

## Strategic partnerships: A new toolkit for business and statecraft

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Two major deals were concluded last June, one between Alibaba and Unilever, and the other between Australia and Singapore. What is common between them? Their labelling: both deals are called 'strategic partnership'.

On 19 June, Alibaba (the giant Chinese e-commerce company) and Unilever (the world's leading suppliers of food, home and personal care products) signed a [strategic partnership](#) which aims to facilitating the latter's penetration to the Chinese market while further internationalising the former. Ten days later, Australian Prime Minister Abbott met his Singaporean counterpart, Lee Hsien Loong, to ink a new '[comprehensive strategic partnership](#)' that shall take relations to 'a new level'. It includes a roadmap to deepen ties in the field of trade, investment, foreign policy, defence, security, education and cultural cooperation.

These two deals are just the latest instances of a new practice that has generalised in both business and diplomacy. In the world of international business, strategic partnerships have been omnipresent for some time now. A recension of these partnerships would be a vain effort, but the several million hits for combinations such as 'strategic business partnership' in Google suggest that there are plenty – and counting. Did you even know, for instance, that Apple and IBM established a strategic partnership in 2014? Through this deal, IBM hopes to benefit from Apple's user experience while Apple seeks access to IBM's enterprise market.

In international diplomacy, strategic partnerships can be tracked down more easily. They first appeared in the 1990s, following the collapse of the Soviet Union and the opening of the international economic and diplomatic systems. They have proliferated since then. China has about 72 'partnerships' including 50 strategic ones, for instance, whereas countries such as India, Brazil, France or the UK have more than 20 strategic partnerships each. As a matter of fact, coming back to our first example, Australia and Singapore – just like Alibaba and Unilever – have each developed their own network of strategic partnerships, according to their specific needs and objectives.

The puzzling question for us is to know why this instrument has become so widespread in the 21st century, in both business and diplomacy, and whether parallels or similarities exist between these partnerships from two distinct worlds. Instead of a definite answer, I will share some initial reflections on this matter. Hopefully, this can lead to a broader debate (you have the whole summer to reflect upon this issue!).

Having done a lot of research on the emergence of strategic partnerships in the post-Cold War era (see for instance this project that my Institute has co-initiated, called [European Strategic Partnerships Observatory](#)), I would argue that strategic partnerships constitute a form of innovative statecraft. They appeared against the background of a changing global context marked by complexity, competition and uncertainty. First, the world is increasingly complex as it is more interdependent, power is more diffused – horizontally and vertically – and the foreign policy agenda is becoming thicker. Second, international relations are characterized by a mix of cooperation and competition among states, which I call a state of *coopetition*. Third, the current global order is in a phase of

transition, which is tainted with *uncertainty*: will the BRICS rise?; will an alternative order emerge?; who is a friend, who is a rival?; etc.

Diplomatic practices adapted to these challenging times, just like they adapted to previous major evolutions. States sought to develop a new instrument that permitted to manage complexity, competition and uncertainty. Strategic partnerships do precisely that. They are a flexible and relatively light form of engagement, which allow states to cooperate with a large number of actors on many different issues, while avoiding too deep commitments or entanglements with unpredictable partners. In this regard, strategic partnerships emerged as a useful alternative to alliances, particularly for states that eschew alliances, such as China or India. At the same time, these partnerships do not replace but rather co-exist with alliances, as illustrated by the sophisticated [US network of alliances and partnerships](#). As strategic partnerships have become more central to global powers' foreign policy strategies, we can talk about 'partnership diplomacy' as a new and prominent form of statecraft, which has been called '[multi-partner world](#)' by Hillary Clinton in the US, or '[network of partners](#)' by Xi Jinping in China.

Some similarities appear with business partnerships. Indeed, a recent article in [The Economist](#) explained that strategic partnerships are becoming more needed than ever to cope with a highly complex business environment, due to costly technologies, the need to constantly innovate, to expand to other sectors and countries, etc. Just like in politics, strategic partnerships are established between rivals, such as the one between Apple and Samsung in order to design semi-conductors that they both need. Complexity, competition and uncertainty seem to drive business and diplomatic partnerships alike.

To be sure, there are similarities between business and diplomatic partnerships, not least the search for mutual benefits, as well as the exchange of expertise and knowledge. However, one should not push the comparison too far. The use of a same label does not mean that they are similar concepts or instruments. The business and diplomatic worlds have their own distinct rules and logic.

This being said, it is interesting to note that strategic partnerships appear equally challenging to make work in both worlds. Many business partnerships 'end in tears', said The Economist. Similarly, diplomatic partnerships are often criticised for their shallowness – just think about the EU-Russia strategic partnership. Yet, companies and states keep trying hard to partner around, simply because they have to. Strategic partnerships are not perfect, but they are the necessary instrument of our times.