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## Editorial: from one crisis to another

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**Biographical notes:** Gorazd Justinek is the Dean of Faculty for Governmental and European Studies, New University and a former diplomat. His research interests include international business, particularly the internationalisation of small businesses, economic and commercial diplomacy and the competitiveness of economies and attracting foreign direct investment. He is the Founder and Editor of the *International Journal of Diplomacy and Economy*.

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## 1 Introduction

The autumn issue of the year 2022 is again very special in many ways. Only a year ago, we pointed out: “we are slowly getting out of the Covid pandemic and the new challenges are ahead of us on the global scene. Especially in western economies, where the governmental (fiscal) measures were extensive, the issues of public deficit and public debt, combined with inflation tensions, might lead to new troubles in the global economy. The pandemic might indeed be slowly finishing, yet the bill for the crisis was not yet issued, yet alone paid. In this regard international trade might have new threats on the horizon. Adding also new global geopolitical balances to the mix, we might have a very turbulent 2022 ahead of us, maybe with even more turbulence on our path than in the last two years” (Justinek, 2021).

We could not have been more right, since geopolitics and even war came to Europe. All these events, which occurred at the Eastern part of the old continent, in combination with other macro-economic dynamics that come to the sphere in the year 2022, turned upside down the whole European economics. Many companies’ businesses strategies and even some long-term strategies and even European policies – like the closing of nuclear power plants, were forgotten. New reality came around. The reality of war.

On the economic side, we have to point out the high inflation, which has in the Eurozone peaked 10% and thus reached a decade high (Eurostat, 2022). This is of course closely correlated to the pandemic crisis, as well as the fiscal and monetary stimulus we have been witnessing for the last couple of years among the European countries. Additionally, we have extreme high prices of electricity and gas (OECD, 2022) and disruptions through the global supply chains. However, among the OECD countries we are in autumn of 2022 still recording very high employment rates, which are sadly about to change towards negative trends, in the months to come.

Despite a boost in activity as COVID-19 infections drop worldwide, global growth is projected to remain subdued in the second half of 2022, before slowing further in 2023 to an annual growth of just 2.2%. Compared to OECD forecasts from December 2021, before Russia's aggression against Ukraine, global GDP is now projected to be at least USD 2.8 trillion lower in 2023. There are many costs to Russia's war, but this gives some sense of the worldwide price of the war in terms of economic output. A key factor slowing global growth is the generalised tightening of monetary policy, driven by the greater-than-expected overshoot of inflation targets. Strict lockdowns associated with China's zero COVID-19 policy have also impacted the Chinese and global economy. Shutdowns and property market weakness are slowing China's growth to just 3.2% in 2022 (OECD, 2022).

Economic growth in China of only around 3% is one of the lowest in the last decades. If we exclude the Covid year of 2020, when China recorded economic growth of only 2% (which was still a very good result, since the majority of other world economies struggled with huge recessions), the last time China recorded a growth below 5%, was in 1990 and 1989, when economic growth was only around 4% (World Bank, 2022). What kind of consequences will this leave on other world economies, we will still have to see?

Nevertheless, the war in Ukraine will have immense consequences for the whole world's economy, as already previously pointed out and calculated by the OECD. For the time being, it looks as if the war is not even close to end. And in times of such uncertainty and global chaos, economic diplomacy will have to play a crucial role in international relations. Thus, today we are not talking just about diplomacy and economics any more, but sadly, we have to talk about war or peace.

## **2 The papers**

For the 2022 spring issue we thus prepared five very interesting papers, which deal with variety of different topics in diplomacy. Additionally, the issue is composed of authors coming from Iran to USA and some from Europe. We believe that the issue will bring valuable insight on fresh topics about diplomacy and international relations to our readers.

The first paper of the 2022 autumn issue talks about city diplomacy, which is part of public diplomacy of countries. In the contemporary world, political leaders are no longer able to deal with the increasing global challenges. Hence, one way to solve the global problems is to think of measures for cities to enter global networks and international organisations with the help of policy-making processes to enter the city diplomacy arena, which leads to the cooperation of different cities to solve global concerns such as climate change in the C40 organisation. Thus, the current applied research investigates the challenges and shortcomings of City Diplomacy in Tehran and also examines the requirements of Tehran membership in the C40 organisation by employing a qualitative method using interviews with experts and qualitative content analysis of interviews using MAXQDA software. Finally, the paper provides strategies for strengthening Tehran city diplomacy as well as strategies for its membership in the C40 organisation regarding the experts' opinions.

The second paper talks about market potential of digital assets in developing countries. It analyses the case of Libra, which was announced in June of 2019 by Facebook and later rebranded to Diem, has not been released yet. This paper investigates Diem's possible effects on unbanked people and shows the most critical factors for targeting people without bank accounts. The report also elaborates on Diem's market potential. To further investigate the existing research gap, relevant literature is examined, and technical characteristics are given. In addition to that, eight experts from the areas cryptocurrencies, block chain, fin-tech, and finance & banking are interviewed on the topic. The paper finds that Diem can achieve broad adoption in emerging markets, increase financial inclusion and facilitate remittances. However, this can only be achieved if the current hurdles of the project are overcome. In particular, important is an agreement with regulators. The paper also estimates how much revenue this project could generate and what problems and risks could arise regarding negative interest rates and data protection.

The third paper comes from Switzerland and talks about cities and diaspora as two non-state actors in international relations. China has one of the biggest diaspora communities in the world, yet the diplomatic implications of the diaspora at the inter-city level have been underestimated and understudied. Drawing on first-hand data collected from exploratory fieldwork in Prato, Italy, the present study sheds light on the Chinese diaspora's role in the Wenzhou-Prato city twinning. It argues that diasporas, as transnational citizens, have an indispensable role to play in enabling and materialising city twinning practices, but understanding the underlying motivations requires recognising the agency of diasporas themselves as non-state actors of diplomacy. The findings show that city diplomacy and diaspora diplomacy are both multidimensional and may be entangled with one another. While the diaspora can be an instrument of city diplomacy, the city can be a venue for potential diaspora diplomacy. The paper challenges a state-centric conception of diplomacy and shows the multi-faceted relationship between different non-state actors in diplomacy.

The fourth paper tackles a very up to date issue in the light of rising energy prices. Iran intends to alleviate the damage caused by the hostile relationship with the USA. As one way of the efforts, the research in the paper focuses on Iran's oil and gas cooperation with neighbouring countries, specifically those in the Middle East, the Caucasus and Central Asia. The analysis draws three conclusions depending on the theoretical framework of energy geopolitics. First, the efforts of Iran to overcome the situation have not been successful, combined with low oil prices by 2020. This is of course changing in the 2022. Second, Iran emphasises transportation as well as trade in its oil and gas cooperation with neighbouring countries. Finally, regional cooperation will bring substantial benefits to Iran in both economic and geopolitical aspects, working as a platform for increasing its undervalued influence at the global level.

The final paper is prepared by an active ambassador and thus represents a practitioners' view on diplomacy and management. The paper discusses the relation between diplomacy and management in the early 21st century. This is the period of postmodern diplomacy, in which diplomacy is continuing to grasp from other areas of human activity to upgrade its mission of managing relations between states (and other actors). The author looks at those aspects of management from which diplomacy can gain expertise, skill and approach. Hence, the interest of the paper lays in a possible contribution of management as a whole to diplomacy as we understand it nowadays. For this purpose, the author points out the understanding of diplomacy as a diplomatic

organisation and a social process. Since a direct consequence of globalisation on diplomacy is the constant rise of dynamics of its activities, scope of topics and number of actors, the author stems from the preposition that diplomats cannot pursue their mission without implementing basic management skills.

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