SPAIN'S INVESTMENT DIPLOMACY: STRATEGIC APPROACHES TO ATTRACTING AND PROMOTING FOREIGN INVESTMENTS

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Abstract: The article is devoted to the analysis of Spain's investment diplomacy as a tool of foreign economic policy and a strategy for attracting foreign direct investment (FDI). The paper examines Spain's multidimensional approaches to creating a favorable investment climate, including participation in international organizations (UN, WTO, OECD), bilateral negotiations with key regions (Latin America, the Middle East, Asia), and the promotion of Spanish companies abroad. Special attention is given to priority development sectors such as renewable energy, infrastructure, technology, and manufacturing. The analysis demonstrates that Spain's investment diplomacy contributes to economic growth, job creation, and strengthening the country's position in the global economy, despite challenges such as political instability and international competition.

Keywords: Investment diplomacy, foreign direct investment, economic policy, international cooperation, Spain, renewable energy, infrastructure, technology, Latin America, UN, WTO, OECD.

Аннотация: Статья посвящена анализу инвестиционной дипломатии Испании как инструмента внешнеэкономической политики и стратегии привлечения иностранных прямых инвестиций (FDI). Рассматриваются многомерные подходы Испании к формированию благоприятного инвестиционного климата, включая участие в международных организациях (ООН, ВТО, ОЭСР), двусторонние переговоры с ключевыми регионами (Латинская Америка, Ближний Восток, Азия) и продвижение испанских компаний за рубежом. Особое внимание уделяется секторам приоритетного развития, таким как возобновляемая энергетика, инфраструктура, технологии и производство. Анализ демонстрирует, что инвестиционная дипломатия Испании способствует экономическому росту, созданию рабочих мест и укреплению позиций страны в глобальной экономике, несмотря на вызовы, такие как политическая нестабильность и международная конкуренция.

Ключевые слова: Инвестиционная дипломатия, прямые иностранные инвестиции, экономическая политика, международное сотрудничество, Испания, возобновляемая энергетика, инфраструктура, технологии, Латинская Америка, ООН, ВТО, ОЭСР.

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Introduction.

Investment diplomacy also became one of the key aspects of modern state practice in an interdependent world economy and a consolidated basis for states' impact on world economy. It covers the process through which diplomacy is employed in the pursuit of foreign direct investment (FDI), enhancement of economic partnership and the protection of national interest internationally. In this regard, investment diplomacy expands beyond economic development cooperation strategy for many countries; it is even regarded as part of a nation's foreign policy agenda that defines how a country's economy will develop, where it would position itself in this world, how it will manage its relations with other countries as an economy. Spain is among the biggest economy in Europe, and part of the European union; therefore, investment diplomacy is one of the most important threads in Spain's knitting of its foreign policy to make sure that Spain remains relevant in the global economy. They show us that investment diplomacy is not only about getting foreign money, but also implies the matter of extensive trade, system of economic preferences, international politics and even diplomacy. EFD, or Investment Diplomacy in Spain's case, is a two-fold exercise to attract foreign investors to Spain and at the same time encourage Spanish investors to invest in markets that are strategic in nature for Spain. As will be discussed in this paper, the Spanish government has understood the importance of FDI by improving the flow of overseas investment following the aim of increasing the economic development and competitiveness of the country's economy and provide employment opportunities to the citizens. This drive to court and sustain investment is backed by a contextualized approach to economic diplomacy which is aimed at establishing Spain's interests against its expectations to a global economic union, of which it is part. Investment diplomacy also emerged as one of the main attributes of the modern state practice in an integrate world economy and a solid foundation for states' engagement in the world economy processes. It looks into how diplomacy is used in the attraction of FDI, deepening of economic relations and the assertion of national interest abroad. As for that, for many countries, investment diplomacy stretches far from the Economic Development Cooperation strategy but is a part of a nation's foreign policy framework that determines how a country's economy will evolve, where it is going to stand in this world, how it will manage most of its relations with other states as an economy. Spain occupies one of the leading places in the European Common Market and is a member of the European union; hence the investment diplomacy is one of the major strands of Spain's weaving of its foreign policy to ensure that Spain stays connected in the global market stock. They demonstrate that the investment diplomacy is not only the story of attracting foreign investment, but also include a large number of the trade, the

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system of economic preferences, the international relations and even diplomacy. EFD also stands for Investment Diplomacy in case of Spain in general; it is a double-edged strategy that is aimed to open Spain and at the same time to encourage Spaniards to invest in the markets that are specific for Spain. As will be explained in this paper the Spanish government has realized the importance of FDI by enhancing the regulation of overseas investments in order to boost the economic growth and challenge of the country's economy and create employment for the citizens. This drive to court and sustain investment is well supported by a contextualized approach to economic diplomacy which is geared towards asserting Spain's interests expectation of a global economic union that Spain belongs to.

Research methodology. The United Nations has emerged as significant in defining the investment diplomacy policy of Spain. The United Nations through different sub organs including the United Nations Conference on Trade and Development-UNCTAD offers a forum for encouraging international cooperation as well as for advocating for policies that encourage development and investment for the world. Spain engages in these forums with a view to promoting policies that support responsible investment, the trade, and responsible and sustainable development goals (SDGs). An example of its participation in UN's activities can be mentioned as active participation in the initiatives of UNCTAD aimed at helping developing states to attract FDI and to act sustainably at the same time. Over time Spain has been equally advocating for investment policies that would capture the challenges facing the emerging economies so that they can properly assimilate into value chain systems so as to enhance regional development and thus fight poverty. This is because Spain's participation in UN multilateral negotiations offers it tributes to able to establish working relations with the other nations, thus achieving partnerships that assist in the execution of its Investment diplomacy objectives. First, it helps to attract investors through forums such as the United Nation that is involved in international economic development, second, Spain collaborates in other United Nations development initiatives. By linking the investment diplomacy to the global Sustainable Development process, Spain has been able to present itself as the responsible investor internationally to those who recognize responsible capital and sustainability as fundamental parts of investment.

The WTO also plays another important role that Spain has to embrace in order to fashion the global investment environment. As it is evident from previous analysis, Spain as a WTO member endorses policies for liberalizing world trade and investment by minimizing tariffs and non-tariff barriers and further investment restraints. Through WTO negotiations Spain obtains a remarkable privileged position to advance its agenda in support of an open international investment regime. Spain has always supported the idea of having long-standing, open and

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stable norms for foreign investments in the WTO set up. As a member of WTO, Spain actively participates in shaping WTO agenda which involves calls for change of policies to accord foreign investors equal treatment as those in the home countries and is also in the process of seeking to make the international investment environment more competitive. This commitment to an open, rules-based global economic system contributes to enhancing Spain's foreign policy prestige and supplies its firms with avenue get entry to to global markets. In addition, Spain collaborates with other EU member countries in order to coordinate its investment diplomacy with external partners with the overall EU trade strategy. Several of the papers focus on the regulation trade agreements of the EU a major actor which is responsible for the negotiation and implementation of international trade agreements that cover Spain directly affects its abilities to attract new forms of foreign capital and expand its global investment profile. Within unified trade policy of EU Spain can use regional trade agreements for attracting investments and for improving its investment climate in such sectors where Spanish has competitive advantage, for example in renewable energy sector, in tourism and in agri-food sector. The Organization for Economic Cooperation and Development is also another players within the Forum through which Spain uses Multilateral diplomacy in the promotion of investment globally. The OECD remains a platform through which countries can compare notes on investment plans, taxes, business deregulation, and access to markets. In addition to its voting membership, Spain is an engaging member of the numerous committees that are part of the OECD, and is involved in shaping many of the investment policies that are used to monitor and guide member and partner nations. Engagement requires Spain to contribute with its own practices and learn from other OECD member countries so to enhance its domestic investment policies. Spain has been an active participant of the committee of investment and development within the Organization for Economic Co-operation and Development, or OECD focusing on investment particularly sustainable investment for development. Moreover, Spain actively participates in the OECD which makes the country to discusses with other developed countries concerning policies on FDI, owning of foreign stakes, and across by foreign investors to their markets. In aligning to the OECD norms, Spain is in position to explain it dedication to ensure the Spanish market for investment is open and free, thereby improving on its appeal for external investors seeking markets with a stable and predictable business environment. Spain is fully committed to multilateral organizations to assert its global power economically and diplomatically as well as relying on bilateral negotiations to pursue ISD objectives. In other words, through bilateral diplomacy for Spain, it is possible to open direct talks with foreign individual countries in order to improve cooperation in the sphere of imports and

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exports, increase the promotion of Spanish investments, and improve the conditions for FDI in the country. Of all the regions in the world, Latin America is one of the most critical beneficiaries of Spain's bilateral investment diplomacy due to historical, cultural, and linguistic similarities.

Spain is also keen to encourage these countries to invest in Spain's and particularly in the two important sectors of energy and technology. In Asia, there are interesting opportunities for Spanish companies in China, Japan and India. Spain has engaged most of these nations in negotiations for bilateral agreements and investment treaties to get the best terms for Spanish companies and to encourage investment in certain areas of development including clean energy, pharmaceuticals and automobiles. Thus, in the framework of these bilateral deliberations, Spain has been able to open new channels for export market development for exports out of Spain. The second of these is the role of Spain as a promoter of Spanish-based firms overseas. Spain has always encouraged the spreading of its businesses in the global markets through politics and government institutions. This not only opens new opportunities for Spain to take a more significant share in the international economy, but also helps develop the necessary conditions for encouraging foreign investments to Spain. Services provided by ICEX are market intelligence services, fairs, and services to facilitate the introduction to Spanish companies to potential foreign buyers. Spain has also sought to reinforce its business international networks such as the support to the Spanish chamber of commerce and related business associations in strategic international markets. These networks have the critical function of developing contacts between Spanish and foreign firms, as well as providing support for cooperative ventures and investment. Business networks are close especially the Spanish networks they operate most in the Latin American market a ground where companies source their investment opportunities to expand in. And on the same breath, Spain through diplomacy is offered to lure investors from the foreign firms to venture into the Spanish market. This entails provision of inducements including tax credits, subsidies and other beneficial regulatory settings in such fields that Spain deem crucial including technology, renewable energy and biotechnology among others. These incentives are negotiated through Spain's foreign representation in various countries and to promote Spain's comparative advantage and the strengths which include; a pool of highly qualified employees, strategic geographical position within the EU and developed infrastructure. Investment diplomacy can be used to help countries to obtain capital for major industries and growth areas including construction, technology, power, and industry. For Spain, as for most other countries of the European Union, the role of investment diplomacy is especially acute.

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The economic plan of Spain has been largely dependent upon what it can offer to the single market within the EU, in the offering of not only physical commodities but also services and money. The EU has formulated many polices regarding investment liberalization that provide right environment for foreign investment and Spanish economic diplomacy strategy also complements general EU investment architecture. However, it may be recalled that Spain also exists within the world economy where every country is looking forward to attract FDI. As such, Spain needs to employ the rational instrument of diplomacy, commerce and policy towards foreign investments efficiently. Spain's Approach to Investment Diplomacy The investment diplomacy of Spain is the combination of inviting and encouraging foreign investors to invest in this country as well as promoting investment abroad. On the list of priorities of Spain's investment diplomacy, there is the construction of an appealing context for FDI. This is through policy reform, special incentive tax legislation, regional development initiatives and investment promotion targeting sectors in the economy. Having understood the areas of competitiveness, Spain has dubbed sectors of renewable energy, infrastructure, technology and manufacturing key priority in terms of FDI. Thus, the country has adapted its investment diplomacy strategies to these sectors with establishing specific programs and measures to attract the foreign companies to invest into Spanish economy. The primary institution that Spain employs in the encouragement of the FDI is The Foreign Investment Law. This law governs relations involving foreign investment and the objective is to put into place the conditions for economic activities in Spain. It covers fiscal right here, tax credits, and other perks, which have relieved numerous companies from the overseas sector particularly in technology, renewable energy and infrastructure industries. It also aiming at reducing complexities inherent in bureaucratic procedures that investors do face in Spain hence improving the business environment in this country. Also, Public Private Partnerships (PPPs) as been used across the country as pivotal for financing and implementing infrastructure projects like roads , ports and airports. By so doing, Spain has been able to leverage PPPs into a means of attracting foreign investment to large capital-intensive projects that support Spain's growth in the long run. These partnerships allow the FI to engage in projects that utilize public funds and which provide the investor with some level of certainty on returns while benefiting for the joint venture partner. Spain also utilizes its historical and cultural ties to regions such as Latin America and North Africa to attract investment.

Through targeted investment diplomacy efforts, Spain has attracted significant foreign capital into its renewable energy projects. This has not only boosted the country's energy sector but has also positioned Spain as a global leader in clean energy technologies. International companies have established operations

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in Spain to take advantage of its favorable investment climate and its commitment to sustainability. Another successful example is Spain's efforts to attract foreign investment in its real estate sector. As one of Europe's top tourist destinations, Spain's real estate market has long been a magnet for foreign investors, particularly in coastal regions and major cities like Madrid and Barcelona. Spain's investment diplomacy has played a key role in creating a favorable regulatory environment for international investors in the real estate market, offering incentives and tax breaks for foreign buyers. This has helped Spain weather economic downturns and maintain a strong flow of capital into its housing and commercial property sectors. While Spain's investment diplomacy has seen significant success, it also faces a number of challenges. One of the biggest challenges is competition from other European and global destinations. Countries like Germany, France, and the United Kingdom also actively promote themselves as attractive destinations for FDI, and Spain must continually adapt its investment diplomacy strategies to remain competitive. Another challenge is political instability. Spain's political landscape has seen several periods of uncertainty, including regional independence movements, particularly in Catalonia, and shifts in national government. Political instability can create uncertainty for investors, who may be reluctant to commit long-term capital to a country facing potential changes in policy or governance. Spain's investment diplomacy efforts must account for these political risks and reassure investors of the stability of the country's investment environment. Conclusion Investment diplomacy plays a central role in Spain's economic strategy, helping the country attract foreign investment, promote economic growth, and strengthen its position in the global economy. By leveraging diplomatic tools, economic policies, and international partnerships, Spain has positioned itself as a leading investment destination in Europe.

Conclusion. Despite challenges such as political instability and global competition, Spain's investment diplomacy remains a key driver of its economic success. As the global economic landscape continues to evolve, Spain's ability to adapt and innovate within the context of investment diplomacy will be crucial to its continued economic prosperity. Spain has developed a robust practice of investment diplomacy, characterized by its active participation in international forums, tailored regional strategies, and successful promotion of foreign and Spanish investments. By fostering an attractive business environment and leveraging its cultural and geographical ties, particularly with Latin America, Spain has positioned itself as an appealing destination for global investors. However, challenges such as global competition, internal political instability, and economic uncertainties necessitate continuous adaptation of Spain's investment diplomacy

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strategies. As Spain continues to evolve its approach, it will need to balance its traditional strengths with new opportunities in sustainable investment, innovation, and technology. In this way, Spain's investment diplomacy will remain a crucial tool in securing long-term economic prosperity.

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