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**DBA Dissertation Defense**

Entitled

*THE IMPACT OF ECONOMIC DIPLOMACY OF THE UAE FOREIGN POLICY ON BILATERAL  
FOREIGN INVESTMENT AND TRADE: AN EMPIRICAL APPROACH*

by

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Abstract

Economic diplomacy is a political approach regarding how a country seeks to deal with other countries to maximise their national gains in various areas through obtaining a comparative advantage against others that do not use such political practices. This study examines the potential role of economic diplomacy in the foreign policy of the UAE and its impact on the trade and investment flows for 18 years (1999-2016). The study objective is to assess the effectiveness of diplomatic entities, such as embassies and consulates and signed legal agreements on delivering the desired trade and investment outcomes. The research method is a quantitative econometric gravity model of the UAE-X countries based on the Generalized Gravity Theory (GGT), which is suitable for assessing trade and investment determinants. Thus, two augmented gravity models for trade and investments were built to determine the impact of the independent variables on trade and investments. Panel data format was used to run a random effect generalised least square regression with robust standard errors and the dependent variable being the total trade and total investments. The generated results provided support information for making the right decisions to sign the bilateral or multilateral agreements by the diplomatic entities and even perform due diligence to assess doing trade or investments in various regions in the world. The UAEs' global trade potential reveals that the effects of economic diplomacy are seen in East Asia, the GCC, Europe, and African counties, while the investment potential was focused on East Asia. The findings offer indirect support for the emerging literature on new and intangible barriers or enablers to trade and investments. Towards this end, higher income countries tend to have more flow of trade and investment with the UAE through the positive impact of having embassies and trade offices, along with signed agreements. Moreover, the low impact of economic diplomacy means with the Caribbean and Pacific islands is due to limited infrastructure and trade facilitation and no availability of data. Besides the findings mentioned above, this study opened up several questions for future research. Among these questions, why some economic, diplomatic tools are insignificant, ineffective, and sometimes unfavourable from one region to another?

**Keywords:** Foreign policy, diplomatic entities, commercial attaché, economic diplomacy, international cooperation, foreign aid, foreign direct investment, UAE.