



Normative embedding in economic diplomacy: sustainability and human rights in European economic statecraft

Gorazd Justinek¹

Abstract: Economic diplomacy has traditionally been associated with trade promotion, investment attraction, and the pursuit of national economic advantage. In recent years, however, sustainability and human rights have become increasingly visible within the strategic language of economic statecraft. This article asks whether these commitments function as concrete criteria shaping contemporary economic diplomacy or whether they remain largely declaratory elements of policy discourse. The study is based on a qualitative comparison of strategic documents adopted by the European Union, Germany, France, the Netherlands, and Slovenia. It introduces a distinction between normative embedding, where sustainability and human rights are linked to specific policy instruments such as trade clauses, due diligence obligations, or investment screening mechanisms, and normative branding, where such commitments operate primarily at the level of narrative.

Keywords: economic diplomacy; sustainability; human rights; economic statecraft; regulatory geopolitics; European Union; normative governance; business and human rights; strategic autonomy; ESG

JEL classification: F50, F53, Q56

Vključevanje normativnih načel v ekonomsko diplomacijo: trajnostnost in človekove pravice v evropski ekonomski državni politiki

Povzetek: Ekonomska diplomacija je bila tradicionalno povezana s spodbujanjem trgovine, privabljanjem naložb in uresničevanjem nacionalnih gospodarskih interesov. V zadnjih letih pa sta trajnostnost in človekove pravice vse bolj prisotna v strateškem jeziku ekonomskega državotvorja. Članek se sprašuje, ali ti zavezniški elementi delujejo kot konkretna merila, ki oblikujejo sodobno ekonomsko diplomacijo, ali pa ostajajo predvsem deklarativni elementi političnega diskurza.

Študija temelji na kvalitativni primerjalni analizi strateških dokumentov Evropske unije, Nemčije, Francije, Nizozemske in Slovenije. Uvaja razlikovanje med normativnim umeščanjem, kjer so trajnostnost in človekove pravice povezane s konkretnimi političnimi instrumenti, kot so trgovinske klavzule, obveznosti skrbnega pregleda ali mehanizmi pregleda naložb, ter normativnim brandingom, kjer takšne zaveze delujejo predvsem na ravni narativa.

Ključne besede: ekonomska diplomacija; trajnostnost; človekove pravice; ekonomsko državotvorje; regulativna geopolitika; Evropska unija; normativno upravljanje; podjetja in človekove pravice; strateška avtonomija; ESG

¹Gorazd Justinek is the Dean of DOBA University of Applied Sciences, Maribor, Slovenia, and Professor of International Relations. He is a former diplomat and a researcher at the Faculty of Government and European Studies, New University, Slovenia. His academic and research interests focus on international business, economic and commercial diplomacy, and economic competitiveness. He is the Founder and Editor of the International Journal of Diplomacy and Economy

¹PhD, DOBA University of Applied
Sciences, Maribor, Slovenia,
gorazd.justinek@doba.si

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1 INTRODUCTION

Economic diplomacy (ED) has long been understood as a central instrument of statecraft through which governments pursue trade promotion, investment attraction, market access, and participation in international economic governance (Bayne & Woolcock, 2017; Okano-Heijmans, 2011; Saner & Yiu, 2003; Woolcock, 2012; Justinek, 2018). Traditionally anchored in negotiation, representation, and institutional bargaining, ED has evolved in response to structural transformations in the international political economy. Recent scholarship has highlighted shifts in governance infrastructures, regulatory interdependence, and forms of mediation shaping economic statecraft (Farrell & Newman, 2019; Justinek, forthcoming).

Alongside these structural transformations, a parallel and analytically distinct development has gained increasing prominence: the normative embedding of sustainability and human rights within economic governance. Trade agreements now routinely incorporate sustainability chapters; investment screening mechanisms refer to public order and strategic autonomy; supply-chain governance increasingly relies on due diligence obligations grounded in international human rights standards; and climate-related instruments introduce environmental conditionality into market access regimes (European Union, 2019; European Commission, 2023; United Nations, 2011). These developments suggest that ED is no longer oriented exclusively toward the maximisation of national economic advantage but is progressively intertwined with normative objectives related to environmental protection, social responsibility, and fundamental rights.

The rise of sustainability governance has reshaped the expectations placed upon both corporations and states. The adoption of the United Nations Sustainable Development Goals (SDGs) institutionalised sustainability as a multidimensional framework linking economic growth, environmental protection, and social inclusion (United Nations, 2015). In parallel, the United Nations Guiding Principles on Business and Human Rights (UNGPs) clarified the respective duties of states and responsibilities of corporations in relation to adverse human rights impacts (United Nations, 2011). Within the European context, these frameworks have increasingly influenced trade policy, regulatory initiatives, and the external projection of standards (Damro, 2012; Farrell & Newman, 2019).

Yet what these developments actually mean for ED as a field of practice is still not entirely clear. Sustainability chapters in trade agreements and corporate accountability frameworks have been widely analysed, but far less attention has been paid to how they alter the internal logic of ED itself (Bayne & Woolcock, 2017; Okano-Heijmans, 2011; Justinek, 2019; Justinek, 2023). The issue is therefore not simply whether sustainability and human rights appear in strategic documents, but whether they genuinely shape decision-making and the design of economic engagement.

This article addresses this gap by examining the normative transformation of ED through a comparative analysis of strategic documents from selected European actors. It advances the following research question: How are sustainability and human rights embedded within contemporary ED strategies, and to what extent do they function as operational criteria rather than declaratory commitments?

To answer this question, the article undertakes a qualitative content analysis of official strategy documents and trade policy frameworks from the European Union, Germany, France, the Netherlands, and Slovenia. These cases capture variation across supranational and national levels, as well as across larger and smaller member states operating within a shared regulatory environment. The analysis focuses on three interrelated dimensions: the explicit incorporation of sustainability and human rights language; the institutional instruments through which such commitments are operationalised; and the strategic framing of normative objectives in relation to competitiveness, strategic autonomy, and geopolitical positioning.

Conceptually, the article builds on established definitions of ED as a form of economic statecraft situated at the intersection of diplomacy, international political economy, and regulatory governance (Bayne & Woolcock, 2017; Okano-Heijmans, 2011; Woolcock & Bayne, 2012). Rather than revisiting structural transformations related to digitalisation or algorithmic mediation, the focus here lies on the normative content of ED and its evolving justificatory logic. The argument advanced is that ED in the contemporary European context is increasingly characterised by normative conditionality, whereby sustainability and human rights function as embedded criteria shaping economic engagement.

Importantly, this article does not assume that normative embedding necessarily reflects a purely ethical transformation. Sustainability and human rights may also serve strategic purposes, including regulatory projection and geopolitical positioning (Damro, 2012; Farrell & Newman, 2019). The analysis therefore distinguishes between normative embedding and normative branding, seeking to determine whether normative commitments are linked to concrete instruments, such as screening mechanisms, trade clauses, or due diligence requirements, or remain primarily rhetorical.

By situating ED within the broader context of sustainability governance and business and human rights frameworks, this article contributes to ongoing debates about the evolving nature of economic statecraft in the twenty-first century. It complements structural analyses of governance transformation by foregrounding the normative dimension of contemporary ED. In doing so, it offers a conceptual and empirical foundation for assessing whether ED is transitioning from a predominantly interest-maximising instrument toward a vehicle of normatively conditioned economic governance.

The remainder of the article proceeds as follows. Section 2 outlines the theoretical framework, focusing on the normative turn in economic statecraft and its relationship to sustainability and human rights regimes. Section 3 presents the methodological approach and case selection. Section 4 provides the comparative analysis of strategic documents. Section 5 discusses the broader implications for regulatory geopolitics and small-state diplomacy. The final section concludes by reflecting on the significance of normative embedding for the future trajectory of ED.

2 THE NORMATIVE TURN IN ECONOMIC STATECRAFT: SUSTAINABILITY AND HUMAN RIGHTS IN ECONOMIC DIPLOMACY

The integration of sustainability and human rights into economic governance is not an isolated policy trend but reflects a broader normative transformation in international political economy. Over the past two decades, economic statecraft has increasingly incorporated regulatory, environmental, and social standards into trade, investment, and financial governance frameworks. This development signals a shift from a predominantly

efficiency- and growth-oriented paradigm toward a more complex model in which economic engagement is conditioned by normative expectations related to environmental protection, labour standards, and fundamental rights (Bayne & Woolcock, 2017; Woolcock & Bayne, 2012; Damro, 2012).

Historically, ED was grounded in the promotion of national economic interests, often framed in terms of competitiveness, export growth, and strategic advantage (Saner & Yiu, 2003; Okano-Heijmans, 2011). While values such as development, cooperation, and rule-based order were not absent, they were typically secondary to market access and economic performance objectives. The rise of sustainability governance and business and human rights frameworks has altered this balance by introducing normative criteria that increasingly shape the legitimacy and design of economic instruments.

2.1 Sustainability as Regulatory Paradigm

Sustainability has evolved from a developmental aspiration into a regulatory paradigm influencing both domestic and international economic governance. The adoption of the United Nations Sustainable Development Goals (SDGs) institutionalised sustainability as a multidimensional framework linking economic growth, environmental protection, and social inclusion (United Nations, 2015). In parallel, the European Union has embedded sustainability into its trade and investment policies, integrating environmental and labour provisions into free trade agreements and advancing climate-related instruments such as carbon border adjustments (European Union, 2019; European Commission, 2023).

From the perspective of international political economy, this development can be understood as part of a broader process of regulatory expansion, whereby states project domestic standards outward through trade agreements, market access conditions, and supply-chain governance mechanisms (Farrell & Newman, 2019). Rather than relying solely on tariffs or quotas, contemporary economic statecraft increasingly operates through regulatory conditionality. Access to markets is linked to compliance with environmental norms, labour protections, and corporate due diligence requirements.

This regulatory turn has important implications for ED. Diplomatic engagement is no longer confined to negotiating price and quantity terms; it increasingly involves the promotion, defence, and sometimes export of regulatory models. Sustainability provisions in trade agreements, ESG-linked investment criteria, and climate-related trade measures illustrate how normative objectives become embedded in the architecture of economic relations (Damro, 2012; Woolcock, 2012). ED thus functions not only as an instrument of economic promotion but also as a vehicle for projecting regulatory preferences across borders.

Sustainability as a regulatory paradigm also alters the way economic engagement is justified. Measures once defended primarily in terms of competitiveness are now framed as necessary for environmental protection, intergenerational equity, or responsible governance. This shift broadens the language of ED. At the same time, it introduces new tensions, between openness and conditionality, efficiency and equity, that cannot be resolved simply through rhetorical alignment.

2.2 Business and Human Rights: From Soft Norms to Due Diligence Obligations

Parallel to the sustainability agenda, the field of business and human rights has experienced significant institutionalisation. The United Nations Guiding Principles on Business and Human Rights (UNGPs) established the “protect, respect and remedy” framework, clarifying state duties and corporate responsibilities in relation to human rights impacts (United Nations, 2011). Although initially framed as soft law, the UNGPs have progressively influenced domestic legislation, particularly in the area of mandatory human rights due diligence.

The institutionalisation of business and human rights standards has further intensified through the evolution of the OECD Guidelines for Multinational Enterprises and related supervisory mechanisms. Recent scholarship highlights both the transformative potential and structural limitations of these frameworks, particularly in addressing socio-economic rights and global inequalities (Letnar Černič, 2025a; Letnar Černič, 2025b). In the Central and Eastern European context, the implementation of business and human rights standards remains uneven, shaped by institutional capacity, political culture, and varying degrees of engagement with EU norms (Faracik, Letnar Černič, & Uvarova, 2024). These dynamics are especially relevant when examining how economic diplomacy integrates human rights considerations, as ED operates at the intersection of corporate conduct, state responsibility, and transnational regulatory regimes.

Within the European context, legislative initiatives requiring companies to identify, prevent, and mitigate human rights and environmental risks in their supply chains illustrate the growing operationalisation of these norms (European Commission, 2023; Letnar Černič, 2019). These developments expand the scope of ED beyond traditional negotiation functions. Diplomatic actors increasingly engage in discussions related to compliance standards, corporate accountability, and transnational regulatory alignment.

The incorporation of human rights into economic governance challenges the traditional separation between ED and international human rights law. Whereas human rights were historically associated with political diplomacy and multilateral forums, they now intersect directly with trade, investment, and supply-chain governance. This convergence transforms ED into a site where economic objectives and rights-based obligations coexist, and at times compete.

From a theoretical standpoint, this development can be interpreted through the lens of normative power and regulatory projection. The European Union, in particular, has been described as exercising influence by externalising its regulatory standards and embedding normative criteria within economic agreements (Damro, 2012). Whether such practices reflect genuine normative commitment or strategic regulatory competition remains contested (Farrell & Newman, 2019). For ED, however, the practical consequence is clear: sustainability and human rights increasingly form part of the language, instruments, and conditions of economic engagement.

2.3 Normative Embedding versus Normative Branding

The central analytical distinction guiding this article is between normative embedding and normative branding. Normative embedding refers to the structural integration of sustainability and human rights into the operative mechanisms of ED, including trade clauses, investment screening frameworks, due diligence obligations, and conditional market access provisions. In such cases, normative commitments influence decision-making processes and constrain strategic options.

Normative branding, by contrast, denotes the rhetorical or reputational invocation of sustainability and human rights without corresponding institutionalisation. Here, normative language functions as part of strategic communication or image management, aligning with broader trends in public diplomacy and competitive identity (Nye, 2004; Manor & Pamment, 2019). While branding may enhance international legitimacy or soft power, it does not necessarily alter the structural parameters of economic statecraft.

Distinguishing between embedding and branding is analytically useful precisely because the two can easily be conflated. The mere presence of sustainability or human rights language does not in itself signal transformation. Embedding implies that such commitments influence institutional design and constrain policy choices. Branding, by contrast, remains largely at the level of narrative. In practice, most cases fall somewhere in between, which is why variation and context matter.

Similar patterns of strategic integration and terminological variation have been observed in other policy domains, where sustainability commitments may be formally adopted yet unevenly operationalised across institutional levels (Justinek, 2025).

2.4 Implications for Economic Diplomacy

The normative turn in economic statecraft introduces a series of tensions that reshape ED. First, it complicates the traditional objective of competitiveness. If market access is conditioned by environmental and human rights standards, states may face trade-offs between attracting investment and enforcing normative criteria. Second, it intensifies geopolitical dynamics, as regulatory standards become tools of strategic positioning within global markets (Farrell & Newman, 2019). Third, it raises questions of legitimacy and accountability, particularly when normative conditions are perceived as extraterritorial or protectionist.

For smaller states, these dynamics may present both constraints and opportunities. On the one hand, smaller economies operating within larger regulatory frameworks, such as the EU, may adopt normative criteria as part of alignment strategies. On the other hand, limited administrative capacity may constrain the effective operationalisation of sustainability and human rights commitments. ED thus becomes a field in which regulatory adaptation, strategic positioning, and normative aspiration intersect.

Taken together, the sustainability and human rights agendas indicate that ED is undergoing a substantive normative transformation. While earlier scholarship has highlighted structural shifts related to digitalisation and algorithmic governance, the normative dimension warrants distinct analytical attention. By conceptualising sustainability and human rights as potential criteria of economic engagement rather than peripheral add-ons, this article advances a framework for assessing whether contemporary ED reflects genuine normative embedding or primarily strategic branding.

3 METHODOLOGY AND CASE SELECTION

This article adopts a qualitative and comparative research design centred on the systematic analysis of official strategic documents related to ED, trade policy, and foreign economic relations. The aim is not to quantify causal relationships but to assess how sustainability and

human rights are articulated, framed, and operationalised within contemporary ED strategies.

The analytical approach is guided by directed qualitative content analysis (Hsieh & Shannon, 2005), informed by established conceptualisations of ED (Bayne & Woolcock, 2017; Okano-Heijmans, 2011; Woolcock & Bayne, 2012), as well as by scholarship on sustainability governance, business and human rights, and regulatory statecraft (United Nations, 2011; Damro, 2012; Farrell & Newman, 2019). Rather than beginning with open-ended inductive coding, the analysis proceeds from a theoretically grounded distinction introduced in the previous section: the difference between normative embedding and normative branding. This distinction provides the interpretative lens through which documents are examined. It is acknowledged that document-based analysis cannot capture informal diplomatic practices or political trade-offs that remain outside formal strategy texts; the findings should therefore be read as indicative of declared orientation rather than exhaustive representation of practice.

The empirical material consists of official strategy documents, policy frameworks, and government programmes that define the orientation of ED and trade engagement. The selection of documents followed three guiding criteria. First, documents had to articulate overarching strategic directions rather than technical implementation details. Second, they needed to be issued by actors with formal authority in the field of ED or commercial policy. Third, they had to reflect the contemporary policy environment shaped by sustainability and human rights agendas, which meant focusing on documents adopted or updated within roughly the last decade.

The analysis covers five actors: the European Union, Germany, France, the Netherlands, and Slovenia. The inclusion of the European Union is essential given its exclusive competence in common commercial policy and its increasingly explicit integration of sustainability and human rights into trade and investment frameworks (European Union, 2019; European Commission, 2023). The EU also provides the broader regulatory environment within which member states operate, making it a natural reference point for comparison.

Germany and France were selected as large member states with significant economic weight and well-developed traditions of economic statecraft. Both have publicly articulated positions linking trade, sustainability, and strategic autonomy, yet their institutional cultures and diplomatic styles differ. The Netherlands represents a highly open, trade-oriented economy often associated with progressive approaches to sustainability and business and human rights. Slovenia, as a smaller member state, offers insight into how normative commitments are incorporated in contexts with more limited administrative capacity and greater reliance on EU-level frameworks. Together, these cases allow for a comparison that is both balanced and sensitive to variation in size, capacity, and geopolitical positioning.

For each country, official foreign economic strategy documents, national action plans on business and human rights, and relevant legislative instruments were analysed. The documents were examined with attention to three interrelated dimensions. First, the explicitness of sustainability and human rights language was assessed. This involved identifying not only the frequency of references but also their placement and prominence within the documents. Normative commitments embedded in strategic priorities or core objectives carry different weight than peripheral acknowledgements.

Second, the analysis considered whether sustainability and human rights were linked to concrete instruments. This included references to sustainability chapters in trade

agreements, due diligence obligations, investment screening frameworks, regulatory alignment mechanisms, or conditional market access provisions. The presence of such instruments suggests normative embedding, whereas their absence may indicate a primarily declaratory stance.

Third, the framing of normative commitments was examined. In some cases, sustainability and human rights are presented as ethical imperatives; in others, they are framed as sources of competitive advantage, tools of strategic autonomy, or components of geopolitical positioning (Damro, 2012; Farrell & Newman, 2019). This framing matters because it reveals whether normative commitments are treated as constraints, opportunities, or strategic resources within ED.

The analysis proceeds in a comparative manner. Each case is first considered in its own terms, paying attention to internal coherence and the relationship between rhetoric and institutional design. Cross-case comparison then allows identification of patterns, such as deeper normative embedding, strategic instrumentalisation, or predominantly declaratory positioning.

It is important to acknowledge the limits of document-based analysis. Strategic documents articulate intentions and justificatory narratives; they do not necessarily guarantee consistent implementation. Nevertheless, they are analytically significant because they reflect how states publicly define the purpose and boundaries of their ED. They reveal whether sustainability and human rights are conceived as peripheral references or as integral elements shaping economic engagement.

By grounding the comparative analysis in a theoretically informed coding logic while retaining sensitivity to contextual nuance, this methodological approach seeks to balance conceptual clarity with interpretative depth. It provides a structured yet flexible framework for assessing whether contemporary ED reflects genuine normative embedding or primarily normative branding.

4 COMPARATIVE FINDINGS: PATTERNS OF NORMATIVE INTEGRATION IN EUROPEAN ECONOMIC DIPLOMACY

A first reading of the documents suggests that none of the examined actors continues to conceptualise ED solely in traditional terms of export promotion and investment attraction. Sustainability, climate objectives, responsible business conduct, and due diligence now appear routinely in strategic texts. Yet this shared vocabulary should not be mistaken for uniform transformation. The depth and coherence of normative integration differ substantially across cases.

Across all cases, the European Union provides the most structured and institutionalised example of normative integration. Sustainability and human rights are not treated as peripheral concerns but are embedded within trade and investment policy frameworks. Trade agreements increasingly include sustainability chapters, references to labour and environmental standards, and monitoring mechanisms. Climate-related instruments and supply-chain due diligence initiatives further institutionalise the link between market access and normative compliance (European Union, 2019; European Commission, 2023). In this sense, the EU case reflects a relatively high degree of normative embedding. This development arguably marks one of the most significant shifts in the evolution of European economic statecraft over the past decade, as sustainability ceases to be an auxiliary concern and becomes part of the structural grammar of trade policy.

Germany and France both articulate sustainability and human rights as integral components of their foreign economic strategies, yet their framing reveals subtle differences. In the German case, sustainability and human rights frequently appear in conjunction with concepts such as strategic resilience, diversification of supply chains, and responsible globalisation (Federal Government of Germany, 2021; BMWK, 2023). The normative vocabulary is present and often linked to regulatory initiatives, including due diligence obligations introduced under the Supply Chain Due Diligence Act.

France similarly integrates sustainability and climate objectives into its ED discourse, often emphasising multilateral cooperation and European coordination (Ministry for Europe and Foreign Affairs, 2022; Government of France, 2021). Human rights considerations are linked to corporate vigilance obligations under the Duty of Vigilance Law. However, the French framing places stronger emphasis on sovereignty, strategic autonomy, and the defence of national economic interests. In this configuration, sustainability and human rights operate within a strategic state-centric narrative. This dual framing occasionally produces internal tension, particularly where sovereignty narratives appear to sit uneasily alongside commitments to multilateral regulatory alignment.

The Netherlands places considerable emphasis on responsible business conduct and sustainable value chains, as reflected in its updated National Action Plan on Business and Human Rights and its policy framework on Responsible Business Conduct (Government of the Netherlands, 2022). As a highly open and trade-oriented economy, its policy discourse places considerable emphasis on responsible business conduct, ESG alignment, and international cooperation. References to the United Nations Guiding Principles on Business and Human Rights (United Nations, 2011) and to sustainable value chains appear with relative frequency. In this case, sustainability and human rights are framed less as instruments of geopolitical positioning and more as components of long-term economic stability and reputational credibility. Nevertheless, the extent to which these commitments are tied to enforceable mechanisms varies, suggesting a combination of embedding and strategic framing rather than a purely instrumental or purely declaratory approach.

Slovenia, as the smallest state in the sample, exhibits a more concise and EU-aligned articulation of sustainability and human rights within its ED documents. Slovenia's articulation of sustainability and human rights largely mirrors EU-level priorities, as reflected in its Development Strategy 2030 and national action plan on business and human rights (Government of the Republic of Slovenia, 2017; Ministry of Foreign and European Affairs, 2023). However, explicit operational mechanisms appear less detailed at the national level. Sustainability and human rights are acknowledged as guiding principles, but the linkage to concrete instruments such as screening mechanisms or due diligence enforcement is less pronounced. In this sense, the Slovenian case illustrates how normative commitments may be adopted through alignment with supranational frameworks while remaining less institutionally differentiated domestically. Previous research on strategic sustainability planning in Slovenian urban governance has shown that the presence of sustainability terminology does not necessarily correspond to the depth of implementation (Justinek, 2025). This insight reinforces the importance of distinguishing between rhetorical commitment and institutional embedding in the context of ED.

When the cases are viewed comparatively, three broader patterns emerge. First, sustainability has achieved a higher degree of institutionalisation than human rights in the context of ED. Environmental objectives, climate commitments, and green transition narratives are more consistently integrated into trade and investment strategies. Human

rights, while present, are more frequently associated with due diligence frameworks and corporate responsibility rather than directly embedded in trade conditionality.

Second, normative commitments are rarely presented as constraints on ED. Instead, they are increasingly framed as sources of competitive advantage, regulatory leadership, or long-term stability. Sustainability is linked to innovation, resilience, and technological transformation. Human rights are associated with responsible globalisation and reputational credibility. This framing suggests that normative embedding is not necessarily in tension with economic objectives but is often strategically aligned with them (Damro, 2012; Farrell & Newman, 2019).

Third, variation across cases reflects differences in institutional capacity and geopolitical positioning. The EU demonstrates the most comprehensive integration, supported by regulatory competence and legislative instruments. Larger member states combine normative commitments with strategic autonomy narratives. Smaller states tend to align with EU frameworks, with fewer nationally specific operational mechanisms.

Taken together, these findings indicate that ED in the examined European context cannot be characterised as purely declaratory with regard to sustainability and human rights. Normative language is not merely decorative; in several cases it is tied to institutional mechanisms and regulatory instruments. At the same time, the depth of embedding varies, and the coexistence of normative commitments with competitiveness and strategic autonomy narratives suggests that the transformation is neither uniform nor unambiguous.

The comparative evidence thus supports the argument that ED is undergoing a substantive normative shift, though not a wholesale redefinition. Sustainability and human rights increasingly function as criteria of economic engagement, yet their integration remains shaped by strategic considerations, institutional capacity, and geopolitical context. Whether this represents a stable long-term reorientation or a contingent phase of regulatory geopolitics remains an open question, one to which the discussion now turns.

5. DISCUSSION: NORMATIVE EMBEDDING, REGULATORY GEOPOLITICS, AND THE REORIENTATION OF ECONOMIC DIPLOMACY

The comparative analysis suggests that sustainability and human rights are no longer peripheral to European ED. They form part of its vocabulary, increasingly part of its institutional architecture, and in some cases part of its strategic self-understanding. The key question, however, is not whether normative language appears, but how deeply it reshapes the logic of economic statecraft.

The distinction between normative embedding and normative branding provides a useful lens. In several cases, most notably at the EU level, normative commitments are linked to concrete regulatory instruments, such as sustainability chapters in trade agreements, due diligence frameworks, and screening mechanisms referencing public order or strategic concerns. Here, sustainability and, to a somewhat lesser extent, human rights operate as operational criteria influencing access, evaluation, and engagement. This configuration moves beyond rhetorical affirmation and enters the realm of institutional design.

At the same time, normative integration is rarely detached from strategic calculation. Sustainability is frequently framed as a driver of innovation, resilience, and competitiveness. Human rights are associated with reputational capital and stable long-term economic relations. In this sense, normative commitments are not presented as ethical constraints

imposed upon economic rationality, but as components of a redefined economic rationality. The language of values and the language of interests converge.

This convergence raises a deeper theoretical question: does the normative turn in ED represent a genuine transformation of purpose, or a recalibration of strategy? One way to approach this question is through the lens of regulatory geopolitics. In contemporary international political economy, regulatory standards themselves become instruments of influence (Damro, 2012; Farrell & Newman, 2019). By linking market access to environmental or human rights compliance, states and supranational actors can project domestic norms externally. This dynamic does not necessarily negate normative commitment, but it situates it within competitive and geopolitical contexts.

The European Union provides the clearest illustration of this dynamic. Sustainability and human rights are integrated into trade policy and supply-chain governance, reinforcing the EU's self-conception as a normative power. At the same time, regulatory conditionality can strengthen the Union's strategic position by shaping global production standards and influencing third-country practices. Normative embedding thus intersects with strategic autonomy and regulatory leadership. The boundary between ethical aspiration and geopolitical instrument becomes blurred.

For larger member states such as Germany and France, normative integration coexists with narratives of industrial strength, sovereignty, and strategic resilience. Sustainability is aligned with green transformation and technological leadership; human rights due diligence is linked to responsible globalisation. The normative turn does not displace state interest but reframes it. ED becomes a platform through which values and competitiveness are articulated as mutually reinforcing rather than antagonistic.

Smaller states, such as Slovenia, operate within a more constrained environment. Their normative commitments are often articulated in alignment with EU frameworks, reflecting both political commitment and structural dependence on supranational regulatory agendas. For such states, normative embedding may function as a mechanism of alignment and credibility rather than as an autonomous instrument of geopolitical positioning. This does not diminish its significance, but it underscores the importance of institutional context in shaping how sustainability and human rights are operationalised.

Another tension emerging from the analysis concerns the asymmetry between sustainability and human rights. Environmental and climate-related objectives appear more deeply embedded within economic instruments, often justified by the urgency of ecological transition and supported by measurable regulatory tools. Human rights, while increasingly institutionalised through due diligence frameworks (United Nations, 2011), are more frequently mediated through corporate responsibility and compliance narratives. The embedding of human rights into ED remains more cautious and less uniformly operationalised than environmental standards.

Taken together, these patterns point to a gradual but meaningful reorientation of ED. The fundamental objective of advancing economic prosperity and strategic position has not disappeared. What has changed is the framework within which these objectives are articulated. Legitimacy and competitiveness are now increasingly defined through sustainability metrics and expectations of responsible conduct. ED thus appears less as a purely interest-maximising instrument and more as a form of economic governance conditioned by normative criteria.

This transformation has broader implications. First, it alters the justificatory language of ED. Diplomats and policymakers must increasingly articulate economic initiatives in terms of climate responsibility, human rights compliance, and long-term sustainability. Second, it expands the scope of actors involved in ED, including regulatory agencies, sustainability experts, and compliance institutions. Third, it introduces new arenas of contestation, particularly where normative conditionality is perceived as extraterritorial or protectionist.

The normative turn thus reconfigures ED not by replacing its strategic core, but by embedding additional layers of legitimacy and conditionality. Whether this development stabilises into a coherent long-term paradigm or remains contingent on shifting geopolitical and economic pressures will depend on how consistently sustainability and human rights commitments are implemented in practice.

If sustainability and human rights are to function as more than legitimising vocabularies, their integration must withstand periods of economic stress and geopolitical pressure. It is precisely in moments of crisis, like energy shocks, supply chain disruptions, or strategic decoupling, that the resilience of normative embedding will be tested. Whether conditionality remains stable under such pressure is likely to determine whether the present shift represents structural transformation or merely a conjunctural recalibration.

6 CONCLUSION

This article set out to examine whether sustainability and human rights are becoming structurally embedded within contemporary ED, or whether their presence remains primarily declaratory. Through a comparative analysis of strategic documents from the European Union, Germany, France, the Netherlands, and Slovenia, the study has shown that normative language is now firmly integrated into the discourse of economic statecraft across the examined cases. The more demanding question, however, concerns the depth and character of that integration.

The findings suggest that sustainability has achieved a relatively high level of institutionalisation, particularly at the EU level, where environmental and climate-related objectives are explicitly linked to trade instruments, regulatory conditionality, and supply-chain governance frameworks. Human rights commitments are also increasingly visible, especially through due diligence initiatives inspired by the United Nations Guiding Principles on Business and Human Rights (United Nations, 2011), yet their operational embedding remains more uneven across cases.

Importantly, normative integration does not appear as a departure from strategic rationality. Rather, sustainability and human rights are frequently framed as components of competitiveness, resilience, innovation, and long-term economic stability. The traditional objective of advancing national or regional economic interests has not disappeared. Instead, the criteria through which those interests are justified and pursued have expanded. ED is progressively articulated as a vehicle of responsible and sustainable engagement, not merely as an instrument of market access and export promotion.

This development can be interpreted as a shift toward normatively conditioned economic governance. Market participation, investment screening, and trade engagement increasingly incorporate environmental and social standards as elements of legitimacy and strategic positioning. Yet this normative turn is neither uniform nor free from tension. Regulatory conditionality may serve ethical objectives, but it also functions within broader geopolitical dynamics, where standards become tools of influence and kompetitiven differentiation

(Damro, 2012; Farrell & Newman, 2019). The line between normative commitment and regulatory strategy is often thin.

For larger states and supranational actors such as the European Union, normative embedding can reinforce regulatory leadership and global standard-setting capacity. For smaller states, alignment with sustainability and human rights frameworks may enhance credibility and integration within broader governance regimes, while limiting the scope for autonomous policy design. In both contexts, ED emerges as a field in which values, interests, and institutional capacities intersect.

Conceptually, this article complements existing analyses of structural transformations in ED (such as digitalisation and algorithmic governance), by foregrounding the normative dimension. If earlier scholarship has demonstrated how the mechanisms and infrastructures of economic statecraft are evolving, the present study highlights how its substantive criteria are being recalibrated. ED is not only shaped by new technologies and distributed forms of agency; it is also increasingly shaped by expectations of sustainability, responsible conduct, and rights-based accountability.

Whether this normative embedding will consolidate into a durable reorientation of economic statecraft remains contingent on political will, institutional enforcement, and geopolitical pressures. Nevertheless, the comparative evidence indicates that sustainability and human rights have moved beyond symbolic reference points. They now occupy a meaningful, if still evolving, position within the strategic architecture of European ED.

In this sense, contemporary ED can no longer be understood solely as the pursuit of economic advantage. It is increasingly a site where economic interests are articulated, justified, and constrained through normative commitments that reflect the broader transformation of global governance in the twenty-first century.

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