. Consequently, the trader-diplomat is far from being obsolete but rather the essential practitioner of the present, moving between functions and layers with ethical clarity and strategic coherence. Their work enacts both the hierarchy of needs and the holistic balance of purpose, making them the ideal interpreters of international meaning in a world where trade and diplomacy remain inseparable.

This interplay framework reinforces the empirical findings discussed in Section 3, where the operations of trade embassies and trade ministries reveal how actors function across the interplay-based layers. Embassies, tasked with building high-level relationships and managing perceptions, primarily operate in the foundational and structured layers, reflecting both functional and societal purposes. They rely heavily on relational diplomacy, trust-building, and cultural fluency, a clear expression of Ikigai's ethical integration. Trade ministries are primarily focused on regulatory alignment, macro strategy, and institutional compliance, embodying structured and institutional engagement, often motivated by both societal legitimacy and greater-purpose aims, such as multilateral cooperation or geopolitical positioning. Together, these roles prove that effective trade missions are not compartmentalised exercises, but

interplay-based manoeuvres that require simultaneous attention to law, legitimacy, and relationship, precisely as the explanatory models in this thesis demonstrate and predict. The trader-diplomat, outlined in Section 1, embodies this integrated logic: being able to move seamlessly between all layers, balancing needs, and enacting purpose through every negotiation and mission.

Conclusion

This thesis demonstrates that international trade and diplomacy are not distinct silos but overlapping, interdependent practices that operate across layered domains—foundational, structured, and institutional. By using a mixed-methods approach and interplay-based framework, the research reveals that modern practitioners must navigate this complexity through relational diplomacy, legal acumen, and strategic foresight. The figure of the trader-diplomat is not a relic of the past but a necessary archetype for the present.

In addressing the question of how the concepts of trade and diplomacy co-constitute one another within the international system, and what implications does this have for disciplinary boundaries in International Relations (IR) and International Business (IB)? This thesis adopted an interdisciplinary approach between International Relations (IR) and International Business (IB), contributing to a deeper understanding of the complex and often-overlooked relationship between international trade and diplomacy. Through an interplay-based approach, it has been demonstrated that these are not two distant fields or practices, but are fundamentally intertwined, originating from the same practice that has evolved into two estranged professions, and the dynamic is a co-constitutive layered process rather than an isolated evolution or a distinct linear progression.

This interplay-based understanding offers a novel framework for analysing global affairs, with significant implications for both scholars and policymakers. Within the realm of international relations theory, it calls into question the traditional dichotomy between economic and political statecraft, suggesting a more integrated approach to these concepts. For practitioners in the field, this perspective emphasises the need to cultivate individuals who are equipped to navigate multiple domains. Such individuals must possess a comprehensive understanding of law, strategy, and diplomacy, recognising these areas not as discrete competencies, but as

interrelated and mutually reinforcing skills essential for effective engagement in contemporary international contexts.

The main Contribution of this thesis has important implications for both academic scholarship and practical policy. This study challenges the traditional separation between trade and diplomacy in International Relations and International Business by illustrating their interwoven nature. The co-existing layered model and the integrated decision-making models place and quantify the cross-disciplinary skillset and objectives, highlighting and confirming that trade and diplomacy are not two distinct fields but one that has become estranged. This study encourages a revaluation of success in trade diplomacy, laying the groundwork for more cohesive trade-diplomatic strategies in an increasingly complex global environment.

This presents an interplay-based perspective on the interplay between trade and diplomacy; however, several limitations must be acknowledged. My research focuses primarily on qualitative and quantitative methods, relying on a limited number of semi-structured interviews with professionals in the fields of trade and diplomacy. Consequently, the findings may not be generalisable across diverse geopolitical or institutional contexts, particularly in regions or systems with markedly different political economies. The co-existing layers model and the two decision-based models proposed in this work are conceptual and lack empirical testing across various case studies and national contexts.

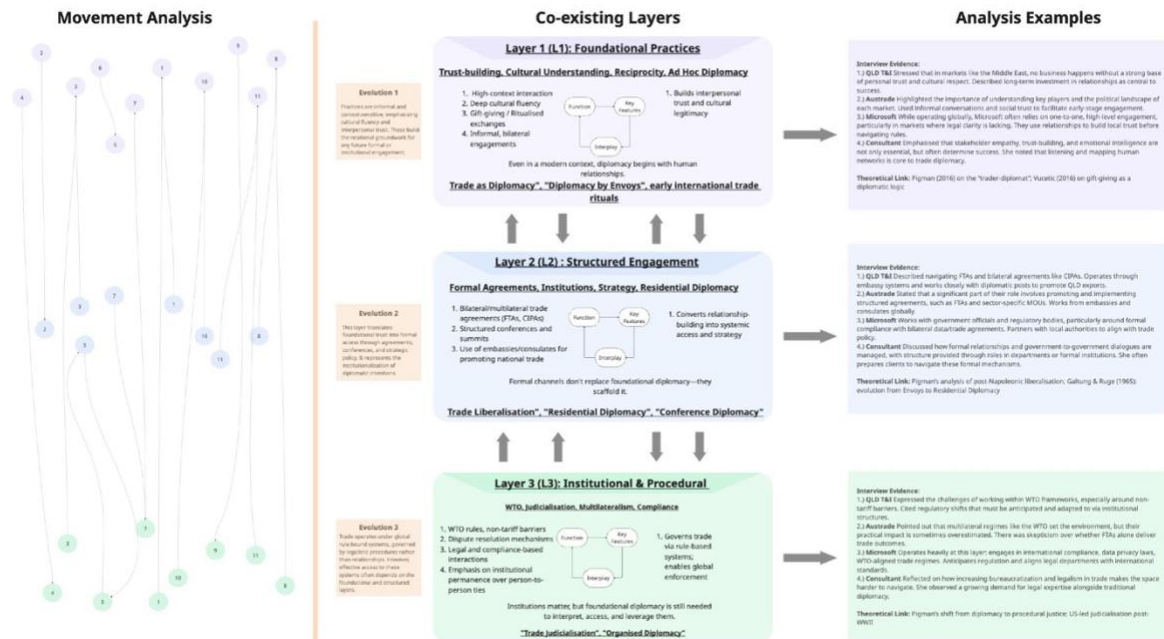
The logical next steps in research regarding this paper are to conduct model testing in various contemporary environments, such as against the 2025 tariffs, to facilitate the Russia-Ukraine peace talks and to assess the practicality of these models, thereby gaining a deeper understanding of the relationship between trade and diplomacy.

In an era where economic influence is exercised as a weapon and diplomacy needs to adapt swiftly to ever-changing alliances, highlighted by President Trump's comments on how no one does trade the way he does, the co-existence model offers an invaluable model for understanding contemporary practices. Future inquiries should delve into the applicability of this model to emerging powers, regional organisations, and non-state entities. Ultimately, the focus shifts from the mere interaction between trade and diplomacy to how effectively states can navigate the intricacies of their interconnection. As such, recognising and adapting to these complexities will be crucial for successful international relations moving forward.

Appendix

Appendix A

A.1 Co-existing layers Model



Appendix A.1 Co-existing Layers Model, created from interview Data

A.2 Positioning Rationale & Connection

Interviewee	Position on X-Axis	Position on Y-Axis	Quantitative Support	Qualitative Insights	
Consultant, ex-APEC	Trader-Diplomat / Relational	Mid-to-low Commercial / Transactional	1.) Political strategy guiding work: 1 (Strongly disagree) 2.) Ad hoc bilateral > multilateral: 5 (Strongly agree) 3.) Transactional approaches effective: 2 (Disagree) 4.) Legal/institutional > traditional diplomacy: 1 (Strongly disagree)	Emphasises empathy, directness, multi-stakeholder strategy; views diplomacy as integral even in business; practical, context-sensitive deal-making.	
QLD Govt Trade & Investment	Judicial/Institutional but values diplomacy	Balanced (not purely transactional)	1.) Trade = political diplomacy finesse: 5 (Strongly agree) 2.) Aligning with legal institutions: 5 (Strongly agree) 3.) Transactional approaches effective: 4 (Leans agree) 4.) Ad hoc bilateralism: 3 (Moderate)	Emphasises working in coordinated national teams (DFAT/Austrade); balances culture/hierarchy awareness with legal frameworks; fits "Judicialisation" phase but keeps diplomatic finesse.	
Austrade, ex-China	Midpoint: Relational & Institutional	Strategic/Political	1.) Political strategy guides work: 3 (Neutral, highest among peers) 2.) Trade ministry vs. diplomacy tension: 3 (Neutral) 3.) National vs. global tension: 5 (Strongly agree) 4.) Legal/institutional > traditional diplomacy: 4 (Leans agree) 5.) Ad hoc bilateral > multilateral: 4 (Leans agree)	Focus on strategic diversification (e.g. from China), uses G2G ties, operates at policy-implementation interface; values both frameworks and bilateral pragmatism.	
Microsoft Executive	Firmly Judicial/Institutional	Commercial/Transactional leaning	1.) Finesse in trade diplomacy: 5 (Strongly agree) 2.) Aligning with legal institutions: 4 (Agree) 3.) Transactional approaches effective: 4 (Agree) 4.) Legal/institutional > traditional diplomacy: 3 (Neutral) 5.) Ad hoc bilateral vs. multilateral: 3 (Neutral)	Corporate diplomacy through FDI, regulatory engagement, and C-suite meetings with govts; deeply institutional but uses diplomacy for commercial success; blends legal and business priorities.	

Appendix A.2. Interview Position Map, created from interview data

Table A.2 outlines how the position map in Figure 5 should be read. Figure 5 is a visual representation. As shown in Table A.2, both quantitative and qualitative data are crucial for understanding the interplay-based relationship between diplomacy and trade. Both underscore the importance of soft skills, and the use of legal frameworks, such as the WTO, is primarily used as support.

A.3 Position Map Connection to Interplays of Trade and Diplomacy

Statement 1 strongly disagree 5 strongly agree	Interview 1	Interview 2	Interview 3	Interview 4	Theme
“My work is guided more by political strategy than by commercial goals.”	1	2	3	1	Diplomacy/Strategy
“Trade negotiations require the same finesse as political diplomacy.”	4	5	2	5	Diplomacy/Negotiation
“The priorities of trade ministries and diplomatic services are often misaligned.”	2	3	3	3	Institutional Misalignment
“Trade success increasingly depends on aligning with global legal institutions (e.g., WTO).”	1.5	5	2	4	Legal Frameworks
“Embassies play a more significant role in soft power than in economic outcomes.”	3.5	3	2	3	Soft Power
“The current global climate (e.g., under Trump 2025) makes diplomacy more difficult than before.”	1.5	5	4	4	Global Climate Impact
“Transactional approaches to diplomacy are more effective in today’s world.”	2	1	2	4	Trader diplomats Transactional Diplomacy

Appendix A.3. Position Map Connection to Interplays Trade and Diplomacy Data, collected from interviews

Statement 1 strongly disagree 5 strongly agree	Interview 1	Interview 2	Interview 3	Interview 4	Theme
“My role often involves managing tensions between national interest and global cooperation.”	4	4	5	1	National vs Global Tension
“Legal and institutional frameworks are overtaking traditional diplomacy in trade negotiations.”	1	2	4	3	National vs Global Tension
“Ad hoc bilateral negotiations are more important than organised multilateral negotiations.”	5	3	4	3	Trader diplomats vs Judicial

Appendix A.3. Position Map Connection to Interplays Trade and Diplomacy Data, collected from interviews

A.4 Comparative Literature Review Table for Decision-Making Models

Aspect	Hierarchical Decision-Making Model	Holistic Decision-Making Model
Core Concept	Morality is a hierarchical ideal based on fulfilling basic needs before higher ideals (e.g. ethics) are realized.	Morality is procedural and holistic, focused on fairness and the legitimacy of processes and interactions.
Scholars Supporting	Maslow (1958), Morgenthau (1946), Watson (2013), Kissinger (1956), Adler-Nissen (2015), Putnam (1988, 2017)	Morgenthau (1948), Nardin (1992, 2009), Raymond (2002), Reus-Smit (1999, 2009), Aristotle, Thucydides
Interpretation of Morality	A domestic determinant shaped by internal politics, public opinion, interest groups (Putnam, 1988).	Defined as pure procedural justice; fairness in decision-making processes and mutual trust.
Relation to Sovereignty	Sovereignty based on state-centric hierarchy and institutional structure.	Sovereignty based on legitimacy given by the people, not just by government authority.
Role of Global Hegemon	The global hegemon defines morality—linked to the legitimacy of dominant powers (Kissinger, Reus-Smit).	Morality emerges from shared norms and public morality applied across sovereigns (Reus-Smit, Raymond).
Trade Application	Trade morality reflects political advantage, often benefiting developed over developing nations (Singh 2010).	Trade morality hinges on mutual trust, fairness, and public morality in multilateral systems (Gonzalez 2006; Dess & Cramton 1991).
Criticisms	Risk of moralism being used as a tool by powerful states (Singh, 2010); actions may appear altruistic but serve national interest.	Holism assumes universal norms; depends heavily on shared values and cooperation, which may not be feasible in conflict scenarios.
Examples	Bilateral agreements by developed nations framed as moral (Singh); morality as a function of national interests.	WTO rules as procedural fairness (Gonzalez); ethics in trade negotiations based on mutual trust (Dess & Cramton).
Diplomatic Implications	Diplomats viewed as lacking moral consideration; focus on power and realism (Morgenthau, 1946).	Diplomacy as a moral enterprise governed by fairness and mutual responsibility (Raymond, Aristotle, Thucydides).
Framework Type	Realist; deontological when morality is invoked after other needs are met.	Deontic and ethical; morality is inherent to decision-making and legitimacy.

Appendix A.4. Comparative Literature Table for Decision-Making Models

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