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**Guest article:****Measuring up for Membership. What Can We Learn by Applying a Gender Lens to Relations between the Republic of Moldova and the EU?****Kerry Longhurst<sup>1</sup>**

**Abstract:** *The Republic of Moldova became an EU accession candidate in December 2023 and is currently busy laying the foundations for future membership negotiations. If the ambitious goal of entering the European Union in 2030 is maintained, much has to be done within a short space of time to ensure that the country meets all the membership criteria and achieves alignment with the EU's *acquis communautaire*. The aim of the current article is to deploy a novel 'gender lens' through which to consider the Republic of Moldova's evolving EU perspectives and, in so doing, capture fresh and nuanced findings that traditional, political, economic, security scholarly, and policy approaches to EU enlargement tend to discount. Findings suggest that Moldova performs significantly better on multiple gender-indicators than its country peers in the Eastern Partnership (EaP) region. However, despite palpable improvements and examples of alignment with EU gender norms and international best practice, the article ascertains notable shortcomings and disparities with relevance for Moldova's EU accession. The article adopts a mixed-method qualitative approach, intersecting content analysis of key documents, social and economic data and civil society reporting with stakeholder interviews. The added-value of the research derives from its use of a gender lens aligned with the specificity of the Republic of Moldova, which represents a novel contribution to EU enlargement studies.*

**Keywords:** *EU, Republic of Moldova, gender, EU enlargement, Europeanisation.*

**JEL classification:** *B54, F50, O52, P3.*

**Introduction**

This article explores the interplay between the Republic of Moldova, EU enlargement and gender by deploying a novel 'gender lens' to examine the country's rapid gravitation towards the EU that has transpired over the past two and a half years. Fuelled by Russia's all-out invasion of Ukraine on February 24, 2022, the Republic of Moldova became an official EU accession state in December 2023. The following February saw the start of the preliminary 'screening' phase of the accession process, which will determine the overall framework for future negotiations and their timetable.

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Whilst the ongoing war in Ukraine and its potential for spillover provide a legitimate rationale for the Republic of Moldova's speedy EU entry, an expedited process driven by geopolitical and security issues might mean that critical factors (political, economic, and social, including those with a gender dimension) that are relevant for EU membership are overlooked. A potential for side-lining gender issues is already apparent in the nascent academic literature on the next enlargement. Thus far, analysts have been mostly concerned with the security aspects of enlargement, the implications for the EU as an autonomous actor, as well as questions to do with EU's institutional reforms and resource challenges (Orenstein, 2023; Jones, 2024). Under these circumstances, there is a paucity of consideration being given to gender factors.

With these thoughts in mind, the current article hypothesises that – in the context of the Republic of Moldova's advance towards membership – important gender-related factors with strong bearings on the country's successful and sustainable EU integration are being potentially deprioritised and subjugated to the dominant geopolitical discourse, which emphasises a fast-track accession. A recent development that supports this hypothesis occurred in June 2023, when the European Commission gave its update on the Republic of Moldova's progress towards nine priority steps that it set out the previous year in relation to the country gaining EU candidate status. On that occasion, the Commission reported that the Republic of Moldova had successfully completed the step concerning gender equality and tackling gender-based violence (GBV) (European Commission, 2023a). However, contemporaneous independent research found little more than moderate progress in this sphere and pointed to the hazards of exaggerating the extent to which the country was making concrete and sustainable improvements in this area (Eastern Partnership Civil Society Forum, 2024; Longhurst, 2024).

Exploring the relationship between the Republic of Moldova and the European Union through a gender lens is pertinent for several reasons, but first and foremost because the prospects of its leap towards EU membership have become intertwined with gender issues. Whilst on several gender indicators – important at an international level – the Republic of Moldova performs very well and also distinguishes itself as the only EaP country to have an independent EU-compliant Equality Council, some cultural factors tend to hinder change 'on the ground'. Moreover, the country's performance is marked by discrepancies between law, policy implementation and practice (Eastern Partnership Civil Society Forum Index, 2024).

The Republic of Moldova became an official EU candidate, and subsequently an accession state, with a female President and – until February 2023 – a female Prime Minister at the helm. Elected in November 2020 on a pro-EU/ anti-oligarch platform, Maia Sandu overcame prevailing gender-based barriers and smear campaigns focused on her being a non-married female and on her sexuality (Huffpost, 2016; Nokta, 2022), to become this country's first female President. As such, she symbolises the nexus between gender equality and European integration. However, at the same time, there is a strong domestic pushback on both gender and EU integration. Moscow-leaning political parties, and other interest groups and individuals linked with the Russian Federation and/or oligarchs, as well as the church, emphasise that EU's policies on gender, LGBTQIA+ rights, and equal opportunities in general, will damage traditional family values and put Moldovan society at risk. Such controversies were vivid during

the domestic debates and media coverage of the Republic of Moldova's ratification of the CoE Convention on preventing and combatting violence against women and domestic violence (Istanbul Convention) in 2022, with pro-Russian/anti-EU disinformation campaigns pushing narratives on western subversion and Brussels' promotion of 'gender ideology'. In this context, campaigners also claimed that the Istanbul Convention was contributing to the imminent collapse of the West, and that Russia alone can protect Christian values in the Republic of Moldova ([watchdogmd.org](http://watchdogmd.org), 2022, 2024).

A further important rationale for applying a gender lens relates to the war in Ukraine, which continues to have significant gendered effects with implications for the Republic of Moldova and its capacity to meet the EU's accession conditions. Not only do women and children (including those who settled in the Republic of Moldova) make up the largest portion of displaced people inside and outside of Ukraine (OSCEPA, 2023), but the war has also prompted a sharp rise in GBV (including conflict-related gender-based violence and intimate partner violence), and also in 'old' and 'new' forms of sexual exploitation and abuse (VOICE / HIAS, 2023; Eastern Partnership Civil Society Forum, 2024). These developments invariably place strains on the institutional capacities of the Republic of Moldova and bring an extra urgency to its reforms in this sphere and to its capacity to align with the Istanbul Convention.

This article proceeds from the assumptions that EU enlargement is a gendered phenomenon, and that the accession process and its outcomes have multiple gendered implications, both intended and unintended. For example, EU accession potentially affects the rights and livelihoods of men and women in different and unequal ways. It is also likely to impact upon levels of female political participation, entrepreneurship and access to justice. To explore this assertion, the current article asks, 'what can we learn by applying a gender lens to contemporary relations between the Republic of Moldova and the EU'? The article focuses on the period since March 3, 2022, the day the country presented its application for EU membership, and relies on content analysis of key policy documents, civil society reports, and primary data from Moldovan and international statistical sources, which are corroborated with insights gathered from the author's interviews with five Moldovan gender experts conducted in March 2023.

The article's main purpose is not to evaluate the EU's gender policies per se, but rather to fill a knowledge gap by looking at prevailing gender issues in the Republic of Moldova, and to highlight their significance for EU accession. The article is organised into three main sections. It begins with a brief exploration of the interplay between gender and EU enlargement from academic and policy viewpoints, as a means to establish the state of the art. It goes on to identify key features of this country's gender landscape with a focus on political representation, the economy and the labour market, and reflects on the Republic of Moldova's adoption of the Istanbul Convention. By way of a conclusion, the article summarises the main discussion points involved in the "triangular" topic of the Republic of Moldova – EU enlargement – gender.



## **1. The gender – EU enlargement nexus from academic and policy points of view**

Literature on the gender dimensions of EU enlargement began to emerge in the early 2000s in anticipation of the integration of new Member States<sup>2</sup>. In this context, authors were critical of the lack of robust gender equality mechanisms embedded in the EU's conditionality toolkit, which meant that those issues were relegated to the weaker realm of 'soft law'. Thus, though equality is deeply enshrined in the EU treaties<sup>3</sup>, the accession process did not strongly enforce the EU's gender values upon candidate states in the 2004 and 2007 enlargement rounds to the degree to which equality advocates had hoped for (interview with a Moldovan gender expert, 2023).

Though her analysis was based on the 2004 'big-bang' enlargement of two decades ago, Silke Roth's claim that from a gender perspective the EU enlargement process is 'contradictory' remains pertinent. Roth argued that the strict adherence to the EU's political and economic standards, and the adoption of neo-liberal ideologies, ushered in economic modernisation in Central Europe and helped countries gain compatibility with EU markets. Nevertheless, it also contributed to a decline in female economic and social rights in some of the countries. Moreover, Roth found that though the enlargement process was supposedly configured to promote gender mainstreaming, and to export superior anti-discrimination norms to the new Member States, in reality the EU and the governments of the accession states did little to offset the gendered costs of EU enlargement (Roth, 2004, 2008).

Authors also noted inherent weaknesses in the EU's conditionality practices, and in particular the limited involvement of domestic stakeholders concerned with equality in the accession negotiations and in the implementation of EU's *Acquis Communautaire*. For example, Avdeyeva and others posited that equality policies and institutions in the new EU Member States had been marginalised during the negotiations (Avdeyeva, 2015; Pirju, Panaitescu, Sorcaru, Marinescu and Popa, 2024). Similarly, Lohmann concluded that the way the accession process played out, namely without due consideration to gender, actively impeded women's civic participation, and also diminished the role of female-led NGOs in enlargement-related matters (Lohmann, 2005). Bretherton's research also highlighted deficiencies in the EU's capacity to promote gender equality in its accession methodology. With a prevailing contradiction between 'ideas and interests', the prospect of EU membership conditionality being used to overcome gender inequalities in candidate states was reduced (Bretherton, 2002, 2011).

Another body of literature germane to the current case honed in the interplay between EU integration and post-socialist political and economic transitions, and their consequences for gender equality, female labour force participation and economic activity. Prior to the implosion of the region's command economies, Eastern and Central Europe had had the highest levels of women in the work force globally. However, as Galligan and Clavero note, the dramatic post-1989 structural

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<sup>2</sup> In 2004 Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia became EU members, followed by Bulgaria and Romania in 2007.

<sup>3</sup> Art. 2, 3(3) and 21 of the Treaty on the European Union (TEU), Art. 8 of the Treaty on the Functioning of the European Union (TFEU), and Art. 21 and 23 of the EU Charter of Fundamental Rights.

shifts, coupled with strict systemic reforms – associated with the EU’s membership requirements – weighed against qualitative improvements in gender equality and anti-discrimination, which saw women’s economic roles weaken (Galligan and Clavero, 2012). Similarly, Steinhilber posited that the passionate embrace of neo-liberalism by the post-communist governments in the region left little space for gender inequalities to be prioritised in national development strategies at that time (Steinhilber, 2006).

Turning to EU policy, it is evident that much has changed since the previous rounds of enlargement with regard to the EU’s approach to gender. Recent changes with a bearing on the EU prospects of the Republic of Moldova were sparked by the 2019 European elections, and the arrival of the European Commission’s first female president who ushered in a more gender-balanced Commission (Abels and Mushaben, 2020, Debusscher, 2022). Since then, though not without its critics, the EU has elaborated a stronger, more actionable and measurable notion of “gender mainstreaming” with implications for all aspects of European integration, including a tighter linkage between the accession process and the promotion of gender equality and women’s rights. As a consequence, in recent years the EU has developed a detailed and ambitious legal and normative ecosystem for gender, equality, and inclusion more broadly, which places far-reaching requirements on Member States and, by extension, on accession states.

The EU’s ‘Gender Equality Strategy 2020-2025’ is the conceptual backbone of the EU’s gender policy objectives (European Commission, 2020), and underpins the aim of creating a ‘Union of Equality’ set forth by Ursula von der Leyen. The Gender Equality Strategy also emphasises an ‘intersectional approach’, to embed gender across all aspects of European integration and into all EU external actions through the EU’s Gender Action Plan, which is now in its third iteration (GAP III). Launched in 2020, GAP III – ‘An ambitious agenda for gender equality and women’s empowerment in EU external action’ – aims to ensure that, by 2025, at least 85% of the EU’s new external actions contribute to gender equality and to the empowerment of women and girls (European Commission, 2023b). In both its internal and external contexts, the EU highlights how important it is to end gender-based violence, challenge gender stereotypes, bridge labour market gender gaps, achieve equal participation across different sectors of the economy, address gender pay and pension gaps, close the gender care gap, and achieve gender balance in decision-making and in politics. Since its inception, the Gender Equality Strategy has concretely given rise to:

- (i) the pay transparency directive
- (ii) a proposal for a new directive to combat violence against women
- (iii) a directive on gender balance on corporate boards
- (iv) new work-life balance rights
- (v) a new European care strategy, and
- (vi) the European Commission becoming a party to the Istanbul Convention in 2023.

The same legal and normative requirements placed on Member States are also applicable to the enlargement countries, as part of the EU’s membership conditionality

toolbox. In its annual Enlargement Package (in which the Commission appraises the state of enlargement and analyses the progress of individual candidate countries vis-à-vis its membership criteria), the gender equality, and cognate themes, are also assessed (European Commission, 2023c). In the Commission's inaugural enlargement report for the Republic of Moldova, published in November 2023, gender was mentioned no less than 30 times across all six negotiating clusters and chapters. The report concluded that, despite an overall solid performance, there was limited access to justice for women, insufficient financial and human resources to advance women's rights, and the persistence of patriarchal attitudes and discriminatory stereotypes on the roles and responsibilities of women and men within family and society. The report also found a high prevalence of gender-based violence against women, lack of consideration for new forms of trafficking in persons, lack of diverse educational choices for women and girls, and gender occupational segregation (European Commission, 2023d).

## **2. Findings: The Republic of Moldova's performance across key gender indicators – a variegated picture**

The Republic of Moldova's commitment to gender equality is enshrined in its national programme aimed at 'promoting and ensuring equality between women and men in the Republic of Moldova for the years 2023-2027'. The programme aligns with the country's European integration strategy and, as such, maps neatly onto the objectives and priorities of the EU's Gender Equality Strategy and of GAP III described above. This national programme seeks to accelerate gender equality by:

- (i) expanding services to support carers by improving social protections
- (ii) reducing the gender gap in pay for equal work or work of equal value
- (iii) eradicating stereotypes regarding the employment of men in feminised areas
- (iv) reducing the gap in decision-making at local and central levels, including among underrepresented groups of women, for example from minorities
- (v) ensuring wider participation of relevant authorities and institutions in the development and adoption of sectoral policies, instruments, and measures aimed at eliminating structural gender inequalities, and their effective implementation
- (vi) improving existing regulatory and institutional frameworks, including by establishing performance indicators in budget programmes that take into account gender issues
- (vii) promoting gender equality in the humanitarian aid sector, and
- (viii) ensuring equal access to quality services in the public and private sectors (Moldovan Government Resolution No. HG203/2023, 2023).

According to key global and regional measures, the Republic of Moldova performs well on the gender front. In the World Economic Forum’s (WEF’s) 2023 *Global Gender Gap Report*, with an overall score of 0.78 (0 = imparity; 1 = parity), the country takes an impressive 19th place out of a total of 146 countries. This also means that, according to the WEF, the Republic of Moldova is significantly ahead of several EU states in the gender gap sphere. Since 2020, it has also been the overall top scorer in WEF’s regional section on Central Asia / Eurasia. Moldova also performs well in the context of the UNDP’s Gender Development Index (GDI) and is situated amongst the leading group of countries (group one), which is composed of states with high equality in human development indicators between men and women.

**Table 1. The Republic of Moldova’s gender gap compared with that of the other EaP countries, 2023**

Score and rank	Republic of Moldova	Belarus	Armenia	Ukraine	Georgia	Azerbaijan
Global Gender Gap Index	0.78 / 19	0.75 / 41	0.72 / 61	0.71 / 66	0.70 / 76	0.69 / 97
Economic participation & opportunity <sup>(Subindex 1)</sup>	0.86 / 3	0.81 / 7	0.71 / 52	0.71 / 55	0.69 / 68	0.76 / 27
Educational attainment <sup>(Subindex 2)</sup>	0.99 / 53	0.99 / 75	0.99 / 35	0.99 / 56	1 / 28	0.99 / 54
Health & survival <sup>(Subindex 3)</sup>	0.97 / 40	0.98 / 1	0.95 / 139	0.97 / 45	0.97 / 56	0.93 / 146
Political empowerment <sup>(Subindex 4)</sup>	0.31 / 44	0.21 / 69	0.21 / 71	0.17 / 87	0.16 / 91	0.07 / 134

*Source: World Economic Forum (WEF)’s Global Gender Gap Report, 2023.*

Notwithstanding its impressive ranking and favourable position vis-à-vis some EU states and its regional peers, when additional focal points and variables are brought into play, a patchier gender picture emerges which is also characterised by structural factors that tend to impede change. For instance, a recent Gender Equality Index, published by an independent Moldovan Think Tank in 2024, contradicts the WEF’s findings and highlights backsliding in women’s access to resources, education, and in perceptions and stereotypes, as well as stagnation in women’s roles in the labour market and particularly in the health sector. The same Index found improvements only in the sphere of politics (Centrul Parteneriat Pentru Dezvoltare, 2024). Meanwhile, the Eastern Partnership Civil Society Forum’s Index pointed to sizeable gaps between new gender laws and actual implementation, which questions WEF and UNDP’s claims about Moldova’s striking performance and high ranking in their studies (Eastern Partnership Civil Society Forum, 2024). To explore these complexities, three salient themes linked to the evolving interplay between the Republic of Moldova, EU enlargement, and gender are subsequently explored:

- *Women, politics, and power*
- *Women, the economy, and the labour market*
- *Gender-Based Violence.*

**Women, politics, and power**

The reality on the ground suggests a variegated picture when it comes to women, politics and power, with instances of progress as well as significant shortcomings.

From a positive perspective, not only is Maia Sandu the country’s first female President, but pending her re-election in Autumn 2024, she will become one of the Republic of Moldova’s longest-serving heads of state in recent times. Moreover, Sandu enjoys a relatively high level of public trust. Though opinion polls consistently show that Moldovans in general have very low levels of trust in politicians, polls from 2023 suggest that people view President Sandu as the most trustworthy amongst political figures by a significant margin ([bop.ipp.md/en](http://bop.ipp.md/en), n.d.).

The Republic of Moldova has also set up several mechanisms and incentives to improve women’s representation in politics. Since 2022, party candidate lists for national and local elections need to reflect a minimum rate of 40% for each gender. This regulation was implemented for the first time in the context of the local elections of November 2023. If this minimum is not respected, the electoral body will not register the list in its entirety. Additionally, according to this new law, political parties will financially benefit from the state budget proportionally to the number of women (and young people) from their ranks that are elected to office.

The composition of the Moldovan Parliament has been steadily moving towards an ever-higher level of female representation. The proportion of females in the Republic of Moldova’s legislature has been consistently growing since 1991, when it stood at 2.1%. IPU Parline reported in April 2024 that 40% of Moldovan MPs were women, which put the Republic of Moldova in the 26th place out of 181 ranked countries for female representation in parliaments. The Republic of Moldova’s national parliament is therefore closer to gender-parity than most EU states and is on a par with the gender make-up of the European Parliament. Furthermore, its legislature is also above the average in the Eastern Partnership (EaP) context in terms of gender balance (IPU Parline, 2024). The parliament’s role in monitoring and promoting equality and women’s rights, and in holding the government to account in these spheres, was also augmented in 2022 by the creation of a dedicated Platform for Moldovan Women MPs (Moldpress, 2022).

**Table 2. Women in national parliaments in the EaP states (lower or single house)**

Country	MD	AR	AZ	GE	UA	European Parliament	European average	Global average
Female MPs	40%	36%	18%	19%	21%	39%	31%	27%

Source: IPU Parline <https://data.ipu.org/women-ranking/>, 2024.

Such impressive growth in women’s representation in the Moldovan Parliament is not reflected at the local level despite the new gender requirements of the electoral law. Whilst the mayoral elections of November 2023 saw more female candidates, only

24% of them won (215 women) and became mayors, which amounts to a rise of only 2% compared to the 2019 election. Furthermore, if we look through a sharper gender lens at the results of the 2023 mayoral/local elections, we observe a ‘gender loss’ of 4.8%. According to UNDP *et al.*, the gender loss is the gap between the share of female candidates and that of females eventually elected to the position. It is this difference that ‘directly expresses the competitiveness of women, relative to men, in the electoral race, but more importantly - the voter’s willingness to vote for a woman or to disregard the candidate’s gender in determining the voting option’ (UNDP *et al.*, 2024).

**Table 3. The election of women as mayors in the Republic of Moldova**

Mayoral election date	2007	2011	2015	2019	2023	2027 (projected)	2031 (projected)
% of women candidates becoming mayors	18%	18%	20.5%	22.4%	24%	26%	28%
Gender loss (aggregated national figure)	-5.5%	-0.9%	-2%	- 4.7%	-4.8%	No data	No data

Source: UNDP *et al.*, 2024.

The proportion of women holding roles in government is also truncated. At the time of writing this paper, women held four ministerial posts in the Moldovan government with portfolios for health, justice, environment and European integration (the Minister for European integration is also a deputy prime minister). Hence, women hold only 25% of all ministerial posts, which is below the EU average of 33.9% (2022 figure), yet still above the Republic of Moldova’s EaP peers (2022 figures) (World Bank, n.d.). Meanwhile, though the Republic of Moldova performs well on the question of gender equality in the judiciary (in 2022, 51.2% of Moldovan judges were women) (statbank.statistica.md), equality does not extend to senior judicial roles, which remain the preserve of male judges (interview with a Moldovan gender expert, 2023).

### ***Women, the economy, and the labour market***

Despite sizeable improvements in the Republic of Moldova’s overall economic performance over the past decade, the country’s socio-economic landscape remains uneven and gendered in several ways.

To begin, although the Republic of Moldova has made rapid strides since 1991 in reducing poverty, statistics suggest that poverty is a ‘feminised’ phenomenon rooted in stubborn systemic factors. A combination of unequal roles in (unpaid) housework and child rearing, low employment rates amongst women and a tendency for females to be employed in the informal sector and subsequently without social protections and guaranteed minimum salaries, reinforces women’s economic vulnerability and a greater likelihood of slipping into poverty (interview with Moldovan gender expert, 2023). Consequently, poverty continues to be more prevalent in female-led

households than in those headed by men (National Bureau of Statistics of the Republic of Moldova, n.d.). Women over sixty years of age and residing in rural areas are the most vulnerable in this respect due to limited work opportunities, significant unpaid domestic responsibilities and reliance on remittances from family members working abroad. The situation is exacerbated by retirement conditions, which palpably catalyse the ‘feminisation’ of poverty amongst the country’s aging population. Pensions are unequal with significant disparities between the sums received by Moldovan men and women. Statistics from 2023 suggest that males (non-agricultural sector) receive 1000 lei MDL more per month than their female counterparts, which when looked at from a historical perspective suggests that the pension gender gap is widening rather than shrinking (statbank.statistica.md, n.d.).

The Republic of Moldova has a stubborn gender pay gap, which averages 13.6% in favour of males. The gender pay gap varies across sectors with the biggest differences recorded in information and communications (38.1%), and in the financial and insurance sectors (32.5%) (statbank.statistica.md, n.d.).

What sustains the gender pay gap and the gendered aspects of the Moldovan economy is the fact that women are less active in the job market and are also likely to have ‘vulnerable employment’ (ILO, n.d.). This includes seasonal agricultural work, as well as part-time and informal work arrangements, which lack adequate social protections. This systemic situation perpetuates deficiencies in gender-equality practices, and consequently creates a permissive environment for a continuation of gender-based discrimination in the workplace, despite the new legislation in this field (interview with a Moldovan gender expert, 2023).

### ***Gender-Based Violence***

The prevalence of gender-based violence (GBV) within a society is an important indicator of the quality of women’s rights, and a reflection of the acceptance of gender equality.

The Republic of Moldova has made significant progress in establishing legal frameworks concerning GBV, and has joined the relevant European and international conventions, including the Council of Europe’s Istanbul Convention, which came into force in Moldova in May 2022. In response to the Council of Europe’s baseline study on the Republic of Moldova by the Group of Experts on Action against Violence against Women and domestic violence ‘GREVIO’ (Council of Europe, 2023), a national programme for the Prevention and Combating of Violence Against Women and Family Violence 2023-2027 was established. In March 2023, the first specialised service for victims of sexual violence was set up and, in April 2023, the government adopted a new regulation allowing third parties to initiate sexual-violence investigations. A new State Agency for the Prevention of Domestic Violence against women has been set up with dedicated teams of police, doctors, and social workers being trained alongside one another to improve the coordination and effectiveness of investigations into sexual violence (interview with a Moldovan gender expert, 2023). Legal amendments have also been made in order to redefine the concept of rape and change the penalties for

domestic violence, ensuring that preventive detention is possible.

Despite these strides to create a GBV ecosystem aligned with the European and international best practices, in 2023, 685 people were victims of registered family-violence crimes, of which 71.2% were female (statbank.statistica.md). The actual number of incidents is likely to be far higher, since GBV in all its forms is one of the least reported crimes, with victims fearing stigma, reprisals, and/or lacking trust in the law enforcement and justice systems (interview with a Moldovan gender expert, 2023). Furthermore, the war in Ukraine and the large-scale arrival of vulnerable groups into the Republic of Moldova have triggered new forms of GBV and sexual abuse, the extent of which has yet to be fully documented (interview with a Moldovan gender expert, 2023).

Strong gender-defined social roles, stereotypes, and traditional authority structures, which subjugate women's rights, reinforce the gap between *de jure* and *de facto* improvements in GBV in the Republic of Moldova (Pirju, Panaitescu, Sorcaru, Marinescu, and Popa, 2024). Traditional social norms, which reinforce patriarchal values and often condone violence against women, are part of a vicious circle that also sustains women's economic dependence on men and creates risk factors for domestic and intimate partner violence (interview with a Moldovan gender expert, 2023).

There is still a high proportion of people who consider women's presence in politics inappropriate, and who believe that women are not suited to decision-making and leadership positions (Eastern Partnership Civil Society Forum, 2024). These stereotypes are also fuelled by political actors and agents of foreign (Russian) or oligarchic influence who seek to weaponize gender issues ([watchdog.md](#), 2024).

### 3. Conclusions

This article elaborated a novel and exploratory 'gender lens' to consider EU-Republic of Moldova relations in the context of the latter's membership prospects, and to highlight issues and debates that tend to be sidelined in the existing enlargement literature. The article asked the question 'What can we learn by applying a gender lens to contemporary relations between the Republic of Moldova and the European Union?', and it concludes by formulating four answers to this question.

First, it is evident that gender factors are far more securely rooted in the EU's *acquis communautaire* and in the conditionality toolbox than was the case in the 2004 and 2007 enlargement rounds. Gender, inclusion, women's rights, and equality are strongly anchored across all the membership negotiating clusters, while the monitoring and progress report methodologies pay attention to these issues with clear benchmarks in mind. The validity of this observation notwithstanding, the prospect of a fast-track enlargement for the Republic of Moldova in which compromises are made, and security issues subjugate other factors within the negotiating practices, means that the EU will probably not hold Moldova to account on its gender-related membership obligations, which may prompt backsliding. In conclusion, based on the evidence presented in this article, there is a significant tension between a gender-inclusive enlargement and an expedited EU accession.



Second, though the Republic of Moldova is well-placed in the international gender rankings, a deeper delve into the subject, and reference to national statistics and expertise reveals inconsistencies and a social landscape still characterised by traditional patriarchal norms, which sustain inequalities and gender-based risks and vulnerabilities, including violence. Furthermore, though improvements have occurred, democratic institutions and the rule of law remain weak in this country, facts that limit the extent to which gender-related laws and norms are consistently applied. In sum, the case of the Republic of Moldova shows that, despite having an EU-compliant gender ecosystem, there are shortcomings in policy implementation. The country's polarised political system also means that a cross-party consensus on gender equality has not emerged. Instead, gender and equality issues have become heavily weaponised along a pro-EU versus a pro-Russian axis.

Third, when it comes to women, politics, and power, though the Republic of Moldova performs relatively well in terms of 'representation', this progress is less clear when it comes to 'substance'. Whilst gender parity based on numbers seems to be in reach in the parliament and in the judiciary, the Republic of Moldova still does not have a 'critical mass' of female decision-makers across government bodies and in senior roles in state institutions. Briefly, the incentives and procedures established to promote equal opportunities and gender-responsive governance are not yet consistently applied. In this scenario, it is questionable as to whether the screening process and subsequent membership negotiations between the Republic of Moldova and the EU will be sufficiently gender sensitive and equipped to fully evaluate and plan for the gendered impacts of accession.

Fourth, on the theme of women, the economy, and the labour market, the application of a gender lens reveals a stratified landscape. Females do more unpaid domestic work, earn less than males, and are poorer, even when retired and even if they have a higher level of education and training. These factors make it more likely that women live in poverty and/or become dependent on remittances from abroad. The persistence of the informal economy also reinforces female economic vulnerabilities, since it deprives women of social insurance, maternity leave, job security, and structured career opportunities to a higher degree than it affects men. In conclusion, based on current trends and in anticipation of the structural changes brought on by future EU membership, Moldovan women are unlikely to profit, at least in the short term, especially if a fast-track enlargement occurs.

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# Can a Cyberattack Become an Act of War? European and Trans-Atlantic Perspectives

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**Abstract:** *In the last two decades, along with the process of digitalisation of businesses and state apparatuses, the world has faced a new major issue that can produce physical / non-physical damage, and equally threaten individual security and the state's sovereignty: cyberattacks. Confronted with the strategic competition – within a multipolar world – coupled with this new challenge that can redefine the nature of war, NATO member states have tried to find a common answer by linking cyberattacks to Article 5 of the Washington Treaty, NATO's collective defence principle. Understandably, Article 5 was drafted while having in mind the aspects of deterrence and defence related to conventional wars. However, it has been invoked by the Allies only once, i.e., after the 9/11 terrorist attacks against the USA, which represented quite an unconventional scenario, certainly unanticipated by the Alliance's Founding Fathers. Given the current trend, and reflecting on the increase in the complexity, intensity and persistence of the known cyberattacks, it is important to study the potential game-changing circumstances of such unconventional attacks, which might trigger Article 5 and its collective defence principle. The present paper seeks to depict the complexities and consequences of cyberattacks within the framework of the collective defence principle.*

**Keywords:** Article 5, cybersecurity strategies, cyberwar, deterrence, NATO.

## Introduction

Today, cybersecurity has become one of the most debated issues in the field of strategic studies (Caruson, MacManus and McPhee, 2012) due to the increasing attention given to it by media, decision-makers, representatives of private companies, scholars, and the wider public. As our private lives, the economy, state apparatuses or democratic processes went online during the COVID-19 crisis (the pandemic speeding up this process already underway), cyberattacks have increased by 600% (PurpleSec, 2021), thus becoming one of the top issues on the political agenda of the West. Additionally, they have become more sophisticated in a world with no physical borders, where the technological development constantly changes the security framework and creates a security void. The accelerated infrastructure transformation of the digital technologies entails vulnerabilities and cyber threats, which may cause huge economic losses for private companies, leakage of national sensitive information or of a huge

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amount of private data, and physical disruption of critical infrastructure that can affect the national security of a state. In the following paragraphs, we shall highlight some relevant examples on how cyberattacks impacted both the economy and the society.

Attacks like **WannaCry** (Ehrenfeld, 2017; Mattei, 2017; Volz, 2017), **Stuxnet** (Farwell and Rohozinski, 2011, pg. 23; Fidler, 2011, pg. 56), **SolarWinds** (Jibilian and Canales, 2021; Soliman, Simon, De, Hungerford, Ito, Lev, Nadadur and Silverstein, 2021) and **Heartbleed** (Banks, 2015, pp. 1-2; Jeske, McNeill, Coventry and Briggs, 2017, pg. 174) emphasise how cyberattacks could represent a threat to the economy, privacy, or to the citizens' trust in the democratic systems. According to Watkins, cyberattacks on private entities have generated considerable losses in terms of intellectual property, business flow or business intelligence, and tend to increase the security costs of those companies (Watkins, 2014, pg. 3). Therefore, the private sector is already allocating important resources for organising its defence against cyberattacks. In its turn, the state should be responsible for defending its own citizens, its economy, and critical infrastructure, and thus its security. Global spending on cybersecurity products and services is estimated to have exceeded \$1 trillion cumulatively over the five-year period from 2017 to 2021 (Embroker, 2021). Furthermore, as it was demonstrated in several cases (i.e., the Russian war against Georgia in 2008, the illegal annexation of Crimea in 2014, and the invasion of Ukraine in 2022), cyberattacks have become part and parcel of the military planning and the subsequent war actions.

Taking all this into consideration, our aim is to see how NATO would respond to a cyberattack under the umbrella of Article 5. In order to do that, we shall analyse how member states perceive cyber threats, and how they are planning to tackle them at national and international levels. Our research starts by identifying the threats, since this represents the first step in developing any security strategy for both public and private entities. It continues with the analysis of the actors in the cyberspace, and the reasons behind an attack. These elements are quintessential in any current security framework, since the ability to define properly one's opponent is directly linked to the capacity to respond – in an efficient and sustainable strategic way – to his threats.

The topic is of critical importance, as it will be further argued, because cyber has been defined as a domain of military operations, consequentially generating significant changes in military strategic doctrine and planning (including aspects like the application of Article 5, or the rules of engagement related to military planning, etc.). Last but not least, NATO represents one of the most powerful military alliances based on the consensual decision-making process (involving all member states) as well as on the adherence to the principles and norms of international law. NATO proved to be efficient, over the years, due to the high level of interoperability shared by the Allies during their joint military campaigns for all the four common operational domains (land, sea, air, and space). Hence, the harmonisation of perceptions, thresholds and actions was essential in dealing with the 21<sup>st</sup> century threats. In order to cope with the cyber threats and apply Article 5, the Allies have to share a common view on the threats to be tackled, and the most suitable way to respond to them, just as they do in the other four operational domains. In view of the above, we have conducted qualitative research on the NATO member states' declared national security threats, according to their programmatic national security documents, to see if we can identify a common denominator and if, in fact, Article 5 can be applied in the case of a cyberattack.

## 1. Research methodology

As previously stated, the aim of this paper is to analyse how NATO would react to a cyberattack, since the cyber domain was included among the operational domains of the Alliance. Hence, the following research questions arise: “Can a cyberattack be considered an act of war?”; “Can NATO trigger Article 5 in the case of a cyberattack, and what are the chances that it will?”. In order to answer these questions, the research focuses on several aspects:

Firstly, we shall conduct a specialised literature review by targeting disciplinarily interconnected fields throughout this paper:

- The legal aspects regarding the applicability of Article 5 in case of a cyberattack (the Tallinn Manual’s view).
- Aspects of warfare theory: the various definitions of war and how we can apply them to the cyberspace (Carl von Clausewitz, Thomas Rid’s and John Stone’s diverging points of view, etc.).

Secondly, the paper includes a review of the main NATO developments in the field of cyberspace. This step is necessary to indicate, from a procedural perspective, when a cyberattack could come under the umbrella of collective defence.

Thirdly, to identify a possible common view among NATO members, the paper will analyse the approaches at national level by developing a comparative evaluation of the cybersecurity strategies of all the Allies<sup>2</sup>. The comparison will be made by using different variables like: *actors in cyberspace*, *types of attacks*, and *triggers*.

The actors will be split into two main categories: state and non-state actors. The latter will encompass three types: criminal organisations, terrorist groups, and individuals. This distinction is necessary because the legal framework applicable to each cyberattack differs (in line with international and national law), depending on the attacker. Thus, the application of Article 5 may not be possible in the case of an attack conducted by non-state actors unrelated to a state. The actor type is extremely important since it is directly connected with the very nature of war and how it is waged nowadays. Last but not least, as previously mentioned, the ability to identify the attacker in a proper and realistic way is a must for decision-makers. A failure in this direction will lead – from a strategic point of view – to an inefficient response to the existing security threats.

This element is, also, directly linked to the second element of comparison, namely the types of threats. To be able to develop a security strategy and to defend oneself, one needs to know the threats that ought to be countered. Given the diverse nature of actors involved in the cyberspace, the types of threats identified are the following: cyberattacks, cybercrime, cyber espionage, cyber terrorism, cyber sabotage, information/ cyber warfare and hacktivism. We have deemed this analysis necessary because the application of Article 5 depends on the decision of NATO member states to

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<sup>2</sup> In order to do this, we have extracted the relevant information (regarding the actors, the threats, and the reasons) from the cybersecurity strategies of NATO’s member states that joined the Alliance before 2023 (Albania 2018; Belgium 2019; Bulgaria 2018; Canada 2018; Croatia 2015; the Czech Republic 2015; Denmark 2018; Estonia 2018; France 2015; Germany 2016; Greece 2018; Hungary 2013; Iceland 2014; Italy 2013; Latvia 2019; Lithuania 2018; Luxembourg 2018; Montenegro 2018; the Netherlands 2018; North Macedonia 2018; Norway 2019; Poland 2019; Portugal 2019; Romania 2013; Slovakia 2015; Slovenia 2016; Spain 2019; Türkiye 2016; UK 2016; US 2018).



treat a cyberattack as an armed attack. Since Article 5 was triggered only once in NATO's history, and there is a huge debate at international level regarding the possibility of a cyberattack reaching (through its scale and effects) the threshold of an armed attack, it is very hard to believe that the Allies will act/react in unity, if they do not see the threats in a similar manner. Here, the harmonisation of perceptions is a leitmotiv if the desideratum is a unitary response.

The third element of comparison is represented by the attackers' reasons or aims. This part is essential for understanding if and how the concepts of war and deterrence are altered by the cyber field, and thus how the strategic level is/should be altered.

As previously mentioned, from a conceptual point of view, the analysis focuses on several theoretical concepts, like "war", "deterrence", and "cybersecurity". The processed documents are National Cybersecurity Strategies, or National Security/Defence Strategies (if a specific national cybersecurity strategy was not adopted) that include a section dedicated to cyber-defence/security. Regarding the limits of the research, not all national strategies were available in English, but we have overcome this hindrance by translating them into English. Another limitation in the research derives from the fact that not all strategies have been adopted at the same time. Thus, the national and international contexts of their approval may reflect the stance of those countries in a specific moment in time. On the other hand, since no other official document has been released yet, we consider the one available to still reflect the current view of the state.

## 2. Background

### 2.1. Literature review

The rapid growth of cyberspace created a new battlefield, and pushed NATO to adapt to new security circumstances and include cyberattacks in the scope of Article 5. This change was seen as a security necessity due to the rather unique feature of cyberspace, able to cause maximum damage at the lowest cost possible, and with a high degree of deniability. This feature was specifically shown during the Estonian attacks in 2007 or during WannaCry, Stuxnet, etc. As Nye Jr. mentions, it is rather cheaper to navigate online across the globe, than to move large military equipment like warships (Nye Jr., 2011, pg. 20). This aspect in particular reveals the huge development opportunities for the cyberspace, but also poses an important threat to the national and international security. Coupled with the diversity of actors and motives that will be further analysed, it can turn cyberspace from the most beneficial result of technology to the worst cost that we could pay in terms of security. Before examining the strategies of NATO's Allies and the applicability of Article 5, we need to define first the concepts we are working with. Following the reasoning of Tarja Rusi and Martti Lehto, we shall define the cyber-threat as a malicious act meant to destroy, damage, or disrupt a system or a computer network (Rusi and Lehto, 2017, pg. 323). The cyber-threat usually uses elements like networks, software and computer technology, with the aim of committing a traditionally illegal act (Lester, 2016, pg. 2). Meanwhile, we should bear in mind that **a cyberattack can have both physical** (Stuxnet, and WannaCry that blocked the access to the patients' medical files had a physical impact) **and nonphysical consequences**

(the 2007 Estonia attacks, SolarWinds, the attacks against Sony Pictures, etc.). Taking into consideration the relatively low costs and the extent of the extremely varied consequences (which can go till the physical destruction of nuclear power plants), we could say that cyber tools can be counted among the most dangerous assets of society nowadays, after the weapons of mass destruction (WMD). Given the indiscriminate effect of most cyber-tools and attacks, as well as their great propensity to spill over the World Wide Web, it is easy to understand why many analysts compare the effects of malicious cyber-tools with those of WMD, or define them at least as “Weapons of Mass Disruption”. What renders cyber-tools possibly more dangerous than chemical or nuclear weapons (for example) is the fact that the latter pertain to a very limited group of states, and both the materials and the know-how (necessary to their production) are extremely limited and subject to a severe non-proliferation regime. It is very difficult to conceal their development, as these military tools are constantly supervised by international bodies, like the Organisation for the Prohibition of Chemical Weapons (OPCW), and the International Energy Agency (IEA), respectively. Conversely, in the case of cyber weapons, the actors vary from states to non-state players, like groups of hackers, individual hackers, terrorist organisations, organised crime, etc. With this variety of actors comes a variety of motives standing behind a cyberattack: from rational, and therefore predictable, motives to irrational, thus unpredictable behaviour. Last but not least, in terms of quantifiable results we have already seen the consequences of an atomic bomb with Hiroshima and Nagasaki, but the same cannot be said regarding cyberwar. From the aforementioned point of view, we could arguably state that, after chemical and nuclear weapons, cyberattacks are among the most dangerous tools in terms of potential impact (if an attack is so large that it cuts off the electric power grid of major cities for a large period of time), considering that we still do not know how an ultimate cyber weapon would look like. Last but not least, cyber weapons are impossible to define or standardise in terms of “calibre” or “TNT kilotons” equivalent. The main aspect, which could be used to differentiate between the various cyber-weapons or attacks, remains the severity of their impact and this, unfortunately, is a *post factum* approach.

If we bring the discussion into the area of strategic studies, we cannot properly highlight the features and the character of the new wars without strong references to Carl von Clausewitz. He defined war as a duel on a larger scale or as an act of force meant to impose a certain will of the winner upon the loser. For him war represents a paradoxical trinity, which comprises primordial violence, hatred, and enmity (Clausewitz, 2017, pg. 30). In the end, “*war is nothing but the continuation of politics with other means*” (Clausewitz, 2017, pg. 30). This definition raises several debates when referring to a cyberwar.

Firstly, in terms of actors, in the cyberspace we have a variety of players, both state and non-state actors. From the state-centric point of view, this definition applies irrespective of the tools developed and used during a war. Yet, the cyber arena is not only the playground of states. Non-state actors can generate disturbance/destruction for fame/international status or political/economic purposes. Each particular group has its own agenda, its own motives, which may not have anything to do with either political gains, or economic ones. At the same time, for the attack to be considered an act of war, a state should be responsible for the actions of the non-state player, as the

international law specifies with regard to the principles of international responsibility. This raises the issue of attribution, which is in itself a problem in the cyberspace. However, we can reasonably say that the activity of an individual conducting malicious cyberattacks to gain international status cannot be labelled an act of war, at least not in the view of international law.

Secondly, as Clausewitz mentioned, war represents a paradoxical trinity. From this perspective, Thomas Rid (2011) considers that a cyber-offensive act may be deemed an act of war, if it is “*violent, instrumental and political*” (Rid, 2011, pg. 2). According to him, no single cyberattack has yet met all the three criteria (Rid, 2011, pp. 10-15). He argues that one should distinguish between acts of war, sabotage, espionage, and subversion activities. From this angle, Stuxnet should be considered an act of sabotage, since it lacks violence and political attribution (Rid, 2011, pp. 16-20). At the same time, John Stone thinks that acts of sabotage can be considered acts of war, since the concealment of the political goals is part of the strategic framework of war. Furthermore, wars do not necessarily employ high degrees of violence, especially if the attacker has the technological means to avoid it. Thus, cyberattacks ought to be viewed as “*particularly efficient means of translating force into violence*” (Stone, 2012, pg. 107). Last but not least, in his opinion, Clausewitz’s definition refers to physical force, not to violence. Another distinction between cyberattacks is provided by the targets. In the case of acts of war, the targets are humans, whereas in the case of sabotage the targets are economic/military non-human objectives. Nevertheless, as Stone underlines, we cannot always make a clear distinction between an act of sabotage and an act of war (Stone, 2012, pp. 103-106). Hence, returning to the case of Stuxnet and applying Clausewitz’s definition, we could say that:

- It was a politically targeted attack aiming to heavily affect the Iranian nuclear programme, and thus instrumental.
- It employed force (Foltz, 2012) to cause damage to a military objective of strategic military value for the opponent, with the ultimate aim to make Iran behave in a certain desired way.

Also, if we apply Stone’s view of the war as an act of force (not necessarily violence), which “*does not require the act to be claimed or attributable*” (Stone, 2012, pg. 105), we could argue that Stuxnet represents the best-known cyberattack that got the closest to being considered an act of war. Therefore, it could have triggered a retaliatory response, namely cyber-war actions.

Another scholar that defined the cyberwar is Joseph S. Nye Jr., who considers that “*a more useful definition of cyber-war is, hostile actions in cyberspace that have effects that amplify or are equivalent to major kinetic violence*” (Nye Jr., 2011, pg. 20). Thereby, even if it is a bloodless form of violence, it could create large physical destruction and billions of dollars in damage. Thus, in order to reach the level of a cyberwar, the conflict can have a virtual layer, but the impact should be physical in its nature (McGraw, 2013), criteria that were met in Stuxnet’s case.

From a practical point of view, NATO has tried to tackle the emerging threats in the field of cyberspace, and it has stated that Article 5 can be applicable in case of a cyberattack against one of the Allies. Hence, in theory at least, it would make no difference if a country attacks one of NATO’s Allies with 10 ballistic missiles, 1000

tanks or a cyberattack with an equivalent impact. Any of these actions could trigger the political decision to invoke Article 5. This decision is of major importance, since it has a significant impact on the strategic, and thus political, level of thinking, including on deterrence, operational planning and conduct. Such a decision might be taken, if an event – similar to the episode from Estonia (2007) – unfolds differently from the point of view of the deterrence calculations. Here applies one of the most important aspects of Article 5, which refers to NATO's capacity to deter the enemies from attacking, given the consequences, namely the response of the entire organisation (the musketeers' principle). In the case of the cyberspace, this aspect is more complex because deterrence here involves more than the classical fear of punishment (Caruson, MacManus and McPhee, 2012). As Nye Jr. (2017) highlights, we can speak about **four means of deterrence** when referring to cyber security: threat of punishment, denial by defence and resilience, entanglement, and normative taboos. Coming back to Article 5 and the consequences of applying it to the cyberspace, it is very important to emphasise that it will not be automatically triggered in the event of an attack. Firstly, the attacked country must demand its activation. To do that, the attack must cause such severe damage to its national security that the victim state cannot cope with it on its own. Consequently, it needs the help of the others. Secondly, as NATO Deputy Assistant Secretary General for Emerging Security Challenges, Jamie Shea, stated, NATO officials did not mention exactly which circumstances might trigger the Alliance's collective response, or which is the threshold that needs to be met. Also, they did not mention either which should be NATO's response (Ranger, 2014). These aspects are to be discussed by the Allies on a case-by-case basis. NATO only established that a cyberattack causing a certain level of damage could be treated as an armed attack, if it is conducted with a malicious intent in mind (Ranger, 2014). Hence, even if – in the aftermath of a cyberattack of great magnitude – the attacked country demands the activation of Article 5, all the Allies must decide whether they activate the musketeers' principle or not.

From a legal point of view, the activation is even more difficult to achieve. According to the Tallinn Manual 2.0, Rule 80, if cyber operations are executed in the context of an armed conflict, they are a subject of law (Schmitt, 2017, pg. 375). Therefore, if a state is cyber-attacked and the cyberattack reaches the threshold of an armed attack, then that state can invoke its right to self-defence (Schmitt, 2017, pg. 375). Thus, legally speaking, cyberwar is a matter of international law. Yet, as the above declaration stipulated, a cyberattack must be treated as an armed attack, and for that it must reach the threshold of such an act. In line with international law, the armed conflict was defined by the 1949 Geneva Convention, but *"has never been authoritatively defined as a matter of treaty law"* (Schmitt, 2017, pg. 375). Moreover, according to Rule 71, a cyberattack can be defined as an armed attack, depending on the effects of that specific action and its scale (Schmitt, 2017, pg. 375). As such, the 2007 Estonia attacks did not meet the damage threshold required for considering them at the scale of an armed attack. Also, Stuxnet poses a problem when discussed from the legal point of view, because although it caused physical damage, it is debatable if the damage level was high enough. Meanwhile, the situation becomes increasingly complex when we analyse it from the actors' point of view, since the international law does not encompass the activities conducted by individuals or other types of actions not related to armed conflict (Schmitt, 2017, pg. 377). So, there must be clear evidence that the company X,

the group Z, or the individual A is acting on behalf of a state. Last but not least, there is the matter of attribution: NATO cannot respond to a cyberattack until the decision-makers are sure who is responsible for it, and this may take days, weeks, even months, and thus enough time for the attack to pass/end.

Next, our analysis will focus on NATO's actions and development when it comes to cyberspace, and how its member states adapted to this new security reality. This analysis is necessary in order to see how one of the most important alliances in the international system has adapted and acts in the field of cyberspace nowadays.

## **2.2. NATO**

Despite the end of the Cold War, NATO's role remains indispensable. The Alliance pursued its role as a provider of collective defence in a very unstable globalised world. But, in order to ensure a proper and sustainable security environment, the organisation must be resilient, and quickly adapt to the new challenges of the 21<sup>st</sup> century. Thereby, we consider that in this part of our paper it is necessary to point out how NATO's approach and policy on cyber-defence evolved, and the main challenges faced by the member states during the last decades.

Here is a brief presentation of the historical steps taken:

- The Prague Summit in November 2002. It marked NATO's first attempt to tackle the cyber issue. For the first time, in a NATO strategic document, the Allies set the objective of strengthening their capabilities in order to defend against cyberattacks (NATO, 2002).
- The Riga Summit in November 2006. The military alliance planned to develop a NATO Network Enabled Capability with the purpose of improving protection against cyberattacks (NATO, 2006).
- In 2008, the "Cooperative Cyber Defence Centre of Excellence" from Estonia (CCDCOE) was accredited by the Allied Command Transformation, and endorsed by the NATO Council.
- The 2010 Lisbon Summit. NATO's Council pushed for developing a NATO cyber defence policy, and for an action plan to implement it (NATO, 2020).
- In 2011, NATO developed its first Policy on Cyber Defence whose main objective is to provide mutual and coordinated assistance, if one of its member states falls victim to a cyberattack (NATO, 2011).
- In 2012, the field of cyber defence was integrated into NATO's Defence Planning Process, and the NATO Communications and Information Agency (NCIA) was established (NATO, 2020). NCIA became the frontline against cyberattacks. It works closely with governments and private entities (NCIA, n.d.).
- In September 2014, at the Wales Summit, NATO took the strategic step of linking cyber defence to the "core business" of the Alliance, namely collective defence. The member states approved a new cyber defence policy, which recognised, for the first time, that cyberattacks might reach a threshold that can trigger a collective response under Article 5 of the Washington Treaty. At this Summit, NATO members decided to create

Cyber Rapid Reaction Teams to help mitigate the harmful cyberattacks, and to boost cooperation with the private sector on the management of cybersecurity threats, by launching a dedicated NATO Industry Cyber Partnership – NICP (NATO, 2020).

- In 2016, during the Warsaw Summit, NATO took an important decision, in terms of operationalizing cyber defence, by declaring cyber as a domain of military operations, along with land, sea, air (and later, in 2019, space). This decision had important implications for military planning and doctrine. It also entailed the potential planning and use of cyber offensive operations for defensive purposes, and with the observance of international law.
- In 2019, NATO's defence ministers approved a guide that set up a number of tools destined for strengthening the ability of member states to respond to cyberattacks (NATO, 2020).
- In 2023, at the Vilnius Summit and in the context of the Ukrainian war, member states proposed a new concept to enhance the cyber-defence contribution to NATO's deterrence and defence posture. In response to major malicious cyber activities, they established NATO's new Virtual Cyber Incident Support Capability (VCISC) to assist national mitigation efforts. This gives the Allies one more resource to help them and to improve the protection of Allies' capabilities against such threats (NATO 2023).

Following this timeline of the cyber evolution in NATO's strategic documents, we can see that the Alliance is adapting to the new challenges of the 21<sup>st</sup> century, since it has at its disposal forces that are both compatible and quick in their response (Efthymiopoulos, 2014, pg. 307). The most important measures for achieving interoperability and well-equipped forces (from a technological view) were the designing of a Cyber Defence Policy in 2011, and the inclusion of cyberspace among the operational domains in 2016. Yet, the need for a common cyber-defence approach (and, later, the need for strategy and policy) arose with the 2007 major cyberattack on Estonia's critical infrastructure (Stahl, 2011, pg. 250). It was a threat of such a scale that the Allies felt compelled to give a coordinated response both operationally and strategically. In the absence of clear evidences, one might say it was the first coordinated cyberattack on a sovereign state, conducted by the Russians. It affected the essential electronic infrastructure (such as servers) of banks, newspapers, or retail companies (Davis, 2007). In order to tackle this problem, Matthew Sklerov (2009, pg. 31) argues, it will be necessary to establish procedures and cooperate at international level. This has been achieved through the yearly "Cyber Coalition" (launched in 2013) exercise series, one of the biggest multinational cyber defence exercises in the world, which aims to improve the capacity of NATO Allies and partners to protect their networks and collaborate in cyberspace (Giordano, 2023). However, for a better coordination, the Allies need to know first the enemies they are facing. Apart from that, they need to tailor their response to those enemies, an issue that we shall elaborate on in the next chapter of this research.

Returning to the international level, the overall developments in this field have shown us that cyberspace has become an integral part of NATO's operative environment, as a response to the current conflicts and crises (Limnell and Salonius-Pasternak, 2016,

pg. 1). Hence, the framework was created, but it remains to be seen how effective it will be, given its limitations imposed by legal constraints, and the scope assigned to it by the existing specialised literature. In the following section, we shall focus on the third layer of analysis: the Allies’ modalities of adaptation to this new security architecture.

### 3. Analysis

As previously mentioned, we have carried out an analysis on each ally’s cybersecurity strategy in order to identify three elements: the actors perceived as being active in the cyberspace, the existing threats, and the reasons for conducting cyber operations.

All three are equally important for the present research, since one cannot even claim that he is trying to ensure his security without knowing his opponents (namely, the types of actors and the threats they pose). Additionally, to properly deal with these enemies / competitors, the decision-makers need to understand them, and thus to understand thoroughly the motives behind their actions, so that they might foresee their future actions, and develop efficient security instruments. Moreover, this comparison is necessary for assessing the degree of common views within the Alliance, since all NATO member states must have a similar view on the security constellation to ensure deterrence and, eventually, trigger Article 5. Therefore, we must discuss about a harmonisation of perceptions and future actions, which should lead to a harmonisation in setting the threshold. As shown below, nowadays we can rather speak about a heterogeneity, and not a homogeneity of views.

#### 3.1. Actors

The table below highlights the nature of the actors in cyberspace divided into two large categories: state and non-state actors. Additionally, the latter category is split into three subcategories: criminal organisations, terrorist groups, and individuals. The distinction is very important because it indicates how each ally defines these actors, a fact likely to influence the national cybersecurity. This represents the starting point for a potential development of a common understanding of the cyber landscape.

**Table 1. Actors in the cyberspace**

State	State actors	Non-state actors		
		Criminal organisations	Terrorist groups	Individuals
Albania	x	✓	x	✓
Belgium	✓	✓	✓	x
Bulgaria	✓	✓	✓	✓
Canada	✓	✓	x	✓
Croatia	x	✓	✓	✓
Czech Republic	✓	✓	✓	✓

Denmark	✓	✓	x	✓
Estonia	✓	x	x	x
France	✓	✓	✓	✓
Germany	✓	✓	✓	✓
Greece	✓	✓	x	✓
Hungary	✓	x	x	x
Iceland	✓	✓	x	✓
Italy	✓	✓	✓	✓
Latvia	x	✓	x	✓
Lithuania	✓	x	x	x
Luxembourg	✓	✓	x	x
Montenegro	✓	✓	✓	✓
Netherlands	✓	✓	x	✓
North Macedonia	x	✓	x	✓
Norway	✓	✓	x	✓
Poland	✓	✓	✓	✓
Portugal	✓	✓	✓	✓
Romania	✓	✓	✓	✓
Slovakia	✓	✓	x	x
Slovenia	✓	✓	✓	x
Spain	✓	✓	✓	✓
Türkiye	✓	✓	x	✓
United Kingdom	✓	✓	✓	✓
United States of America	✓	✓	✓	✓

*Source: Authors' own research.*

As one can notice, according to their national cybersecurity strategies, NATO member states have rather different views on the nature of actors in cyberspace. Less than a half (12 out of 30) see both state and non-state actors (criminal organisations, terrorist groups, and individuals) as active parties in the cyberspace. Although the cyberspace is not geographically biased, we could create regional clusters of states with similar views, as a proof that geopolitics still matters. Thus, we can note that the Southern Flank (Italy, Spain, Portugal), and the Eastern Flank (Poland, Romania, the Czech Republic, Bulgaria) of the Alliance share common views on the matter. In our opinion, this should not be construed as a coincidence. Taking into consideration their geographical proximity, it is natural they have the general tendency to perceive threats in a similar way. For example, Romania, Poland, and the Czech Republic have seen the Russian Federation as a threat, due to various reasons, not only historic



ones. Although, as previously mentioned, the cyber threats are, by their nature, non-geographical, the states still tend to suspect their traditional competitors/enemies, and this tendency is on the rise now with the war in Ukraine. Besides, the main regional powers – UK, France, and Germany – share this comprehensive view. Even in their case, the choice is quite explicable. All of them are seen and act as great powers. Thus, to be credible at the international level, they should be able to cope with the entire spectrum of threats. The USA has the same approach, being the only NATO member that openly describes other states – i.e., the Russian Federation, Iran, North Korea, and China – as threats to its national security (USA, 2018). At the same time, the USA has a particular approach, since it pinpoints cyberspace as an area of geopolitical competition between known actors. This posture on cybersecurity is rather predictable, as the main competitors to its superpower in this domain are China and, to a certain extent, the Russian Federation. As regards the other two, i.e., Iran and North Korea, they have had an antagonistic relationship with the United States for years. Moreover, they are considered “rogue states” in the international security system. Hence, it is likely that the superpower will respond to their actions. We could argue that this strategy of naming the threats is based on *the principle of offensive defence*, which puts aside *the deterrence-based strategic thinking* in favour of a more war-oriented one. This line of action was proposed in 2010 by scholars like Harknett, Callaghan, and Kauffman (2010).

On the other hand, in 2016, the UK had a rather comprehensive view on cyberspace. Throughout its cybersecurity strategy, the following actors were identified: “*Cyber criminals – individuals, Russian-language organised criminal groups (OCGs) in Eastern Europe, emerging threats from South Asia and West Africa [...], states and state-sponsored threats [...], terrorist organisations [...], hacktivists [...], ‘Script Kiddies’ (less skilled individuals who use scripts or programmes developed by others to conduct cyberattacks) [...], individuals or smaller organisations [...], and insiders*” (UK, 2016). All these rather concrete actors are absent from the 2022 strategy, as the decision-makers adopted then a more general, nuanced approach with regard to the identity of the cyber players (UK, 2022). Meanwhile, the rest of NATO Allies have chosen to concentrate on specific groups of actors. For example, Belgium defines the state actors in cyberspace as being either superpowers, or less wealthy states, and/or proxies, which transform the cyberspace into a field of power projection competition (Belgium, 2021). Conversely, Croatia does not mention at all the state actors (Republic of Croatia, 2015).

Usually, smaller powers tend to rely on the power projection of the international organisations they are part of: NATO, the EU, OSCE, and the UN. Such is the case of Romania, Slovakia, Poland, the Czech Republic, Croatia, the Baltic States, etc. This bandwagoning towards greater powers for balancing a larger threat (too costly to deal with on one’s own) can be seen as a rational behaviour. On the other hand, great powers, like France (2015) or Germany (2021), mention NATO or the EU as organisations that enable them to project their power, as security providers. In its turn, Türkiye mentions NATO only as a contextual player that has developed its cybersecurity policy (Türkiye, 2016). Being a cyber superpower, the USA makes no mention of the organisation in its 2018 strategy (USA, 2018). This heterogeneity facilitates a rather high volatility of cyberspace, which by its nature is very dynamic. It also proves that the Allies do not have a common view on the actors in the cyberspace, and this can hinder the decision-making process, since the activation of Article 5 depends on the unanimous decision of

the member states. Additionally, the nature of the actors renders the decision-making process more complex, as indicated below:

- If an attack is carried out by a state, the international law will be applied.
- If an attack is conducted by non-state actors acting on behalf or sponsored by states, the international law will also be applied.
- If an attack is conducted by a non-state actor not directly connected with a state (organised crime), the national law will be applied in the state that has jurisdiction over the incident. Yet, this is one of the most complicated issues to solve in the cyber field.
- If the attacker is an individual, the national law will be applied, and this will give rise to another debate about the sovereignty principle, and which state can claim its rights over the incident.

Although the above provisions are rather clear, from an empirical perspective the answers are not, due to the borderless nature of cyberspace. Another problematic aspect is the interpretation of the international regulations not designed to handle a field like cyberspace. From this point of view, the Tallinn Manual is very useful and yet it has its limits, because the international law itself is limited, as we discover when we try to apply it to the cyber domain. For example, *the sovereignty* (Schmitt, 2017, pp. 11-29) and *jurisdiction* (Schmitt, 2017, pp. 51-78) principles are at play in the case of an attack conducted from the soil of state A by an individual (who is citizen of state B) against a national company of state D located in state C. Other quintessential and difficult issues to address in the cyberspace, before initiating countermeasures, are the identification of the attacker, and the discovery of a direct link between non-state actors and a certain state. To make things even more complicated, there is no internationally agreed-upon definition of the concept of “armed conflict”, which is thus open to various interpretations by the states, and this enables the setting of different thresholds. One generally accepted idea is that an armed attack must generate significant physical damage (Schmitt, 2017, pg. 381). This usually applies to the conventional war. Yet, in case of a cyberattack, physical damage is very rare. This, of course, does not mean that the attack per se does not have important consequences for the national security. Illustrative examples in this sense are the 2007 Estonia cyberattacks, classified by the experts as not having reached the threshold of an armed attack (Schmitt, 2017, pg. 376). Hence, even if Estonia had demanded the activation of Article 5, the latter would not have been legally possible.

Taking into consideration all these aspects (*the issue of attribution, the different norms that should be applied according to the actor types, and the limits of the current international law*), the activation of Article 5 proves to be very difficult, but clearly not impossible. It is important to recall that its activation is a political decision taken in specific political and security circumstances. It has been activated, following the World Trade Centre plane attacks, despite the little clarity for attribution, and in the absence of any precedent with regard to that type of attack.

Next, we shall analyse the threats recognised by each NATO member state in order to see if the Allies have a different perspective on the security constellation. This aspect is very important, since they need to have a common view on the national security threats, so as to reach the required unanimity for the activation of Article 5.

3.2. Threats

Table 2. Threats in the cyberspace

State	Cyber-attacks*	Cyber-crime	Cyber espionage	Cyber terrorism	Cyber sabotage	Information/ Cyber warfare	Hacktivism
Albania	✓	✓	x	x	x	x	x
Belgium	✓	✓	x	✓	x	x	x
Bulgaria	✓	✓	✓	✓	x	x	x
Canada	✓	✓	✓	x	✓	x	x
Croatia	x	✓	x	✓	x	x	x
Czech Republic	✓	✓	✓	✓	x	x	✓
Denmark	✓	x	✓	x	x	x	x
Estonia	✓	x	x	x	x	✓	x
France	x	✓	✓	✓	x	x	x
Germany	✓	✓	✓	✓	✓	x	✓
Greece	✓	✓	x	x	x	x	x
Hungary	x	x	x	x	x	✓	x
Iceland	x	✓	✓	x	x	✓	x
Italy	✓	✓	x	✓	x	x	x
Latvia	✓	✓	x	x	x	x	x
Lithuania	x	x	x	x	x	✓	x
Luxembourg	✓	x	x	x	x	x	x
Montenegro	✓	✓	✓	✓	✓	✓	✓
Netherlands	✓	x	✓	x	✓	x	✓
North Macedonia	x	✓	✓	x	x	x	x
Norway	✓	✓	✓	x	✓	x	✓
Poland	x	✓	✓	✓	x	✓	x
Portugal	✓	✓	✓	✓	✓	✓	✓
Romania	✓	✓	✓	✓	x	✓	✓
Slovakia	✓	✓	✓	x	x	x	x
Slovenia	✓	✓	✓	✓	x	x	x
Spain	x	✓	✓	✓	x	✓	✓
Türkiye	x	✓	✓	x	x	x	✓
United Kingdom	✓	✓	✓	✓	x	✓	✓
United States of America	✓	✓	✓	x	x	✓	x

Source: Authors' own research.

\* In this case, we searched for the concept of cyberattack as such within the national cybersecurity strategies.

As one can see, even the perceptions of threats among NATO members are quite different. For example, Belgium – in its 2019 Strategy – divides the existing threats into kinetic/non-kinetic, and conventional/non-conventional, mentioning

cyberattacks only generically (Belgium, 2019), whereas the 2021 Strategy defines threats rather differently and more specifically: cybercriminals, foreign military and intelligence services, terrorist groups, and hacktivists (Belgium, 2021). At the same time, Norway is among the very few states that recognise cyberbullying as a threat to their national security (Norway, 2019).

Although all of them acknowledge the diversity of actors and threats in cyberspace, only two Allies officially recognise all the selected categories (Montenegro, and Portugal). This aspect is essential because it shows a high level of heterogeneity within the Alliance. Therefore, it would be, in principle, extremely difficult for all NATO members to see a cyberattack as reaching the threshold of an armed attack.

As far as cyberwarfare is concerned, only 11 states recognise it directly as a threat: Estonia, Hungary, Italy, Lithuania, Montenegro, Netherlands, Norway, Portugal, Romania, United Kingdom, and USA. Meanwhile, Norway, for example, takes into account the possibility of a war being generated by a cyberattack that is considered an armed attack (depending on its conditions, legitimacy, purposes, and consequences), and it highlights its right to self-defence under the UN rules (Norway, 2019). This view is also shared by the Netherlands, which invokes its right according to Article 51 of the UN Charter, if an (imminent) cyberattack takes place. Here the accent is on the scale of the cyberattack, its magnitude being the essential element that makes it an (imminent) armed attack (Netherlands, 2018). Simultaneously, the decision-makers acknowledge the difficulty of applying this principle due to the attribution issues (Netherlands, 2018). In its turn, Montenegro discusses the difficulty of labelling it as an armed attack from a legal point of view (Montenegro, 2018). Hence, the views on this subject are quite different, generating different thresholds, thus distinct behaviours. Moreover, none of the aforementioned states clearly mentions which is the threshold that has to be reached for a cyberattack to be considered an armed attack. At the same time, few of them view the possibility of triggering Article 51 as a very bold statement, and a rather exceptional measure that could materialise through a very limited set of actions.

As regards the inclusion of NATO's approach to the cyberspace (cyber as the fifth operational domain) in the Allies' national security strategies, there are only seven states that mention the Alliance's designation of cyber as an operational domain: the Czech Republic, Estonia, Hungary, Iceland, Italy, the Netherlands, and Slovakia. We can note that the majority of the states from this list are Central European. Interestingly enough, in terms of cost-sharing arrangements for NATO's total budget for the period 2021-2024, all the aforementioned states (except Italy and the Netherlands, which contribute with 8.7881%, and 3.4532% respectively) have a sharing rate of only 1% or below (NATO, 2021). From this angle, we can consider rational their decision to emphasise NATO's outlook on cyberspace, because militarily speaking it is more cost-efficient to be under the umbrella of a big security provider than to free ride, especially if your own investment is rather low.

As nowadays everything turns digital, and states are following the same path, a potential cyberattack against a state can translate into a threat to the national sovereignty. After we showed the cyber actors and the main threats perceived by NATO member states, it is important to understand the reasons behind the cyberattacks. This is a necessary step in order to have a comprehensive view on this field.

**3.3. Reasons**

**Table 3. Reasons behind cyber operations**

State	Political gains	Financial/Economic gains	Strategic advantage	Prove superiority	Military advantage	Cyber espionage
Albania	x	x	x	x	x	x
Belgium	✓	✓	✓	✓	✓	x
Bulgaria	✓	✓	✓	✓	x	x
Canada	x	✓	✓	x	x	x
Croatia	x	x	x	x	x	x
Czech Republic	✓	x	x	x	✓	✓
Denmark	x	✓	x	x	x	x
Estonia	✓	✓	✓	x	x	x
France	✓	✓	x	x	x	✓
Germany	✓	✓	✓	x	x	✓
Greece	x	x	x	x	x	x
Hungary	✓	x	x	x	x	x
Iceland	x	✓	✓	x	x	x
Italy	✓	✓	x	x	x	x
Latvia	x	✓	x	x	x	x
Lithuania	x	x	x	x	x	x
Luxembourg	x	✓	x	x	✓	x
Montenegro	x	✓	x	x	x	✓
Netherlands	x	x	x	✓	✓	x
North Macedonia	x	✓	x	x	x	x
Norway	x	✓	x	x	x	✓
Poland	✓	x	x	x	x	x
Portugal	✓	✓	x	x	x	x
Romania	✓	✓	✓	x	x	✓
Slovakia	x	x	x	x	x	x
Slovenia	✓	✓	✓	x	x	✓
Spain	✓	✓	✓	x	x	x
Türkiye	✓	✓	✓	x	x	x
United Kingdom	✓	✓	✓	✓	x	x
United States of America	✓	✓	x	x	x	x

*Source: Authors' own research.*

According to *Table 3*, political gains (16 states out of 30) and economic ones (21 states out of 30) have been identified by NATO member states as the main reasons

for committing cyberattacks, while few states perceive strategic or military advantages, proving superiority or cyber espionage as being the cause. The cyberattacks driven by political and economic gains are strongly connected with states, and criminal organisations. Both of these reasons, emphasised by the national cybersecurity strategies, are clearly reflected in the strategy of the USA (2018). At the same time, the USA considers the Russian Federation, Iran, China, and North Korea as direct threats to its security and the security of the Allies. Thereby, the Trump administration specifically identified five states as potential enemies, by pointing out that the economic and political instability are their main targets (USA, 2018).

Moreover, there are three states, which do not mention – in their national strategies – any of the reasons from the above table as root causes of cyberattacks: Albania, Croatia, and Greece. If we compare *Table 2* with *Table 1*, Albania's behaviour is rather understandable, since it recognises only cyberattacks and cybercrimes as being the main threats in the cyberspace. The significant 2022 cyberattacks, which had a countrywide impact upon Albania's IT infrastructure, might however determine some changes in approach. To date, the same approach seems to apply in the case of Greece. Similarly, Croatia views only cyberattacks and cyber-terrorism conducted by non-state actors as being the main threats to its national cybersecurity.

Though some cyber attackers seek to prove their superiority (this can apply to both state and non-state actors, but is particularly important for understanding individual hackers), only two states view this reason as significant for their national security: Bulgaria and the Netherlands.

Besides the information provided in *Table 3*, we found some other country-specific reasons that could not be included there. For example, the Czech Republic brings cyber vandalism to the table (Czech Republic, 2015), Poland places emphasis on terrorist or religious reasons (Poland, 2019), Portugal focuses on ideology (Portugal, 2019), Norway on sabotage and hybrid operations, while Lithuania talks about malicious software, which – in combination with a disinformation campaign – could lead to societal chaos (Lithuania, 2018). These reasons are specific to each country based on the local history, and the previous experiences that shaped its national strategy.

All in all, if one can notice a certain homogeneity in the case of cyber actors, the homogeneity criterion is difficult to apply to the threats perceived or to the reasons behind them. This shows a lack of harmonisation within the Alliance, which will translate into different behaviours and reactions in case of a cyberattack reaching the threshold of a damaging attack. This represents a vulnerability of the Alliance that could affect the efficiency of deterrence.

### **3.4. A European view?**

The European Union (EU) has its own mutual assistance clause, similar to Article 5 of NATO, namely Article 42.7 TEU that officially includes cyberattacks (European Union External Action, 2022). It must be mentioned that, in spite of this similarity, the EU does not have the military dimension that NATO has. Thus, "*Article 42(7) TEU is consistent with commitments under NATO, which is and will remain the foundation of collective defence for its members.*" (European Union External Action, 2022).

Comparing the above tables, we cannot claim there is a unitary European view on cyberspace and wartime situations. Although the majority of the European Allies are also members of the EU (the most developed organisation in terms of supranational competences at the international level, whose Member States cooperate easier, going beyond the minimum common denominator when it comes to national security matters), we still remain within the intergovernmental framework. Yes, the majority of the EU members see state and non-state players as the main actors in the cyberspace. Yet, there are huge differences between their strategic views: e.g., several states, like Belgium, Estonia, Hungary, Lithuania, Luxembourg, Slovakia, etc. do not see individuals as factors able to influence their national cybersecurity (see *Table 1*). Additionally, there are even greater discrepancies with regard to the terrorist groups active in the cyberspace: e.g., Estonia, Denmark, Greece, Hungary, the Netherlands, and others do not consider these groups as being challenging in the cyberspace in terms of national security. As regards the criteria included in *Table 2*, there are very few countries that acknowledge the importance of information/cyber warfare (Germany, Hungary, Lithuania, Portugal, Romania, and Spain), cyber sabotage (Germany, the Netherlands, and Portugal), and/or hacktivism (Belgium, the Czech Republic, Germany, Netherlands, Portugal, Romania, and Spain). As far as the motives for cyberattacks are concerned, the heterogeneity continues to apply (*Table 3*). Therefore, only a few EU Member States view cyber espionage as a threat to their national security (the Czech Republic, France, Germany, Romania, and Slovenia). The same situation applies if the rationale behind the cyberattack implies the will of the attacker to obtain strategic advantage or prove superiority. Unfortunately, we do not see yet a unity regarding the criteria we have employed within the limits of the present research, although this is desirable within an integration-based organisation.

### **Conclusions**

Can a cyberattack be considered an act of war? Can and will NATO trigger Article 5 in the case of a cyberattack? These are the key questions we have tackled throughout the current article, by analysing the complexity of the cybersecurity landscape, the development of NATO's cyber policy, and the relevant aspects reflected in the Cyber Security Strategies of NATO members. The most important challenges we have faced, in responding to these key research questions, were posed by the novelty of the cyber domain; the need to accumulate and further analyse the experience of cyber-conflicts; the lack of legal clarity with respect to the armed-conflict threshold the cyberattack should reach; the rare instances in which a cyberattack caused significant physical damage; the lack of rapid attribution tools; the multitude of cyber actors; and the insufficient harmonisation of the Cyber Security/Defence Strategies among NATO members. But, if we were to give a clear answer, we could say that, yes, a cyberattack can be considered, in specific circumstances, an act of war, namely when its size and impact may generate a political decision to characterise it as an armed attack.

As regards the second question, in this paper we have analysed the cyber security strategy of each NATO member state, and we have shown how the Allies perceive this new type of security challenge. In the literature review, following Stone's and Joseph S. Nye Jr.'s points of view, we have considered the cyberwar as a type of bloodless war taking place in the virtual layers of cyberspace. However, the cyberwar is

able to create physical destruction (Stuxnet), and generate billions of dollars in damage (SolarWinds). Moreover, such a war would still fall under Clausewitz's assumptions.

At the international level, an increasing number of states have become vulnerable to cyberattacks. Hence, NATO started to redefine its position on the cyberwar and the cyberspace. With time, the Alliance has changed its perception and understanding of cyberspace: it no longer sees it as a simple battlefield in a complex war, but as an operational domain. Therefore, cyberattacks and cyber-defence are now integrated in the NATO Doctrine and military planning as part of the multi-domain warfare approach. Due to multiple reasons and the variety of actors, the logic of the Cold War (where we were dealing with rational, and thus predictable, actors that had acquired the capability to destroy each other) cannot fully apply to this type of war. However, since the most potent cyber actors remain the nation states, the principles of *rationality* and *predictability* are still applicable to these actors. This very aspect has generated a high level of self-restraint at the level of state actors, which avoided a "Cyber Pearl Harbour" scenario until now. Yet, it is important to bear in mind that NATO does not provide clear guidelines or indications when a conventional attack is considered an act of war that would trigger the application of Article 5 (the collective defence clause). There is no automatic response or any precise attack threshold defined or indicated in any NATO policy or strategy that would trigger the collective defence clause. No such threshold is set for a conventional attack or cyberattack. The argument for this approach has to do with the concept of "strategic ambiguity". Allies deliberately maintain a level of ambiguity with regard to what would trigger a collective defence response under Article 5, no matter if it is a response to a conventional attack or a cyberattack. If all were clearly pre-defined, it would practically invite the attacker to act always below the pre-defined threshold, just to avoid a meaningful collective defence response. This also gives the Allies the necessary flexibility to choose the timing of their response (they are not obliged by a pre-defined threshold to respond automatically), the mix of actions, and the scale of the response. NATO's approach described above makes a lot of sense strategically, but to function properly, namely to efficiently and timely generate consensual political decisions, it needs a harmonisation of the national Cyber Security Strategies. Hence, finally, considering the different ways NATO Allies perceive the actors, the threats and the reasons of cyberattacks, we can conclude that a unanimous agreement on the activation of Article 5 is less likely to happen, due to the high level of heterogeneity of their views on the cyber landscape, and due to the very nature of the cyberwar.

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# The Path-Breaking Potential of the Recovery and Resilience Facility: An Analysis of the Shifts in EU's Distributional Policy Mode with Insights from Romania's Experience

Nicolae Toderaş<sup>1</sup>

**Abstract:** *In May 2020, the Recovery and Resilience Facility (RRF) was presented as a unique instrument, due to its ambition, form, and the mechanisms with which it is equipped. Both the EU institutions and the epistemic and administrative communities in the field of European affairs saw it as a path-breaking instrument in the implementation of EU policies. This article analyses this hypothesis, and whether the RRF has the potential to generate a new path dependency in the EU's distributional policy mode. It looks at the elements of the EU's coordination mechanism through the RRF, as well as the aspects that set it apart from other EU policies, especially the EU Cohesion Policy. Also, primary evidence relating to Romania's experience in drafting the National Recovery and Resilience Plan, and in implementing it, is presented and discussed from the perspective of the adjustments required by the specific approach of the RRF.*

**Keywords:** *Recovery and Resilience Facility, EU's Cohesion Policy, EU's distributional policy mode, the European Semester, new institutionalism.*

**JEL classification:** *B52, E60, H11, H60, P11.*

## Introduction

The Recovery and Resilience Facility (RRF) has become a major topic of interest after the European Commission (EC) announced in May 2020 the introduction of this temporary financial instrument aimed at supporting economic recovery following the pandemic crisis. As a result, the specialised literature of the past three years has focused on analysing the context of the instrument's emergence, and the way the European Union's institutions (particularly the EC) have seized the opportunity provided by the pandemic to strengthen their transformative power over the Member States, with the goal of accelerating the deepening of European integration.

According to the general objective of the RRF (paragraph 1 of Article 4, Regulation (EU) 2021/241), this EU instrument aims to fulfil EU's medium-term (2030) and long-term (2050) strategic ambitions. Equally, it aims at: a) facilitating the achievement of climate neutrality by 2050; b) supporting digital transition; c) strengthening institutional resilience; and d) achieving upward economic and social convergence at the EU level. The rationale behind establishing the RRF has emphasised

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that the results and effects stemming from its implementation will make the EU economy and society fairer and more resilient, agile, and inclusive in the medium and long term. In other words, the RRF contributes to achieving a higher level of social cohesion among MS in terms of improved living and working conditions, high and flexible employability, adequate income, access to qualitative and affordable public services, enhanced mobility of the European citizens, etc. To benefit from the financial allocations accessible through the RRF, Member States (MS) have been conditioned to adjust their internal priorities (public policies, strategies, and domestic programmes) to these EU strategic ambitions within their own National Recovery and Resilience Plan (NRRP). In practice, in the EU's distributional policy mode, the MS had to adjust quickly to a new set of approaches very different from the ones of the EU Cohesion Policy Funds (CPF) they were used to.

The EU's distributional policy mode is characterised as a long-term functional approach whereby the EU's resources are initially collected and later distributed, and redistributed to MS, according to their needs and in line with EU's priorities. EU policies using the EU's distributional policy mode<sup>2</sup> are characterised by a high degree of equilibrium, thus ensuring stability, predictability, and satisfying the expectations of the main categories of interested or affected parties. Changes occur gradually, once every seven years, in the context of discussing and deciding on the Multiannual Financial Frameworks (MFFs), especially due to exogenous factors. For example, in the case of the EU CPF, adjustments are strategic and aimed at achieving performance (Bachtler and Mendez, 2020).

Compared to the EU CPF, the RRF experiments with another coordination mechanism from the intergovernmental area for the implementation of EU policies. In fact, that mechanism is a combination of specific approaches in the EU's distributional policy mode, namely the Open Method of Coordination (OMC) and intensive transgovernmentalism. Even though it is based mainly on lessons learnt from the macroeconomic assistance provided by the EU to some of the MS from 2008 to 2015, during the sovereign debt crisis, the RRF operates with specific elements of EU's distributional policy mode. In the case of the debt crisis, the EU institutions resorted to conventional policy measures, and a few ad hoc interventions (Drăgan and Pascariu, 2011), but did not have the potential to generate a visible path-breaking response. Instead, through several institutional innovations, the RRF has produced a change in the engagement of MS in the transformative processes of the EU's economy and society, by using both soft and hard conditioning methods. From its inception, the RRF was credited with the potential to establish "a new distributive and institutional path" (Laffan and Lindner, 2020), which will inevitably lead to changing the implementation paradigms of several EU policies.

In the rhetoric of the EU institutions (especially, of the services of the EC), the established approach to the RRF was presented as being possibly a path-breaking change in EU's distributional policy mode. Therefore, since the establishment of the RRF, the EU's epistemic community analyses the evolution of the RRF's implementation, and the way its approaches are applied at the MS level. However, few analyses also focus on

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<sup>2</sup> Among the most frequently invoked policies that apply the EU's distributional policy mode, we should mention the EU Budget, the Common Agricultural Policy, the EU's Cohesion Policy, the EU's Social Policy, the EU's Enlargement Policy, etc.



the case of Romania. Moreover, at the national level, there are too few academic debates and institutional analyses regarding the RRF's implications on the future of the EU and on domestic policies.

Therefore, in this article, we set forth and discuss the elements of the RRF's coordination mechanism, along with aspects that set it apart from other EU policies, particularly the EU's Cohesion Policy. The first section presents the methodology used and the conceptual approach. In the second section, we analyse the critical path taken by the EU institutions in experimenting with various methods and coordination tools. The lessons learnt from their implementation formed the basic elements for establishing the new financial assistance regime, specific to the RRF. In the third section, we focus on the features of the RRF that justify the assumption that it is a path-breaking instrument in the EU's distributional policy mode. In the following sections, based on the outcomes of the distributional criteria, the analysis we conducted compares the RRF with the EU CPF for two MFFs (2014-2020 and 2021-2027). In the last two sections, we tackle two of the main institutional innovations of the RRF. We also discuss some primary evidence related to the experience Romania acquired in drafting the NRRP (which implied adjusting the NRRP to meet the requirements of the specific approach of the RRF) and in the first two years of implementing it.

### **1. Research methodology and conceptual approach**

The purpose of the article is to analyse whether the RRF has the potential to generate a new path dependency in the EU's distributional policy mode. Thus, the research starts from the hypothesis that the RRF, in addition to establishing a mechanism that conditions the public investments of the Member States (to respond to systemic or structural reforms on a solid foundation of budgetary, fiscal, and macroeconomic stability), has initially produced a path-breaking shift in the EU's distributional policy mode. That shift primarily refers to the establishment of a mechanism of mutual exchanges. First, through the RRF, MS receive financial allocations in exchange for committing to the implementation of ambitious structural reforms. Secondly, unlike the EU CPF, the RRF operates within a performance-based governance framework, meaning that payments are made based on policy outcomes, quantified through previously agreed milestones and targets (i.e., before the approval of the NRRPs) rather than on actual costs. The RRF is halfway through its implementation period, and it is important to analyse whether the breakthrough (presented and applied in the first phase) is maintained and can create a new path dependency. Thus, in the current research, we answer the following questions:

1. What was the critical path that led to the establishment of the RRF as a distinct instrument in the EU's distributional policy mode?
2. Which are the innovations that justify the labelling of RRF as "path-breaking" in the EU's distributional policy mode?
3. What primary evidence of a path-breaking shift in EU's distributional policy mode can be noticed in the drafting and implementation of the NRRPs at the MS level, especially in the case of Romania?

The research was conducted from the perspective of the **new historical institutionalism**, an approach that gained momentum in the context of establishing

and implementing the RRF. It is based on the premise that changing the institutional arrangements (in terms of rules, practices, and behaviours) requires a critical juncture that stimulates these changes. A critical juncture could be both a crisis (which generates constraints) and an opportunity (which involves incentives). The RRF leads to such an experimental juncture (Bocquillon *et al.*, 2023), both at the EU level and at the MS level. Without a critical juncture, the initial arrangements will persist according to habit and custom - thus establishing a path dependency of the initial arrangement (Capati, 2023). In the field of European integration, this paradigm is often used (Christiansen and Verdun, 2020; Schelkle, 2021) because it facilitates the description, explanation, and understanding of specific phenomena concerning the deepening of the European integration, such as:

- **The stability of institutions**, in the name of national preferences (Pierson, 1996). Even if the arrangements are not the most efficient or effective, they will still provide increasing returns or incentives for the agents who promote the respective policies or institutions (Pollack, 2020, pg. 20)<sup>3</sup>. The deepening of the EU integration thus follows a linear evolution with marginal oscillations. This phenomenon generates a routinized path dependence that provides EU integration agents with a framework of predictability, balance, and stability. In fact, at the EU level, there are several path dependencies operating, at least one for each EU policy<sup>4</sup>, as well as a few specific to cross-cutting subjects (e.g., in the case of applying the OMC).
- **Changes occur incrementally** by marginal adjustments to improve subsequent processes, while following the same path as the initial policy (Young and Roederer-Rynning, 2020). Incremental changes result from an extensive process of iteration, whereby agents preserve their interests and preferences, and increase returns. The evolution of the EU's Cohesion Policy is a very good example in this regard. Even though the changes are unnoticeable, they do occur (Laşan, 2012). Retrospective and longitudinal evaluations of the institutions illustrate the extent of these changes. At the same time, the incremental changes favour the obtaining of spillover effects (Pan *et al.*, 2023), which evidently contribute to the deepening of the European integration, even if the processes unfold much more latently and sometimes reversibly.
- **Acceptance of major changes as a last resort**, due to synchronic determinants derived from windows of opportunity (such as accessing European funds, or creating favourable internal political alliances/coalitions for deepening the European integration in certain policy areas), or obvious constraints and challenges, even if the latter involve unpopular structural or systemic reforms (the sovereign debt crisis spanning from 2009 to 2015 is perhaps the best example in this sense at EU level).

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<sup>3</sup> These can represent, without being limited to, either pecuniary elements (such as maintaining polluting technologies or production lines because they bring large revenues), or constituent-normative elements (e.g. the sovereignty attributes of the MS).

<sup>4</sup> From this perspective, the most frequently invoked policies are the Common Agricultural Policy and the EU's Cohesion Policy.

Consequently, after long periods of policy stability, the equilibrium ensured by path dependencies is disrupted by a series of abrupt changes (Young and Roederer-Rynning, 2020, pg. 63). As Schelkle (2021) asserts, EU's experimental polity enables the agents of the European integration to bring us to such critical junctures that temporarily break with the path dependencies. Moreover, it allows them to maintain those junctures. Setting new benchmarks – favourable to the deepening of the European integration – at the level of existing path dependencies conditions the agents to exploit new opportunities, constraints, and challenges in a given timeframe, with a high level of ambition. Yet, nothing guarantees that the arrangements resulting from these major changes will prove optimal (Moravcsik, 2018) in terms of efficiency, acceptability, and durability.

The main limitation of the *new institutionalism approach* lies in the fact that it focuses on the trajectory of the process, and does not analyse the results obtained or the coordination of policy implementation, so as to explain the dynamics of policy preferences that are reshaped from the subsidiary level to the macro level of the EU, where they are implemented. However, according to Moravcsik (2018), precisely the type of results and the coordination matter most in implementing the EU's policies. Nevertheless, research in the field reveals that analyses using the *path dependency approach* have also managed to focus recently on explaining the obtained outcomes, as well as the manner and extent of multi-level coordination processes.

As research methods, we have used comparative analysis and case study. The main purpose of the comparative analysis was to present and analyse the EU's strategies for conditioning and stimulating its MS through various categories of European funds and different types of management. The case study was employed to examine and describe concisely the key stages of the drafting and implementation of Romania's NRRP. As desk research, this paper is based on the analysis of documents, legislation, and normative acts. The data used come from both primary sources (as a result of the author's professional activity in the field of programming European funds) and secondary sources (academic literature, and various analyses and reports from the grey literature category).

## **2. The critical path followed by the EU until the establishment of the RRF**

To reduce the predominance of the *intergovernmental approach* over the *governance approach*, the EU institutions have explored over time various ways of gradually strengthening their coordination role in the implementation of those EU policies for which MS were not yet ready to cede their regulatory competences. Nonetheless, the Member States have periodically undermined the previous attempts to establish an easy-to-implement framework for conditioning European funds on the implementation of systemic or structural reforms. They opted for the maintenance of the *status quo* in all the types of competences attributed to the EU. Therefore, the strategy of the EU institutions, especially of the EC, has been to apply incrementally tactics that stimulate MS to accept gradually reforms in areas not falling under the EU's jurisdiction. Thus, in the late 1990s, the Open Method of Coordination (OMC) became an instrument destined to facilitate greater convergence towards the main objectives of

the EU (Radaelli, 2003, pg. 14). The OMC was initially used for the implementation of the Lisbon Strategy (Zeitlin, 2005). However, in the first decade in which the OMC was applied, it was not possible to establish a robust set of levers for conditioning the implementation of reforms through the EU's distributional policy mode, at the MS level, in line with the objectives of the Lisbon Agenda. A first attempt in this direction was made only in 2005, as a result of a mid-term implementation review coordinated by the former Prime Minister of the Netherlands, Wim Kok. The revision of the Lisbon Agenda was carried out in the context of preparing the MFF for the 2007-2013 period, but the changes were marginal. However, in retrospect, one can note that, in the first decade of its application, the OMC led to breakthroughs in some sectoral path dependencies, at the MS level, and enabled the setting of new benchmarks for deepening the European integration. A relevant example is the education sector where several processes took place (for example, the Bologna Process for higher education, and the Copenhagen process in the field of vocational education and training), facilitating a remarkable institutional convergence.

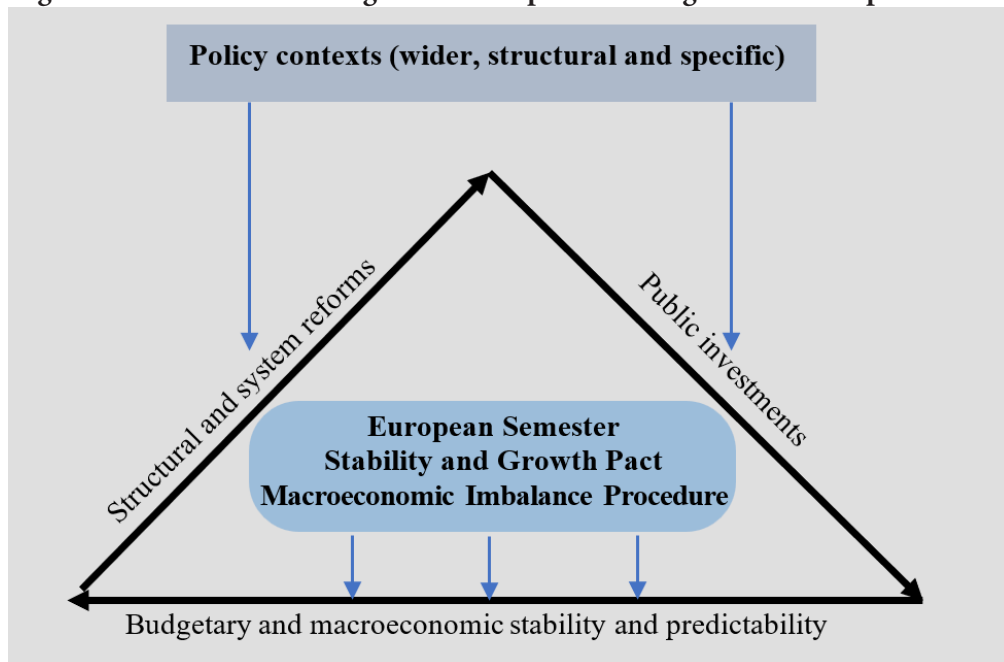
The second attempt to condition the implementation of reforms – through EU's distributional policy mode – at the MS level, in line with the EU's strategic objectives, was made in the context of defining the MFF for the 2014-2020 period. Then, much broader changes were made for using the OMC within the EU's distributional policy mode. Thus, starting from 2010 (in the context of the implementation of the Europe 2020 Strategy), and with the institutionalisation of the European Semester (ES) in 2011, the OMC has been significantly improved (Vanhercke and Pochet, 2022). The iterative processes, which required a lot of time and effort to establish compromise approaches, have been gradually replaced with much more rigid technocratic practices, based on rules and evidence. The ES thus acquired a prescriptive, intrusive, and coercive character (de la Porte and Heins, 2015; Zeitlin and Vanhercke, 2018), especially as regards aspects related to the stability and predictability of the macroeconomic, budgetary, and fiscal policies of the MS. In a recent research, Pan *et al.* (2023) argue that the ES was not the result of a critical juncture induced by the crisis, but rather the outcome of a historical evolution in which the balance of relationships between MS and the EU remained largely unchanged. As to the specific arrangements of path dependence, the initial innovations brought by the ES were marginal and did not exceed the limits of the EU's prior actions in relation to MS. Hence, incremental practices regarding the level of coercion continued to be applied. They evolved from general *ex-ante* conditioning (e.g., in the case of programming European funds) towards gradually imposed sanctions against countries that deviate from the budgetary discipline, and towards the application of corrective and coercive measures (e.g., the application of the Stability and Growth Pact provisions).

The essential particularity of the ES lies in the fact that, by its annual cyclical character, it has enabled a predetermined information flow on specific subjects (related to economic and fiscal governance, monitoring imbalances, and implementing structural reforms) to strengthen competitiveness and the growth potential at the MS level. After the establishment of the ES, the arrangements specific to the EU's policy cycles have also been reordered. Hence, primarily at the supranational level, the priorities for intervention are selected and problematized (the agenda-setting stage), the policy design is carried out (the formulation and adoption stages), and the interventions are

evaluated. On the other hand, the processes specific to implementation fall under the responsibility of the MS. Through this approach, the EU institutions impose their own conception of policies, and coordinate more easily the implementation of EU policies. The ES has, thus, become the main tool both for setting the agenda at EU level (de la Porte and Heins, 2014, pg. 164) and for enabling the EU institutions to supervise MS in the implementation, at national level, of policies and reforms derived from context priorities (Verdun and Zeitlin, 2018, pg. 138; Haas *et al.*, 2020, pg. 331), which do not take too much into account the internal political or social circumstances (Bokhorst and Corti, 2023, pg. 3). Even under these conditions, the ES proved to be less efficient than expected because MS either reacted reluctantly, or ignored the country-specific recommendations (CSRs). This attitude of the Member States toward the European Semester stems from the fact that the CSRs could not be implemented without pondering the social and economic affordability of the final beneficiaries, and ensuring adequate funding from the EU budget. Thus, in the period 2012-2020, the influence of the ES on the Europeanisation of national public policies was limited. Changes in the implementation of domestic policies of the MS were rather incremental, and strategic planning was largely based on national preferences.

Against this technocratic backdrop of the ES's implementation, but also with the idea of assuming ambitious strategic visions of climate neutrality, the ES's paradigm had to be adjusted in the context of preparing the MFF for the post-2021 period. Until the pandemic, proposals of a marginal nature, and within the limits of existing path dependencies, predominated. Thus, the first proposal from the EC consisted in strengthening the link between the ES and the European funds related to the MFF 2021-2027. Compared to the previous financial period, a series of explicit conditions were introduced whereby the programmes financed from European funds related to the EU's Cohesion Policy would implement CSRs. Moreover, 20 enabling conditions were established for adjusting internal policies to EU strategies and approaches in various specific areas of the single market, or for achieving upward convergence. However, because the European funds related to the EU's Cohesion Policy are provided and used on the basis of shared management, national preferences prevailed over the strategic ambitions of the EU institutions. Even though the 20 enabling conditions aim to link investments to public policies, at the MS level the paradigm according to which *the purpose of the European funds related to the EU's Cohesion Policy is to implement investments and not to implement public policies* remains dominant. Until the onset of the pandemic crisis, the EU institutions failed to propagate the concept of the "*virtuous triangle*" of development throughout the Union. In line with the EC's approach (COM (2018) 770 final, pg. 3), this concept involves initiating the following causal mechanism: reforms define the investment framework → investments trigger the materialisation of reforms → reforms and investments are implemented in a robust regime of budgetary and macroeconomic stability and predictability. As represented in *Figure 1*, the virtuous triangle of development is reinforced not only by the policy contexts but also by specific economic and fiscal governance processes in the EU. The first category of processes influences both structural and system reforms, as well as public investments. The second category of processes influences the budgetary and macroeconomic stability and predictability.

Figure 1. The “virtuous triangle” of development throughout the European Union



Source: Author's representation.

However, the pandemic crisis represented a critical juncture that caused (at least temporarily) a break with the path dependencies specific to various areas and sectors targeted by the deepening of the European integration, especially in the EU's distributional policy mode. First of all, the break was achieved thanks to the capacity to provide rapid financial support to MS (Allemand *et al.*, 2023): this initially materialised through traditional European funds (such as the first React-EU package, or the SURE instrument), and subsequently by establishing a distinct temporary and comprehensive financial package, with a financial envelope almost similar to an MFF. Secondly, the break was achieved swiftly by imposing the approach of the virtuous triangle of development, and thus by conditioning MS to adjust their internal policies to a programmed framework (ordered by milestones and targets). This would irreversibly set them on track to support the fulfilment of the EU's strategic vision for 2050, and the desideratum of achieving upward convergence. The RRF constitutes 90% of this temporary financial framework and is based on the allocation of financial resources for the NRRPs that comply with the aforementioned virtuous triangle, which is thereby institutionalised at the MS level. As a general approach, the reforms assumed by the MS, and the investments associated with them, had to be derived from the country reports and the CSRs. This approach facilitates the adjustment of domestic policies to EU approaches and commitments, especially in sectors that are subject to CSRs. It also strengthens the premises for achieving convergence between MS' approaches, thus facilitating decision-making on issues with major implications for national preferences in essential areas, such as energy, waste management, employment and social inclusion,

education, public administration, etc.

### **3. The consequences of the RRF's financial assistance regime on the domestic policy-making process**

From a legal point of view, the RRF does not establish a temporary framework for the actual transfer of competences from the national to the supranational level. However, through its objectives, in certain areas of intervention, such as health, education, social inclusion, etc., the RRF leads to the deepening of the cooperation and to mutual exchanges of experience and quality practices. In the case of the MS in the euro area, as well as in the case of those benefiting from macroeconomic assistance, the supervision has an authoritarian nature, and implies coercive methods of compliance. For example, in the case of MS characterised by a limited level of compliance with EU requirements, Romania included, it is well known that major reforms have been carried out under external pressure (Dăianu, 2023). This aspect was one of the synchronic determinants that favoured the ordering of domestic policy preferences (in relation to the EU's strategic ambitions for the MS in the eurozone), while drafting and negotiating the NRRPs. As regards the MS that are not part of the euro area, the ordering of the domestic policy preferences was much harder, and the EC played either a role of mediator (in case of divergent partisan preferences), or one of policy entrepreneur (to raise the level of ambition for reforms and investments).

According to the approach of the new historical institutionalism, the basis of the RRF lies in the European Coal and Steel Community Loan Facility – the supranational loan instrument established since the beginnings of the European Communities (Hodson and Howarth, 2023). On the one hand, from a perspective closer to the recent history of the European integration, the RRF continues the approach of macroeconomic assistance offered by the EU to MS in the context of the sovereign debt crisis from 2008 to 2015 (Schelkle, 2021; Bocquillon *et al.*, 2023). On the other hand, the RRF takes over specific elements for implementing the EU CPF, and hence the implementation of this temporary instrument is very similar to the EU's distributional policy mode. Additionally, through the mechanisms and instruments with which it is equipped, the RRF greatly resembles the processes and mechanisms for guiding and monitoring either the progress made by candidate countries on their path towards EU accession<sup>5</sup>, or the advancements and achievements of some MS aspiring to join the eurozone<sup>6</sup> (Bokhorst and Corti, 2023). That is why the RRF is an instrument that often involves the institutional memory, in the sense that MS have introduced the most extensive reforms and institutional changes, either in the context of negotiating and closing EU accession chapters, or in the endeavour to meet the convergence criteria to become members of the eurozone. Of course, the degree and extent of the institutional memory differs from one MS to another.

The RRF reshapes the policy formulation and implementation process at the EU level (Huguenot-Noël, 2023), and within the MS (Bokhorst and Corti, 2023, pg. 4). This process materialises both through the theory of change, which underlies the set

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<sup>5</sup> Especially in the case of the 11 MS that joined the EU in 2004, 2007, and 2013.

<sup>6</sup> For 19 MS, the process has been completed before the establishment of the RRF. For Croatia, this process was in place at that time, and for Bulgaria such a process is still ongoing.

of innovative approaches of the RRF and its implementation mechanism. Therefore, the RRF has generated a critical juncture for MS, compelled to initiate or accelerate large-scale systemic reforms to facilitate the achievement of the EU's strategic visions. In Romania's case, the internal political agenda is set and reordered according to the consistency of the reforms included in the NRRP. As a result, in recent years the government programmes were designed to synergise with the aforementioned provisions and to respect the consistency of the milestones and targets in the NRRP. Besides the periodic meetings of the Interministerial Committee for the Coordination of the NRRP led by the Prime Minister of Romania, a significant part of the agenda in all government meetings is dedicated to aspects arising from the NRRP commitments.

Therefore, in drafting their plans, MS had a rather limited margin for including priorities specific to their national preferences. In its guidance actions, the European Commission aimed to cover the CSRs, considering the eligibility criteria for plans (Miron *et al.*, 2022) and their potential to harmonise with the strategic ambitions of the EU, according to the principle "*more for more and less for less*". If MS did not sufficiently address CSRs in line with the intervention logic that underpins them, the EC had the liberty to reject the respective plans (Bokhorst and Corti, 2023, pg. 4). This prerogative is also maintained at the implementation stage because - for each payment request - the EC examines the Member States' way of implementing the reforms (and of ensuring their irreversibility) and of making the investments. In addition, the EC's agenda for the RRF focused on linking the reforms and investments - included in the national plans - with the seven EU flagships, as well as with the Important Projects of Common European Interest (IPCEI). According to the EC's instructions for drafting the NRRPs (SWD (2021) 12 final), MS were required to outline how the reforms, and associated investments, would contribute to their achievement. The EU flagships reduced the scope of the NRRPs and had a significant bearing on the setting of the internal agendas, at the expense of the promotion of the issues related to the MS' national preferences.

In Romania, contrary to the internal political rhetoric, the Romanian Government had to comply with the requirements set out by the EC's services, at the stage of formulating its National Recovery and Resilience Plan. Thus, the assumed reforms include adjustment actions to the EU's strategic framework and to the seven flagships. However, this adjustment process required several rounds of iterations between the Romanian authorities involved and the SG RECOVER. At that time, against a backdrop of political tension within the ruling coalition (Hartwell *et al.*, 2022), political leaders initially struggled to reach a compromise on issues of strategic national importance. Nevertheless, the range of preferences was quite diverse and oriented towards maximising returns based on partisanship criteria (Oellerich and Simons, 2023). Moreover, the range of national preferences included reforms and investments that either involved ample and disruptive changes, or implied incremental changes<sup>7</sup>. During the negotiation phase with SG RECOVER, the internal compromise - obtained following coalition bargaining processes - significantly facilitated the promotion of strategic national preferences to be included in the NRRP. Although SG RECOVER's initial mandate for negotiation with the Romanian authorities was quite restrictive, the

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<sup>7</sup> As an empirical observation, during the author's participation as technical coordinator in the formulation of Romania's NRRP, a balance was reached - at the end of the coalition's bargaining processes - between incremental reforms and reforms that involved disruptive measures.



result of the guidance, informal and formal negotiation processes was that national preferences for investments were largely accepted<sup>8</sup>. The most evocative example is the case of the A7 Highway, the largest infrastructure project financed from the RRF. To sum up, according to the data presented by SG Recover, Romania’s plan is among the most complex and diverse plans of the MS.

**4. Particularities of the Recovery and Resilience Facility as compared to the EU Cohesion Policy Funds**

Compared to other previous or current financial mechanisms and instruments (especially those specific to the European funds related to the EU’s Cohesion Policy), the RRF constitutes a path-breaking way of providing support for the recovery and development of MS (Schelkle, 2021; Bocquillon *et al.*, 2023). The idea that the RRF is very innovative (in comparison with previous approaches, mechanisms, and instruments) is based on the fact that the changes it introduces bring several major innovations in carrying out the EU policies, and in strengthening the convergence of the internal policies with those of the EU. The pandemic crisis has generated not only a window of opportunity, but also an alignment of synchronic determinants necessary for the EC services’ agile imposition of the innovative approaches described below.

To see the extent of changes in the arrangements – specific to path dependence – regarding the distribution of EU resources, it is useful to compare the approaches specific to the implementation of EU CPF for two MFFs (2014-2020 and 2021-2027) with those specific to the RRF. Thus, in *Table 1*, we briefly present the main changes in approaches based on criteria for analysing the distributional outcomes. As one can see, between CPF 2014-2020 and CPF 2021-2027 the changes are marginal, while between the CPF and the RRF they are much larger. Even though the CPF 2021-2027 and the RRF present a few synergistic elements (e.g., the link with the ES, and the conditioning for the implementation of CSRs), the changes of approach to some criteria are substantial. So, one can consider that the RRF represents a path-breaking instrument, especially within the EU’s distributional policy mode. The elements in the table below are analysed in the context of the RRF’s innovations tackled in the following sections.

**Table 1. Comparison between the EU Cohesion Policy Funds and the Recovery and Resilience Facility in terms of distributional outcomes**

Criteria	EU Cohesion Policy Funds 2014-2020	EU Cohesion Policy Funds 2021-2027	Recovery and Resilience Facility
Distribution mode	Traditional distribution	Conditional distribution	Conditional distribution
Type of management	Shared	Shared	Direct
Fund absorption approach	Qualitative, predominantly cost-oriented.	Qualitative, predominantly result-oriented.	Qualitative, performance-based.

<sup>8</sup> Exceptions were made for certain investments that either did not fit the purpose and objectives of the RRF (e.g., those related to the primary irrigation system or agricultural interventions), or had no direct connection with Romania’s specific CSRs (such as investments for tourism and culture).

The Path-Breaking Potential of the Recovery and Resilience Facility: An Analysis of the Shifts in EU's Distributional Policy Mode with Insights from Romania's Experience

Linkage with the ES and the capacity to implement CSRs	Weak	Medium to strong	Strong
The EU's power to influence domestic public policies	Weak	Medium to strong, enabling associated conditions.	Strong, by imposing systemic and structural reforms.
The strategic stake of influencing domestic public policies	Contributes to the EU's economic, social, and territorial cohesion, by linking funds to EU strategies, in particular Europe 2020.	Contributes to the economic, social, and territorial cohesion of the EU, by linking the funds to the medium and long-term EU strategies, and by making the MS responsible for the implementation of the CSRs.	<ul style="list-style-type: none"> <li>- Contributes to the agile economic recovery of the EU, by establishing a virtuous triangle between reforms, investments, and budgetary, macro-economic stability, and fiscal coherence at the MS level.</li> <li>- Achieves real convergence and upward convergence.</li> <li>- Links financial allocations to the implementation of EU strategies (in the medium and long terms) and the responsibility of the MS in the implementation of CSRs.</li> </ul>
Type of enforcement	Soft	Mostly soft, exceptionally hard (in case of breach of fundamental values, or violation of the deficit threshold).	Mainly soft, sometimes also hard (in addition to the MFF 2021-2027, it also applies in case of failure to meet milestones and targets).
The extent of the enforcement	Weak, emphasis on compliance with financial rules.	Medium. Emphasis on: <ul style="list-style-type: none"> <li>- Compliance with the financial rules and the fundamental values of the EU.</li> <li>- The direct contribution to achieving the strategic visions of the EU in the medium and long terms.</li> </ul>	Medium to strong. Focus on: <ul style="list-style-type: none"> <li>- Achieving performance.</li> <li>- Compliance with EU's financial rules and fundamental values.</li> <li>- The direct contribution to achieving the strategic visions of the EU in the medium and long terms.</li> </ul>
Enforcement leverage	Fulfilment of 36 <i>ex-ante</i> conditionalities (7 general, and 29 thematic) before 31/12/2016.	Fulfilment of the 20 enabling conditions (4 horizontal, and 16 thematic) throughout the implementation period of the MFF 2021-2027.	<ul style="list-style-type: none"> <li>- Carrying out reforms and investments at a high-performance level.</li> <li>- Determination of long-lasting effects, and supervision of irreversibility.</li> </ul>
The consequences of non-compliance	The EC could suspend payments affected by non-compliance, but not after 31/12/2016.	Failure to meet one enabling condition affects reimbursements related to a specific objective.	Partial or total suspension of payments specific to a milestone or a target. The EC has a discretionary power to judge non-compliance situations.

<p>The EC's role in process monitoring</p>	<p>Supervises compliance with sound principles of financial management.</p>	<ul style="list-style-type: none"> <li>- Supervises compliance with the principles of sound financial management, and the manner of respecting and preserving the EU's fundamental values.</li> <li>- Sanctions for non-compliance with the enabling conditions.</li> <li>- Monitors and sanctions, as it considers appropriate, the exceeding deficit and/or debt levels.</li> </ul>	<ul style="list-style-type: none"> <li>- Guides the MS in the implementation of reforms and investments.</li> <li>- Supervises compliance with the principles of sound financial management, and the manner of respecting and preserving the EU's fundamental values.</li> <li>- Strictly monitors the evolution of excessive deficit and/or debt levels.</li> <li>- Assesses the way reforms and investments are carried out.</li> <li>- Sanctions for non-compliance.</li> </ul>
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Source: Author's representation based on the data sources used for the research.

The main changes in the distributional outcomes are derived from the results of previous attempts to boost the deepening of the European integration. One example is the introduction of conditionality-based lending, and structural adjustment programmes undertaken by the European Central Bank, the International Monetary Fund, the World Bank, in the context of the European debt crisis. A second example is the introduction – within the European funds related to the EU's Cohesion Policy – of the obligation to fulfil 36 *ex-ante* conditionalities before the 31<sup>st</sup> of December 2016. According to a part of the epistemic community (Berkowitz *et al.*, 2017; Freier *et al.*, 2022; Bocquillon *et al.*, 2023; Zeitlin *et al.*, 2023), these attempts did not have a major impact on the EU's governance systems so as to break the previous institutional arrangements related to the EU's distributional policy mode.

A distinct feature of the RRF is that it was defined from the start as a tool for correcting deviations from the EU's fundamental values, especially in the sense of compelling certain MS to strengthen the rule of law. This is based on normative coercion instruments, and financial or political sanctions. Initially, the approach to the EU CPF for the MFF 2021-2027 did not contain such explicit provisions. From 2021 to the present, Poland and Hungary have been subjected to such apparent constraints, either by delaying the approval of their NRRPs, or by freezing disbursements for pre-financing requests or for semestrial payment requests (Florczak *et al.*, 2022; Dudzińska and Ilonszki, 2023; Kubas, 2023). From this perspective, the RRF eventually enhances the hard nature of the EU's transformative power over MS.

It is worth mentioning that the RRF's approach to the distributional outcomes was largely adopted (except for the obligation to link investments to reforms) in the process of establishing a Social Climate Fund, which should be implementable starting with 2025 (Regulation (EU) 2023/955). However, compared to the RRF, the specific interventions of the Social Climate Fund should target more the households, the micro-enterprises, and the transport users, which are vulnerable and affected by the introduction of the Emissions Trading System 2. It is worth observing whether the post-2027 EU CPF will be influenced by the RRF's approaches to the distributional outcomes. In such a case, the new path dependence will become a dominant approach. A Group of high-level specialists on the future of the Cohesion Policy has been created at the level of DG REGIO. Throughout 2023, the group held 10 meetings and, in February 2024, it presented the final report of the ensuing reflections. The report contains a set of conclusions and strategic recommendations, taking into account both the progress of the

RRF's implementation, and the specific arrangements of the EU CPF 2021-2027. Thus, one of the recommendations highlights that the EU CPF post-2027 should align with the principles and special arrangements of the RRF, of course, adjusted to the characteristics of the EU's Cohesion Policy, such as the decentralisation of implementation and the adaptation to territorial specifics (European Commission, 2024, pg. 38). However, until the EC publishes its conceptual proposal on the future of EU CPF post-2027, it cannot be stated that a new path dependence has been actually instituted by the temporary path-breaking change generated by the RRF within the EU's distributional policy mode.

### **5. Establishing the mechanism of mutual exchanges**

The fundamental innovation brought by the RRF is the creation of a mechanism unprecedented in its scale, which influences the mutual exchanges between the EU institutions and MS. Thus, to overcome the pandemic crisis and facilitate an agile recovery, the EU institutions, especially the EC's services, have opted for long-term high-performing economic growth, by strengthening the inclusive political institutions at the MS level. The mechanism is based on the fact that the EU borrows on the global markets, by issuing joint bonds, in order to periodically offer financial incentives to MS in the form of grants and loans. In the opinion of Allemand *et al.* (2023), this approach represents a radical change in comparison with the previous ones in times of crisis. In exchange, MS must deliver, within a scheduled framework (arranged in sets of milestones and targets), systemic and structural reforms, and investments in line with CSRs. Moreover, they must give the EC a much broader scope of intervention in their internal fiscal policies (Bocquillon *et al.*, 2023). On the one hand, for the MS to adopt reforms, the financial incentives have to be persuasive enough (Freier *et al.*, 2022). On the other hand, the reforms proposed by MS (in exchange for persuasive incentives) have to meet two essential conditions. Firstly, they must match a high level of ambition, and contribute to achieving the strategic visions of the EU. Secondly, they must provide a broader scope for the EC's services to intervene in shaping the fiscal policies of the MS in line with the EU's fiscal policy and the macroeconomic imbalances.

Another particularity of this innovation lies in the fact that MS are free to choose their level of exposure to the "trap" of mutual exchange. A smaller exposure provides them with a higher safeguard for preserving internal preferences in the implementation of CSRs. According to the logic of previous experiences, the exchange is advantageous as long as MS access the grant component. In this case, MS are not obliged to implement all CSRs, and indeed the negotiation with SG RECOVER has been much easier for the states that have chosen to access only the grants. However, the simultaneous requests for both the grant and loan components have led some of the MS to the mandatory inclusion of additional reforms to cover all CSRs in their plans, and the EC's services have gained a much broader scope of intervention in their internal fiscal policies. Thus, the second option implies a much greater exposure to sanctions. For example, Romania decided to fully request the grant and loan components, and in exchange had to provide several "anchor" reforms (structural and systemic), very difficult to implement, in quite sensitive areas, such as public administration, the fiscal system, state companies, etc. Non-fulfilment of these "anchor" reforms can trigger a total suspension of payments. All the CSRs addressed to Romania have been tackled, despite worries about implications for other EU CPF (Hartwell *et al.*, 2022).

It should be pointed out that the mutual exchange mechanism, established by the RRF, refers to the part of reforms and not to the part of investments. The vast majority of MS have been "educated" for a long time in the spirit of conditioning reimbursements from EU CPF on results congruent with the principles of sound financial management. The funds related to the EU's Cohesion Policy did not expressly require MS to undertake reforms, or to institute new policies in the supported areas. In the EU's Cohesion Policy, the approach was rather soft in

nature, encouraging and guiding the MS: in other words, it was not conditional or hard, and it did not impose financial or political sanctions. In contrast, in the case of the RRF, it starts with a warning to MS that the conditioning is primarily of a soft nature (positive incentives), but that hard sanctioning instruments (partial or total non-payment) – related to the milestones and targets – can also be used where appropriate.

Some MS have opted to choose from among the CSRs those that support their national preferences in terms of investments needed for the green and digital transitions, or to strengthen the resilience of the healthcare sector or of other sectors directly affected by the pandemic. However, case studies highlight that the preferential selection of reforms and investments has not ensured a greater emphasis on the social policy area. The cases of Slovakia (Corti *et al.*, 2021) and Germany (Hacker, 2022) are illustrative in this sense. Also, a weak point of Slovenia's plan is that the proposed investments did not target the equitable distribution of funds at the regional level (Domadenik Muren and Franca, 2022). In Romania's case, in the first phase of drafting the NRRP (June-December 2020), the RRF was initially interpreted internally as an instrument close to the approach characteristic of the EU CPF. At the level of political decision, this conception gradually changed, as the SG RECOVER initiated the guidance actions for the formulation of the NRRP with the designated coordinating authority<sup>9</sup>. In the second stage of its drafting (January – June 2021), which overlapped with Romania's informal negotiations with the EC's services, we witnessed the inception of an iterative process of policy learning. The latter entailed the definition of reforms coupled with investments, and the segmentation of the implementation stages into milestones and targets. In Romania, such an exercise had not been undertaken, at the systemic level, since the accession negotiations (on the chapters of the acquis) to the EU. On the other hand, throughout the formulation of Romania's NRRP, the traditional distributive conception remained dominant at the level of the potential beneficiaries of the RRF funds, and especially at the level of the local public administration. In addition, the diversification of operations (included in the plan) involved the management of the risk of their overlapping with the operations of the EU CPF for MFF 2021-2027 (Hartwell *et al.*, 2022). From this point of view, a major advantage was the fact that, in Romania's case, the NRRP was drafted within the same governmental structures responsible for the drafting of the EU CPF programmes for the MFF 2021-2027.

The innovation brought about by the establishment of the mutual exchange mechanism is, in fact, much more complex. Besides the temporary right of the EC to borrow funds on the capital markets on behalf of the Union, the EU's own resource system has been supplemented by a new category of resources drawn from the application of a uniform call rate to the weight of plastic packaging waste generated in each MS that is not recycled. Compared to the previous MFFs, the amendment of the Own Resources Decision has been made quite quickly and with much more ambitious provisions than the prior incremental changes, which materialised rather slowly. It becomes certain that the temporary right to borrow funds on the capital markets will become permanent (Dăianu, 2023), and will extend to other categories of the EU's traditional redistributive funds, such as the EU CPF. This will obviously lead to a significant modification of the economic governance framework, and, as advocated by Allemand *et al.* (2023), to the consolidation of the EU's fiscal federalism.

## **6. The establishment of a performance-based governance framework**

The second innovation of the RRF consists in the fact that the implementation of the NRRPs of MS must take place in a performance-based governance framework. Thus, payments within the RRF, unlike traditional spending programmes, are linked to the satisfactory fulfilment of milestones or targets – agreed upon prior to the adoption of each NRRP – and

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<sup>9</sup> At that time, the Ministry of European Funds played this role.

not to actual costs. This has led to the creation of a performance conditionality regime (Rubio, 2022, Lilyanova, 2023). This principle is very reminiscent of the conditions for fulfilling the criteria for joining the EU, the euro area, or the Schengen space. In other words, to benefit from the financial allocations agreed on with the EC's services, the MS must implement reforms, and make investments according to the arrangements stipulated in the NRRPs, which imply respecting deadlines, and quantitative and qualitative parameters. Moreover, in the post-implementation phase, the MS must periodically demonstrate the impact of the reforms, and ensure their irreversibility over a longer period. In this arrangement, the EC has discretionary power to assess the contextual developments of the reforms and investments undertaken by the MS in their respective NRRPs. Drawing on the characteristics of a state authority, the EC actually acts as a polyvalent agent: teacher, mentor, facilitator, supervisor, prosecutor, judge, debt collector, etc. Until the establishment of the RRF, MS were used to applying the cost-based and result-based principles, which meant obtaining reimbursements, by demonstrating actual costs, and achieving results according to the planned qualitative and quantitative parameters.

However, the evidence gathered – both from the international practice and from the actual RRF's implementation – suggests that the adequate application of this principle is debatable. Firstly, its application was supposed to lead to a simplified, agile implementation system with reduced administrative costs. Nevertheless, the first empirical data on the RRF's implementation show that, so far, its application has not reduced the administrative burden for either party (Zeitlin *et al.*, 2023). On the other hand, some consider that it contributes to the deepening of the territorial disparities (Huguenot-Noël, 2023). Additionally, allegations that it is not applied in line with the specific approaches – from the specialised literature – are put into question. For example, in the case of the difficult systemic or structural reforms, some MS adopt the tactic of mimetic compliance from a legal or financial perspective, without focusing on the quality of the processes (especially, those subjected to operational arrangements) and on the adherence to good governance principles. However, the EC's services overlook these phenomena that lead to institutional changes with a pronounced democratic deficit. Moreover, almost three years after the establishment of the RRF, one can note that even the MS with a strong administrative capacity cannot fulfil all the commitments from their NRRPs by complying with the performance-based criteria.

In Romania's case, the planning stage started from the premise that the implementation of reforms would be delayed due to the resistance to change. In a performance-based governance framework, the materialisation of such a premise meant affecting the capacity to send payment requests according to the established calendar arrangement. Therefore, to allow the institutional agents to familiarise themselves with this new governance framework, it was agreed with the SG RECOVER that for the first two payment requests, a set of pre-existing reforms should be taken from the drawer. Being easier to implement, these had no significant implications for the internal distributive arrangements. Many of such reforms consisted of policy commitments, following the implementation of projects aimed at improving the administrative capacity financed from the European Social Fund, or from the Structural Reform Support Programme. An example of such a reform is the update of the strategic planning system, which aimed at coupling policies and programmes with the multiannual budgeting process. This reform was supposed to be introduced in 2012, but in the absence of internal political determination, and of explicit conditions set by the EU, its implementation was delayed (Toderas, 2023). This reform had the potential to contribute to the establishment and application of a performance-based governance framework at the domestic level, which would have represented a great advantage in drafting and implementing the NRRP. Therefore, in the absence of such an enabling framework, the EC's services insisted on including this reform both in the set of specific public finance reforms, and in the one related to the central public administration. The regulations for the implementation of this reform have been approved according to the agreed schedule. Yet, the routinisation of

the new constituent arrangements of the multiannual programme-based budgeting is in its second year at the level of the entire central public administration. The impact and spillover will be observed in a few years, after at least one cycle of multiannual budget execution (in line with the current regulatory framework) is completed. However, for the moment, one can note that, due to the absence of an internal performance-based governance framework, reforms are carried out with significant deviations from the ambitions and deadlines agreed-upon (in the negotiation stage of the NRRP), while continuously testing the leniency of the EC's services. Through the technocratic iterations taking place between the Government and the EC's services, and with the involvement of the World Bank or the Organisation for Economic Cooperation and Development, the reforms gradually become much more substantial, approaching the EU's ambitions. Nevertheless, there are quite considerable deviations from the initial agreed-upon calendar arrangements, and the performance-based principle is tacitly violated. Thus, in Romania's case, the first two payment requests have been analysed by the EC's services more from the qualitative and quantitative perspective of fulfilling the result-oriented principle.

### **Conclusions**

In 2020, the RRF was presented as a unique instrument because of its ambition and of the mechanisms it is equipped with. Both the EU institutions and the administrative and epistemic communities in this field have seen the RRF as a tool that generates an obvious path-breaking shift in the EU's policy-making mode. As shown in this analysis, actions have been taken to continue some of the innovative approaches of the RRF, but not in the case of the EU CPF post-2027. However, there are still insufficient primary data and analyses to conclude whether the disruption is materialising to generate a new path dependence in the EU's distributional policy mode. There are solid grounds to consider that the specific RRF approaches are advantageous enough to prevail in the EU's distributional policy mode for the next MFF. The EU's enlargement towards the Western Balkan countries, as well as towards the Republic of Moldova, and Ukraine, is also a factor that should be taken into account. In the case of the EU regions, the performance conditionality regimes – institutionalised through the RRF, and proposed to be extended to the EU CPF post-2027 – favour the acceptance of the EU's enlargement in synergy with the deepening of the European integration. In this context, the EU CPF post-2027 needs to be adjusted to accommodate 36 MS after the prospective enlargement, and to enable a more flexible and appropriate distribution of the European funds to reduce the social, economic, and territorial disparities.

While most of the reforms included in the Member States' NRRPs are sectoral (energy, environment, education, health, etc.), each plan also sets out major horizontal reforms aimed to enhance the administrative capacity and the rule of law, to promote equal opportunities among different social categories, to strengthen internal value chains, etc. In contrast to the austerity approach that implied providing financial support to MS during the sovereign debt crisis spanning from 2009 to 2015, the RRF is based on the will to enhance EU's competitiveness. Therefore, the EC's services are much more careful to secure a broad ownership at the Member States' level, when implementing difficult or contentious reforms (Rubio, 2022). The two innovations set forth and discussed reinforce the soft nature of the EU's transformative power over the MS, especially in the case of reforms that provoke hesitation and reluctance at the national level. For example, issues related to the decarbonisation of the energy sector, or to raising the retirement age, have a strong social, economic, and political impact. Hence, some MS interpreted the RRF as a reward for implementing CSRs that contradict national preferences (Bokhorst and Corti, 2023). From the angle of historical institutionalism, the governments of MS must operate within a synchronic determinants framework in order to benefit from the incentives negotiated with the EC's services, and to be able to implement the reforms according to the commitments made. Thus, against a background of evident governance erosion, the essential role of the

MS governments is to identify sufficient and satisfactory solutions for all the stakeholders so as to diminish the resistance to change, the social unrest, or the reluctance of the economic environment. In addition to political will, establishing the synchronic determinants framework in accordance with the commitments assumed illustrates the existence of a strong administrative capacity. As regards Romania, despite the fact that the public opinion did not observe any notable progress in the implementation of the NRRP, primary evidence shows that shifts from previous institutional arrangements do occur, even if latently and with gradual impetus from the EC. Through parallel multi-level bargaining processes, as well as due to the EC's leverage on the fiscal space related to the national budget, the synchronic determinants framework is achieved and, thus, the changes envisaged in the NRRP can be accepted. In Romania's case, it is rather necessary to strengthen the coordination and monitoring arrangements for the implementation of the NRRP, without creating or involving new institutions in this process.

The RRF being a temporary instrument, its experimentation with the application of innovative approaches indicates that the MS currently behave much more orderly and responsibly in coupling domestic policies with the strategic visions of the EU. At the same time, for the MS characterised by a weak policy-making culture (Romania included), it is noteworthy that the RRF provides an opportunity for policy learning in various aspects, such as the creation of synergies between reforms and investments, the respect for deadlines in implementing the reforms, or the guarantee of the irreversibility of reforms. Moreover, in view of the post-2027 MFJ, Romania must acknowledge that a return to the traditional approach of the EU's distributional policy mode is no longer possible.

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# Monetary Support and State Aid under the Pandemic Challenges in Romania: A Comparative Approach

**Dorina Clichici, Andreea - Emanuela Drăgoi, Angela Timuș<sup>1</sup>**

**Abstract:** *The COVID-19 pandemic has rapidly led to a severe deterioration of the global economic environment and a sharp worsening in the international financial market sentiment. Hence, the European governments adopted extraordinary monetary and state aid policies to mitigate the economic collapse and stabilise the financial markets. Romania was no exception, being significantly affected by the pandemic. Against this background, the paper aims to analyse the peculiarities of the monetary support and state aid adopted by Romania and by other EU Member States in the context of the pandemic crisis to increase the resilience of their national economies. Our main findings reveal that the monetary support provided in Romania consisted in significant liquidity injections into the financial system, and in the purchase of state securities from the secondary market. In Romania, the largest part of the total state aid was directed to SMEs from the processing industry, constructions, wholesale and retail trade, transport, and the storage sector, especially through guarantees and direct grants.*

**Keywords:** *EU, Romania, monetary policy, State Aid Temporary Framework, COVID-19 pandemic, economic recovery.*

**JEL classification:** *E52, E58, H51, H81.*

## Introduction

The outbreak of the COVID-19 pandemic prompted a series of economic and social challenges across the entire world. It induced an economic downturn that surpassed the global financial crisis, mainly due to the drastic cutbacks in private consumption. This was a crisis like no other, requiring extraordinary and rapid responses. They came in the form of sizeable, coordinated monetary and fiscal measures to support the economies faced with the pandemic crisis. While central banks were operationally independent from any governmental pressures, this exogenous shock was strong enough to warrant an unprecedented monetary and fiscal interaction.

Against this backdrop, the central banks constituted one of the main sources of liquidity for the financial institutions (by offering loans to keep the real economy afloat), while the state aid schemes proved to be, once again, an excellent tool for supplementing the monetary support. In

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this instance, the European Central Bank (ECB) eased its monetary policy stance starting with March 2020 to mitigate the negative impact of the COVID-19 pandemic. Its comprehensive set of measures sought to avoid a liquidity and credit crunch, and to avert a cyclical tightening of the financing conditions (European Central Bank, 2020). Unprecedented asset purchase programmes launched by the ECB led its balance sheet to a historical high of 6.9 trillion euros in 2020. In addition, to strengthen its accommodative monetary policy, the ECB provided unprecedented liquidity to the banking system, offered long-term funding to banks through targeted long-term refinancing operations, and reduced the interest rate on long-term transactions. At the same time, central banks of non-eurozone Member States of the EU used different monetary policy tools to help their national economies. Some of those tools focused mostly on the purchase of government or corporate securities to overcome the negative effects of the pandemic, while others provided a large volume of liquidity to the financial system through open-market operations.

Moreover, the exceptional nature of the economic difficulties, triggered by the lockdowns, determined the European authorities to activate the general derogation clause of the Stability and Growth Pact and to use the full potential and flexibility of the EU's State aid rules<sup>2</sup>, notably within a Temporary Framework adopted in March 2020. This derogation recognises the need for state aid in specific circumstances, either to address well-defined market failures or to protect certain social values. The COVID-19 pandemic created such specific circumstances for the EU, and therefore the European Commission swiftly allowed the enforcement of a new derogatory framework, destined to help EU Member States cope with the negative effects of the lockdowns. Consequently, from the first months of the pandemic, the national authorities were able to use state aid to mitigate the disruptions in their economies. Unlike other EU funds, the state aid is granted from the national budget with the approval of the European Commission. Alongside the state aid schemes, new follow-up instruments – such as the Recovery and Resilience Facility, the centrepiece of the Next Generation EU package – were adopted in December 2020 to support the economic recovery of the EU Member States. However, for this article we have chosen to focus on the analysis of state aid granted under the Temporary State Aid Framework, while other EU instruments could be the focus of future research.

As Romania was seriously affected by the COVID-19 pandemic, the Romanian Government and the central bank reacted promptly by adopting a consistent package of monetary measures and state aid schemes approved by the European Commission.

Against this background, the paper has two objectives. The first is to provide a comparative analysis of the monetary and state aid implemented by Romania and other EU Member States in the context of the pandemic, so as to increase the resilience of their economies. The second is to understand which monetary and state aid tools did Romania use to face the pandemic challenges, and how Romanian SMEs' (which represent most of the Romanian companies)<sup>3</sup> were supported through these tools.

### **Methodology and data**

We have employed a mixed methodology, based on qualitative and quantitative analyses. Firstly, we have conducted a comparative analysis of the monetary support provided in the EU countries during the period 2020-2022. In addition, we have carried out a quantitative analysis of the state aid to give a global picture on how the EU Member States managed to benefit fully from the derogations granted under the Temporary State Aid Framework. Moreover, we have used the

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<sup>2</sup> The state aid differs from other types of financial aid provided by governments, being strictly regulated at the EU level through Article 107(1) of the TFEU, which stipulates that any aid – granted by a Member State or through state resources – that threatens to distort the free competition is incompatible with the internal market.

<sup>3</sup> According to the data of the Romanian National Trade Register Office, in 2022, SMEs reported 64.2% of the total profit earned by the private sector in Romania, and 75.9% of the total number of employees of Romanian companies. The key point to note is the comparison between the number of SMEs and large companies, the latter representing only 0.12% of Romania's private sector, and reporting only 35.76% of the total profit and 24.06% of the total number of employees.

case study of Romania to provide in-depth information about the peculiarities of the monetary and state aid tools used. The data on the monetary policy measures were gathered from the ECB Data Portal and the central banks of EU's non-eurozone members, while the data for key state aid indicators were retrieved from the official database of the latest State Aid Scoreboard, published by the European Commission.

### **1. Literature review on monetary support and state aid during the COVID-19 pandemic**

In fighting the effects of the “black swan” COVID-19 pandemic, government authorities and central banks in the EU acted faster than during the global financial crisis, and their actions had a wider scope. They took unparalleled decisions on state aid rules, while the central banks' balance sheets reached unprecedented levels aiming to help the economy absorb such an extraordinary exogenous shock. According to Cavallino and De Fiore (2020), asset purchases – meant to achieve the objectives set by the central banks – helped contain the costs of fiscal expansions.

A considerable body of research investigated the effectiveness of monetary support in the EU during the COVID-19 crisis (Beckmann *et al.*, 2020; Cavallino and De Fiore, 2020; O'Donnell *et al.*, 2024; Moschella, 2024 etc.). Beckmann *et al.* (2020) contended that monetary measures have been particularly effective in times of significant financial stress, and provided empirical evidence on the positive effects of asset purchases in the eurozone launched in response to the COVID-19 pandemic. At the same time, O'Donnell *et al.* (2024) analysed the impact the 188 monetary policy announcements had on the banking stocks in China, the U.S., and Europe, and thus demonstrated that those announcements – targeting different economic mechanisms – had produced diverse market reactions throughout the COVID-19 crisis. Moreover, Moschella (2024) argues that central banks, such as the Federal Reserve System and the European Central Bank, strategically deviated from the orthodox monetary policies during the COVID-19 crisis, by implementing largely unknown and unconventional measures of a political nature that made them assume a new role in coordination with the fiscal authorities.

The literature provides also an ample analysis of the importance of state aid for economic recovery (Dani, and Menendez, 2020; Doleys, 2012; Ferri, 2021; Kassim, and Lyons, 2013; Koopman, 2011; Kubera, 2021). However, the results of the various researches on the effectiveness of state aid in mitigating economic turbulences (generated by the pandemic) are mixed. Some studies revealed that state aid was an effective tool when addressing the pandemic shock at the EU level: it contributed to increasing the economic resilience, and speeding up the post-pandemic recovery (Burger, 2021; Tuominen *et al.*, 2022; Börner and Seeleib-Kaiser, 2023). At the same time, others provide evidence on the disruptions it has brought to the free-market competition. Motta and Peitz (2020) argued that, while state aid is useful in reducing the harmful effects of a crisis on the EU's economy, the non-harmonised national regulations on state aid may prove disruptive for the internal market of the EU, and for the European trade.

Moreover, Agnolucci (2022) pleads for a strictly regulated framework for exceptional state aid, and for an EU-wide framework dedicated to critical sectors and aimed at maintaining a level playing field for European companies, while preventing harmful market distortions. As regards the aid granted for limiting the scarcity of liquidity and for supporting financial institutions, Bertschek *et al.* (2024) argued that, while certainly justified, such aid must remain temporary to avoid unlawful competition in the EU. In addition, Fernández (2020) warned that the extension of the scope of the Temporary State Aid Framework well beyond liquidity support and employment preservation, to include the recapitalisation of businesses, must be closely supervised to prevent businesses from obtaining unfair advantages and unjust profits in the post-pandemic period.

Despite this profusion of studies devoted to monetary support and state aid during the pandemic, few have sought to compare the monetary policies and state aid provided by different EU Member States, whereas the specificity of the monetary support and state aid granted in Romania is hardly mentioned in those studies. This article fills that gap by describing and comparing the

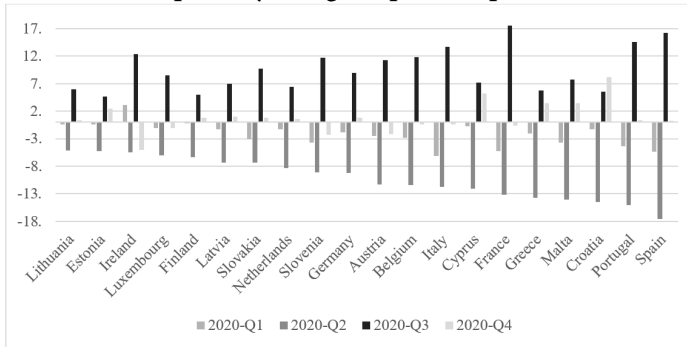
monetary support and state aid offered by Romania and other EU Member States, and it unveils how Romania coped with the pandemic challenges.

**2. Monetary support and state aid under the pandemic challenges across the EU**

The magnitude of the lockdown measures and of the COVID-19-related restrictions was so great that it affected all the eurozone and non-eurozone countries of the EU, particularly in the second quarter of 2020. A major economic decline in the euro area was registered in Spain, Portugal, Croatia, Malta, and Greece, ranging from -17.6% in Spain to -13.7% in Greece (Figure 1), since these states closed all their tourist attractions.

In the meantime, Ireland, Estonia, and Lithuania registered less severe contractions of their economic output, as they reopened earlier their national economies. In addition, Ireland’s sectoral strengths (pharma, digital services, and financial services) maintained its robust export performance, while the resilience of Estonia and Lithuania was ensured by stable government expenditures, and one of the lowest COVID-19 infection rates in the EU (Parliament of Estonia, 2020).

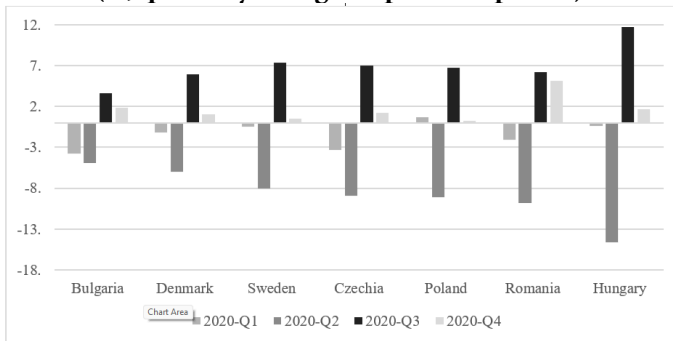
**Figure 1. Real GDP in the eurozone states, in 2020  
(%, quarterly change on previous period)**



Source: Authors’ representation based on Eurostat data (2024).

At the same time, the most affected non-eurozone members of the EU were Hungary, Romania, Poland, and Czechia, facing a real GDP drop ranging from -14.6% in Hungary to -8.9% in Czechia, while the economies of Sweden, Denmark, and Bulgaria, were down by less than 8% in the second quarter of 2020 (Figure 2).

**Figure 2. Real GDP in non-eurozone members of the EU, in 2020  
(%, quarterly change on previous period)**



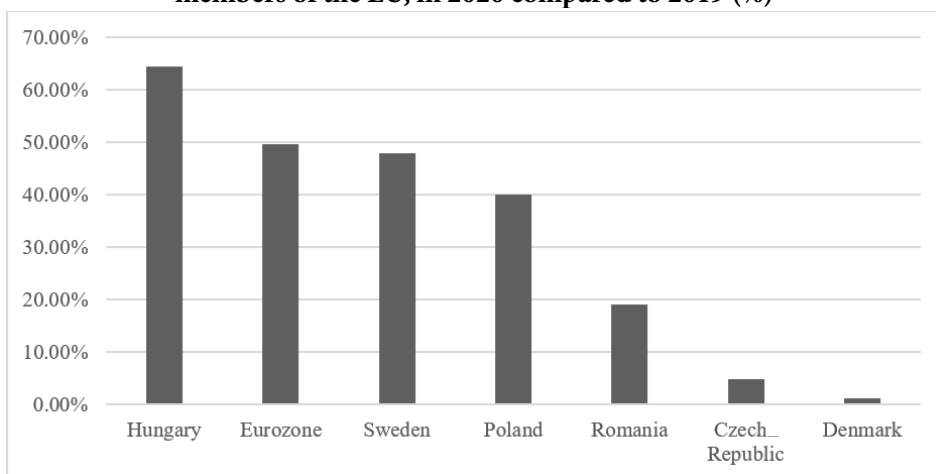
Source: Authors’ representation based on Eurostat data (2024).

Against this background, the ECB and the non-eurozone central banks made significant steps toward easing their monetary policy stance starting with March 2020. Thus, they tried to mitigate the negative impact of the COVID-19 pandemic.

As the key rate in the euro area was already at extremely low levels, the ECB complemented its monetary policy framework with some unconventional instruments. More precisely, it announced additional purchases of assets within the existing programmes, worth 120 billion euros, and launched the Pandemic Emergency Purchase Programme (PEPP), worth 750 billion euros (later, its financial ceiling reached 1,850 billion euros). In addition, it carried out long-term refinancing operations to enhance the accommodative stance of its monetary policy and further stimulate lending. It also reduced the interest rate on targeted long-term refinancing operations. All these measures led to a higher-than-expected increase in the refinancing of credits granted to commercial banks (around 1.31 trillion euros) in June 2020 (European Central Bank, 2020). Moreover, the unprecedented asset purchase programmes led to a historic growth of the ECB assets, worth 6.9 trillion euros in December 2020 (*Figure 3*). A new element introduced in the ECB's unconventional monetary policy was the elimination of the 33% limit for the purchase of government bonds within the PEPP. The ECB also recommended that banks postpone the payment of dividends until October 2020. In addition, it relaxed several prudential requirements, e.g. the requirement regarding the degree of indebtedness for commercial banks, by excluding some exposures to central banks.

While the balance sheet of the ECB increased by 50% in 2020 compared to the previous year, the growth of the assets of non-euro area central banks ranged from 1.19% to 64% (*Figure 3*). These divergences were caused by the decisions of EU Member States to focus on different monetary policy tools to mitigate the economic collapse.

**Figure 3. Growth rate of central banks' assets in the eurozone and non-eurozone members of the EU, in 2020 compared to 2019 (%)**



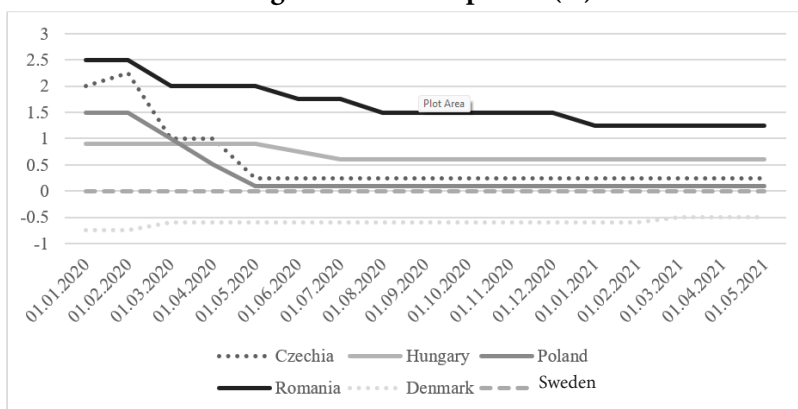
*Source: Authors' representation based on ECB and non-eurozone central banks' data (2023).*

The monetary authorities of Hungary, Sweden, and Poland focused mostly on the purchase of government or corporate securities to overcome the negative effects of the pandemic, while those of Denmark, Czechia, and Romania mainly opted for open-



market operations, supplying banks with adequate liquidity. Consequently, due to important asset purchases, Hungary, Sweden, and Poland experienced a significant surge in their central banks' balance sheets, by 64%, 48%, and 40%, respectively. By contrast, Denmark, Czechia, and Romania recorded a smaller increase, by 1.19%, 5% and 19%, respectively. For the first time, Poland and Romania resorted to purchases of government bonds on the secondary market to make financial resources available to the government and the real economy. Moreover, most non-eurozone countries (excepting Bulgaria<sup>4</sup>, Sweden<sup>5</sup>, and Denmark<sup>6</sup>) reduced the reference rate in the pandemic years 2020-2021 to ensure favourable financial conditions (*Figure 4*).

**Figure 4. Monetary policy interest rate in non-eurozone members of the EU, during the 2020-2021 period (%)**



*Source: Authors' representation based on BIS data (2023).*

The fastest decisions on the key rate cuts were taken by Czechia, Romania, and Poland, which reduced it in March 2020, while Hungary cut the rate only in June, offering unlimited lending at a fixed interest rate, and postponing the application of the minimum reserve requirements.

In addition to monetary support, in March 2020, the EU authorities adopted the Temporary State Aid Framework to help the European economy in the context of the COVID-19 outbreak (European Commission, 2020). As a result, the EU countries were encouraged to grant state aid to the most affected sectors (e.g., HORECA and airline sectors, cultural institutions forced to shut down), while special derogations were allowed for sensitive sectors such as the agricultural one (Drăgoi, 2020).

The highest level of state aid – granted for major economic disturbances in the first pandemic year – allowed under the Temporary Framework was recorded in

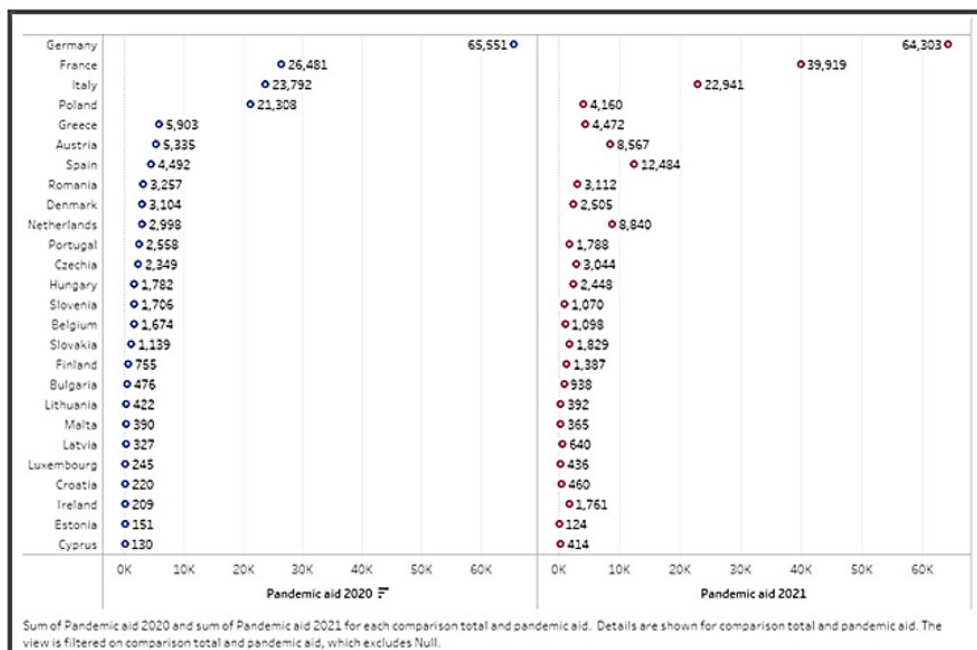
<sup>4</sup> In the mid-1997, after a period of hyperinflation, sharp currency depreciation, and financial instability, a currency board arrangement was introduced in Bulgaria. Since then, the Bulgarian central bank has not been able to perform open-market operations. The monetary policy was eliminated as the authorities can only determine the minimum reserve requirements and banking regulations (Peykov, 2022).

<sup>5</sup> In December 2019, the Executive Board of the Riksbank decided to raise the key rate from -0.25 per cent to zero per cent (BIS, 2023).

<sup>6</sup> Starting from September 2014, the key rate in Denmark has been negative. In March 2020, the National Bank of Denmark increased its headline interest rate by 10 basis points to -0.65% (BIS, 2023).

Germany, France, and Italy, while Croatia, Ireland, Estonia, and Cyprus used this tool significantly less (Figure 5).

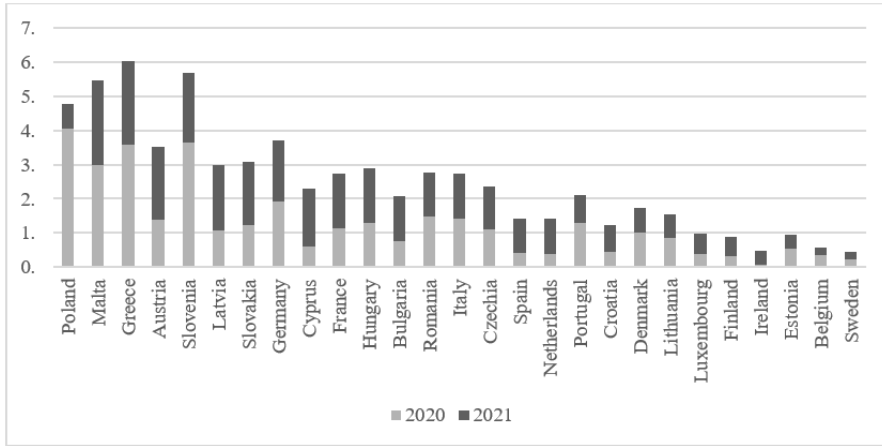
**Figure 5. Pandemic state aid provided by the EU Member States, between 2020-2021**



*Source: Authors' representation based on State Aid Scoreboard data (European Commission, 2022).*

In 2020, the pandemic state aid correlated with the national GDP reveals that the most affected countries were Poland (with a share of state aid reaching 4.04% of its GDP), Slovenia (with 3.63%), Greece (with 3.57%), and Malta (with 2.98%). Romania also provided an exceptional amount of state aid commensurate with its economy (1.48% of its GDP), ranking sixth among the Member States of the EU (Figure 6). In 2021, the value of the state aid related to the pandemic crisis increased in most of the states: the largest shares of national GDP dedicated to state aid were recorded in Malta (2.48%), Greece (2.46%), and Austria (2.18%). The same year, in Romania the need for state aid slightly decreased, as it reached only 1.30% of its GDP.

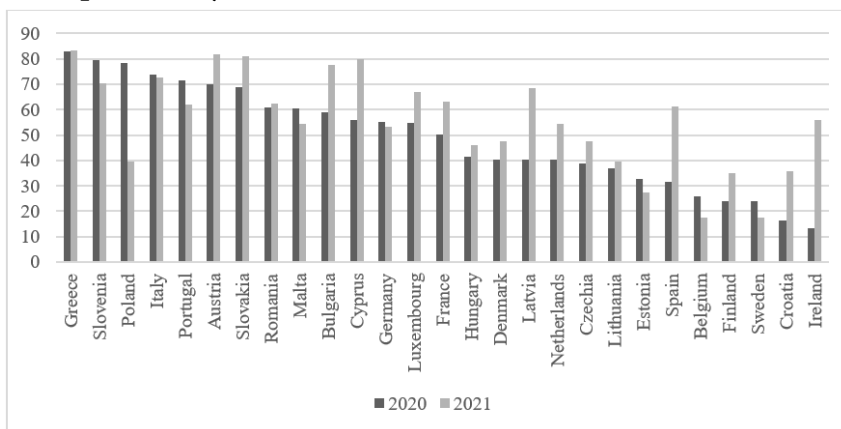
**Figure 6. The share of national GDP provided for pandemic state aid by the EU Member States, between 2020-2021 (%)**



*Source: Authors' representation based on State Aid Scoreboard data (European Commission, 2022).*

A cross-country analysis of the state aid related to the COVID-19 crisis reveals that the pandemic support accounted for a large share of the total state aid provided by the Member States (Figure 7). This confirms the important role of the Temporary Framework. During 2020, the greatest share of pandemic-related state aid from the total state aid was granted by Greece (83%), Slovenia (79%), Poland (78%), Italy (73%), and Portugal (71%), while the lowest was recorded in Croatia (16%) and Ireland (13%). Romania ranked eighth among the EU countries, with a 60% share of pandemic support. In the second pandemic year, the state aid granted under the Temporary Framework was considerably higher in half of the countries, with the largest growth being recorded in Ireland, Cyprus, the Netherlands, and Spain.

**Figure 7. The share of pandemic state aid from the total aid provided by the EU Member States, between 2020-2021 (%)**



*Source: Authors' representation based on State Aid Scoreboard data (European Commission, 2022).*

Moreover, direct grants were the preferred state aid tool, accounting for more than 50% of the total pandemic-related aid expenditure in most Member States. In 2021, direct grants rose significantly (from 26% to 51% of the total), whereas credit-based instruments utterly decreased (i.e., loans dropped from 25% to 3% of the total, while guarantees declined from 22% to 13% of the total) (European Commission, 2024). At the same time, other types of state aid tools, such as tax advantage measures and equity interventions, represented a much lower share of the total COVID-19 support. The unprecedented level of state aid expenditure in all of the EU's Member States was possible mainly due to the European Commission's incredible speed and adaptability to exceptional circumstances. It is important to notice that such a derogation from the state aid regulations was only once allowed before, namely during the 2008-2009 international financial crisis.

Moreover, the European state aid policy actively promoted support for SMEs, largely due to their minimal distorting impact on free competition within the EU (Drăgoi, 2015). Furthermore, following the implementation of the Temporary Framework, all Member States have introduced numerous schemes aimed at supporting SMEs, as evidenced in the next section.

The COVID-19 crisis required an immediate response at the EU level to mitigate the negative economic effects, and the monetary support and state aid proved to be the lifeline. The monetary support was a crucial force for stabilising the European economies: it helped avoid a liquidity and credit crunch in the EU during the pandemic. In addition, the unprecedented number of state aid schemes approved by all EU Member States helped in overcoming the fallout of the economic turbulence. Consequently, all EU countries showed signs of revival starting with the third quarter of 2020 (*Figure 1* and *Figure 2*). These positive evolutions were also driven by the prospects of developing a vaccine against COVID-19, and the removal of the travel and mobility restrictions.

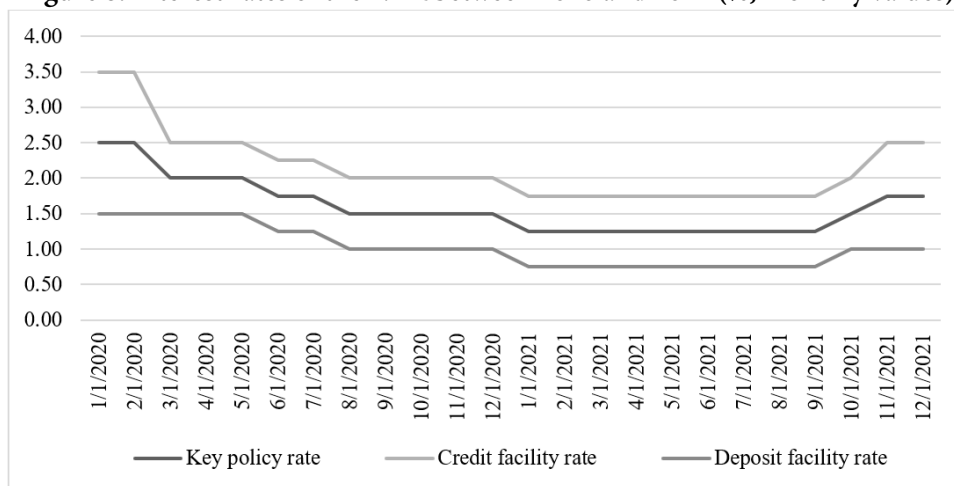
### **3. The monetary support and state aid in Romania**

In the middle of the first quarter of 2020, in Romania, just like in other European countries, the COVID-19 pandemic produced rapidly a severe deterioration of the economic environment. In addition to the measures taken at the European level to limit the adverse effects of the health crisis on the real economy and on the financial markets, the Romanian authorities and the National Bank of Romania (NBR) had a prompt reaction, providing unprecedented monetary support and state aid.

On March 20, 2020, the NBR adopted a substantial support package, which implied reducing the reference rate, carrying out repo operations, and purchasing for the first time state securities from the secondary market to facilitate credit provision to the real economy (National Bank of Romania, 2020).

Firstly, the NBR cut down the policy rate by 50 percentage points and narrowed the interest rate corridor on its standing facilities (*Figure 8*). Secondly, the NBR injected an important amount of liquidity into the financial system, by repo operations, to cover the structural liquidity deficit and help the banking system provide credit to the real economy.

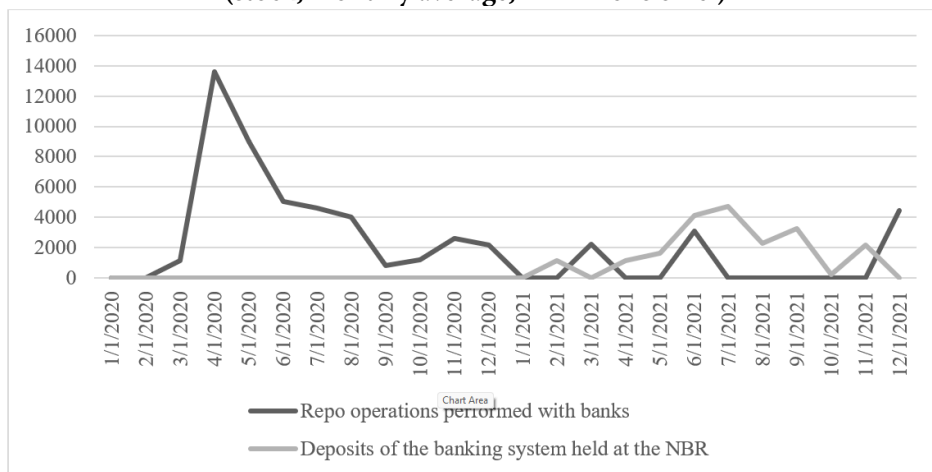
**Figure 8. Interest rates of the NBR between 2020 and 2021 (% , monthly values)**



Source: Authors' representation based on National Bank of Romania's data (2024).

The total value of injected liquidity reached 44.3 billion lei in 2020, while the banking system debt to the NBR rose to a peak value of 13.6 billion lei in April 2020 (Figure 9). These operations supported the credit activity of the banking system on a monthly basis until December 2020.

**Figure 9. Open-market operations performed by the NBR, between 2020 and 2021 (stock, monthly average, in millions of lei)**

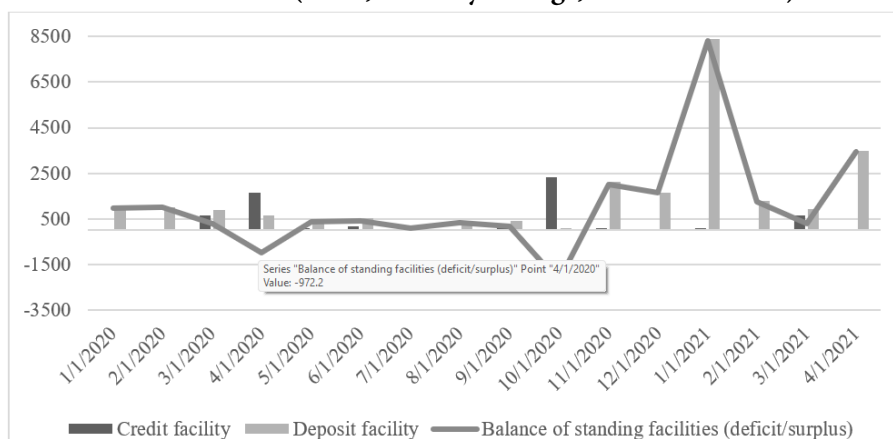


Source: Authors' representation based on National Bank of Romania's data (2024).

In addition, the economic collapse caused by the lockdown led to several episodes of overnight liquidity deficits in the interbank market. The latter were unveiled by the negative balance of standing facilities granted by the NBR to the banking sector

in April 2020 and October 2020<sup>7</sup>. Since November 2020, when the Romanian economy showed signs of recovery, the value of overnight deposits started to surpass significantly the overnight credits in the financial system (*Figure 10*).

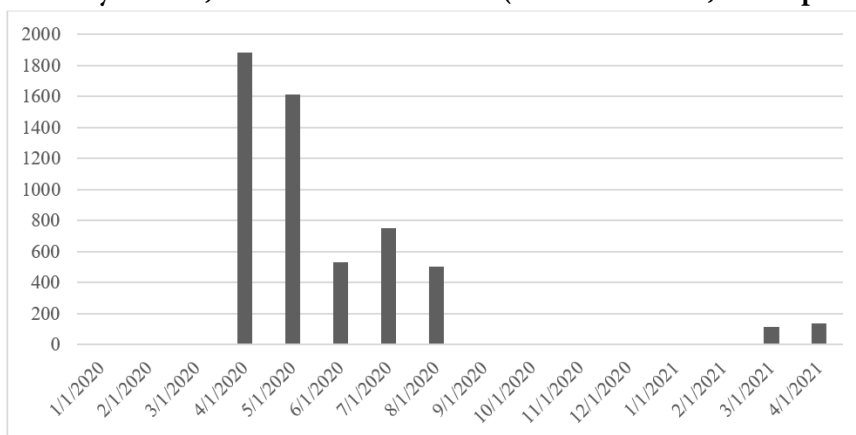
**Figure 10. Standing facilities granted by the NBR to the banking sector, between 2020 and 2021 (stock, monthly average, in millions of lei)**



*Source: Authors' representation based on National Bank of Romania's data (2024).*

Thirdly, after the freeze of the government bond market, and the rise of the 10-year interest rate to over 6% on March 19, 2020, the monetary authority decided for the first time to purchase state securities from the secondary market. Thus, between April and August 2020, the NBR purchased government bonds worth 5.2 billion lei (*Figure 11*), hoping to ease the economic recovery and ensure medium-term price stability.

**Figure 11. Leu-denominated government securities purchased by the NBR on the secondary market, between 2020 and 2021 (in millions of lei, end of period)**



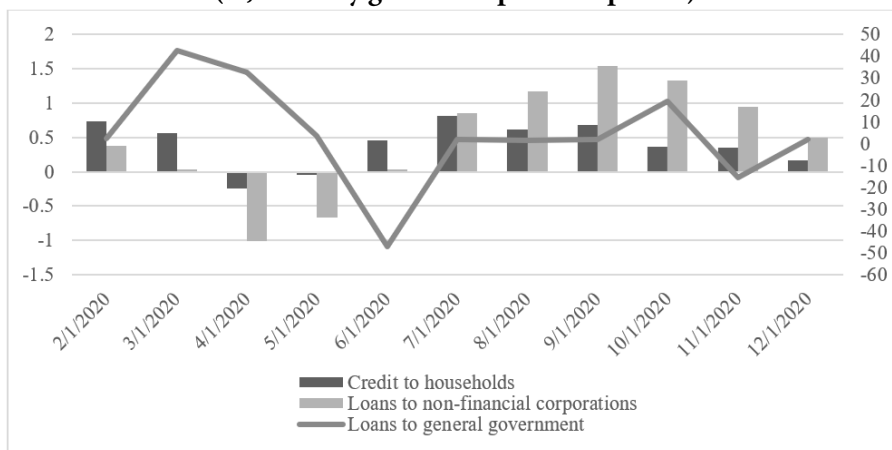
*Source: Authors' representation based on National Bank of Romania's data (2024).*

<sup>7</sup> Standing facilities are monetary policy instruments that enable the central bank to provide or absorb overnight liquidity in the financial system. They are available to counterparties on their own initiative.

The approach of the NBR, bent on ensuring liquidity (for the financing needs of the real economy) and on sustainably lowering interest rates, has succeeded in achieving these goals. It led to a gradual decrease of the interest rates and contributed to the smooth financing of the government and of the real economy. The interest rate on the interbank market 3M ROBOR (ROBOR at 3 months), used as a benchmark for bank loans, fell from 3.24%, on March 19, to 2.15% on June 18, and the benchmark rates on the secondary government bond market continued their downward movement (National Bank of Romania, 2024).

In addition, the growth rates of credits granted to households and companies recorded negative values only for two consecutive months (April and May 2020). Starting from July, they had a strong recovery. In turn, the financing of the government declined only in June and November, by 47% and 15%, respectively (Figure 12).

**Figure 12. Loans granted by the Romanian banking sector, in 2020**  
(%, monthly growth on previous period)



Source: Authors' representation based on National Bank of Romania's database (2024).

The Romanian authorities supplemented the monetary support with unprecedented state aid schemes amounting to 7.8 billion euros. These were approved by the European Commission between 2020 and 2022 (Table 1). Romania was one of the EU members that fully used the flexibility of the Temporary Framework to support the most affected sectors of its economy and soften the economic downturn. From the 7.8 billion euros dedicated to pandemic state aid schemes, approved by the European Commission, Romania provided 6.4 billion euros in state aid (Figure 5).

SMEs faced the most serious difficulties because of the economic impact of the COVID-19 (Drăgoi, 2020). Considering their major role in the Romanian economy (Antonescu, 2024), the first pandemic-related state aid scheme of 3.3 billion euros, consisting of direct grants and state guarantees for investment and working capital loans (Table 1), was approved for SMEs on April 11, 2020. To facilitate the access of SMEs to funding under the State Aid Temporary Framework, on April 28, 2020, the largest

programme dedicated to SMEs in the last 30 years was created, namely SMEs Invest<sup>8</sup>. The necessary liquidity for companies affected by the pandemic was provided through 21 eligible banks in the form of loans and credit lines, with a state guarantee covering up to 90% of these loans, the interest and the guarantee commission being borne entirely from the state budget. Although the scheme targeted specific sectors or types of businesses particularly affected by the pandemic (such as those in hospitality, tourism, retail, and manufacturing), the eligible SMEs could be selected from any economic sector, except for gambling, tobacco, and alcohol sectors, production or sale of weapons, ammunition, explosives. Consequently, the Romanian authorities managed to cover acute liquidity needs of the SMEs in 2020, ensuring that banks provide loans to all eligible SMEs affected by pandemic difficulties<sup>9</sup>. The balance of the two-year implementation of SMEs Invest records 60,000 guarantees granted, worth 33 billion lei, which supported loans amounting to 40 billion lei. Following this injection of capital into the economy, one million jobs have been saved (FNGCIMM, 2022). The success of the SMEs Invest scheme prompted the adoption of a similar scheme on July 1, 2022, i.e., SMEs Invest Plus, which aimed to offer support to enterprises affected by the economic difficulties triggered by the current Russian-Ukrainian war.

In addition to the support granted to SMEs, nine schemes approved between 2020 and 2021 assisted the transport sector seriously affected by the travel restrictions and lockdowns. Starting from July 2020, the Romanian authorities began to compensate – through direct grants and loan guarantees – the largest transport companies for the high losses incurred in the pandemic context.

**Table 1. Pandemic-related state aid schemes approved for Romania by the European Commission, during 2020 and 2021<sup>10</sup>**

Date and details about the state aid	Value of the state aid (in billions of euros)	Type of financing instrument	Sector
On April 11, 2020, a scheme to support small and medium-sized enterprises (SMEs) was approved.	3.3	Direct grants, state guarantees, working capital loans.	SMEs
On July 2, 2020, a scheme to support certain SMEs and large companies was approved.	0.800	Subsidised loans, loan guarantees.	SMEs, large companies.
On July 28, a scheme was approved for the airlines resuming or starting flights to and from Oradea airport in Romania.	0.001	Direct grants	Transport
On August 6, a scheme to support the Timișoara Airport was approved.	0.011	Direct grants	Transport

<sup>8</sup> After the end of the pandemic, the platform continued to be used for the SMEs Plus scheme that supports SMEs affected by the economic difficulties created by the Russian invasion of Ukraine. The platform for the scheme is available at [www.imminvest.ro](http://www.imminvest.ro).

<sup>9</sup> Until December 31, 2020, through SMEs INVEST, 25,586 loans were granted, with a value exceeding 15 billion lei. These credits were supported by state aid of over 291 million lei, and through the programme it is estimated that over 443,000 jobs were saved (<https://www.fngcimm.ro/comisia-europeana-prelungeste-si-extinde-cadrul-temporal-ajutoarelor-de-stat>).

<sup>10</sup> After June 2022, the Temporary Framework for state aid was not extended.

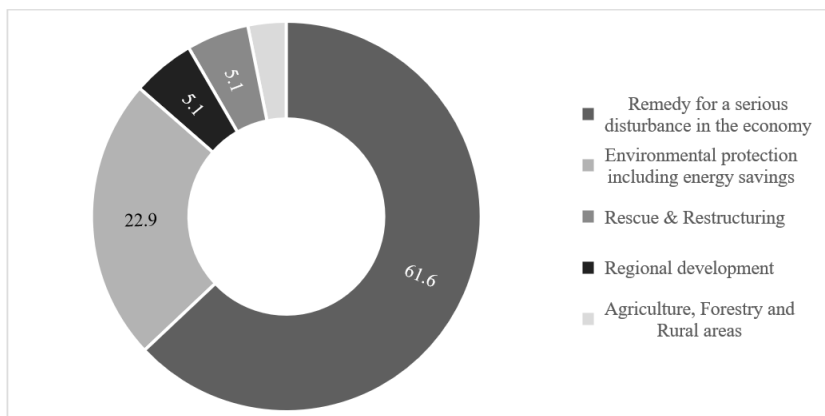


On August 20, 2020, a loan guarantee in favour of the Romanian airline Blue Air was approved.	0.062	Loan guarantees	Transport
On August 27, 2020, state aid was granted for working capital and productive investments, accessible to SMEs active in specific sectors, but also to certain large companies related to the eligible SMEs.	0.935	Direct grants	SMEs, large companies.
On September 2, 2020, two schemes were approved to support companies active in the pig and poultry breeding sectors.	0.047	Direct grants	Agriculture
On October 2, 2020, a measure was approved in favour of the Romanian state-owned airline TAROM.	0.019	Loan guarantees	Transport
On October 16, 2020, a scheme to support the trade credit insurance market was approved.	0.103	Loan guarantees	Insurance
On November 20, 2020, a scheme was approved for airlines resuming or starting flights to and from Sibiu airport in Romania.	0.001	Direct grants	Transport
On November 20, 2020, a scheme to support wine producers affected by the pandemic was approved.	0.012	Direct grants	Food and beverages
On November 23, 2020, a scheme was approved to compensate regional airport operators for the damage suffered due to the pandemic.	0.004	Direct grants	Transport
On November 24, 2020, a scheme was approved to help SMEs cover their liquidity shortages.	0.216	Direct grants	SMEs
On April 15, 2021, a scheme to support companies active in tourism, accommodation, food services, was approved.	0.500	Direct grants	Tourism
On May 21, 2021, a scheme to support the activity of cattle breeders was approved.	0.046	Direct grants	Agriculture
On June 21, 2021, a scheme was approved to support companies active in the independent cultural sector in Bucharest.	0.610	Direct grants	Culture
On July 7, 2021, a scheme was approved to support airlines affected by the pandemic, and mitigate the sudden liquidity shortages.	0.001	Direct grants	Transport
On September 29, 2021, a scheme was approved for airlines starting international flights to and from Maramureş International Airport.	0.001	Direct grants	Transport
On October 27, 2021, a scheme was approved to support SMEs (processing industry, construction, wholesale and retail trade, repair of motor vehicles and motorcycles, transport, and storage).	0.358	Direct grants	SMEs
On November 22, 2021, a scheme was approved to support SMEs active in the sport sector in the municipality of Miercurea-Ciuc.	0.001	Direct grants	SMEs
On December 13, 2021, a scheme to support airport operators was approved.	0.010	Direct grants	Transport
On December 13, 2021, a scheme was approved to support sport clubs in the municipality of Sfântu Gheorghe.	0.800	Direct grants	Sport

*Source: Authors' representation based on data from the European Commission (2024).*

Consequently, during the period 2020-2022, the aid provided by Romania to remedy serious disruptions of the economy, caused by the pandemic, reached 62% of the total state aid, fact that confirmed the need for significant state support (*Figure 13*).

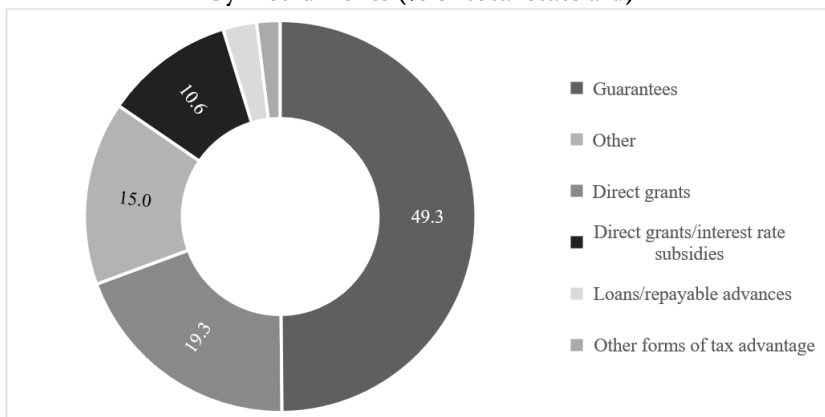
**Figure 13. State aid provided by Romania during the period 2020-2021, by main objectives (% of total state aid)**



Source: Authors' representation based on State Aid Scoreboard data (European Commission, 2022).

Moreover, the Romanian authorities opted for guarantees and direct grants, which constituted the largest part of the total state aid offered between 2020 and 2021, i.e., 49.3% and 29.9%, respectively (*Figure 14*).

**Figure 14. State aid provided by Romania during the period 2020-2021, by instruments (% of total state aid)**



Source: Authors' representation based on State Aid Scoreboard data (European Commission, 2022).

In conclusion, in fighting the pandemic consequences, the Romanian authorities had at their immediate disposal monetary and state aid tools to mitigate the major economic turbulence. Thus, the NBR injected an important amount of liquidity into the financial system through repo operations, and purchased for the first time state securities

from the secondary market, thereby avoiding a credit crunch and a liquidity crisis and contributing to the smooth financing of the government and of the real economy. The monetary support was supplemented by important state aid schemes – approved by the European Commission – through the Temporary Framework whose main beneficiaries were Romanian SMEs. Using tailored tools for specific financial needs, Romania managed to support SMEs from a large range of sectors during the COVID-19 crisis. The optimal results of the state aid granted were due to the establishment of clear eligibility criteria that excluded the possibility of obtaining unjustified benefits for companies at the taxpayer's expense.

### **Conclusions**

This research pursued two objectives: i.e., to conduct a cross-country analysis of the monetary support and state aid provided by Romania and other EU Member States in the context of the COVID-19 crisis, and to unveil the particularities of the monetary and state aid tools used by Romania to increase the resilience of its economy. The main results that emerged from this analysis are presented below.

*Firstly*, the monetary support was a crucial tool for stabilising the European economies. In the euro area, the ECB alleviated the economic consequences of the pandemic through unprecedented asset purchase programmes, and the long-term funding of European banks. Thus, it averted the liquidity and credit crises. At the same time, the non-eurozone central banks opted for distinct monetary tools to mitigate the economic collapse. Hungary, Sweden, and Poland focused mostly on the purchase of government or corporate securities, while Denmark, Czechia, and Romania mainly opted for open-market operations, supplying banks with adequate liquidity. In addition, the unparalleled number of state aid schemes, approved by all Member States, helped in overcoming the economic fallout generated by the pandemic. Direct grants were the preferred state aid tool, accounting for more than 50% of the total pandemic-related state aid in most Member States.

*Secondly*, Romania managed to use successfully the monetary and state aid tools, as shown by its economic recovery from the third quarter of 2020. The NBR injected an important amount of liquidity into the financial system, by repo operations and the purchases of state securities from the secondary market. In doing so, it averted a credit crunch and a liquidity crisis, and it contributed to the smooth financing of the government and of the real economy.

At the same time, the monetary support was supplemented by state aid schemes (approved under the Temporary Framework by the European Commission), guarantees, and direct grants (that constituted the biggest part of the total state aid), whose main beneficiaries were the SMEs. Overall, the state aid policy provided crucial support to Romanian SMEs during challenging economic times. It helped them to weather the impact of the COVID-19 pandemic and to contribute to the economic recovery and stability, saving over one million jobs.

Hence, we may conclude that the joint support provided by the monetary and state aid tools in Romania bolstered the real economy under exceptional circumstances.

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# The Policies of the Green Industrial Transition from Geopolitical Viewpoints and their Potential Implications for Geoeconomic Fragmentation. A Comparative Approach of EU, USA, and China

**Bogdan Munteanu<sup>1</sup>**

**Abstract:** *The paper tackles the impact of the national economic policies designed to address the challenges related to climate change. The research hypothesis is that divergent policies have significant effects on the economy, leading to potential disruptions, economic fragmentation, and geopolitical tensions. The analysis reveals that, globally, 165 jurisdictions reported having updated the nationally determined contributions (NDCs) to reduce carbon emissions under the Paris Agreement. However, only 39 jurisdictions implemented a form of carbon emissions pricing system. The NDCs and the sectoral policies, rather than the aggregate policies (mainly, carbon taxation) seem to be the cornerstone of the climate objectives. In addition, the analysis highlights the increased endeavours to ensure open strategic autonomy and the security of global value chains and supply sources. The article concludes that, in major jurisdictions (EU, USA, and China), the green transition policies differ in terms of approach and stance. Thus, they become sources for geoeconomic fragmentation and geopolitical tensions provoked by harsh competitiveness and security concerns in the quest for strategic resources and critical minerals necessary to the green transition. Furthermore, the EU resorts to a regulatory approach, while the USA pursues a supportive fiscal stance, and China maintains the political guidance characteristic of a centralised state.*

**Keywords:** *Green transition policies, geoeconomic fragmentation, industrial policies, carbon taxation, recovery and resilience plans.*

**JEL classification:** D78, D81, F12, F51, Q58.

## 1. Introduction

The impact of climate change affects significantly the global and national economies, leading to potential disruptions and material consequences of climate-related hazards. At the same time, the process of greening the carbon-intensive activities and sectors may have important economic and societal repercussions, while policies for mitigation and adaptation are required in order to reverse the impact of climate change-related risks. For instance, a retraining and upskilling of the workforce affected

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by unemployment may be needed, subsequent to the new industrial conditions that no longer require the former job-related skills. Economic damages attributable to climate change have been recorded in climate-exposed sectors, such as agriculture, forestry, fishery, energy, and tourism (IPCC, 2023).

However, from another perspective, this global shift to the greening of the economies may imply intertemporal opportunities and exchanges, resulting eventually in enhanced competitiveness and economic development that might thus foster growth, and new labour market opportunities. With such prospects in view, countries and national authorities are seeking to formulate and implement industrial strategies at sectoral level.

Globally, the majority of states are signatory parties of the Paris Agreement, and pledged to reduce the carbon emissions on a voluntary basis in line with the nationally determined contributions, according to Art. 4(2). Nevertheless, the national authorities seem to focus their engagements in specific economic sectors seen as a priority for the transition process, and as a source of growth and competitive advantage abroad. Countries prepare strategies oriented towards building specific capacities likely to give them an edge on competitiveness abroad (UNFCCC, 2015). Also, the IMF supports the opinion that the states should embrace green industrial policies, which are substantial, durable actions to meet climate commitments under the Paris Agreement, and in line with established guardrails, to preserve the international trade rules that have underpinned global prosperity (Bataille *et al.*, 2023).

## 2. Research methodology

The research methodology to approach the geopolitical risks and geoeconomic implications – stemming from various strategies for greening the economies and particular policies for the industrial sectors – pertains to the analysis of macroeconomic frameworks and development models over time, and the synthesis of documented and authentic scientific and public resources, giving substance to the main findings.

The paper was developed using the following methods / techniques of investigation and analysis: **(i) the qualitative research** – to explore in retrospect the interplay between geopolitical and economic considerations for sectoral policies potentially generating geoeconomic fragmentation, **(ii) the descriptive method and the observation method** – to investigate how specific policies might affect the economies and determine divergent pathways leading to fragmentation, given the impacts on the global economy, particularly on the energy chain and on international prices, **(iii) the analytical research** – to interpret the developments in the economic relations and the particular cases of EU, US, and China, and **(iv) the applied research** on how potential policy approaches in US, EU, and China may relate to diplomatic tensions, geopolitical risks, and the geoeconomic impact, affecting trade relations and the global value chains of critical resources.



### 3. Brief literature review

As of September 17, 2021, 165 signatory parties communicated new or updated Nationally Determined Contributions (NDCs). However, the Intergovernmental Panel on Climate Change (IPCC) considers that national pledges are insufficient to limit the increase of the global average temperature as per the objectives of the Paris Agreement. The Synthesis Report of 2021 states that the “*best estimate of peak temperature in the twenty-first century (projected mostly for 2100 when temperature continues to rise) is in the range of 2.1–2.9° C depending on the underlying assumptions*” (UNFCCC, 2021).

According to an analysis of the sectoral policy options related to climate change, these may reduce emissions considerably in the economies where they are applied. For instance, “policies planned in Canada, EU countries, the UK, and the US would reduce combined emissions of the power and EITE sectors by more than 30 percent relative to baseline levels. In China, India and Japan emission reductions would be between 5 and 15 percent from the baseline levels” (Chateau *et al.*, 2022). Another viewpoint is that “technology policy is the most widespread form of climate policy and is often preferred over seemingly efficient carbon pricing” (Rausch and Yonezawa, 2023).

Direct and indirect carbon pricing (including cap-and-trade systems, taxation of direct emissions and border-adjustments) require measurement and reporting systems. As of March 1, 2024, 73 Carbon Pricing initiatives are implemented in 39 sovereign jurisdictions covering 11.66 GtCO<sub>2</sub>e [billions of tonnes of carbon dioxide emissions], which represent 23% of the global GHG emissions (World Bank, 2024). Direct and indirect carbon pricing generates fiscal revenues that are expected to support expenditures with sectoral subsidies for greening the economic sectors, and to ensure a just social transition.

However, compared to the UNFCCC 2021 Synthesis Report on the 165 jurisdictions with NDCs that include specific objectives for sectoral policies, the 39 jurisdictions reported by the World Bank to have adopted a carbon pricing scheme represent a small fraction. The NDCs and the sectoral policies, rather than the aggregate policies (mainly carbon taxation), seem to be the cornerstone of the climate objectives.

The impacts of the policy initiatives and industrial actions meant to address the imbalances in the supply chains, and the geopolitical fragmentation of foreign trade relations, have emerged as a key topic for current policy analysis. A group of researchers at S&P Global tackled the state of the supply chains in 2024, and discussed the costs associated with the green resilience, as supply chains are critical to the global economy (Fontecchio *et al.*, 2024). During the pandemic disruptions, many companies tried to avoid empty shelves, or idled manufacturing, by increasing their inventories. This represented a departure from a “just in time” inventory model to a “just in case” model (Rajanayagam, 2021).

Supplier diversity has increased sharply since 2019, and over 40% of the U.S. organisations have adopted supplier diversity programmes by 2024 (Overvest, 2024). However, while supplier diversity creates resilience, concentrating your purchases on a smaller number of suppliers reduces the prices due to the economies of scale. The auto industry, one of the most prominent sectors with public visibility to greening, is a key sector for the industrial policies, but it still makes an interesting exception when it comes to increasing supplier diversity. The auto industry manufactures, at the same

time, electric vehicles and internal combustion engine vehicles (while the latter still prevail largely), in order to meet the global demand (IEA, 2023a).

The *competitive advantage theory* states that the rivalry between supply chains is beneficial to the global economy, as it boosts efficiency and competitiveness (Porter, 1990 and 1998). However, the escalating trade protectionism and geopolitical rivalry (see the Trump administration's approach aimed at decreasing the dependency on Chinese imports starting from 2017, and China's retaliatory responses) sparked discussions on deglobalisation, offshoring, friend-shoring, or nearshoring strategies and policies. The nearshoring and the reshoring of supply chain inputs have tangible advantages: they shorten supply chains and avoid exposure to geopolitical rivals or geopolitically sensitive bottlenecks. Resilience is a desirable quality, especially as regards critical materials, but friendly and nearby nations may have higher labour costs (Rouimi *et al.*, 2024).

The new geopolitical context – marked by trade protectionism, economic inward-looking policies, and supply chains reconfigurations – determined both the private and the public sectors to reassess their trade with geopolitical rivals, given the economic dependencies that directly impact sectors and industries critical for growth and resilience. According to the “Dell theory of conflict prevention” (Friedman, 2005 and 2007), two countries that are both part of the same global supply chain will not take antagonistic positions, nor will they engage in conflicts, pondering the economic self-interest that prevails to the benefit of both. In fact, Dell theory relates with how conflict prevention occurred between India and Pakistan in their 2001–2002 nuclear standoff, wherein India was at risk of losing its global partners. Friedman took the computer company Dell as an illustrative example for global value chains and integrated global trade relations in the IT industry. Extrapolating, he argued that countries likewise seek to preserve peace and prosperity, by deepening trade and economic diplomacy relations, and hence their economies become more and more intertwined. In practice, that theory proves to be more descriptive than predictive: the recent global geopolitical dynamics revealed that countries that anticipate the possibility of engaging in a war are unlikely to remain part of the same global supply chains.

#### **4. Analysis of the causes for the potential geoeconomic fragmentation**

This individualised and globally-uncoordinated approach (whereby each of the 193 signatory parties to the Paris Agreement establish willingly, and based on their own choice, the carbon reduction pathways) may become a source of geoeconomic fragmentation in time. In other words, the capital and the technologies will probably be channelled into the advanced economies or in clusters of technological development. This would be detrimental to the emerging markets and to the developing economies, and would produce an asymmetric shock hindering development in some regions, and raising concerns about the “just transition” issue among the advanced economies and the emergent ones. The International Energy Agency estimates that the emerging markets and the developing economies may need annually about USD 2 trillion until 2030 to reach the decarbonisation objectives, with the majority of that funding flowing into the energy industry (IEA, 2023b).

Generally speaking, efforts to decarbonise the economies are pursued in key

economic sectors. The energy sector, the ferrous and non-ferrous metals sector, the buildings and construction (including adjacent materials) sector, the chemical sector (e.g. sulphur oxides, ammonia, etc.), and the transportation sector are the most common and representative sectors for which sectoral strategies and policies are developed. However, in certain circumstances, policies from one sector may affect other sectors and policies. For instance, a higher cost of the megawatt production – triggered by higher costs with the new technologies for generating renewable energy, or by carbon pricing – may affect the energy-intensive chemical sector.

Another example in this sense is the interplay between the industrial policy and the competition policy, which complement one another or clash with each other at times, generating synergies and tensions. The checks and balances are important when the industrial policy supports the market consolidation, the integration in the global value chains, and the security of supply sources. In its turn, the competition policy limits the anti-competitive practices, the mergers, the exclusions and exemptions, the state aid, and the subsidies to industrial sectors in this case (UNCTAD, 2023).

In the context of globally advancing a greener agenda, relevant transition strategies may be implemented and adequate instruments may be used, if we take heed of the macro models that indicate possible outcomes under various scenarios. Once identified, the possible solutions for a transition to a greener economy, should be analysed in terms of feasibility (cost-benefit analysis or cost-efficiency analysis).

Some global initiatives implemented at the sectoral level are based on a shared vision and on mutual values for the industrial sectors. For instance, in the maritime transport sector, new standard requirements have been issued for ships' fuel to ensure compliance with the objective of reducing GHG emissions (IMO, 2023). At the same time, the Getting to Zero Coalition (the World Economic Forum in partnership with the Global Maritime Forum) and the University Maritime Advisory Services (UMAS) support green sea shipping, and they issued recommendations in a policy report, advocating for sectoral support measures (Baresic *et al.*, 2021).

Basically, any sectoral policy approach to decarbonisation should be sectoral-backed and provide a gradual realistic trajectory of emissions reduction with milestones along the net-zero pathway. The public sectoral policies need to have the engagement of the private sector in reaching the decarbonisation objectives. This should be complemented by commitments from stakeholders, which are essential for the successful implementation and transition. Furthermore, these actions should be based on assessments and reporting, in a transparent and accountable manner. Historically, the economies have evolved and developed in close dependency to the fossil fuel energy sources. Therefore, the transformation should be a structural one, at sectoral level. It should not take place only via a market-based pricing system of carbon taxation, as aggregate policy with implications for general prices and risks of higher and longer inflation (generated by higher energy prices, higher costs of financing the green transition, and higher risks of a disorderly transition to the green economy). To address such imbalances at sectoral level in the global economy, the establishment of a World Carbon Bank has been suggested. This would reduce the inequitable carbon issuances and divergent pricing systems for carbon taxes (Rogoff, 2019). However, this comprehensive policy measure has not been discussed yet in the global fora.

Reaching carbon neutrality requires two shifts: one towards scaling-up the green industrial sectors with a focus on research, innovation, and new ecologically efficient technologies, and another one towards reducing the carbon-intensive industrial sector to net-zero within the projected timeframe. From a macroeconomic perspective, two elements may be needed simultaneously to achieve carbon neutrality, i.e., policies fostering inflows of investments and capital for green technologies and innovation, as well as carbon pricing systems to drive down emissions in fossil fuel-dependent sectors.

### **5. Geopolitical and economic implications of different greening approaches**

Critical raw materials are natural resources of high economic importance, bearing risks of supply disruption entailed by the regional concentration of these resources and the lack of similar and affordable substitutes for them.

Given the need to shift the economies towards an ecologically neutral footprint and clean growth, the competition for strategic resources (critical minerals included) is increasing. The industrial challenge for Europe, USA, and China lies in attracting clean-tech capital and in implementing policy measures and actions to support the national environment and accelerate the green transition. For example, the US Inflation Reduction Act and the US CHIPS Act seem to be influencing responses in other key jurisdictions (i.e., EU, China). Europe resorts to subsidies for domestic manufacturing that may be enhanced through a proposed European Sovereignty Fund, which would finance industrial policy initiatives, next to an Innovation Fund meant to finance innovative projects (e.g. clean energy technologies, including wind turbines, solar photovoltaic panels, heat pumps, batteries, and electrolyzers).

In November 2023, European Union leaders reached a provisional agreement on a European Critical Raw Materials Act, as demand for rare earths and other critical minerals –essential for the two pillars of growth (the greening and the digitalisation of the economy) – may increase in the coming years (EU Council, 2023).

Pieces of national legislation, focused on subsidies and financial support at sectoral level, may raise concerns about the security of supply sources in other jurisdictions, in a context of higher commodity prices that seriously impact major industrial firms with international coverage. Internationally, the channelling of financial flows to new clean energy investments, for instance, could determine a re-allocation of resources to jurisdictions that advance faster on the transition path to net-zero carbon emissions. Subsequently, clustered investments may create imbalances and market fragmentation, both at sectoral level and among jurisdictions.

Such schemes rely on the customs policy, and will eventually impose trade tariffs on most of the economies that do not implement a carbon taxation mechanism. The EU's Carbon Border Adjustment Mechanism (CBAM), although designed to comply with the existing international trade rules, has already provoked negative responses among policymakers around the world (Bataille *et al.*, 2023). At the same time, proposals of the US administration to impose tariffs on the carbon embedded in imports, including the Biden administration's Global Arrangement on Sustainable Steel and Aluminium (GASSA), may affect the exports of the developing economies. On the other hand, a proposed joint trade deal between the US and the European Union offers

a historic opportunity to align the global economy with the climate action (European Commission, 2023). However, negotiations targeting the imports of high-carbon steel and aluminium can be challenging, while the imbalances stemming from overcapacities and mismatches in USA's and EU's greening policies may hinder the discussions (Sutton and Williams, 2023).

Developing economies, unable to compete with the developed ones in terms of subsidy packages, may also lack the needed resources to import clean energy technologies. As a result, they may impose export controls on raw materials, especially on critical minerals, to exploit to their benefit the market advantages and their strong position as raw materials suppliers. For example, as regards the export controls that could escalate trade tensions, China recently imposed such controls on graphite, a material used in electric vehicle batteries, in retaliation for the US-led restrictions on the technology sales to Chinese companies (Dempsey *et al.*, 2023). The controversies over green subsidies and carbon tariffs could lead to antagonist positions at the intersection of climate, trade, and industrial policies. The green industrial policies have the potential to steer the economies towards decarbonisation. Nevertheless, they may negatively impact trade and the international financial flows.

The analyses conducted so far convey a wide range of messages and findings. Some researchers point out that the environmental policy actions, and the subsidies to key economic sectors at national level (e.g., the chemical sector or the fossil fuels sector) vary in scope. The Greenness of Stimulus Index (GSI) assessed the environmental impact of USD 17.2 trillion of stimulus efforts across 30 countries, and found that the environmental policy interventions had been rather negative than positive (Vivid Economics, 2021). Other studies recommend the adoption of transparent and coherent sectoral measures on the transition pathways to the green economy. Climate Action 100+ initiated the Global Sector Strategy to map out the key transition levers, and to support investments for the aviation, food and beverage, electric utilities, and steel sectors. (Katowice Committee, 2021). G7 members have allocated more than USD 189 billion of recovery funds to support the fossil fuel industries (Hodgson, 2021), and some policies seem to subsidise or exempt from taxes the sectors that generate the most GHG emissions. Globally, the IMF estimates that in 2022 alone, fossil fuel subsidies surged to USD 7 trillion (Black *et al.*, 2023). In the EU, EUR 60 billion are estimated to have supported the fossil fuels sector (especially, the gas-dependent economic sectors) in 2023 (Maggiore, 2023).

## **6. Practical comparative considerations on the EU's, USA's, and China's approaches to greening the economy**

The European Union aims to become the first region globally with a neutral emissions footprint on the environment. However, the EU is interconnected economically and geopolitically with other regions at the international level and – despite its endeavours to raise awareness on the greening needs of the international economy – its main economic partners approach the greening objectives differently, as analysed below. Nonetheless, their final goal is the same. Yet, the various approaches adopted to achieve this common goal may increase the geoeconomic fragmentation and the geopolitical tensions at international level.

### 6.1. The EU's approach: Regulatory Framework and EU funds for investments

In the European Union, the Recovery and Resilience Facility (RRF) is the core of the one-off Next Generation EU Instrument, which finances the structural shift of the economies of the EU Member States towards digitisation and green footprint of emissions. Under the RRF, the “investment projects are classified based on the statistical classification of economic sectors from the national accounts data set, NACE” (Corti *et al.*, 2021). Some activities or sectors might not be eligible for financing under state aid rules, (i) “in accordance with the provisions of the General Block Exemption Regulation, e.g. the sectors of: steel, synthetic fibres, coal, shipbuilding production, energy and related infrastructure, transport and related infrastructure”, or (ii) “based on the Business Activity Codes (NACE code), indicatively: commerce, food & beverage services, education, construction, health, banking, insurance, gambling, energy, transport” (KPMG, 2023). However, exceptions are possible for RRF financing as long as the transition processes have ecological ends, i.e. in the sectors of energy production, distribution and infrastructure, and in the sector of transport and related infrastructure.

Seeking to enhance the open strategic autonomy and to make EU's industry more competitive globally, the European industrial strategy covers around 14 key industrial ecosystems, i.e. aerospace and defence, agri-food, construction, cultural and creative industries, digital, electronics, energy intensive industries, energy-renewables, health, mobility (transport) and automotive, proximity, social economy and civil security, retail, textile and tourism (European Commission, 2020a and 2021).

Figure 1. EU's industrial ecosystems

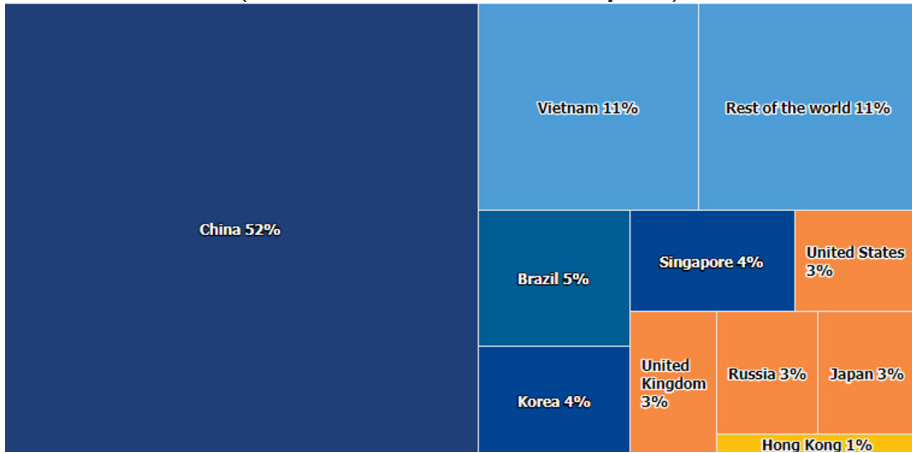


Source: European Commission, May 2021.

(Accessed on Mar. 1, 2024).

Moreover, according to the European Commission’s Communication on Critical Raw Materials Resilience, the EU – as a major trading partner – is looking to diversify its imports and exports, to forge new commercial alliances, and to expand current trade relations, while also monitoring its strategic dependencies (European Commission, 2020b). The Net-Zero Industry Act (NZIA) complements the EU Green Deal, and requires that at least 40% of the new net-zero technologies (needed in the EU) be made in the EU, that energy from renewable sources predominates in the economies of EU Member States, and that a storage capacity for at least 50 million tons be created and used for carbon capture.

**Chart 1. EU dependencies on critical material imports**  
(% of total critical material imports)



Source: European Commission, May 2021 (Accessed on Mar. 1, 2024).

To access the supplementary EU funds, each EU Member State presented its own National Recovery and Resilience Plan (NRRP). Eight of these national plans have been surveyed comparatively, and revealed that the future fragmentation trajectories have already been outlined, as each Member State formulated its own NRRP according to its uppermost views (Corti *et al.*, 2021), emerging *ab initio* as potential sources of geoeconomic fragmentation and future pressures for EU’s Cohesion Policy, designed to reduce imbalances and regional disparities. This tendency was further exacerbated by the time lag between the approval of the first NRRP and of the last one – see Poland’s case (European Commission, 2022).

In Poland and the Czech Republic, the largest expenditures are for clean technologies and renewables, which amount to 37.5% and 31.7%, respectively, of their recovery plans. This is hardly surprising, as both countries still rely heavily on coal-power generation, which is very carbon-intensive and jeopardises the attainment of EU’s climate goals. In Hungary, the share of the proposed spending on clean technologies and renewables is much lower (10.9%); instead, the focus is on sustainable mobility, which accounts for 25.1% of the entire plan (Astrov *et al.*, 2022).

Drawing on the NRRPs, the heterogeneity of the sectoral allocation of resources

in each EU Member State is brought to light, revealing the diversity of choices for the allocation of resources within the EU. To compare the national plans is a challenging task, because they present data in very different structures. Moreover, an accurate comparison is difficult to achieve, as the number and the definition of headline categories for investments, and the availability of summary information about sub-categories vary from country to country (Darvas *et al.*, 2023).

**Chart 2. Composition of recovery plans according to economic activities**  
(% of total)



Source: Darvas *et al.*, 2023.

In addition to the RRF, the Just Transition Mechanism is an important tool to maintain cohesion at regional level, while implementing the EU Green Deal. It builds upon prior results of other initiatives at sectoral level, such as the EU Initiative for Coal Regions in Transition (Alves-Dias *et al.*, 2018).

The European Green Deal Industrial Plan and the Net-Zero Industry Act (NZIA) loosen the state aid rules, and allow subsidies for various types of clean energy. Europe will also provide subsidies for domestic manufacturing through a proposed European Sovereignty Fund that will finance industrial policy initiatives, and an Innovation Fund, which will finance innovative demonstration projects.

The EU's Green Deal Industrial Plan sets forth ambitious targets for domestic manufacturing for a broad swath of clean energy technologies, including wind turbines, solar photovoltaic panels, heat pumps, batteries, and electrolyzers.

The Critical Raw Materials Act addresses the issue of the dependencies on imports for about 30 materials of high economic importance. It encourages the open strategic autonomy and self-sufficiency across the entire value chain. It expects that, by 2030, the EU will be able to extract 10%, process 40%, and recycle 15% of the quantity of critical raw materials it needs annually to satisfy the demands of the single market.



However, Europe's geology, cost of labour, and environmental standards might be less economically viable than those of other regions.

In addition, via the Technical Support Instrument (TSI), the European Commission provides technical expertise to the EU Member States in a wide range of policy areas, including in their process of designing and implementing reforms that support the green transition (climate action, circular economy, and energy transition) and contribute to the achievement of the goals of the European Green Deal. The TSI has a budget of €864 million for the period 2021-2027, and supports green transition-related projects, e.g. a reform project called *Establishment of the National Decarbonisation Fund* approved for Bulgaria in 2021, a reform project titled *Update of Cyprus Energy and Climate policies* approved for Cyprus in 2021, a reform project called *Strengthening the green transition in Slovakia through climate and macroeconomic modelling* approved for Slovakia in 2022, as well as a reform project titled *Implementing Romania's renewable energy support scheme* approved for Romania in 2023.

### **6.2. The USA's approach: Legislative action and US budget support for the private sector**

In USA, the main sectoral strategy for a cleaner and greener economy is encompassed in the provisions of the Inflation Reduction Act (IRA). The IRA aims to achieve a significant reduction of the greenhouse gas (GHG) emissions of 50-52% below 2005 levels, by 2030, to provide only carbon pollution-free electricity by 2035, to achieve a net-zero emissions economy by 2050, and to use at least 40% of the federal investments' benefits to support a socially just transition (US Congress, 2022). However, US IRA may create trade imbalances through the domestic rules that run counter to the rules of the World Trade Organization regarding the equal treatment of foreign and domestic suppliers.

In the United States, the Infrastructure Investment and Jobs Act (IIJA), most commonly known as the Bipartisan Infrastructure Law, provides resources for upgrading the power grid, improving public transportation, and investing in zero-emission transport and school buses, installing a nationwide EV charging network, cleaning up legacy pollution, replacing lead pipes and delivering clean water (US Congress, 2021a). IRA complements the prior Build Back Better Act (US Congress, 2021b). It aims at rebuilding the middle class, it seeks to create jobs, spur long-term growth, reduce price pressures, and provide agencies with the necessary funding to achieve, *inter alia*, the greening of the US economy, and particularly of its most important energy-intensive sectors.

- In the energy sector, the objective is to more than double the deployment of wind, solar, and battery storage. The targeted support for clean electricity is supposed to steer investments to new research and innovations in this domain (wind energy, solar energy, etc.). The support is directed towards domestic manufacturing of clean energy technologies with the goal of developing new capacities for clean hydrogen, enhanced geothermal systems, and floating offshore wind energy.
- In the transportation sector, the US auto industry – in its shift to electric vehicle production – will be supported by investments in associated sectors

of batteries and chargers. In addition to the public transportation, the rail network, the charging stations network, and the battery supply chains will enable the acceleration of sectoral investments. In line with these developments, the American Battery Materials Initiative will leverage federal resources for growing the end-to-end battery supply chain, in order to develop more sustainable, secure, and resilient supply chains (White House, 2022a). Furthermore, gearing the current fleets of vehicles to cleaner fuels and less emissions should contribute to reducing GHG and carbon emissions.

- In the buildings sector, the Bipartisan Infrastructure Law seeks to expand the usage of clean electric appliances, and the application of measures for efficiency upgrades, cutting down the GHG emissions. The funding provided under this law is aimed at modernising the power grid, weatherizing and upgrading homes, schools, businesses and communities, and funding new programmes to support cutting-edge clean energy technologies (White House, 2022b). A new Building Performance Standards Coalition of over 30 states and local governments is expected to pass regulation to reduce building emissions, increase the energy efficiency and the electrification, and lower the energy costs.
- The industrial sector will be supported to expand the clean hydrogen hubs. It will receive additional funding for clean hydrogen innovation, as well as cleaner industrial facilities for steel, iron, cement, and other energy-intensive materials. In October 2023, “seven regional clean hydrogen hubs [...] were selected in order to receive USD 7 billion in Bipartisan Infrastructure Law funding to accelerate the domestic market for low-cost and clean hydrogen”. Altogether, these hubs aim at generating “more than three million metric tons of clean hydrogen per year”. Thus, they will spare the environment of “25 million metric tons of carbon dioxide emissions from end uses each year”. Overall, the use of clean hydrogen can diminish emissions in many sectors of the economy, being essential “for hard-to-decarbonize sectors and industrial processes, such as heavy-duty transportation and chemical, steel, and cement manufacturing” (White House, 2023). In the US, just like in other countries, new Carbon Capture, Utilisation, and Sequestration (CCUS) technologies are meant to facilitate the cumulative pollution reduction.
- The agricultural sector is paired with rural development and climate-smart forestry to support initiatives in the areas of ecosystem restoration and biodiversity preservation.

Via the Mineral Security Partnership, the United States addresses the sectoral challenges arising from the dependency on critical raw materials (US Department of State, 2023). Hence, it develops global supply chains with allies and mineral-rich countries. Critical mineral free trade agreements allow the US to secure essential material resources, while offering access to tax credits (Williams, 2023). However, this approach risks creating a fragmented mineral ecosystem with two markets – one in

China, and the other one in the advanced economies of the Organization for Economic Cooperation and Development (OECD).

### ***6.3. The Chinese approach: Centralised strategic planning and state budgetary support for the public sector***

China's efforts to highlight the issue of environmental sustainability within its development strategies can be traced back to the 1980s and the 1990s. Since 2015, considering its participation in the Paris Agreement and its later commitment to the 30-60 targets, China adjusted its economic policy strategies to achieve the goals of (i) sustained economic growth, and (ii) a green and low-carbon transition (UNCTAD, 2023b). Moreover, from 2020-2021 onwards, China stepped up its greening efforts to align its long-term growth strategy with the global endeavours. In this regard, its flagship strategy at sectoral level is the 14<sup>th</sup> Five-Year Plan for 2021-2025 (UNDP, 2021), designed to steer China towards the green development. China has pledged to peak emissions before 2030, and become carbon neutral before 2060.

Five key documents guide China's greening strategy at the sectoral level:

(i) The Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy - Document "1" (China State Council, 2021a).

(ii) The Action Plan for Carbon Dioxide Peaking before 2030 ('1+N'), where "N" stands for the specific sectoral five-year plans that are developed (China State Council, 2021b).

These two policy documents form the core of China's new 1+N policy system that guides the fight against climate change.

(iii) The State Council's white paper "Responding to Climate Change: China's Policies and Actions" (China State Council, 2021c).

(iv) "China's Mid-century Long-term Low Greenhouse Gases Emissions Development Strategy" (China State Council, 2021d).

(v) "China's Achievements, New Goals and New Measures for Nationally Determined Contributions" assumed by China under the Paris Agreement (China State Council, 2021e).

- The 14<sup>th</sup> Five-Year Plan (FYP) defines the key environmental targets for the next five years. These revolve around emissions and the intensity of energy consumption. The aforementioned FYP also identifies the need for these targets to be supplemented with controls on total emissions, and the construction of coal power plants. Petroleum consumption will also "reach its peak plateau" during the 15<sup>th</sup> FYP (2026-2030). This, coupled with the target to reduce domestic coal consumption during the same period, provides a possible pathway to peaking CO<sub>2</sub> before 2030.
- 1+N offers an important set of detailed and concrete targets for energy and other key industrial sectors. It also provides plans on climate action

for various key policy areas, i.e. the circular economy, carbon trading, and carbon sink.

- Other 30 documents – detailed background documents – (Watts, 2021) are to be presented. These focus on elaborate climate actions in key sectors (energy, buildings, and transport), and major industries (manufacturing industry, ferrous and non-ferrous metals, petrochemicals and chemicals). They also place emphasis on the scientific and technological support, the carbon sink capacity, statistical accounting, inspection and assessment, and fiscal, financial, and price policies. In this comprehensive framework, China extends the dialogue with its international counterparts for climate action within the climate agenda, which includes the development of standards, and knowledge exchange on a coherent set of policies and regulations.

## 7. Conclusions

The United Nations (Department of Economic and Social Affairs) published a guidance note, in 2021, to steer the transition process to green economic sectors in a feasible and orderly manner (UN, 2021). Its main message is suggesting that, in the process of the smooth transition strategy (STS), *“the national STS should include a comprehensive and coherent set of specific and predictable measures that are in accordance with the priorities of the graduating country while taking into account its own strengths, specific structural challenges and vulnerabilities and be implemented as part of the country’s overall development strategy”*. Depending on the structure of each national economy, authorities may resort to specific sectoral policies to support the ultimate goal of reaching net-zero carbon emissions. Thus, tailored measures for each strategic sector at national level may seem the adequate way to nationally guide the transition process to a greener economy. However, the individual and uncoordinated approaches might increase the geoeconomic fragmentation and forge diverging pathways of development. These risks could be minimised through international cooperation and robust coalitions in support of the transition towards green economies.

In the same vein, the Katowice Committee has issued a guide containing recommendations for policymakers, and best-case practices (at sectoral level) in terms of greening measures to stimulate the lowering of GHG emissions (in the main sectors: agriculture, energy, construction and energy efficiency of buildings, transportation, mining, waste management, etc.). The conclusions highlight the importance of implementing just transition policies, which are comprehensive, inclusive, and based on social dialogue and on stakeholder engagement. They also stress the importance of tailoring the different paths of just transition and economic diversification (paths already taken by various countries) to the needs of the national and/or local context (UNFCCC, 2023). Climate Action 100+ launched the Global Sector Strategies, acknowledging that companies ought to take more action to decarbonise. For corporates to thrive in a transitioning economy, the policies and the real economy conditions should be aligned with this goal. Otherwise, companies face barriers to completing their transition to net-zero emissions. Consequently, the investors’ engagement with isolated companies is often insufficient to ensure their full transition. For each sector, a

connection with the wider ecosystem is needed. The CA100+ Global Sector Strategies project has already produced a number of reports for aviation, steel, food and beverage, electric utilities (Katowice Committee, 2021). In the same study previously mentioned, Vivid Economics presents a stark opinion on the National Recovery and Resilience Plans (NRRPs) and the sectoral impacts (of the actions to be undertaken) on nature and climate: *“The approach must enable government decision-makers to connect policy levers with nature impacts, and make transparent the effects upon nature of finance decisions. Climate resilience and nature resilience go hand-in-hand, and the NRRPs’ strong focus on climate change shows that without the right tools to measure the nature impacts of spending even so-called ‘green’ public finance risks missing the bigger, holistic environmental picture.”*

Given the emergent policy orientations towards the security of supply chains and critical mineral resources (necessary to the new economic paradigm of greening economies), the renewed emphasis on global value chains and foreign trade relations is likely to consolidate on short and medium terms. This indicates the scope and importance of the economic diplomacy efforts in reconfiguring geopolitical relations. During the years 2020–2022, S&P Global Ratings took negative rating actions on over 200 corporate issuers due to supply chain events and bottlenecks (Teshler, 2023). Companies that manufacture consumer products were particularly prone to negative rating actions during those years. Many companies reacted to these pressures by diversifying their suppliers or bringing manufacturing closer to home, but there was a price associated with these actions. The gross operating profit margins for manufacturing firms, at the global level, are expected to fall from 10.7% of sales (in 2022) to 10.4% of sales in 2024. In 2022, capital expenditures were equal to gross operating profits. This year, capital expenditures are anticipated to exceed gross operating profits by 5%. The squeeze is on for many companies (Rogers, 2023a). Among companies, there are growing concerns that supply chains affect all aspects of their business, from market share to creditworthiness, increased price competition, and profit margin compressions. To sum up, in the global geoeconomic landscape, economies need anchored supply chain policies that facilitate the increase in supplier diversity, the nearshoring of the production of critical components, the holding of higher inventories, and investments in technological improvements (Rogers, 2023b).

From the above overview of the strategic sectors and transition policies, we can infer that the specific sectoral policies – developed and implemented at national level to support strategic economic sectors – emerge as a potential risk factor triggering economic fragmentation and separate transition pathways to net-zero carbon emissions. The EU Member States have included significant aspects of the ecological transition into their NRRPs, and the EU funds allocated to it vary among Member States. In addition, the funds provided through Next Generation EU and REPowerEU are conditioned on specific objectives, and the time lags for the attainment of those objectives differ from country to country. Furthermore, some of the EU funds support plans of investment in capacities for energy security that include fossil fuels (e.g. natural gas) or nuclear fuels (as transitory fuels until the complete greening of the economy).

In major jurisdictions (EU, USA, and China), the green transition policies differ in terms of approach and stance. Hence, they become sources of geoeconomic fragmentation and geopolitical tensions, provoked by harsh competitiveness and

security concerns in the quest for strategic resources and critical minerals necessary to the green transition. The EU resorts to a regulatory approach, while the USA pursues a supportive fiscal stance, and China maintains the political guidance characteristic of a centralised state.

The investments in technology can also improve the supply chain resilience. However, increasing the resilience requires trade-offs, e.g. diversity of suppliers, higher prices versus lower prices and economies of scale, proximity of resources versus skilled labour availability, infrastructure versus greening policies (including industrial policies). The largest trade-off is that supply chain tensions are addressed in the short term, while geoeconomic resilience is built in the long term. Quintessentially, taking into account all the arguments presented in this paper, we consider that the interplay between the economic implications of the new industrial policies and the geopolitical fragmentation constitutes an emergent topic for future in-depth research.

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# Digital Diplomacy: The Impact of Technology on Modern Diplomacy and Foreign Policy. Current Realities and Future Prospects

Carola Frey<sup>1</sup>

**Abstract:** *The paper examines how digital technologies are changing the field of diplomacy. It looks at how diplomacy has evolved from traditional practices to a modern form where technology is essential. The paper covers various digital tools, such as social media, artificial intelligence (AI), and other emerging technologies, and discusses their impact on foreign policy and diplomatic practices. It considers both the challenges and the benefits of this shift. Furthermore, the article emphasises the role of technological advancements as core elements of modern international relations and statecraft. As tech diplomacy and cyber diplomacy ascend to priority status for states and key international bodies like the European Union, their importance is increasingly recognised as being fundamental and prominent on political agendas.*

**Keywords:** *foreign policy, technology, digital diplomacy, AI, emerging and disruptive technologies.*

## Introduction. Methodological approach and research focus

It has become evident that not only diplomacy (or foreign policy), but also international relations have been fundamentally transformed by the overwhelming influence of digital technologies. This paper examines the shift from traditional diplomatic practices that relied on direct, face-to-face interactions, and lengthy communications, to a modern landscape in which digital tools are indispensable. It considers how digital tools have revolutionised the fabric of diplomacy – shifting from traditional, stately methods, to dynamic, fast-paced, digital interactions. This transformation is characterised by the rapid exchange of information, whereby decisions and diplomatic communications that once took weeks can occur in real time across multiple platforms nowadays. These platforms not only facilitate faster responses, but also allow for broader engagement with global audiences, as they transcend geographic and temporal barriers.

This transformation, the paper argues, underscores the shift toward what is termed as “digital diplomacy”. Emerging technologies are poised to further reshape the landscape of international relations in ways that are currently difficult to fully predict. These technologies have the potential to automate complex diplomatic negotiations, enhance the security of diplomatic communications, and even redefine the interactions between states and non-state actors. The implications of such advances suggest a future in which diplomacy may be strengthened, but also more vulnerable to cyber threats, requiring a re-evaluation of traditional diplomatic protocols and strategies. As we move

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forward, it will be important to continue to explore the intersection of technology and diplomacy and prepare for a future that, while uncertain, is inevitably digital.

As the aim of the present paper is to investigate digital diplomacy, it is crucial to define the methodological approach that will guide this research. Given the complex and multifaceted nature of digital diplomacy, a qualitative research methodology is deemed most appropriate. This approach will enable an in-depth examination of the phenomena, focusing on understanding the subjective experiences, perspectives, and contexts that define digital diplomacy in the modern world.

The central research question driving this study is “Which are the effects of digital diplomacy, how is it characterised, and how has it changed the practice of diplomacy?”. This question seeks to uncover not only the impact of digital diplomacy, but also its defining attributes and implementations. The objectives of this research are to:

1. Analyse the changing dynamics of diplomacy in the digital age.
2. Explore the roles and effects of various digital technologies and platforms (ranging from established tools, such as email, social media, and video conferencing, to emerging technologies, like artificial intelligence and virtual reality) in diplomatic practices.
3. Investigate how digital diplomacy is reshaping traditional foreign policy and international relations, by focusing on its strategic implications, operational changes, and the ensuing challenges and opportunities for states in the international system.

A literature review will provide the foundation for this study. It will encompass a wide range of scholarly sources, including academic journals, books, case studies, and existing research on digital diplomacy and related fields. The overall aim is to summarise the existing knowledge, identify trends, and highlight gaps in the current understanding of digital diplomacy. The theoretical framework will draw upon concepts from international relations, communication studies, and digital media studies, providing a multidisciplinary lens through which to examine the subject matter.

### **1. The evolution and adaptation required in diplomacy and foreign policy**

Diplomacy and foreign policy have always been, continue to be, and will likely remain essential aspects of statecraft. The former takes various forms, such as bilateral, multilateral, and institutional diplomacy, to name just a few. Traditional teachings tell us that the essence of diplomacy lies in direct, in-person interactions involving representatives, emissaries, envoys, and the like. The fundamental duties of these delegates include, among other things: representing their respective states, negotiating alliances, forging trade agreements, and brokering peace treaties, all with the aim of preventing conflicts (without resorting to the menace of warfare), or resolving them as soon as possible, and while the stakes are manageable enough to prevent a spillover effect and ultimately a global conflict<sup>2</sup>.

Nonetheless, the swift progression of technology, coupled with the profound effects of the COVID-19 pandemic, has dramatically reshaped human interactions

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<sup>2</sup> See Potemkin, V.P., Bahrusin, S.V., Efimov, A.V., Kosminski, E.A., and Narocinitki, A.L., (1962), *Istoria Diplomației*, Vol. 1, Editura Științifică.

within the expanding digital landscape, leading to significant changes in the practice of diplomacy and the methods of conducting (and formulating) foreign policy<sup>3</sup>.

The traditional model, where diplomacy was synonymous with difficult journeys undertaken by diplomats to distant lands, and with the protracted waiting for messengers to traverse great distances, has evolved nearly to the point of no return. The medieval era's introduction of resident ambassadors, stationed permanently at foreign courts so as to continuously advocate for their sovereign's interests, marked indeed a shift. Yet, even within this arrangement, maintaining contact with the home state was challenging. Communication methods were specific and somewhat limited, often leaving the representative with complete autonomy in terms of decision-making and accountability for the issues at hand, guided only by a broad mandate.

One might argue that the dawn of the printing press triggered a significant transformation, facilitating the widespread distribution of diplomatic documents and treaties, thereby enhancing the mutual understanding and establishing a historical record. Thus far, it is considered that the introduction of the telegraph in the 19<sup>th</sup> century has hurled diplomacy and foreign policy into a new era. The telegraph made it possible to communicate almost instantly across vast distances: it significantly shortened the time required for the exchange of diplomatic messages. This breakthrough led to swifter, more agile diplomatic negotiations, adaptable to the quick shifting dynamics of international affairs. The era of the telegraph inaugurated an age of more immediate diplomatic dialogue, in stark contrast to the previous one<sup>4</sup>.

However, a significant span of 400 years separated the invention of the printing press from that of the telegraph. Subsequently, in the 20<sup>th</sup> century, the telephone brought further advancements to diplomatic communication. It enabled more direct interactions between leaders and diplomats, and catalysed faster decision-making, facilitating real-time negotiations in times of crisis. Then, it was the influence of radio and television, which introduced a societal dimension, directly involving the public in these processes. Furthermore, these technologies not only revolutionised the framework of diplomacy, but served as a diplomatic tool, as illustrated in the paper "Cold War Techno-Diplomacy: Selling French Colour Television to the Eastern Bloc". The aforementioned paper illustrates how France strategically utilised technology, particularly television, in its Cold War diplomacy. It shows France's integration of technology into its diplomatic manoeuvres, merging technical expertise, economic strategizing, and political tactics<sup>5</sup>.

In a comparable manner, the onset of widespread and accessible air travel marked the beginning of a new era in diplomatic relations, characterised by enhanced mobility and immediacy. The possibility for diplomats and leaders to travel quickly across continents transformed the very nature of the international engagement<sup>6</sup>.

Leaping ahead two centuries from the era of the telegraph, we encounter an even more astounding and impressive transformation – the digital age, defined by the advent

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<sup>3</sup> Akilli, E., Guneş, B., and Gokbel, A., (2023), *Diplomacy, Society and the COVID-19 Challenge*, Routledge.

<sup>4</sup> Black, J., (2010), *A History of Diplomacy*, Reaktion Books, p. 169.

<sup>5</sup> Fickers, A., (2013), "Cold War techno-diplomacy: Selling French Colour Television to the Eastern Bloc" in Badenoch, A., Fickers, A., and Henrich-Franke, C., (eds.), *Airy Curtains in the European Ether: Broadcasting and the Cold War*, Nomos Verlag, pp. 77-100.

<sup>6</sup> Black, *op.cit.*, pp. 198-200.

of the internet (and not only). This era has brought about some of the most profound changes yet. The internet has revolutionised the accessibility of information, opening the doors not only to state actors, but also to a wide array of non-state entities, including NGOs, multinational corporations, and even individuals, to make their mark on the international diplomatic sphere<sup>7</sup>. Platforms like social media have emerged as powerful instruments for public diplomacy, enabling governments to directly connect with and influence a worldwide audience, as well as to disseminate messages and shape public opinion.

Digital communication tools have transformed real-time global interactions into a standard practice, embedding a level of dependence on this technology that often goes unnoticed, and diplomatic practice is no exception. These tools enable (and request) swift and dynamic reactions to international events. The prominence of virtual meetings and video conferences, particularly amplified during the COVID-19 pandemic, underscores their essential role. Today's foreign policy operates in a technological framework where speed is crucial, and technology itself is employed as a medium of exchange and interaction.

Of course, this era brings its own set of challenges. Whereas the "traditional" diplomacy focused on the messengers' safety and on the ambassadors' integrity, today's fears revolve around cyber threats/attacks, the spread of misinformation, and the realities of digital surveillance.

Now, the scenario we find ourselves in is more complex than it has ever been. The digital landscape is in a state of relentless change. The impact of emerging technologies goes beyond predictable outcomes, marking a pivotal revolution in the annals of technological history. The profound influence of this revolution stems not merely from its novelty, but mostly from its role as a cohesive force. It seamlessly blurs the distinctions between disparate technologies, intertwining those once perceived as entirely unrelated. This convergence gives rise to an excess of innovative technologies that transcend traditional classifications, introducing novel perspectives. Moreover, it creates an entirely new paradigm for comprehending the interplay between humans and technology<sup>8</sup>.

How will this unremitting march of technological progress continue to transform the spheres of diplomacy and foreign policy formulation? While it is evident that digital diplomacy is the current reality, what implications does this hold for the future?

Finding an answer is challenging, but not impossible. In our current reality, traditional diplomatic conferences have given way to tweets (or any other use of social media platforms for communicative purposes) – they are more efficient, convenient, and immediate. Remarkably, a tweet can address urgent issues instantaneously. State secrets might be disclosed over a casual coffee, and espionage among allies has become simpler than ever before.

The internet has turned into a dynamic arena of information and influence, where embassies are no longer confined to a cloak-and-dagger affair. Instead, they actively post and interact with millions of people on the web. It has become necessary for them to

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<sup>7</sup> Balbi, G., and Fickers, A., (eds.), (2020), *History of the International Telecommunication Union (ITU): Transnational Techno-Diplomacy from the Telegraph to the Internet*, Walter De Gruyter Oldenburg.

<sup>8</sup> Liang, Q., and Xiangsui, W., (2017), *Unrestricted Warfare: China's Master Plan to Destroy America*, Independently Published, p. 10.

maintain a presence: to be visible, engaging, appealing, and pertinent online. In “Internet Diplomacy: Shaping the Global Politics of Cyberspace”, edited by Meryem Marzouki and Andrea Calderaro, one can find an in-depth exploration of the internet’s role in global politics, and the emerging concept of “Internet Diplomacy”. This book presents the internet diplomacy as a new, encompassing framework for various global digital practices, and seeks to deepen our understanding of the internet’s impact on traditional diplomacy and worldwide governance. Its first section, titled “Internet Governance as a Diplomacy Issue”, focuses on how the internet intersects with and influences established diplomatic practices. It underscores the critical role of digital sovereignty, and the variety of stakeholders involved in shaping the worldwide digital environment<sup>9</sup>.

Against this backdrop, foreign policy – traditionally the art and science of managing relations between nations – has broadened to include emerging technological domains, such as artificial intelligence (AI), cybersecurity, and the metaverse. These are not mere buzzwords; they have become integral components of the contemporary strategic thinking in international relations. This evolution signifies a shift from conventional diplomatic strategies to a more complex paradigm where technology plays a central role in shaping international policies and interactions. The integration of these advanced technologies into foreign policy frameworks reflects the changing nature of global challenges and opportunities, necessitating a nuanced understanding and approach to international diplomacy in the digital age.

Just as an example of the above, AI is not just a game changer in foreign policy; it is rewriting the rules. It offers tools for data analysis and decision-making that are akin to having a supercomputer for a diplomatic advisor. For example, imagine AI algorithms that sift through the vast global data to foresee a political coup in a volatile region, predict an economic downturn in a key ally country or a major change in the population’s perspective on a hot topic. These insights are gold for diplomats and policy-makers, offering them a strategic edge in pre-emptive actions and policy adjustments.

Nevertheless, AI’s prowess does not stop at prediction. It is breaking down the Tower of Babel in international diplomacy. Picture a high-stakes UN summit where diplomats from around the world converse seamlessly, their words instantly and accurately translated by AI. This technology transcends linguistic barriers, ensuring that every nuanced phrase in diplomatic dialogue is understood as intended. Moreover, AI is like a master chess player in the realm of diplomatic strategy. It can analyse multifaceted scenarios, considering numerous variables that a human mind might overlook. Imagine AI simulating a peace negotiation scenario, providing diplomats and decision-makers with insights into the probable outcomes of different negotiation strategies. Such predictive modelling can be invaluable during sensitive negotiations, offering clarity on the red lines, potential reactions, and positions of the opposing party. A real-world example of this is the use of AI by the United Nations in peacekeeping missions, where AI algorithms help in predicting conflict zones, thereby contributing to timely and effective decision-making. Another instance is the European Union’s use of AI for analysing economic trends to aid its Member States in policy formulation, and ensure more cohesive and informed economic strategies.

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<sup>9</sup> Marzouki, M., and Calderaro, A., (eds.), (2022), *Internet Diplomacy: Shaping the Global Politics of Cyberspace*, Rowman & Littlefield Publishers, Part I.



Fundamentally, AI is evolving into an indispensable toolkit for diplomacy, encompassing prediction, translation, and strategic planning. Beyond these capabilities, it is emerging as a transformative and multifaceted force in the broader sphere of foreign policy, playing a crucial role in policy drafting/ analysis, and in monitoring international commitments.

## 2. What is digital diplomacy?

The existence of several distinct concepts, like “digital diplomacy”, “e-diplomacy”, and “internet diplomacy”, reflects the various ways in which technology intersects with international relations and statecraft. While some are rooted in the use of technologies, they differ in focus, scope, and sometimes application.

To achieve conceptual clarity, we have to mention that – for the purpose of the present paper – “diplomacy” is understood as *a tool of foreign policy*, and *“the established method by which states articulate their foreign policy objectives and co-ordinate their efforts to influence the decisions and behaviour of foreign governments and peoples through dialogue, negotiations and other such measures, short of war and violence”*<sup>10</sup>.

Most commonly, *digital diplomacy* is defined as the strategic use of digital tools, and social media platforms, by diplomatic actors (e.g. governments, diplomats, and international organisations) to conduct a wide array of diplomatic activities. This form of diplomacy involves utilising platforms like Twitter, Facebook, and Instagram to communicate policies, engage with foreign publics, and manage a country’s image and influence globally. Its primary focus is on communication and public engagement, leveraging these digital platforms to influence public opinion, engage in public diplomacy, and facilitate interactive communication between states and audiences worldwide. The scope of digital diplomacy is extensive, covering various aspects of diplomacy, including public diplomacy, cultural diplomacy, and crisis communication, thereby harnessing digital platforms for a diverse range of diplomatic objectives.

The official document “Digital Strategy” from the Foreign and Commonwealth Office has outlined the UK’s approach to incorporating digital technologies in diplomatic activities since 2012. This strategy emphasises the transformative impact of digital tools on diplomatic communication, and policy formulation. It acknowledges the evolution of the digital technology from being “a communication tool” to becoming an active player in foreign policy. A player that enhances policy decisions and contributes to achieving the desired outcomes. The strategy aims at a comprehensive integration of the digital tools into diplomacy, facilitating a more open, effective and transparent foreign policy work<sup>11</sup>.

In his 2014 work, Lewis specified that digital diplomacy entails the diplomats’ use of digital communication tools (notably, social media) for engaging with each other and with the broader public. However, this is merely a foundational aspect of a much larger phenomenon. Government leaders are increasingly leveraging digital platforms to promote official campaigns via hashtags, and to circulate information and insights during emergencies. The applications of digital diplomacy are diverse and evolving, with

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<sup>10</sup> Adesina, O.S., (2017), “Foreign policy in an era of digital diplomacy”, *Cogent Social Sciences*, Vol., 3 Issue 1, p. 2.

<sup>11</sup> Foreign and Commonwealth Office, (2012), Digital Strategy. Available at: [https://assets.publishing.service.gov.uk/media/5a74ee6040f0b65c0e845a62/AB\\_12-11-14\\_Digital\\_strategy.pdf](https://assets.publishing.service.gov.uk/media/5a74ee6040f0b65c0e845a62/AB_12-11-14_Digital_strategy.pdf).

diplomats constantly exploring innovative strategies to fulfil their diplomatic objectives through these digital avenues<sup>12</sup>.

The book “Digital Diplomacy: Theory and Practice”, edited by Corneliu Bjola and Marcus Holmes, is among the first to explore in depth the intersection of diplomacy and digital technologies. It examines how digital platforms transform diplomatic practices, affecting public diplomacy, international negotiations, and crisis management. Digital diplomacy is broadly defined therein as “the use of social media for diplomatic purposes”, encompassing changes in information management, public diplomacy, strategy planning, and international negotiations. The text discusses how digital technologies influence and transform diplomatic practices, highlighting both the positive and negative aspects. The work stresses the importance of understanding the impact of digital technologies on modern diplomacy, including the social media’s role in reshaping fundamental diplomatic functions of representation, communication, and relationship management<sup>13</sup>.

Manor and Segev<sup>14</sup> emphasise that digital diplomacy operates on two distinct levels: the foreign ministry level, and the network of embassies worldwide. This dual action at different levels enables nations to tailor their foreign policy messages and nation-branding efforts to cater to the unique characteristics of local audiences, including historical, cultural, value-driven, and traditional aspects. This approach facilitates the acceptance of a nation’s foreign policy and of the image it seeks to promote<sup>15</sup>.

In “Digital Diplomacy and International Organizations: Autonomy, Legitimacy, and Contestation”, edited still by Corneliu Bjola and Ruben Zaiotti in 2021, the adaptation of international organisations to the digital era is explored, with a special focus on social media. This work delves into the digital dimensions of these organisations, scrutinising both their autonomous operations and their legitimacy in the modern diplomatic arena. It sheds light on the social media’s significant influence on the autonomy of these organisations. It also examines its impact on their legitimacy, either reinforcing or challenging it<sup>16</sup>.

Another author that probed the subject is Nicholas Westcott. In “Digital Diplomacy: The Impact of the Internet on International Relations”, he explores how the internet has transformed international relations. The work highlights the influence of digital diplomacy on foreign policy formulation, emphasising the strategic use of the internet and of digital technologies for specific foreign policy objectives. It underlines that the evolution of diplomacy in the digital era requires the adaptation of the traditional diplomatic methods to the opportunities and challenges of the digital landscape<sup>17</sup>.

Although certain authors appear confident in their understanding of the notion of digital diplomacy, the latter remains subject to various interpretations and definitions, reflecting its novelty. Beyond those illustrated above, there are additional definitions and

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<sup>12</sup> Lewis, D., (2014), “Digital diplomacy”. Available at: <http://www.gatewayhouse.in/digital-diplomacy-2/>.

<sup>13</sup> Bjola, C., and Holmes, M., (eds.), (2015), *Digital Diplomacy: Theory and Practice*, New York, NY: Routledge.

<sup>14</sup> Manor, I., and Segev, C., (2015), “America’s selfie: How the US portrays itself on its social media accounts” in Bjola, C., and Holmes, M., (eds.), *Digital diplomacy: Theory and practice*, pp. 89-108.

<sup>15</sup> *Ibidem*, p. 94.

<sup>16</sup> Bjola, C., and Zaiotti, R. (eds.), (2021), *Digital Diplomacy and International Organizations: Autonomy, Legitimacy, and Contestation*, Routledge.

<sup>17</sup> Westcott, N., (2017), *Digital Diplomacy: The Impact of the Internet on International Relations*, Oxford Internet Institute.

frameworks. The concept being in its incipient stage, no universally accepted definition grasping its essence and operational mechanics can apply to it yet. This absence of consensus in the scholarly discourse partly stems from the ongoing progress of digital technology, which continues to shape the field.

The 2018 working paper by Ilan Manor, “The Digitalization of Diplomacy: Toward Clarification of a Fractured Terminology”, emphasises the inadequacy of existing terms, like “digital diplomacy” and “e-diplomacy”, that cannot really capture the full-scale impact of digitalization on diplomatic practices. He proposes the term “the digitalization of diplomacy”, which encompasses the normative, behavioural, procedural, and conceptual changes engendered by digital technologies in the realms of diplomatic audiences, institutions, practitioners, and practices. This concept aims to offer a more systematic and comprehensive framework for understanding and researching the digitalization’s multifaceted effects on diplomacy<sup>18</sup>: “[the author uses] the digitalization of diplomacy in reference to the impact digital technologies have had on four dimensions of diplomacy: the audiences of diplomacy, the institutions of diplomacy, the practitioners of diplomacy and the practice of diplomacy”<sup>19</sup>.

For some, digital diplomacy is a branch of *public diplomacy*, and “involves the use of digital technologies and social media platforms such as Twitter, Facebook, and Weibo by states to enter into communication with foreign publics usually in a non-costly manner”<sup>20</sup>. In “Digital diplomacy during the first 100 days: How GCC ministries of foreign affairs and ministers tweeted the blockade”, the author documented how the ministries of foreign affairs (MOFAs) and the ministers of foreign affairs (MFAs) of the countries in the Gulf Cooperation Council (GCC) used Twitter in 2017, during the first 100 days of the GCC crisis, to demonstrate how digital diplomacy is employed. The perspective is characteristic of public diplomacy, and reveals how the aforementioned entities have utilised digital diplomacy through Twitter to shape public discourse and the domestic and international viewpoints concerning the crisis. The study analyses the content, frequency, and language (Arabic and English) of tweets to understand how different countries advocated their stance on the blockade, with particular attention to differences in their approaches.

Jovan Kurbalija provided a thorough analysis of digital diplomacy and its various aspects on the Diplomacy.edu website<sup>21</sup>. In the mentioned analysis, one can discover a video featuring an inventive Tetris-inspired visual metaphor that encapsulates the complexities of digital diplomacy<sup>22</sup>. It highlights various terms, like “virtual”, “data”, “meta”, “quantum”, “cyber” and “e-”, as building blocks representing different aspects of digitalization in diplomatic contexts. The prefixes imply specialised areas: “e-” often relates to commerce, whereas “cyber” to security. Nevertheless, such terminology can

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<sup>18</sup> Manor, I., (2018), *The Digitalization of Diplomacy: Toward Clarification of a Fractured Terminology*, Oxford Digital Diplomacy Research Group, University of Oxford.

<sup>19</sup> *Ibidem*, p. 6.

<sup>20</sup> Al-Mansouri, T., Al-Mohannadi, H., and Feroun, M., (2021), “Digital diplomacy during the first 100 days: How GCC ministries of foreign affairs and ministers tweeted the blockade”, *QScience Connect*, 2021(2), Special Issue-Thesis, 1.

<sup>21</sup> Kurbalija, J., (2023), “Digital diplomacy”, September 29. Available at: <https://www.diplomacy.edu/topics/digital-diplomacy/>.

<sup>22</sup> “The digital transformation of diplomacy”. Available at: <https://diplo-media.s3.eu-central-1.amazonaws.com/2023/04/Tetris-Twitter-1080p-Full-HD-1.mp4>.

cause confusion in policy-making, leading to a “paradox of inclusion”.

The author further argues that the transformation of diplomacy by digital means takes place across three primary domains:

1. *Diplomatic engagement*. This transformation reshapes the background of the diplomatic engagement, with digital technologies prone to redistribute power in global affairs, introduce novel types of conflict, and influence concepts of interdependence and sovereignty.
2. *Diplomacy issues*, which now include an expanded array of topics, over 50 digital governance issues, such as cybersecurity, privacy, and artificial intelligence.
3. *Diplomatic practice* that incorporates digital instruments, like social media, virtual meetings, and analytical tools powered by big data and artificial intelligence<sup>23</sup>.

### 3. Digital tools in the diplomatic arsenal

The use and application of now-familiar technologies, such as email, social media, and video conferencing, for diplomatic communications signifies a notable change in diplomatic practice. Although these tools have become standard, and thus are no longer seen as groundbreaking or transformative, their application in diplomacy has resulted in a more direct, public, and accessible approach to international interactions. This shift has also introduced fresh challenges, particularly in terms of security, privacy, and the subtleties inherent in the diplomatic communication.

The diplomatic archives and extensive book collections are filled with formal letters, official correspondences, and numerous *notes verbales* (diplomatic notes) sent and received through traditional methods. In the past, diplomatic communications have been primarily conducted through letters and, later, through cables or telegrams. These methods required specific skills: proficient handwriting was essential for letter writing, often reflecting the high social status of diplomats. Sending telegrams demanded specialised knowledge (sometimes scarce), and required access to telegraph posts. Gradually, these practices became standard, with letters and telegraph messages being the norm for diplomatic communication. However, a persistent concern in diplomacy was the secrecy and security of these messages.

Over time, the emergence of the internet introduced emails into the sphere of diplomatic communication. Their adoption was not immediate. Today, however, emails are incredibly accepted to the extent that, if not for security concerns, every diplomat would likely have their work email accessible on their personal phone at all times. The advent of email has significantly shrunk distances, and enhanced the speed and efficiency of diplomatic exchanges. The expectations around email communication have likewise evolved. For instance, there is often an unspoken rule that if an email is received before noon, it should be responded to within the same working day before office hours end. This real-time exchange of information and improved response times are substantial advantages, especially in situations where timing is crucial.

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<sup>23</sup> See “Digital diplomacy”. Available at: <https://www.diplomacy.edu/topics/digital-diplomacy/>.

The entire process of negotiations, representation, and other daily diplomatic activities are now largely conducted through electronic mediums. While this shift brings numerous advantages, such as prompt replies, real connections, and the ability to convey subtle messages (e.g., if one deliberately chooses not to respond within a week), it also facilitates several key developments for diplomats. Firstly, it makes it easier for them to connect with their home government, thereby promoting their interests, and advancing issues on their agenda. Secondly, it contributes to the digitalization of bureaucracy, streamlining processes and communication. This digital shift opens up new vulnerabilities, such as the risks of hacking and information leaks. Despite diplomatic correspondence being protected under international law<sup>24</sup>, the cyber realm often remains a lawless space, presenting unique challenges to diplomatic operations.

In addition to cyber threats and attacks, the reliance on technology in diplomatic communications introduces a series of other direct challenges. The need for reliable and secure IT infrastructure is crucial. This includes not just software and hardware, but also robust cabling, and secure network connections. The role of IT professionals has become increasingly critical. They are responsible for maintaining these systems, and ensuring their security. Implementing advanced authentication steps, encryption systems, VPNs, and other secure communication methods is now a necessity. These elements collectively form the backbone of a secure digital diplomatic environment, safeguarding sensitive information against potential breaches. The integration of these technological safeguards reflects the evolving nature of diplomatic security in the digital age, where physical and cyber protections must be equally prioritised.

The inherent sensitivity of diplomatic communication, as outlined in the Vienna Convention, presents unique challenges, especially in an era where digital and traditional methods coexist. Apart from the issues of cyber threats, technology infrastructure, and secure communication systems, there are several other challenges not so often addressed in diplomatic communications.

One significant challenge lies in the area of training and skill development. Diplomats now need a standard skill set that indispensably encompasses digital literacy, cybersecurity awareness, and proficiency in utilising communication systems. These skills are essential and must be continuously developed, and rigorously enhanced.

The digital transformation in diplomatic communications has brought about an expectation of constant availability, which significantly impacts the work-life balance of diplomats. This expectation arises from the nature of communication platforms, where accessibility is virtually instantaneous and continuous. For instance, the pressure to be always reachable and responsive can lead to chronic stress and burnout. Diplomats may feel compelled to constantly check and respond to emails, messages, and calls, blurring the lines between work and personal life. This constant state of alertness can have detrimental effects on mental health and overall well-being. In addition, the intrusion of work into personal time, facilitated by digital devices, can lead to an imbalance where work demands consistently encroach upon personal time. This can affect family life, personal relationships, and leisure activities, which are essential for the overall well-being of the professional. Moreover, constant engagement can take its toll on the quality of

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<sup>24</sup> The Vienna Convention stipulates that „The official correspondence of the mission shall be inviolable. Official correspondence means all correspondence relating to the mission and its functions”.

decision-making. Without adequate downtime, mental fatigue can set in, potentially affecting critical thinking and judgment, which are vital in diplomatic affairs.

The transition to email in diplomatic communications has indeed led to the establishment of certain protocols, reflecting the unique requirements of this medium. Although some of these protocols are already in place and actively used, their application varies, particularly as to how they are employed within the body of emails versus attached documents. Protocols developed for email communications in the diplomatic area often imitate those of the traditional diplomatic correspondence. They include guidelines on language, tone, formal greetings, and sign-offs, as well as rules on confidentiality and data protection. These protocols are essential in maintaining the formalities and decorum typical of diplomatic exchanges. Yet, there is a noticeable difference in how these protocols are applied in the main body of the email compared to the attached documents. In many cases, the formalities of diplomatic protocol, such as the use of specific templates, formal language, and structured layouts, are more strictly adhered to in attached documents. These attachments often contain the official diplomatic correspondence, following traditional formats. In contrast, the body of the email itself may not always follow rigorously these formal protocols. The nature of the email as a quick and direct form of communication often leads to more concise and less formal interactions. The latter can include a more straightforward language, and a departure from the traditional, more ceremonial format of diplomatic letters.

This discrepancy between the formal character of the attachments and the potentially more informal nature of email bodies is rather tricky. On the one hand, it allows for a more efficient communication, suited to the fast-paced digital environment. On the other hand, it raises questions about maintaining the appropriate level of formality and decorum expected in diplomatic communications.

Social media represents another development in the field of diplomacy, shifting the paradigm from predominantly behind-the-scenes efforts to more public and accessible interactions. Prior to the rise of platforms like Twitter and Facebook, diplomatic activities have been largely conducted away from the public eye, with limited access and engagement. The general public usually received information about these efforts through joint press conferences, if at all. Social media has opened new channels for public diplomacy. These platforms allow the ministry, embassies and diplomats to engage directly with the public, offering a level of transparency and interaction that was previously difficult to obtain. They break an old taboo on the secretive nature of diplomatic dealings. This new openness demystifies the diplomatic process, inviting public scrutiny and participation in a way that was previously unthinkable. Thereby, it bridges the gap between diplomatic entities and the citizens they represent and interact with.

Additionally, the interactions among diplomats attract an audience nowadays. Major international events are “broadcast live” and, even more so, are influenced by social media coverage, and the dynamics of the internet-driven society. This last phenomenon is exemplified in many studies by the case of Mohamed Bouazizi in Tunisia. Bouazizi, a former university student turned street vendor, became an emblematic figure when his self-immolation act, driven by the local authorities’ corruption and injustice, was broadcast and amplified through social media. This incident captured not only the attention of the Tunisian public, but also that of the international community, including

diplomats and foreign governments. The widespread dissemination of Bouazizi's story through platforms like Facebook and Twitter, where a significant portion of Tunisia's population was active, demonstrated the powerful role of media in shaping diplomatic agendas and international response. The global awareness and reaction to Bouazizi's plight, and the subsequent Tunisian protests, underscored how diplomatic engagement and international policy decisions are increasingly influenced by real-time, widely accessible media coverage<sup>25</sup>. It highlighted the necessity for diplomats to be attuned to social media trends and public opinion, both domestically and internationally. The rapid mobilisation of public support and international sympathy, fuelled by the extensive and often emotional media coverage, led to heightened diplomatic scrutiny and pressure on the Tunisian government.

A major part of the specialised literature focuses "either on the 'two-way street' dynamic of communication in relation to greater agency for the individual in international affairs, or on the impact of social media on the processes of public diplomacy wherein policy-makers seek to influence foreign publics"<sup>26</sup>. On the one hand, this approach underscores the empowerment of individuals, who, through platforms like Twitter, Facebook, and Instagram, can now participate in global conversations, challenge state narratives, and mobilise around transnational issues, from climate change to human rights. This democratisation of international relations means that individual voices can, in some instances, be as influential as traditional diplomatic channels in shaping government policies and the perceptions of foreign publics and governments.

On the other hand, the role of social media in public diplomacy represents a strategic tool for policy-makers. Through these platforms, governments can bypass traditional media, directly engage with foreign populations, and attempt to influence their perceptions and attitudes towards a country's foreign policy objectives. This direct engagement allows for a more nuanced and targeted approach to diplomacy, where messaging can be tailored to specific audiences to achieve diplomatic goals.

While social media has facilitated greater public engagement, it is a tool that must be wielded carefully, as it can just as easily enhance or harm an embassy's or minister's reputation. Diplomatic entities must be strategic in their use of these platforms, by crafting messages that effectively communicate their policies and values.

On these platforms, the image projected by an embassy or diplomat becomes a powerful tool of representation. It serves as a virtual ambassador to the public, translating diplomatic intentions and narratives into a form that is accessible and relatable. The authenticity of this representation can be questionable sometimes, as the nature of social media allows for curated and controlled presentations.

In some books, social media is showcased as an essential element of soft diplomacy. It is not just a channel for communication, but also a source of information, and a means of shaping public perception. Diplomatic missions use these platforms to highlight cultural, economic, and political aspects of their countries, thus fostering a better understanding and relationship with the public. One example in this case is China's use of "Wolf Warrior" diplomacy on social media. Named after a film series, "Wolf Warrior"

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<sup>25</sup> Seib, P., (2012), *Real-Time Diplomacy: Politics and Power in the Social Media Era*, Palgrave Macmillan US, pp. 17-20.

<sup>26</sup> Duncombe, C., (2017), "Twitter and transformative diplomacy: social media and Iran-US relations", *International Affairs*, 93(3), pp. 545-562.

diplomacy refers to the aggressive style of diplomacy adopted by Chinese diplomats, especially on Twitter, despite the fact that this platform is banned in China. This strategy, while domestically rallying nationalistic sentiments, has attracted international criticism and scrutiny<sup>27</sup>, illustrating that social media's use in diplomatic engagements is a double-edged sword. The repercussions of such an approach underscore the complexities and risks inherent in digital diplomacy, highlighting the need for a balanced and strategic use of social media to advance diplomatic objectives without compromising international relations.

Among these challenges, social media must maintain authenticity in order to be credible and (re)gain legitimacy. The content shared is frequently designed to create a specific impression, which may not always correspond to reality. Therefore, diplomats must strike a delicate balance between effective public engagement and accurate representation of their missions and policies. Another facet of social media is that the set of expectations it creates among the public shape the latter's perceptions, and the ways of promoting an embassy/government. As a posting outlet, an embassy is subject to the whims of social media algorithms, constantly generating data. Data is like gold in the digital age, especially with the advent of AI, which thrives on vast amounts of information. However, it has its ups and downs. In other words, while this data can enhance engagement and reach, it can just as easily become a liability. In times of crisis, the same data could be leveraged against the embassy, thus revealing the precarious balance of power.

When discussing about social media, we cannot leave out other technologies, such as big data and artificial intelligence. These tools are becoming increasingly vital for diplomats, offering new insights and potential strategies. Big data allows diplomats and foreign affairs analysts to decipher global patterns and trends. By analysing vast amounts of data from various sources (such as social media, news outlets, governmental reports, and more), they can get a comprehensive picture of international developments. This understanding aids in forecasting political shifts, economic changes, and social movements, and it enables more informed and strategic diplomatic decisions.

Public opinion is a critical factor in shaping diplomatic strategies and policies. Through analytics, diplomats can monitor and understand the sentiments and perceptions of people across a specific region. This insight is particularly valuable in tailoring diplomatic messages, predicting responses to policy changes, and engaging effectively with different cultures and societies. Furthermore, diplomats may benefit from the use of data analytics to refine their communication strategies. By understanding what the public resonates with, they can craft messages that are more likely to be well-received, thereby enhancing their country's image and influence. This approach is most relevant in public diplomacy and cultural outreach programmes.

AI algorithms can process and analyse large datasets much faster and more accurately than humans. This capability is invaluable in diplomatic contexts where timely and accurate information is crucial. AI can assist in monitoring global news, social media trends, and political developments, providing real-time insights to diplomats, and, of course, it is useful in the more mundane work of the embassy.

The utilisation of big data and generative AI (just as an example) sparks concerns

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<sup>27</sup> Brandt, J., and Schafer, B., (2020), "How China's 'wolf warrior' diplomats use and abuse Twitter", Brookings, October 28. Available at: <https://www.brookings.edu/articles/how-chinas-wolf-warrior-diplomats-use-and-abuse-twitter/>.



regarding privacy, secrecy, and ethical dilemmas. In addition, the effectiveness of AI systems depends on the quality of the data they are trained with. Biased or incomplete datasets can result in erroneous and misleading analyses, posing significant risks in diplomatic scenarios. Moreover, those responsible for developing the AI-based digital tools have control over their training and, subsequently, over the data feeding them. This fact underscores the necessity of prioritising the protection of sensitive diplomatic information against threats or improper use.

#### **4. The innovative use of digital tools, the future has already begun**

As examined, digital tools have become an intrinsic part of diplomacy. And this is not the end of the story, as there is a vast array of emerging technologies just waiting to be leveraged. Currently, some of these technologies are subject to debate, while others have already been adopted by various nations. The technological race is becoming the focal point of the global competition, with the advantage going to those who can integrate these innovations more swiftly. This trend is exemplified by the appointment of tech diplomats, a strategic move acknowledging the critical role of technology in contemporary diplomatic efforts<sup>28</sup>.

AI stands out as the most debated technology that will impact diplomatic practices. AI can be used for data analysis, prediction of geopolitical shifts, and crisis management, offering diplomats and policy-makers the necessary tools to make more informed decisions.

Several nations have already adopted this approach. For instance, since 2015, the State Department has incorporated AI into its Foreign Service selection process, utilising it to evaluate candidates' essays, and scrutinise their academic and professional backgrounds. This innovation has been deemed by the State Department the "most substantial modification" to its selection procedure since 1930<sup>29</sup>.

Consular services are the first in line for the integration of AI, as they function under well-defined and consistent protocols, which simplify the decision-making process outside of emergency scenarios. The use of chatbots and virtual assistants has become standard practice in facilitating visa applications, consular registrations, and in providing legal assistance to refugees<sup>30</sup>.

Backed by AI, virtual consulates – as a solution destined to provide accessible, efficient, and safe means for consular services – are just one step away. By digitising services, virtual consulates can process requests faster, with automated systems handling routine inquiries and applications (e.g. Econsulat.ro made the process easier for both the consular staff and the applicants). There are a number of challenges to consider – such as the digital divide (not all users have access to the Internet and are technologically literate), security concerns, or complex cases (requiring human presence, like emergencies or complex legal issues).

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<sup>28</sup> Clarke, L., (2021), "Tech ambassadors are redefining diplomacy for the digital era", *Tech Monitor*, February 16. Available at: <https://techmonitor.ai/leadership/innovation/tech-ambassadors>.

<sup>29</sup> Blaser, V., (2023), "How to Use Artificial Intelligence in Diplomacy", *Diplomatic Diary*. Available at: <https://diplomaticacademy.us/2023/10/01/artificial-intelligence-diplomacy/>.

<sup>30</sup> Duberry, J., (2023), "AI Diplomacy: what vision for the future of multilateralism?", *Geneva Solutions*. Available at: <https://genevasolutions.news/science-tech/ai-diplomacy-what-vision-for-the-future-of-multilateralism-1>.

The development of AI-driven simulations enhances scenario planning, enabling diplomats to anticipate and prepare for potential international conflicts, and cooperation opportunities (thus for training purposes).

However, according to the study “Reflections on Practical Assistance for Diplomatic Negotiations”, AI can also enhance diplomatic negotiations, as illustrated by the German-Austrian customs union, and UN “cybercrime” resolution negotiations. The author showcases AI’s prowess in data analysis, scenario development, and prediction of state behaviours, particularly within the context of the UN General Assembly. AI’s application ranges from analysing negotiation dynamics to automated media monitoring related to diplomatic discussions. The primary takeaway is that AI significantly aids diplomatic activities, but it serves to support rather than replace the critical role of human judgment in diplomacy<sup>31</sup>.

The metaverse – a collective virtual shared space created by the convergence of virtually augmented physical reality, augmented reality (AR), and the Internet – may influence the field and practice of diplomacy. The world that exists in the metaverse offers the possibility of a range of activities, from diplomatic meetings and negotiations to cultural exchanges and global forums, conducted entirely in virtual environments.

One of the earliest examples is the establishment of virtual embassies. For instance, in 2007, the Maldives<sup>32</sup> and Sweden<sup>33</sup> experimented with virtual embassies within Second Life, at that time a popular online virtual world. These virtual spaces served as platforms for exchanging information, providing services, and promoting tourism and cultural understanding. Although the concept has evolved, the idea of virtual embassies in today’s metaverse could expand to include more interactive services, such as real-time consular assistance and immersive cultural exhibitions. Moreover, in 2011, the United States launched the “Virtual Embassy” website aiming to engage directly with the Iranian public, despite the absence of formal diplomatic relations. This initiative provided Iranians with information about U.S. policies and visa applications, bypassing government censors and fostering direct dialogue. The downside was that the Iranian government quickly blocked access to the site, limiting its reach within Iran<sup>34</sup>.

The metaverse represents a perfect outlet for international conferences and summits, participants being able to engage in discussions, negotiations, and networking without the need for physical travel. For example, the United Nations has explored virtual reality and other digital platforms for various initiatives, including virtual conferences on climate change and sustainability<sup>35</sup>. In the novel “The Supernova Era”, the metaverse becomes a key platform for decision-making and governance among the children. They

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<sup>31</sup> Stanzel, V., and Voelsen, D., (2022), *Diplomacy and Artificial Intelligence: Reflections on Practical Assistance for Diplomatic Negotiations*, SWP Research Paper 1, Stiftung Wissenschaft und Politik [German Institute for International and Security Affairs]. Available at: [https://www.swp-berlin.org/publications/products/research\\_papers/2022RP01-Diplomacy\\_and\\_AI.pdf](https://www.swp-berlin.org/publications/products/research_papers/2022RP01-Diplomacy_and_AI.pdf).

<sup>32</sup> “Maldives opens first virtual embassy on Second Life”, *The Sydney Morning Herald*, May 23, 2007. Available at: <https://www.smh.com.au/national/maldives-opens-first-virtual-embassy-on-second-life-20070523-gdq7im.html>.

<sup>33</sup> “Sweden first to open embassy in Second Life”, *Reuters*, August 10, 2007. Available at: <https://www.reuters.com/article/idU5L30348893/>.

<sup>34</sup> United States Institute of Peace/The Iran Primer, (2011), “U.S. Launches Virtual Embassy Tehran”, December 6. Available at: <https://iranprimer.usip.org/blog/2011/dec/06/us-launches-virtual-embassy-tehran>.

<sup>35</sup> Kunitake, Y., (2022), *The Potential of Virtual Reality for the SDGs: Infrastructure Development through Content and Cultural Policies*, Keio University and Virtual Rights Policy Institute Japan.

utilise virtual reality environments not only for entertainment and education, but also for serious matters, like democratic voting and governance. This reflects Liu Cixin's broader views regarding technology's role in shaping societal structures, and the potential of digital spaces to democratise processes and engagement<sup>36</sup>. These virtual engagements can facilitate inclusive participation, reduce carbon footprints associated with travel, and leverage interactive tools to enhance understanding and collaboration.

This application is even more interesting in the field of diplomacy, where the metaverse has the possibility to revolutionise the conduct of diplomatic engagements. Traditional diplomacy is made up of face-to-face meetings, international travel, and physical presence at summits and conferences. These norms and practices, while effective in building relationships and facilitating negotiations, come with significant logistical challenges and environmental impacts due to travels. The metaverse, by contrast, provides a sustainable and accessible alternative that could transform diplomatic interactions (e.g. hybrid conferences and summits).

Expanding this parallel, the metaverse could enable diplomats to engage in real-time discussions, negotiations, and bilateral or multilateral meetings in a virtual space that replicates the dynamics of physical interactions. This transition to a virtual reality could democratise the diplomatic process by making it more accessible to smaller nations or non-state actors who may lack the resources for extensive international travel. It could similarly enhance inclusiveness by allowing broader participation of diverse stakeholders who can contribute to discussions. Moreover, virtual reality simulations could be used for conflict resolution exercises, cultural exchanges, or to provide immersive experiences that might help diplomats understand complex issues from multiple perspectives.

However, the transition to "metaverse-based diplomacy" presents challenges, including in terms of ensuring cybersecurity, managing digital divides, and maintaining the nuanced human interactions that are crucial in any diplomatic relations.

## Conclusions

Throughout this paper, the research question has been addressed by analysing the digital diplomacy's impact and implications on traditional foreign policy and international relations. As regards its strategic implications, it is noteworthy that digital tools, such as social media and AI, provide states with the ability to influence international affairs in a more direct and dynamic manner. For example, the role of these tools in real-time crisis management and public engagement has enhanced strategic diplomatic operations by enabling faster and broader communication with global audiences.

In terms of operational changes, integrating digital technologies into diplomatic practices changes the way diplomatic activities are conducted. This entails a shift from in-person meetings to virtual interactions, the use of AI for data analysis and decision-making, and the deployment of social media for public diplomacy.

The integration of digital technologies into diplomacy implies both challenges and opportunities. Challenges include cybersecurity threats, misinformation, and the loss of nuanced interpersonal interactions. Opportunities involve enhanced reach among diverse audiences and immediacy of the engagements. Effective adaptation requires

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<sup>36</sup> Liu, C., (2019), *Supernova Era*, Head of Zeus.

training diplomats in digital literacy, developing robust cybersecurity measures, and devising suitable communication strategies for the digital age.

Digital platforms and the “digital” element have become essential to international relations and diplomacy, bringing with them a wide range of opportunities and many ethical challenges that must be addressed in order to maintain trust, respect, and integrity in global affairs. Digital platforms have become the norm, facilitating immediate and direct communication between governments, diplomats, and international organisations, and thus making diplomatic engagement more efficient. The vast amount of information available online supports better decision-making and policy formulation, as stakeholders can quickly access and analyse data from multiple sources.

Social media and other digital platforms enable governments to engage directly with foreign publics, shape international perceptions and build soft power. Moreover, digital tools allow for better cooperation among nations on global issues, like climate change, health crises (e.g., the COVID-19 pandemic), and counter-terrorism, through shared platforms and databases.

Beyond this optimism, however, there are numerous challenges and ethical considerations that must be addressed, including but not limited to cyber threats, privacy concerns, information overload, misinformation, and the significant issue of the digital divide. The rise of digital diplomacy comes with increased risks of cyber espionage, hacking, and misinformation campaigns that can undermine trust between nations. While access to information is beneficial, the digital age also brings with it the spread of misinformation and propaganda, challenging the integrity of diplomatic engagements.

In conclusion, the integration of digital tools and emerging technologies into the realm of diplomacy represents a significant shift in how nations negotiate, foster and engage in international relations. As we have seen, technologies such as artificial intelligence and the metaverse not only enhance the efficiency and scope of diplomatic efforts, but also introduce new platforms for interaction that could democratise and transform this field. AI’s application in data analysis, crisis management, and consular services has already begun to reshape the landscape of diplomacy, rendering processes more efficient and accessible. Similarly, the metaverse offers an avenue for conducting diplomatic meetings, cultural exchanges, and international conferences in virtual environments, reducing the carbon footprint associated with traditional diplomacy and making the latter more inclusive. It essentially advances what we currently achieve through VTCs and hybrid events. Harnessing the full potential of the existing technologies (and in the future the possibilities of quantum computing) could significantly accelerate progress in a direction that is almost unpredictable.

The strategic appointment of tech diplomats underscores the importance of technology in modern diplomatic strategies, acknowledging that the race in technological adoption and integration is a critical aspect of the global competition. However, this transition brings to the surface challenges such as the preservation of nuanced human interactions that are fundamental to diplomacy.

As we move forward, it is clear that technology can significantly aid diplomatic activities, by offering new ways to engage on the global stage. Nevertheless, it serves to complement rather than replace the indispensable role of human judgment and interpersonal relations in diplomacy. The future of diplomacy lies in striking a balance

between leveraging technological advancements and maintaining the core values and practices, which have historically underpinned diplomatic relations. Maintaining this balance is key to providing reassurance. However, it is a temporary measure. The reluctance to adopt and implement new technologies and advancements, while others readily do so, will inevitably place the resistant party at a disadvantage compared to its more progressive counterparts. In essence, trying to meet the present and future challenges with outdated tools or methodologies is akin to entering a modern naval battle with a rowboat. It sets the stage for predictable defeat and underscores the importance of the adaptability and openness to innovation.

Future research can concentrate on the specific domains highlighted in this study, and thus examine the leverage wielded by artificial intelligence in diplomatic decision-making and negotiations. This entails evaluating AI's potential to improve the decision-making process and its capability to forecast outcomes. Additionally, it is essential to ensure that decisions influenced by AI are not only transparent and comprehensible, but also comply with appropriate standards of accountability.

Additionally, an interesting future research could be elaborated on the question “How should training programmes be designed to enhance diplomats’ digital literacy and understanding of emerging technologies?”. It would be an opportunity to first undertake a quantitative analysis aimed at pinpointing specific needs and deficiencies among diplomats. Based on these findings, the study would then develop targeted training programmes aimed at addressing these gaps. The research could explore how these programmes should be structured not only to fill knowledge gaps, but also to enhance the diplomats’ efficiency in their daily tasks through the proper utilisation of technology.

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# Different Forms of Summit Diplomacy. Case Study Analysis of the Visegrád Group, the Bucharest Nine, and the Three Seas Initiative

Jędrzej Błaszczak<sup>1</sup>

**Abstract:** *This article delves into the nuances of summit diplomacy in regional formats within Central Europe, with a particular emphasis on the Visegrád Group (V4), the Bucharest Nine (B9), and the Three Seas Initiative (3SI) from 2015 to 2023. Though each format functions differently, all rely on summit diplomacy to achieve their objectives. The article aims to explore the reasons why informal regional formats are frequently implemented in this region. The study conducts a thorough review of existing literature. It systematically analyses past instances of the selected formats, considering variables such as meeting frequency, location, and the level of representation. Based on the adopted definition of summit diplomacy, this article classifies the meetings of the highest level during the specified period as personal meetings between political leaders from at least two countries with official, state roles, such as presidents, prime ministers, or ministers. These leaders hold significant power to shape their country's foreign policy and influence the legal and political order through summit decisions, while engaging with counterparts from other nations. The paper also highlights the variations between the above-mentioned formats in Central Europe, including the differences in meeting frequency, level of representation, and the number of participating states.*

**Keywords:** *diplomacy, summit diplomacy, Central Europe, regional cooperation, Three Seas Initiative, Visegrád Group, Bucharest Nine.*

## General overview

Summit diplomacy has been a prevalent phenomenon throughout the twentieth century. This form of diplomacy is often utilized for resolving complex global issues, such as nuclear disarmament, regional conflicts, and economic cooperation. Summit diplomacy serves as a platform for leaders to discuss and negotiate on important matters, and to build relationships and trust between nations<sup>2</sup>. As a result, it has become an essential tool for shaping international relations and promoting peace and stability worldwide<sup>3</sup>.

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<sup>2</sup> B.C. Rathbun, *Diplomacy's Value: Creating Security in 1920s Europe and the Contemporary Middle East*, Cornell University Press, 2014.

<sup>3</sup> E. Goldstein, "The Origins of Summit Diplomacy", in D.H. Dunn (ed.), *Diplomacy at the Highest Level: The Evolution of International Summits*, Basingstoke, 1996, pp. 23.



Regional cooperation is a relatively recent phenomenon in Central Europe<sup>4</sup>. Following the fall of the Berlin Wall, various new formats have emerged, such as the Central European Initiative (CEI), the Council of the Baltic Sea States (CBSS), and the Visegrád Group (V4), marking the arrival of 'new regionalism'. Their primary aim was to accelerate the accession of several states to the European Union and NATO, regarded as key to ensuring regional security. However, after the EU and NATO enlargements, regional cooperation lost momentum, as its *raison d'être* was questioned. After 2014, regional cooperation in Central Europe was revived in response to the new challenges and security threats entailed mainly by Russia's aggressive policy, and the slow erosion of the Atlantic cooperation. In January 2015, Austria, the Czech Republic, and Slovakia adopted the Slavkov Declaration, giving birth to the Slavkov Triangle<sup>5</sup>. Subsequently, the Bucharest Nine emerged, the Visegrád Group intensified its activity, and the Three Seas Initiative was established. However, it should be emphasised that these new forms of regional cooperation lack the institutional structures needed to transform them into international organisations and are therefore not expected to go down that road. The Three Seas Initiative operates through annual summits held at presidential level. In the case of Bucharest Nine (B9), the meetings mainly concern presidents, foreign ministers, and defence ministers. The Visegrád Group has developed a specific summit diplomacy formula for meetings in various personal formats that include high-level reunions with presidents, prime ministers, and ministers attending.

This article delves into the reasons behind the surge of informal regional formats, based on summit diplomacy, in Central Europe from 2015 to 2023. It analyses the correlation between the emergence of these international formats and their effectiveness in summit diplomacy, exploring the underlying reasons for regional cooperation and the differences between these formats. In addition, this article aims to provide a definition of summit diplomacy and investigate through empirical research the recent increase in regional cooperation. The qualitative research techniques include a thorough literature review and content analysis of relevant documents and official websites. The limited literature on summit diplomacy underscores the need for a more comprehensive understanding of the subject. As such, this article seeks to fill this gap by exploring the matter in greater depth and detail.

### **1. Definition of the summit diplomacy**

Currently, there is no widely accepted definition of "summit diplomacy" in the existing literature, as its various definitions focus on its different aspects. The definition of summit diplomacy presents several ambiguities that require clarification. According to some scholars, this type of diplomacy gathers the most prominent politicians representing a given country, such as presidents and prime ministers. Nevertheless, contemporary practice indicates that ministers, particularly those of foreign affairs and of national defence, significantly influence policy implementation. Hence, this study shows that the ministerial level summits also fall within the definition of summit diplomacy. In the context of the analysed formats, meetings at different levels occur only in the case of the Visegrád Group. As B. Surmacz wrote: "Summit diplomacy is a meeting of heads

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<sup>4</sup> A. Orzelska-Stączek, "New wave of regional cooperation in Central Europe as a response to new threats", *Rocznik Instytutu Europy Środkowo-Wschodniej [Yearbook of the Institute of East-Central Europe]*, Vol. 18, Issue 1, 2020, p. 79.

<sup>5</sup> *Ibidem*.

of state or heads of government who have a double legal status: on the one hand, they create the state's foreign policy and are responsible for making political decisions, and on the other hand, they enforce these decisions, entering into diplomatic interactions"<sup>6</sup>. In contrast to other means of diplomatic engagement, summits offer a more adaptable framework with strategic implications reinforced through joint declarations, subsequent initiatives, and dialogue among attendees<sup>7</sup>. However, in the current circumstances, it is worth extending this definition to include meetings of ministers from various ministries who also play a significant role in shaping foreign or internal policies. This is particularly relevant for foreign ministers or European policy ministers. Hence, for this article, we used the extended version of the above definition of "summit diplomacy", to include personal meetings of political leaders (presidents, prime ministers, or ministers of at least two countries) who are involved (even to a minor extent) in the formulation of their state's foreign policy, and can implement at national level decisions taken at the summit as a result of the interactions with their counterparts from other countries<sup>8</sup>. Nevertheless, contrary to E. Plischke's view, the reunions occasioned by the summit diplomacy are more comprehensive than regular face-to-face meetings. Summit diplomacy can also cover a wide range of communication between heads of state and government: exchange of letters, telephone calls, sending personal representatives, face-to-face meetings both bilateral and multilateral<sup>9</sup>. Moreover, it is possible to characterise summit diplomacy from the perspective of direct meetings between leaders<sup>10</sup>. Some of the research studies conducted on diplomacy have expanded their focus to include online activities<sup>11</sup>. An approach to summit diplomacy perceived as an international performance could help to understand the comprehensive nature of summitry and the intricacy of impressions conveyed by diverse audiences<sup>12,13</sup>. According to M. Holmes: "The literature theorizes the effectiveness of summit diplomacy as being grounded in a leader's agency, focusing on leaders' negotiations and bargaining, or the socio-psychological mechanism of face-to-face meetings and its impact on interpersonal relations between leaders that help explain outcomes of a summit such as an agreement, localizing summits to leader-level interactions"<sup>14</sup>. Diplomats pay close attention not only to the words uttered during negotiations, but also to the emotional cues conveyed through the tone of speech, the choice of words, and the body language. This emotive information provides insights into how one perceives a situation. Diplomacy is a unique means of communication, as it allows

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<sup>6</sup> B. Surmacz, „Dyplomacja na szczycie” (*Diplomacy at the top*), *Teka Komisji Politologii i Stosunków Międzynarodowych*, Vol. 11, Issue 3, 2016, p. 100.

<sup>7</sup> M. Constantinescu, "Summit Diplomacy. Conceptual Repositioning in the context of Africa + 1 Meetings", in D. Voicu (ed.), *România Occidentală. Africa: Challenges and Opportunities for Contemporary Diplomacy*, Vol. 2/2023.

<sup>8</sup> B. Surmacz, „Dyplomacja na szczycie”, *op. cit.*, p. 100.

<sup>9</sup> E. Plischke, "The President's Image as Diplomat in Chief", *The Review of Politics*, Vol. 47, No. 4, 1985, p. 550.

<sup>10</sup> D.H. Dunn, (ed.), *Diplomacy at the Highest Level: The Evolution of International Summitry*, Palgrave Macmillan, London, 1996.

<sup>11</sup> P. Seib, *The Future of Diplomacy*, Cambridge: Polity Press, 2016, p. 6.

<sup>12</sup> R. Trager, "Diplomatic Calculus in Anarchy: How Communication Matters", *The American Political Science Review*, Vol. 104, No. 2, 2010, p. 347.

<sup>13</sup> M. Ku, "Summit Diplomacy and the logic of performance in international politics", prepared for New Wave Realism Conference IV, The Ohio State University, December 9-10, 2022. Available at: [https://mershoncenter.osu.edu/sites/default/files/2022-11/KuM\\_NewWaveRealism2022.pdf](https://mershoncenter.osu.edu/sites/default/files/2022-11/KuM_NewWaveRealism2022.pdf). Accessed on: 26.03.2024.

<sup>14</sup> M. Holmes, "The Force of Face-to-Face Diplomacy: Mirror Neurons and the Problem of Intentions", *International Organization*, Vol. 67, Issue 4, 2013. DOI: 10.1017/S0020818313000234.

diplomats to exchange at individual level expressions of intent, thereby communicating the intentions of the government they represent. This exchange would be lost, weakened, or distorted if it unfolded through impersonal and inconsistent channels<sup>15</sup>. It is worth considering the gradual depreciation of summits in contemporary times, as they have become more frequent, and political leaders may not always be inclined to or capable of attending, thus diminishing the significance of such summits<sup>16</sup>. T. Naylor conducted research that sheds light on the limitations of online meetings compared to in-person summits. The research indicates that eliminating the summitry's performative and interpersonal dimensions fundamentally hinders online meetings from achieving the same level of success as in-person summits. This suggests that the use of online platforms for business or academic meetings may not be as effective as in-person gatherings, particularly when it comes to achieving the desired outcomes<sup>17</sup>.

In addition to the varying interpretations and modes of communication employed at summit meetings, there are also various ways of classifying diplomatic summits<sup>18</sup>. One way is to classify them according to the rank of the representatives attending the event. Summits where a state is represented by the head of state or prime minister are of the utmost importance: their status in diplomacy is the highest, and they are involved in the most crucial decision-making processes<sup>19</sup>. The ministerial summits form another category. Meetings between foreign ministers are more often held than others due to their special competencies. As regards the level of institutionalisation, there are two main types of diplomatic summits: institutionalised and ad hoc. The institutionalised summits are organised by international organisations, such as the European Union or NATO, and are usually overseen by a particular institution responsible for these procedures within the organisation. Ad hoc summits are events organised for a specific purpose. Frequently, ad hoc meetings address significant global developments, such as the full-scale Russian invasion of Ukraine that occurred on February 24, 2022. The President of Poland called for a Bucharest Nine meeting in Warsaw to deliberate on security issues just one day after the invasion. In other instances, meetings may be convened to discuss regional policies, as the topic of recurrent migration during the reunions of the prime ministers in the Visegrád Group in 2015 and 2016.

## **2. Different forms of summit diplomacy: the Visegrád Group, the Bucharest Nine, and the Three Seas Initiative**

This article delves into three major international formats in Central Europe: the Visegrád Group, the Three Seas Initiative, and the Bucharest Nine. These formats comprise Central European nations that are members of the European Union. Their decision-making process in these formats primarily involves high-level political leaders, such as heads of state, prime ministers, and ministers who shape international policies. The

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<sup>15</sup> S. Wong, "Emotions and the Communication of Intentions in Face-to-Face Diplomacy", *European Journal of International Relations*, Vol. 22, Issue 1, 2016, p. 144.

<sup>16</sup> Y. Dalton, *The Future of Summit Diplomacy*, 2018. Available at: [https://www.researchgate.net/publication/331262257-The\\_Future\\_of\\_Summit\\_Diplomacy](https://www.researchgate.net/publication/331262257-The_Future_of_Summit_Diplomacy). Accessed on: 26.03.2024.

<sup>17</sup> T. Naylor, "All That's Lost: The Hollowing of Summit Diplomacy in a Socially Distanced World", *The Hague Journal of Diplomacy*, Vol. 15, Issue 4, 2020, pp. 583–598.

<sup>18</sup> G.R. Berridge, *Diplomacy. Theory and Practice*, Basingstoke - New York, 2005, pp. 167–174.

<sup>19</sup> A. Caramerli, "Summitry Diplomacy: Positive and Negative Aspects", *Acta Universitatis Danubius. Relations Internationales*, Vol. 5, No. 1, 2012, p. 24.

formats rely heavily on summit diplomacy, which is critical to their functioning. Before 2015, the Visegrád Group was the main cooperation format of the region. However, the establishment of the Bucharest Nine and the Three Seas Initiative one year later marked a significant rise in the importance of summit diplomacy for regional cooperation.

### **2.1 The Visegrád Group**

The Visegrád Group (originally known as the Visegrád Triangle) is the oldest of the examined formats. It was established on February 15, 1991, when the presidents of Poland and Czechoslovakia and the prime minister of Hungary signed the “Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in pursuit of European integration”<sup>20</sup>. However, even after 30 years, it has not yet established a permanent cooperation framework like the Benelux or the Nordic Council. Its most significant achievements, namely the Central European Free Trade Agreement (1992) and the establishment of the International Visegrád Fund in 2000, date from the first decade of its existence<sup>21</sup>. Along with the signed documents, the political leaders’ meetings (during which common positions on aspects of European policy were agreed on) represented an additional benefit. The Visegrád Group boasts the broadest range of personal formats developed by all the forums discussed. In addition to summit diplomacy (involving heads of state, prime ministers, or ministers), meetings occur among other officials, such as parliamentary speakers, general prosecutors, and even at the level of directors in individual ministries. In the Visegrád Declaration of 1991, V4 is defined as a “new form of political, economic and cultural cooperation of these countries”. The declaration emphasises its geographical scope, and the fact that all participating countries must agree to cooperate<sup>22</sup>. It is important to note that this is the only format (out of the three discussed herein) without explicitly defined priorities. While Bucharest Nine focuses on security issues, and the Three Seas Initiative on digitisation, infrastructure, and energy security, the Visegrád Group allows for more flexibility in choosing specific topics, based on current issues of significance to the four countries. As such, this format encompasses ministerial meetings with varying scopes of competence, and gatherings of officials from other state institutions. However, according to the definition outlined in this article, some of these summits – e.g., summits of representatives of national parliaments, mid-level government officials, as well as deputy ministers and secretaries of state – cannot be classified as summit diplomacy. Such meetings are held in the framework of the Visegrád Group, but not within the other two formats discussed.

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<sup>20</sup> *Visegrad Declaration 1991*. Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration. Available at: <http://www.visegradgroup.eu/documents/visegrad-declarations/visegrad-declaration-110412>. Accessed on: 04.03.2024.

<sup>21</sup> E. Kuźelewska, and A. Bartnicki, „Grupa Wyszehradzka – nowe wyzwania bezpieczeństwa i perspektywy współpracy” [*Visegrád Group – new security challenges and prospects for cooperation*], *Rocznik Integracji Europejskiej (Yearbook of European Integration)*, nr. 11, 2017, pp. 103-118.

<sup>22</sup> *Visegrad Declaration 1991*, *op.cit.*

**Table 1. Visegrád Group - Prime Ministers' summits**

Year	Date	Country	City	Additional representatives
2015	June 19	Slovakia	Bratislava	
2015	September 4	Czechia	Prague	
2015	December 3	Czechia	Prague	President of the Republic of Korea
2016	February 15	Czechia	Prague	Prime Ministers of Macedonia and Bulgaria
2016	June 8	Czechia	Prague	
2016	June 28	Czechia	Prague	
2016	July 21	Poland	Warsaw	
2016	July 27	Poland	Warsaw	
2016	September 6	Poland	Krynica	Prime Minister of Ukraine
2016	December 15	Belgium	Brussels	
2017	March 28	Poland	Warsaw	
2017	May 11	Poland	Warsaw	
2017	July 4	Hungary	Budapest	President of Arab Republic of Egypt
2017	July 17	Hungary	Budapest	
2017	July 19	Hungary	Budapest	Prime Minister of Israel
2019	February 7	Slovakia	Bratislava	German Chancellor
2019	September 12	Czechia	Prague	Western Balkan Countries
2020	July 3	Poland	Warsaw	
2020	July 17-18	Belgium	Brussels	Prime Ministers' summit on the margins of the European Council
2020	August 19	Belgium	Brussels	Prime Ministers' summit on the margins of the extraordinary European Council on the situation in Belarus
2020	September 11	Poland	Lublin	
2020	September 24	Belgium	Brussels	President of the European Commission
2020	October 1	Belgium	Brussels	Prime Ministers' summit in the margins of the European Council
2020	October 2	Belgium	Brussels	Prime Ministers of Greece, Italy, Portugal and Spain
2020	October 15	Online	Online	V4 Prime Ministers' summit in the margins of the European Council
2020	October 29	Online	Online	V4 Prime Ministers' summit in the margins of the European Council
2020	November 19	Online	Online	V4 Prime Ministers' summit on the margins of the European Council
2020	December 10	Online	Online	V4 Prime Ministers' summit on the margins of the European Council
2021	January 21	Online	Online	V4 Prime Ministers' summit ahead of the European Council
2021	February 17	Poland	Cracow	
2021	February 25	Online	Online	

2021	March 25	Online	Online	V4 Prime Ministers' summit ahead of the European Council
2021	May 7	Portugal	Porto	
2021	May 24	Belgium	Brussels	V4 Prime Ministers' summit on the sidelines of the special European Council session
2021	June 30	Poland	Katowice	
2021	July 9	Slovenia	Ljubljana	
2021	November 4	Hungary	Budapest	President of the Republic of Korea
2021	December 13	Hungary	Budapest	President of the French Republic
2022	March 8	United Kingdom	London	Prime Minister of the United Kingdom
2022	November 24	Slovakia	Košice	
2023	June 26	Slovakia	Bratislava	

Source: Table by the author, on the basis of data from the official Visegrád Group website:

<https://www.visegradgroup.eu/calendar>.

**Table 2. Visegrád Group - Presidential summits**

Year	Date	Country	City	Representation
2015	October 8	Hungary	Balatonfüred	President of Croatia
2021	February 9	Poland	Jurata	
2022	October 11	Slovakia	Bratislava	

Source: Table by the author, on the basis of data from the official Visegrád Group website:

<https://www.visegradgroup.eu/calendar>.

## 2.2 Bucharest Nine

The Bucharest Nine is an association of 9 countries created to address the security concerns of NATO's Eastern Flank. This format is the outcome of a joint initiative put forward by the President of the Republic of Poland and the President of Romania during NATO's Eastern Flank Summit in Budapest on November 4, 2015<sup>23</sup>. That summit resulted in the adoption of a declaration outlining the main goals of the new format, which include a commitment to the idea of a strong Atlantic alliance, and the need to strengthen NATO's military presence in the region and to adapt the organization in response to the security threats posed by the Russian Federation<sup>24</sup>. According to Konrad Pawłowski, the Bucharest Nine is a practical forum for security dialogue and consultations of Central European countries. Cooperation in the Bucharest format complements the economic and infrastructural cooperation implemented within the Three Seas Initiative concerning the vital dimension of political and military cooperation, necessary for deepening regional solidarity and integration in Central Europe. The platform focuses on security-related issues; the events organised thus far have only included political leaders at the presidential level (7 times), foreign ministry level (6 times), and ministry of defence level (3 times).

<sup>23</sup> Joint Declaration on "Allied Solidarity and Shared Responsibility", Bucharest, November 2015.

<sup>24</sup> K. Pawłowski, *Bukaresztańska Dziewiątka: współpraca państw wschodniej flanki NATO (Bucharest Nine: cooperation between NATO's eastern flank countries)*, Instytut Europy Środkowej (Institute of Central Europe), Policy Paper 4/2020, p. 16.

**Table 3. Bucharest Nine - Presidential summits**

Year	Date	Country	City
2015	November 4	Romania	Bucharest
2018	June 8	Poland	Warsaw
2019	February 28	Slovakia	Košice
2021	May 10	Romania	Bucharest
2022	February 25	Poland	Warsaw
2022	June 10	Romania	Bucharest
2023	February 23	Poland	Warsaw

*Source: Table by the author, on the basis of data from open access research.*

**Table 4. Bucharest Nine (B9) – summits of Ministers of Foreign Affairs**

Year	Date	Country	City
2016	November 8	Romania	Bucharest
2017	October 9	Poland	Warsaw
2020	March 10	Lithuania	Vilnius
2021	October 27	Estonia	Tallinn
2022	March 31	Slovakia	Bratislava
2023	March 31	Poland	Łódź

*Source: Table by the author, on the basis of data from open access research.*

**Table 5. Bucharest Nine – summits of Ministers of Defence**

Year	Date	Country	City
2018	March 12	Romania	Bucharest
2019	April 4	Poland	Warsaw
2021	November 25	Romania	Bucharest
2022	June 6		Video conference
2023	April 26	Poland	Warsaw

*Source: Table by the author, on the basis of data from open access research.*

### **2.3 The Three Seas Initiative**

The Three Seas Initiative (3SI) is the most recent political and economic cooperation format reuniting 13 countries. It focuses primarily on trade and investments in joint initiatives in critical areas for 3SI: transport, energy, and digital technologies<sup>25</sup>. The 3SI is a versatile and informal political platform at the presidential level, which brings together thirteen EU members from the region between the Adriatic, Baltic, and

<sup>25</sup> M. Gołębiowska and Ł. Lewkowicz, „Nowe szanse rozwoju dla Europy Środkowej: współpraca gospodarcza w ramach Inicjatywy Trójmorza” [New development opportunities for Central Europe: economic cooperation under the Three Seas Initiative], Instytut Europy Środkowej (Institute of Central Europe). Available at: <https://ies.lublin.pl/komentarze/nowe-szanse-rozwoju-dla-europy-srodkowej-wspolpraca-gospodarcza-w-ramach-inicjatywy-trojmorza/>. Accessed on: 26.03.2024.

Black Seas: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. Its primary goal is to foster increased convergence and cohesion, while decreasing the development gap between various regions and member states of the EU. This could be accomplished by enhancing interconnectivity in energy, transport, and digital technology across the region<sup>26</sup>. A challenge for developing the Three Seas Initiative economic partnership resides in the varying degrees of involvement of the individual participating countries<sup>27</sup>. On the one hand, some countries perceive the 3SI as a possibility to strengthen their role on the international stage and, above all, in the EU. On the other hand, they perceive it as one of the pillars of European security. The initiative aims to develop cooperation among its members within the European Union, and to strengthen transatlantic relations<sup>28</sup>. However, it focuses more on economic issues aiming to enhance the economic integration of the region. It is worth remembering that the 3SI format is currently a non-institutionalised one, despite the establishment of the Three Seas Initiative Investment Fund<sup>29</sup>. The heads of member states coordinate mainly the political activities, and all eight summits have so far been held at the presidential level. Except for 2018 and 2023, the Three Seas Initiative summits were held in different countries<sup>30</sup>.

**Table 6. Three Seas Initiative - Presidential summits**

Year	Date	Country	City
2016	August 25-26	Croatia	Dubrovnik
2017	July 6-7	Poland	Warsaw
2018	September 17-18	Romania	Bucharest
2019	June 5-6	Slovenia	Ljubljana
2020	October 19	Estonia	Tallinn
2021	July 8-9	Bulgaria	Sofia
2022	June 20-21	Latvia	Riga
2023	September 6-7	Romania	Bucharest

Source: Table by the author, on the basis of data from open access research.

The Central European region boasts unique regional formats. Within the V4,

<sup>26</sup> M. Sebe, "Romania: Transforming the Three Seas Initiative into a strategic opportunity. A short overview", in A. Sprüds and M. Vargulis (eds.), *Three Seas Initiative: Mapping National Perspectives*, Latvian Institute of International Affairs, 2022, p. 143.

<sup>27</sup> A. Orzelska-Stączek and P. Ukielski, *Inicjatywa Trójmorza z perspektywy jej uczestników [The Three Seas Initiative from the perspective of its participants]*, Instytut Studiów Politycznych Polskiej Akademii Nauk (Institute of Political Studies of the Polish Academy of Sciences), Warsaw, 2020, p. 11.

<sup>28</sup> P. Kowal and A. Orzelska-Stączek, „Inicjatywa Trójmorza. Geneza, cele i funkcjonowanie” [*The Three Seas Initiative. Origin, goals and functioning*], Wydawnictwo Instytutu Studiów Politycznych PAN [Publishing house of the Institute of Political Studies of the Polish Academy of Sciences], Warsaw, 2019.

<sup>29</sup> A. Orzelska-Stączek, „Fundusz Inwestycyjny Inicjatywy Trójmorza: Geneza i etapy rozwoju” [*The Three Seas Initiative Investment Fund: Origin and Stages of Development*], *Studia Polityczne (Political Studies)*, Vol. 51, nr. 1, 2023.

<sup>30</sup> M. Sebe, "The Three Seas Initiative – one year after the Riga Summit: full steam ahead?", p. 59, in A.-M. Anghelescu and I. Oneaşcă (eds.), *Anticipating the 2023 Three Seas Initiative Bucharest Summit: Advancing the common agenda*, EIR Working Papers Series, No. 46, 2023, European Institute of Romania, Bucharest.



the representation of countries varies greatly (from presidents and prime ministers to constitutional ministers, parliamentarians, general prosecutors, and other government officials). It is essential to clarify that the scope of summit diplomacy – as defined in this article – may not encompass all the meeting types mentioned. Specifically, the definition covers meetings up to and including the ministerial level, although the others serve, too, as a valuable means of enhancing cooperation. On the other hand, the B9 summits are mainly held at the presidential level, with foreign affairs ministers and national defence ministers also participating. The 3SI summits ensure a high level of representation, as they reunite presidents of different countries. However, in their absence, other high officials, such as prime ministers or speakers of national parliaments, may participate. Another notable aspect is the frequency of the meetings, with those of the Visegrád Group and Bucharest Nine occurring irregularly. At the same time, the Three Seas Initiative summits are held once a year in different countries, except for 2023, when Romania hosted the summit for the second time. Finally, we should underline that each format has its unique focus. The Visegrád Group has the broadest range of competencies, covering various topics related to regional cooperation, including European policy. The Bucharest Nine focuses mainly on security issues, while the Three Seas Initiative primarily focuses on transport, energy, and digitalisation.

### **3. Different forms of summit diplomacy within regional cooperation formats in Central Europe**

J. Melissen pointed out that bilateral and multilateral diplomacy became more important in Central Europe following the Cold War, as each state from this region started to independently conduct its foreign policy towards neighbouring countries<sup>31</sup>. In Melissen's view, the more independent countries are, the more willing they are to pursue a meaningful regional policy. As D. Druckmann stated: The fascination with summit diplomacy frequently rests on the belief that leaders exert significant influence and are independent enough from other factors (e.g., domestic pressure groups) to change the direction of a country's policy. Some may hope for such changes (e.g., away from war), others may fear them (e.g., changes leading to bad deals)<sup>32</sup>. According to B. Witham, organising summits with leaders can strengthen interstate relationships and address priority issues at the highest political level. The various formats of diplomacy mentioned in this article centre on summit meetings, which often result in non-binding declarations that provide a general summary of the event, and set priorities for the period until the next summit. Witham argues that the media, particularly social networking sites, play a crucial role in promoting summit diplomacy. Today, with widespread and instant access to information, and the media reporting every step of the diplomatic negotiations, summit talks have turned into staged spectacles. "The outcome of each summit is agreed to meet the political needs of participating leaders. Meetings at the summit level are the most visible aspect of modern diplomacy. Because these meetings are highly publicized, their outcomes can become a façade of diplomatic success", as J. Melissen articulated<sup>33</sup>.

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<sup>31</sup> J. Melissen, *Summit Diplomacy Coming of Age*, Discussion papers in diplomacy No. 86, Netherlands Institute of International Relations 'Clingendael', 2003.

<sup>32</sup> D. Druckman and P. Wallenstein, "Summit Meetings: Good or Bad for Peace?", *Global Summitry*, Vol. 2, Issue 2, winter 2016, pp. 71–92.

<sup>33</sup> J. Melissen, *Summit Diplomacy Coming of Age*, *op. cit.*

Leaders who rely on majorities to take these meetings at face value can benefit from this and convince the public that they are ‘doing something’. The organisation of summits may also be perceived as a form of “soft power” wielded by particular states. This phenomenon reflects the ability of states to leverage their political, economic, and cultural influence to shape the international agenda and promote their interests. Such summits can serve as a platform for states to showcase their leadership, build alliances, and advance their geopolitical objectives. In this sense, the organisation of summits is a strategic tool for projecting power and influence in the international arena<sup>34</sup>. Undoubtedly, an additional issue is the increased role of the media. Diplomatic summits become an arena for the leaders to present their country’s position. However, it is also a great opportunity for them to reveal their position to the media, allowing the latter to influence their voters<sup>35</sup>. Effective communication is crucial in various domains, including politics. In reality, leaders do not rely solely on costly signals to gauge the sincerity of other leaders. They also count on their impressions of others, which they consider reliable indicators of authenticity<sup>36</sup>.

Formats based on summit diplomacy are commonly used in Central Europe due to the region’s high concentration of small countries: i.e., a part of the region of Central Europe having under 10 million inhabitants connects primarily small countries (i.e., those with less than 10 million people in an area of up to 80,000 km<sup>2</sup>)<sup>37</sup>. Even the four countries that exceed these limits do it only slightly<sup>38</sup>. The public administration must allocate adequate resources for the proper organisation and the services needed when a state hosts or participates in a summit. By limiting the format to annual meetings in one country (like the 3SI and the B9 do), or to a few smaller events (as the V4 does), small countries can participate to the same degree as countries with broader human, financial, and organisational resources. For the larger Central European countries, like Poland or Romania, the organisation of diplomatic summits can provide an opportunity to demonstrate the effectiveness of their foreign policies, and to strengthen their position in the region. These countries have more staff and funding, allowing them to broadcast the agendas in various formats and, most importantly, to organise individual meetings.

This is particularly clear in the case of the Bucharest Nine, where six out of the seven presidential summits were held in Romania (3) and Poland (3), and only one in Slovakia. Meetings in defence ministry formats are another example: so far, three such meetings have been held in only two countries – Poland (1) and Romania (2) – within the B9 framework. A more significant distinction can be observed in the case of the diplomatic ministerial meetings, which took place in Slovakia (1), Estonia (1), Lithuania (1), Romania (1), and Poland (2).

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<sup>34</sup> B. Goldsmith, H. Yusaku, K. Matush, “Does Public Diplomacy Sway Foreign Public Opinion? Identifying the Effect of High-Level Visits”, *American Political Science Review*, Vol. 115, Issue 4, 2021, p. 1342.

<sup>35</sup> E. Gilboa, “Diplomacy in the Media Age: Three Models of Uses and Effects”, *Diplomacy & Statecraft*, Vol. 12, Issue 2, 2001, pp. 1–28.

<sup>36</sup> T. Hall, and K. Yarhi-Milo, “The Personal Touch: Leaders’ Impressions, Costly Signaling, and Assessments of Sincerity in International Affairs”, *International Studies Quarterly*, Vol. 56, Issue 3, 2012, p. 560.

<sup>37</sup> A. Orzelska-Stączek, „Inicjatywa Trójmorza jako szansa i wyzwanie dla małych państw” (*The Three Seas Initiative as an opportunity and challenge for small countries*), in Piotr Bajda (ed.), *Small states within the European Union. Challenges – dilemmas – strategies*, Warsaw 2023.

<sup>38</sup> P. Bajda, *Małe państwo europejskie na arenie międzynarodowej. Polityka zagraniczna Republiki Słowackiej w latach 1993-2016* (A small European state in the international arena. Foreign policy of the Slovak Republic 1993-2016), Ośrodek Myśli Politycznej (Center for Political Thought), 2018, p. 57.

The Three Seas Initiative organises summits annually, with meetings at the presidential level having been organised in Croatia (2016), Poland (2017), Romania (2018), Slovenia (2019), Estonia (2020), Bulgaria (2021), and Latvia (2022), and again in Romania last year (2023). Relying on the political leaders' meetings in international formats can avoid incurring additional costs for the national diplomatic service because the country that hosts the summit covers most of the expenses. It is worth noting that, within the Visegrád Group, the summits are usually organised by the state that holds the rotating V4 Presidency. The Visegrád Group changes its presidency annually. By contrast, the Three Seas Initiative allows participant countries to declare their intent to take over the presidency, a responsibility that involves organising the summit of the Heads of State. Only the Bucharest Nine does not have the institution of the presidency<sup>39</sup>.

### **Findings**

In a globalised world, it is not easy to imagine diplomacy functioning without direct meetings between the most influential country leaders. The general conclusions regarding summit diplomacy indicate that contemporary diplomatic summits are becoming an arena in which politicians' singular task is to encounter their counterparts and articulate their position on various issues of concern. It is also there that decision-makers make their positions known to the media and thus have an impact on national voters. Therefore, these summits constitute an integral part of the diplomatic process and the institution of diplomacy. Summit diplomacy is an essential mechanism for managing a state's foreign policy. The same applies to the Visegrád Group, the Bucharest Nine, and the Three Seas Initiative. Although the priorities of the formats discussed herein differ, all operate based on summit diplomacy. As a result, the country that initiates a particular event most often decides on the agenda. The Visegrád Group's meeting format allows for more flexibility than the Bucharest Nine, and the Three Seas Initiative, as it goes beyond organising events at just the presidential or ministerial level. A look from this angle on the functioning of the formats enables us to adjust a given format to the current needs. Only within the Three Seas Initiative format, the presidential-level meetings have a relatively cyclical character. Every year, the 3SI summits are organised in the country currently holding the presidency. This allows flexibility in the agenda, and enables the host country to schedule the summit at a convenient time. The summit diplomacy formula is used in Central Europe because this region consists mainly of small or medium-sized countries with limited human and financial resources. Summit diplomacy is essential, especially for smaller countries, due to the benefits of cost reduction for diplomatic exchanges. The development of the formats mentioned above is limited, and can only be updated during successive meetings. It seems improbable that this process will change in the coming years.

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<sup>39</sup> The word "presidency" is not included in the declarations adopted after the B9 summits.

**Table 7. The summit diplomacy formats of the V4, the B9, and the 3SI**

Feature/Format	Visegrád Group	Bucharest Nine	Three Seas Initiative
Meeting frequency	Irregular - mostly several times a year	Depending on the security needs	Once a year
Level of representation	Various levels of representation, including Prime Ministers, Presidents, ministers, deputy ministers, MPs, and others.	Presidents, Ministers of Defence, Ministers of Foreign Affairs.	Presidents
Participating Countries	V4 member countries. Occasionally the format includes additional countries.	B9 member countries. Occasionally the format is expanded to include additional countries and NATO.	3SI member countries. Occasionally the format is expanded to include additional countries and international organisations.

Source: Table by the author, on the basis of data from open access research.

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