

# Economic Diplomacy: The Issues Small States Have with Geoeconomics

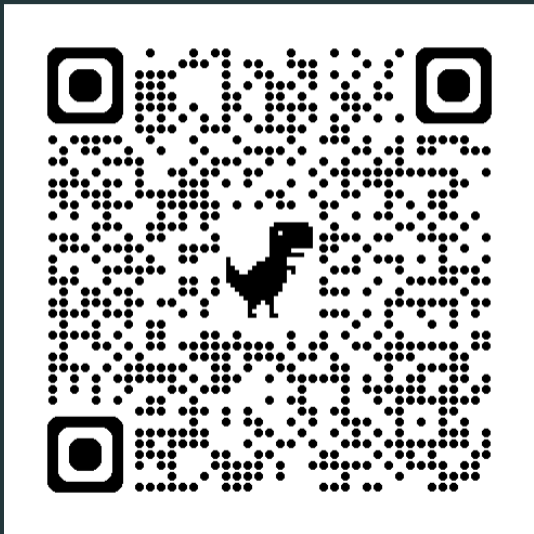
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# Conclusion

1. Small states . . .  
from rules-based  
multilateralism to  
geoeconomics and  
strategic  
interdependence.
2. Economic  
diplomacy is  
economic statecraft  
for small states.
3. Look to a G-minus,  
multilateral-enough,  
incentive compatible world  
order.

## 1. Small states ...

... face a world order transitioning from rules-based multilateralism to geoeconomics and strategic interdependence.

1. Small states are everyone who can't unilaterally reconfigure the world. So, that's ASEAN, the UK, India, and all nations smaller. Small states are 80% of humanity.
2. US-China rivalry is extremely consequential. But whether that is the central issue of world order is up to us the 80%, not them.
3. The transitioning world order sees rising occurrence of mercantilism, cross-border cooperation failure, and power-driven disagreement between nation states.
4. The challenge of navigating world order for small states is the challenge of dealing with these problems.
5. Small states need to go beyond price- and norm-taking. The question is what.

## 2. Economic diplomacy ...

... is economic statecraft for small states.

1. Economic statecraft or geoeconomics is what major powers do when they deploy economic instruments to exercise their geopolitical will in the world.
2. Economic diplomacy is small states' defence against economic statecraft. Economic diplomacy is about designing a world order that works for us, regardless how Great Powers behave.
3. Resilience needed against shocks that can be natural events or bearing full intentionality.
4. Neither academics nor practitioners alone can solve this.
5. Let me start: (1) Align. (2) Acquiesce. (3) Adapt and mitigate.

### 3. Look to a G-minus ...

... multilateral-enough, incentive-compatible world order.

1. ASEAN and open regionalism. RCEP. CPTPP
2. MPIA: plurilateralism and flexible multilateralism
3. Build resilience. Against shocks that are natural events and shocks that come with intentionality.
4. The China Shock: Smart globalisation and rules-compatible mercantilism.
5. The US Shock: Infant-industry nationalism with protectionism the bulwark of industrial strength. Where trade has always been geopolitical statecraft, and is not now temporarily interrupted for a higher purpose but because trade itself is the problem.
6. Multilateral-enough world order with inadvertent cooperation and flexible topology.

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