CZU: 327:008:339.92 https://doi.org/10.59295/dnwe2025.42

CULTURAL DIPLOMACY AND ECONOMIC COOPERATION IN EUROPE

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Purpose of the article: *The article aims to analyze the role of cultural diplomacy as a strategic instrument for promoting economic cooperation among European nations. It explores how shared cultural values, heritage, and dialogue can enhance mutual trust, attract investment, and stimulate cross-border partnerships. The study highlights the growing relevance of cultural diplomacy in strengthening the European integration process through both symbolic and practical contributions to sustainable economic collaboration.*

Methodology: *The research applies a qualitative and comparative approach, combining documentary analysis of European policy frameworks, bilateral cooperation agreements, and transnational programs. It also examines academic literature on cultural diplomacy, international relations, and economic integration to assess how cultural initiatives complement traditional economic diplomacy.*

Conclusions: *The findings indicate that cultural diplomacy supports economic development by fostering soft power, building trust, and facilitating long-term partnerships. However, its effectiveness depends on coherent coordination between cultural and economic policies, transparency in implementation, and the equitable participation of all member states.*

Originality: *The originality of the article lies in its interdisciplinary perspective linking culture and economics within the framework of European cooperation, offering insights into how cultural diplomacy can serve as both a symbolic and operational bridge for economic growth.*

Keywords: *Cultural diplomacy, Economic cooperation, European integration, Soft power, International relations.*
JEL Classifications: Z11, F55, F53

INTRODUCTION

In recent decades, cultural diplomacy has emerged as a vital component of international relations and regional cooperation, particularly within the European context. As globalization continues to blur traditional political and economic boundaries, the exchange of ideas, values, and cultural expressions has gained strategic importance in shaping political trust and economic collaboration (Bennett, 2019). Europe, with its unique history of integration and diversity, offers a compelling laboratory for examining how cultural initiatives can foster not only mutual understanding but also tangible economic outcomes.

Cultural diplomacy, broadly understood as the use of cultural exchange to promote mutual respect and dialogue among nations, has evolved beyond its traditional role of promoting national image (Clopot, 2023). In the European Union, it has become intertwined with broader goals of cohesion, competitiveness, and sustainable development (European Commission, 2021). By encouraging shared cultural experiences, through arts, education, media, and heritage programs, the EU seeks to strengthen both its internal unity and its global influence (European External Action Service [EEAS], 2016). These efforts also contribute to economic cooperation by building networks of trust that underpin trade, investment, and innovation across borders.

Economic cooperation in Europe has long depended on mechanisms of political stability and legal harmonization, yet it increasingly requires the soft foundations of cultural affinity (Pérez, 2022). Shared cultural understanding can facilitate negotiations, encourage cross-border entrepreneurship, and reduce socio-economic frictions among diverse member states. Initiatives such as the Erasmus+ program, Creative Europe, and the European Capitals of Culture exemplify how cultural engagement can stimulate regional development and economic integration (Faucher, 2016).

However, the relationship between cultural diplomacy and economic cooperation is not without complexity. While cultural initiatives can serve as catalysts for economic growth, they also reveal

tensions between national identity and European integration, as well as disparities in resources and influence among member states. Moreover, the alignment of cultural objectives with economic goals raises critical questions about authenticity, inclusivity, and the politicization of culture.

This article explores the multifaceted interplay between cultural diplomacy and economic cooperation in Europe. It examines the institutional frameworks, policies, and programs that link cultural engagement with economic objectives, and evaluates their effectiveness in strengthening European unity. The discussion also addresses the challenges and limitations of this approach, proposing that cultural diplomacy, when strategically integrated, can serve as both a symbolic and practical pathway toward deeper economic collaboration within Europe and beyond.

MATERIALS AND METHODS. This study adopts a qualitative analytical approach based on the examination of scholarly publications, European policy documents, and publicly available assessments of cultural programs. The research materials include theoretical works on cultural interaction and regional cooperation, institutional strategies issued by key European bodies, and evaluation reports from major cultural initiatives. These sources were reviewed to identify patterns, institutional practices, and forms of collaboration relevant to the study's objectives. The analysis relied on comparative reading, thematic classification, and synthesis of information from multiple categories of documents, allowing the study to highlight the links between cultural actions and cooperative economic trends. Due to its dependence on secondary materials, the research provides an interpretative overview rather than empirical measurement, but it offers a coherent basis for further investigation.

RESULTS AND DISCUTIONS.

Theoretical framework. Cultural diplomacy refers to the use of cultural exchange and creative expression as instruments of international engagement and mutual understanding (Kay, 2011). It operates on the premise that culture, embodied in art, language, education, heritage, and shared values. These can build bridges between societies and foster peaceful relations. Unlike traditional diplomacy, which relies on negotiation and statecraft, cultural diplomacy emphasizes dialogue, empathy, and collaboration.

In the European context, cultural diplomacy extends beyond promoting national identity; it is also a means of constructing a collective European narrative. Institutions such as EUNIC (European Union National Institutes for Culture) and programs like Creative Europe promote intercultural dialogue both within the EU and with partner countries. The underlying assumption is that cultural familiarity and mutual respect can generate the social trust necessary for deeper cooperation—political, social, and economic alike.

Theoretically, cultural diplomacy draws from soft power theory, which posits that attraction and persuasion can be as influential as coercion or financial incentives. It also relates to constructivist approaches in international relations, which emphasize the role of shared norms, identities, and meanings in shaping political and economic behavior. Through this lens, cultural diplomacy is not merely symbolic; it produces real effects by influencing perceptions, creating networks, and shaping collective identities.

The economic cooperation involves coordinated policies and joint initiatives among states or regions aimed at promoting mutual prosperity, stability, and sustainable development. In Europe, it encompasses a broad spectrum of activities, from trade liberalization and joint investment projects to harmonized market regulations and shared innovation frameworks.

Theoretical perspectives on economic cooperation often draw from liberal institutionalism, which emphasizes that cooperation is achievable through institutions that reduce transaction costs and ensure predictable behavior. In the European case, the creation of supranational institutions such as the European Economic Community (EEC) and later the European Union illustrates how economic

interdependence can promote peace and stability, a central idea of the "peace through trade" doctrine that shaped postwar Europe.

More recent approaches incorporate sociocultural factors, recognizing that economic cooperation is not driven solely by material incentives but also by trust, shared values, and collective identity. This brings cultural diplomacy into the economic sphere, as it helps create the intangible conditions like mutual understanding, credibility, and goodwill, that facilitate collaboration.

Historical background. After World War II, Europe faced not only physical devastation but also deep cultural and political fragmentation. The founding of the Council of Europe in 1949 and the European Coal and Steel Community in 1951 marked the twin beginnings of cultural and economic reconstruction (Faucher, 2016). Cultural cooperation was seen as essential for reconciliation, while economic collaboration was viewed as the foundation for long-term peace.

The Council of Europe's European Cultural Convention (1954) formalized cultural exchange as a means of building unity through education, heritage, and the arts. Simultaneously, the early European communities pursued economic integration through the common market, creating the basis for the later European Union. Thus, cultural and economic cooperation evolved as parallel yet interconnected processes of postwar recovery.

From the 1970s onward, the European project expanded its scope. The Treaty of Maastricht (1992) explicitly recognized culture as a field of EU competence, asserting that the Union should "contribute to the flowering of the cultures of the Member States." This was not only symbolic but strategic: promoting a sense of European identity was viewed as necessary to sustain the deepening of economic and political integration (European Commission, 2021).

During this period, programs such as Erasmus (1987) and MEDIA (1991) emerged, linking cultural exchange with educational mobility and creative industries. These initiatives embodied the belief that cultural interaction strengthens the human and social capital upon which economic cooperation depends (Pérez, 2022).

In the 21st century, the EU increasingly integrated cultural diplomacy into its external and economic strategies. Initiatives such as the European Agenda for Culture (2007) and the New European Agenda for Culture (2018) explicitly connected culture with innovation, growth, and social inclusion (European Commission, 2021).

The EU's external cultural relations, through instruments like EU–UNESCO partnerships or the Eastern Partnership Culture Programme also demonstrate how cultural diplomacy serves as a form of soft power in global economic engagement. At the same time, the growth of creative industries and cultural tourism has reinforced the economic dimension of culture, making it a key driver of employment and competitiveness in the European economy (Figure 1.).

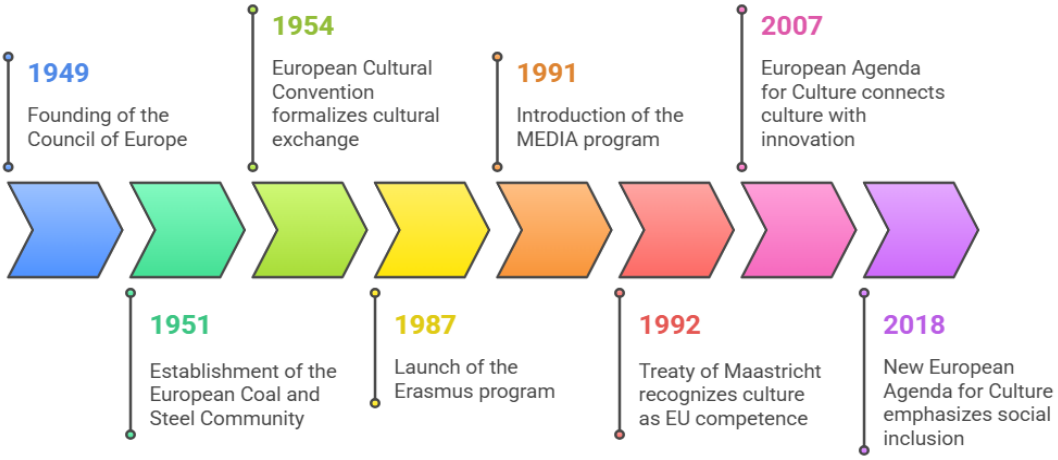


Figure 1. Key milestones of economic and cultural cooperation in Europe, since the Second World War.

Source: *author's elaboration.*

Mechanisms linking cultural diplomacy and economic cooperation. Understanding how cultural diplomacy translates into economic cooperation requires identifying the causal and reinforcing mechanisms that connect culture, perception, institutions and markets. Below are outlined the principal mechanisms supported by both theory and empirical work.

1. Soft power and image-building. Cultural diplomacy operates as a form of soft power: cultural programs, exchanges and public-facing initiatives shape foreign publics' and partners' perceptions, making a country or region more attractive for collaboration, tourism, and investment (Nye, 2004). When the EU or national cultural institutes project an image of openness, creativity and reliability, that image lowers informational and reputational barriers for economic actors considering trade or investment relationships. The literature on the "new public diplomacy" emphasizes state and non-state cultural actors (institutes, NGOs, festivals) as central to this attraction-based influence (Nye, 2004).

2. Trust-building and network creation

Cultural exchanges (student mobility, artist residencies, joint festivals) build interpersonal and inter-organizational ties that later enable commercial and institutional cooperation. Trust reduces transaction costs and perceived risk in cross-border economic activity; empirical evaluations of mobility and exchange programs (e.g., Erasmus/Erasmus+) document long-term benefits for employability, cross-border professional networks and organisational internationalization. These factors that feed into trade, entrepreneurship and labour mobility. In short, people-to-people contact creates the social capital that undergirds market cooperation (Faucher, 2016).

3. Direct economic activation via the cultural and creative industries. Cultural diplomacy often promotes creative industries (film, design, digital media, fashion, heritage tourism), sectors that themselves are engines of growth, innovation, and exports. EU evaluations of programmes such as Creative Europe demonstrate that supporting transnational cultural projects stimulates market opportunities for SMEs and cross-border cultural goods and services; OECD and EU analyses place culture and the creative economy as significant contributors to GDP and employment, showing a direct economic pathway from cultural policy to macroeconomic outcomes (European Commission, 2021).

4. Place-branding and local/regional economic development.Large cultural events and designations (e.g., European Capitals of Culture) function as catalysts for tourism, urban regeneration and inward investment. Ex-post evaluations of the European Capitals of Culture show evidence of short- and medium-term increases in tourism, cultural sector jobs and urban improvements—outcomes that can incentivize further private investment and partnerships. Cultural diplomacy therefore operates at the territorial level as an instrument of place-branding with measurable economic spillovers (Clopot, 2023).

5. Policy alignment, institutional synergies and funding leverage. Cultural diplomacy becomes especially effective when cultural objectives are aligned with economic policy tools (innovation, education, labour mobility) and when funding streams (EU programmes, national cultural funds, public–private partnerships) are coordinated. EU policy documents, including the New European Agenda for Culture, explicitly link culture to competitiveness, social inclusion and innovation, encouraging synergies between culture and economic policy. Coordination increases leverage: relatively small cultural investments can catalyse larger private flows and cross-sector collaboration.

6. Knowledge transfer, creativity and innovation diffusion. Cultural exchanges facilitate tacit knowledge transfer (creative practices, design thinking, soft skills) that is crucial for innovation-driven sectors. Mobility programmes, collaborative projects and residencies create channels for skills, methodologies and collaborative norms to diffuse across borders; these intangible transfers support innovation ecosystems and can improve the absorptive capacity of firms and regions. Recent EU evaluations and studies on creative industries document how cross-border cultural cooperation enhances innovation outputs (Faucher, 2016).

7. Limits, feedbacks and the risk of politicization. While these mechanisms explain multiple pathways from culture to economy, the literature also stresses limits: measuring causal impact is difficult; larger states or better-resourced actors can dominate agendas; cultural initiatives can be

instrumentalized politically; and economic benefits are unevenly distributed. Policy reports and critical studies therefore call for inclusivity, improved impact evaluation, and safeguards against politicized cultural agenda [8,9].

Indicators for measuring the effectiveness of cultural diplomacy relayed with the economic cooperation. In order to understand the way it functions but also for measuring the efforts and the effects of the cultural diplomacy and the economic cooperation we propose tree series of indicators, which could, eventually help governments to have a picture of these processes between countries.

The first category of indicators would refer to cultural–relational effectiveness indicators. These capture how cultural diplomacy affects mutual trust, social capital, and soft power, which are preconditions for economic cooperation (Table 1).

Table 1. Cultural – relational indicators

Indicator	What It Measures	Examples / Data Sources
Mutual trust index	Changes in perceived trust and reliability among partner nations after cultural programmes	Eurobarometer, British Council (2018)
Public perception / image improvement	How cultural diplomacy changes attitudes toward a partner country or the EU	Pew Research Center, Soft Power 30 Index
Intercultural competence / exchange networks	Lasting partnerships between institutions, artists, or academics	Erasmus+, Creative Europe mobility data
Diplomatic engagement frequency	Increase in meetings or cultural agreements following events	EEAS, UNESCO cultural diplomacy records
Visibility and reach of cultural initiatives	Audience size, media coverage, and participation	Creative Europe / EUNIC annual reports

Source: *author's elaboration.*

Another category of indicators can refer to institutional and policy effectiveness. These assess how cultural diplomacy contributes to institutional alignment and the creation of policy frameworks that facilitate economic cooperation (Table 2).

Table 2. Institutional and policy effectiveness indicators

Indicator	What it measures	Examples / sources
Bilateral and multilateral agreements signed	Number and scope of new cooperation frameworks integrating culture and economy	European Commission & EEAS archives
Policy convergence	Adoption of shared cultural–economic standards and norms	EU–EaP progress reports, OECD reviews
Funding leverage and cross-sectoral projects	Volume of funding for joint cultural–economic projects	Creative Europe, Horizon Europe reports
Institutional partnerships established	New collaborations among cultural and economic bodies	EUNIC evaluations
Inclusion of culture in economic diplomacy strategies	Recognition of culture as an economic asset in policies	European Agenda for Culture (2018), OECD (2022)

Source: *author's elaboration.*

The third category of indicators would refer to economic and material effectiveness. These directly assess economic outcomes that can be reasonably linked to prior cultural diplomacy or cooperation initiatives (Table 3).

Table 3. Economic and material effectiveness indicators

Indicator	What It Measures	Examples / Sources
Growth in bilateral trade and investment	Change in trade volume and FDI between culturally engaged partners	Eurostat, UNCTAD, EEAS
Increase in joint ventures / co-productions	Cross-border creative business projects or start-ups	EU4Culture, Creative Europe
Tourism and cultural export revenue	Growth in cultural tourism and creative exports	Eurostat, UNESCO data
Creative sector employment and GDP share	Contribution of creative industries to economic growth	OECD (2022), Eurostat Cultural Statistics
Innovation indicators	Patents, start-ups, and digital innovation from cultural clusters	Horizon Europe, EU Innovation Scoreboard

***Source**: author's elaboration.*

Challenges and limitations of aligning cultural objectives with economic goals in Europe. While cultural diplomacy offers significant opportunities to strengthen economic cooperation in Europe, its effectiveness is often constrained by structural, political, and identity-related challenges. One of the primary obstacles is the unequal influence among member states. Larger and wealthier countries, such as France and Germany, possess well-established cultural institutions abroad, for example, the Institut Français and the Goethe-Institut, which enable them to project their culture more effectively and shape European narratives. In contrast, smaller or newer EU member states frequently lack the institutional capacity or financial resources to achieve comparable reach, resulting in a hierarchy of soft power that can undermine the EU's principle of "unity in diversity." This asymmetry is evident in programs like the European Capitals of Culture, where cities in larger countries often achieve greater international visibility and long-term economic returns than smaller hosts, despite comparable efforts (European Commission, 2015).

Another significant limitation is the politicization of cultural initiatives. Cultural diplomacy can be instrumentalized to serve national agendas, electoral goals, or geopolitical objectives, rather than fostering genuine intercultural understanding. In such cases, culture risks becoming a tool of power projection rather than a bridge for economic collaboration. For instance, some bilateral or regional cultural programs have been criticized for prioritizing symbolic prestige over measurable economic outcomes, limiting their potential as instruments of economic diplomacy.

A third challenge lies in the tension between national identity and European integration. Cultural initiatives often seek to celebrate both local traditions and a collective European identity, but these objectives can conflict. Member states may resist policies perceived as diluting national heritage or promoting homogenization, which can impede cross-border cultural cooperation and, by extension, the economic networks that rely on trust and shared understanding. Balancing respect for national identities with the promotion of transnational economic collaboration remains a delicate task, particularly in culturally diverse or politically sensitive regions.

Despite these challenges, research and policy evaluations suggest that cultural diplomacy can complement traditional economic policies effectively when strategically designed. By fostering trust, creating networks, and enhancing Europe's soft power, cultural initiatives provide both symbolic and practical pathways for economic cooperation. When aligned with funding mechanisms, policy frameworks, and institutional support, they can facilitate trade, investment, and collaborative development across borders. The key lies in ensuring inclusivity, transparency, and sustainability, so that cultural projects benefit all member states and reinforce rather than undermine European economic integration.

CONCLUSIONS

By fostering mutual trust, shared values, and intercultural understanding, cultural initiatives provide the social foundation upon which trade, investment, and innovation can flourish. Programs such as Erasmus+, Creative Europe, and the European Capitals of Culture demonstrate how cultural engagement generates long-term economic dividends through enhanced collaboration and mobility.

Europe's cultural diplomacy strengthens its international attractiveness, improving the conditions for foreign direct investment, cross-border partnerships, and regional development. The creation of transnational networks through educational and cultural exchange enhances Europe's competitiveness and global influence.

When cultural objectives are harmonized with economic instruments—such as innovation, creative industries, and sustainable development policies—the resulting synergies amplify both symbolic and material outcomes. Institutional coordination and funding leverage are essential for ensuring that cultural diplomacy translates into tangible economic benefits.

Inequalities in resources among member states, the dominance of larger cultural actors, and the politicization of cultural programs continue to limit inclusivity and long-term impact. Addressing these asymmetries through transparent, participatory, and equitable policy frameworks is crucial for ensuring that cultural diplomacy strengthens rather than fragments European unity.

Beyond economic outcomes, it reinforces Europe's collective identity and capacity for peaceful cooperation. Integrating cultural diplomacy into broader strategies of economic governance and external relations enables the Europea Union to pursue sustainable, human-centered growth based on diversity, creativity, and mutual respect.

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