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Fax: (31) 3319.9907 • Belo Horizonte • Minas Gerais • Brasil • e-mail: editora@pucminas.br



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REVISTA DE RELAÇÕES INTERNACIONAIS



Pontifícia Universidade
Católica de Minas Gerais

**Programa de Pós-Graduação
em Relações Internacionais**

Belo Horizonte
ISSN: 2317-773X
v. 12 n. 3
dezembro 2024

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From the Eurozone Entrance to the Economic Restructuring: A Political Economy Analysis of the Greek Economic Crisis



Da entrada na Zona Euro à reestruturação econômica: uma análise de economia política da crise econômica grega

Desde la entrada en la Zona Euro hasta la reestructuración económica: un análisis de economía política de la crisis económica griega

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Enviado: 13 de março de 2024
Aceito em: 19 de março de 2025

ABSTRACT

This paper investigates the trajectory of Greece's economy from its Eurozone entrance in 2001 through the Global Financial Crisis (GFC) in 2008 and the Greek Economic Crisis (GEC) in 2010-2018. The analysis surveys the narrative of initial optimism of the entry to Eurozone followed by GEC. In the meantime, the GFC unveiled deep-seated fiscal and competitive weaknesses as well as domestic political incompetence precipitating the GEC. The official response to the GEC, through the Economic Adjustment Programs (EAPs), aimed at economic stability. The discussion focuses on the neoliberal restructuring of Greek economy that led into socio-economic repercussions, highlighting the political economy lessons.

Key Words: Eurozone entrance; Greek Economic Crisis (GEC); Global Financial Crisis (GFC); Economic Adjustment Programs (EAPs); Structural Adjustment Programs (SAPs); Neoliberal restructuring; Troika.

RESUMO

Este artigo investiga a trajetória da economia grega desde sua entrada na Zona Euro em 2001, passando pela Crise Financeira Global (CFG) de 2008 e culminando na Crise Econômica Grega (CEG) entre 2010 e 2018. A análise examina a narrativa do otimismo inicial com a adesão à Zona Euro, seguida pela CEG. Nesse ínterim, a CFG revelou fragilidades fiscais e de competitividade profundamente enraizadas, bem como uma incompetência política doméstica que precipitou a crise grega. A resposta oficial à CEG, por meio dos Programas de Ajustamento Econômico (PAEs), visava à estabilidade econômica. A discussão centra-se na reestruturação neoliberal da economia grega, que gerou repercussões socioeconômicas significativas, destacando as lições da economia política.

Palavras-chave: entrada na Zona Euro, Crise Econômica Grega (CEG), Crise Financeira Global (CFG), Programas de Ajustamento Econômico (PAEs), Programas de Ajustamento Estrutural (PAEs), reestruturação neoliberal, Troika.

RESUMEN

Este artículo investiga la trayectoria de la economía griega desde su ingreso en la Zona Euro en 2001, pasando por la Crisis Financiera Global (CFG) de 2008 y culminando en la Crisis Económica Griega (CEG) entre 2010 y 2018. El análisis examina la narrativa del optimismo inicial con la adhesión a la Zona Euro, seguida por la CEG. En ese período, la CFG reveló debilidades fiscales y de competitividad profundamente arraigadas, así como una incompetencia política interna que precipitó la crisis griega. La respuesta oficial a la CEG, mediante los Programas de Ajuste Económico (PAEs), tuvo como objetivo la estabilidad económica. La discusión se centra en la reestructuración neoliberal de la economía griega, que produjo importantes repercusiones socioeconómicas, destacando las lecciones de la economía política.

Palabras clave: ingreso en la Zona Euro, Crisis Económica Griega (CEG), Crisis Financiera Global (CFG), Programas de Ajuste Económico (PAEs), Programas de Ajuste Estructural (PAEs), reestructuración neoliberal, Troika.

1 INTRODUCTION

At the time of this publication, the Greek Economic Crisis (GEC) of the years 2010-2018 may seem like an issue of the past. However, the aftermath of the GEC, particularly the neoliberal restructuring of the Greek economy, continues to have profound effects on the country's current economic and social reality and its prospects. It would be short-sighted to examine the Greek economy's trajectory solely through the lens of the three Economic Adjustment Programs (EAPs) of 2010-2018, as many studies have done. Instead, this paper takes a broader view, tracing the evolution of the Greek economy from its entry into the Eurozone in 2001 through the eruption of the GEC and the completion of the third EAP in 2018. This time frame was chosen to capture both the structural developments leading to the crisis and the policy responses implemented during the adjustment programs. Our research finds a strong correlation between Greece's Eurozone entrance in 2001, the Global Financial Crisis (GFC) of 2008, and the GEC of 2010-2018.

Methodologically, the paper aims to unravel the events leading to the GEC and provide a comprehensive political economy analysis, along with key lessons learned. In tackling the subject matter, we have striven to sidestep personal ideological biases and dogmatism, instead adopting a balanced perspective. The analysis refrains from framing policy discussions within rigid theoretical binaries, opting instead for a contextualized political economy approach that integrates institutional, socio-political, and macroeconomic factors. The mountain we choose to stand on is the political economy analysis of Greece's protracted crisis. Written in accessible language, this paper targets not only economists but also scholars in development studies, politics, and social sciences, offering them insights from a political economy perspective. Furthermore, the intellectual reader does not need to be conversant with European economics and politics

as proper clarifications about are offered. Lastly, the political economy analysis of the GEC presented here encapsulates policy recommendations.

By adopting a political economy approach, the study integrates theoretical analysis with empirical evidence extracted from the original documents of the three Greek EAPs employing a qualitative research approach combined with descriptive data analysis with quantitative indicators presented in Table 1, and policy evaluation. Policy measures, institutional reforms, and fiscal strategies implemented during the crisis are assessed through direct references to these foundational documents. Furthermore, macroeconomic data from official sources such as the International Monetary Fund (IMF), the Bank of Greece, the Greek Government Law Gazette and the European Central Bank (ECB), were systematically collected and utilized to support the analysis, ensuring a robust empirical foundation. Policy analysis was conducted through direct reference to foundational policy documents, supported by relevant secondary literature. This combined approach allows for a detailed investigation of the GEC, emphasizing how policy responses were shaped by institutional constraints and economic conditions, as extensively discussed throughout the paper. This framework consciously moves beyond conventional classifications, acknowledging the multidimensional nature of crisis management and policy responses in a highly integrated economic and political landscape.

What distinguishes this study is its novel approach of blending primary policy documents with a critical political economy perspective drawing from diverse sources, considering institutional, socio-political, and global economic dynamics. This allows for an in-depth examination of the policy responses. By connecting theoretical insights with empirical data and policy analysis, the paper contributes a multidimensional understanding of the GEC, addressing gaps in the existing literature and offering fresh perspectives on crisis management within the Eurozone framework. By rejecting simplistic theoretical binaries, the study highlights the complex interactions between policy measures, domestic and European institutional structures, and the political apparatus, offering a refined perspective on the GEC.

Let us pose from the beginning some compacted preliminaries for better understanding of the research theme. The narrative of the transition of Greek economy into the Eurozone in 2001 brings financial economic benefits (Kotios; Pavlidis; Galanos, 2011, p. 5). Nevertheless, the initial benefits of the Eurozone membership, such as increased investment and growth, gradually gave way to emerging fiscal imbalances and economic fragility (Nelson et al., 2010, pp. 3–4). The GFC of 2008 exacerbated Greece's existing economic vulnerabilities, precipitating a severe downturn in 2009. The exposed and aggravated pre-existing fiscal deficits and competitiveness issues, propelled Greece into severe economic distress and the GEC. In response, the EAPs, initiated in 2010, aimed to stabilize the Greek economy through rigorous fiscal consolidation, austerity measures, and structural reforms. However, EAPs deepened the economic downturn, leading to significant social and economic challenges. The EAPs' neoliberal underpinnings, emphasizing austerity

and market liberalization, faced criticism for their lack of sensitivity to Greece's socio-economic context and the adverse impacts on the populace, illustrating the complexities of crisis management within the Eurozone's supranational framework. What are the political economy lessons from this process; This is the research question that the following lines scrutinize. Data analysis is designed to answer this question by examining macroeconomic indicators, policy decisions, and socio-economic outcomes.

The structure of the paper has as follows: Section 2 examines Greece's path from the Eurozone entrance to the economic downturn of 2010. Section 3 delves into Greece's political economy from 2010 to 2018, a period marked by the GFC's aftermath and successive EAPs. Section 4 presents the key political economy lessons drawn from the GEC. The paper concludes with Section 5, which summarizes the analysis's key results.

2 FROM THE EUROZONE ENTRANCE TO ECONOMIC DOWNFALL.....

Greece formally joined the European Union (EU), then called the European Economic Community (EEC) in 1981, following an application in June 1975 shortly after the restoration of democracy, becoming its 10th member. This early accession granted Greece access to vital structural funds, trade liberalization agreements, and policy frameworks aimed at fostering economic modernization and institutional reform. The accession was perceived from the country and its elites as a way of consolidating the newly restored democratic freedoms, as well as ensuring and furthering the social and economic progress of Greece (Alogoskoufis, 2019, p. 2). Portugal and Spain also joined the EEC in 1986, further integrating Southern Europe into the broader European market, prompting crucial economic reforms, including trade liberalization, fiscal consolidation, and market modernization, which facilitated their later participation in the European Monetary Union (EMU) (Royo, 2010, p. 212). Having recently emerged from totalitarian regimes and restored democratic governance, the three Mediterranean nations were effectively committed by their entrance to the EEC, also to democracy in an unwavering and permanent way (Goebel, 2003, p. 19). Greece's early membership played a critical role in for its economy to align with European standards and strengthening its institutional capacity for future integration. However, Greece experienced lower GDP and productivity levels after its EU accession compared to other member states (Campos; Coricelli; Moretti, 2019, p. 93).

This trajectory ultimately led to Greece's entrance to the EMU and the adoption of the euro in 2001, following the currency's initial introduction in 1999. The advent of the common currency marked a significant monetary experiment in global economic history (Dinopoulos; Petsas, 2000, p. 4). To ensure a stable and integrated monetary union, the Maastricht Treaty of 1991 established five key convergence criteria for Eurozone membership comprising economic prerequisites to ensure readiness for common currency adoption. These required countries

to maintain a public deficit below 3% of GDP, public debt below 60% of GDP, and inflation rates close to the average of the three best-performing EU countries. Additionally, long-term interest rates needed to remain within a narrow range of the lowest-performing countries, while exchange rate stability had to be ensured through participation in the Exchange Rate Mechanism (ERM) for at least two years without significant devaluation. These requirements aimed to promote fiscal discipline, price stability, and economic convergence across EU member states (Monteverdi, 2017, p. 9).

At the beginning of 1998, Greece appeared ill-prepared to meet the Maastricht criteria, grappling with 5% inflation long-term interest rates at 9.8%, a budget deficit of -4% of GDP, and public debt reaching 108.7%. Despite these challenges, dedicated efforts over the subsequent two years enabled Greece to achieve the prescribed targets, securing its membership in the Eurozone. This integration immediately ushered in an improved economic climate, bolstering the country's credibility (Neubaumer, 2015, p. 18). To attain compliance, Greece committed to a six-year convergence program (1994-1999), successfully reducing the budget deficit from 13.6% of GDP in 1993 to 3.1% in 1999. Greece showcased a primary surplus, accompanied by robust economic growth and lowered inflation and interest rates. Yet, fiscal rigidities and continuous currency appreciation undermined competitiveness despite declining interest rates that stimulated investment (Karamessini, 2014, p. 98).

Greece adopted the common currency in January 2001, becoming the 12th state following the European Council's confirmation of fulfilling the Maastricht criteria (Papadogiannis, 2015, p. 37). Upon entry into the Eurozone, Greece's central aim, through its participation in the Euro system and the European System of Central Banks, focused on ensuring price stability (Bank of Greece, 2013, p. 11–15). Between 2001 and 2007, Greece experienced significant GDP growth, ranking second among Eurozone members after Ireland. However, this growth mainly stemmed from strong domestic demand fueled by increased consumption, private borrowing, tax evasion, and public spending supported by external borrowing (Baltas, 2013, p. 6; Karamessini, 2014, p. 97). Despite early success, Greece encountered challenges post-Eurozone entry. Policies shifted after adopting the euro, leading to overspending and breaching the Maastricht criterion on budget deficits (Katsimi; Moutos, 2010, p. 3).

The following Table 1 summarizes key macroeconomic indicators of the Greek economy from 2001 to 2018, highlighting trends in GDP growth, inflation, fiscal and current account balances, public debt, unemployment, and government expenditure. These figures provide essential context for assessing the economic conditions that influenced the design and implementation of the EAPs. The table provides a quantitative foundation for understanding the economic realities that the EAPs aimed to address and serves as a reference point for evaluating the effectiveness and socio-economic consequences of the policy measures implemented during the adjustment period.

Table 1: Macroeconomic overview of Greece, years 2001-2018

Year	Real GDP Growth %	Inflation Rate (CPI) %	Current Account Balance as % of GDP	Fiscal Balance as % of GDP	Public Debt as % of GDP	Unemployment Rate as % of total labor force	Government Total Expenditure as % of GDP
2001	4.1	3.6	-6.9	-5.46	107.1	10.8	47.46
2002	3.9	3.9	-6.3	-6.02	104.9	10.4	47.11
2003	5.8	3.4	-6.3	-7.83	101.5	9.8	47.87
2004	5.1	3	-5.5	-8.82	102.9	10.6	48.82
2005	0.6	3.5	-7.3	-6.18	107.4	10	46.60
2006	5.7	3.3	-10.9	-5.94	103.6	9	45.86
2007	3.3	3	-13.9	-6.70	103.1	8.4	47.77
2008	-0.3	4.2	-14.5	-10.17	109.4	7.8	51.53
2009	-4.3	1.3	-10.9	-15.2	126.7	9.6	54.82
2010	-5.5	4.7	-10	-11.39	147.5	12.7	53.08
2011	-10.1	3.1	-10.1	-10.50	175.2	17.9	55.07
2012	-7.1	1	-2.6	-6.84	162.1	24.4	57.92
2013	-2.5	-0.9	-2.6	-4.01	178.8	27.5	63.85
2014	0.5	-1.4	-2.5	-4.26	181.8	26.5	51.50
2015	0.2	-1.1	-1.5	-3.01	179.1	24.9	54.76
2016	-0.5	0	-2.4	0.28	183.7	23.6	50.29
2017	1.1	1.1	-2.6	1.05	183.2	21.5	48.58
2018	1.7	0.8	-3.6	0.78	190.7	19.3	48.60

Source: constructed with data from the IMF (<https://www.imf.org/external/datamapper/profile/GRC>) and the ECB <https://data.ecb.europa.eu/data/data-categories>

The transition into the new millennium marked a transformative period for the Greek economy, witnessing a significant structural and productive shift towards market liberalization, privatization of state-owned entities and banks and a burgeoning concentration of capital within the private sector. This transformation corresponded to a shift from primary sector activities towards the tertiary sector, encompassing industries such as tourism, services, telecommunications, and shipping (Karamessini, 2014, p. 98–99). Greece experienced consecutive years of accelerated GDP growth, notably since 1996, that was attributed to macroeconomic adjustments and the implementation of structural reforms. According to De Haan and Parlevtiet (2018), structural reforms encompass policy measures aimed at enhancing the functioning of labor and product markets, improving market competition, and strengthening economic resilience. These reforms target institutional frameworks, regulatory settings, and economic policies to increase productivity, reduce unemployment, and boost long-term growth. They also cover fiscal reforms, governance improvements, and institutional adjustments that support sustainable economic development.

The alignment with Eurozone policies facilitated fiscal consolidation, minimized inflation rates, and fostered open markets, thereby yielding substantial economic expansion. These reforms, though politically

demanding, were essential prerequisites to meet the stringent Maastricht criteria for accession into the Eurozone (Vamvakidis, 2003, p. 4–6). The advent of a stable macroeconomic environment laid the foundation for sustained long-term economic growth. The elimination of exchange rate risks, significant reductions in inflation, historically low government bond interest rates and increased accessibility to affordable loans for enterprises and households all contributed to this growth trajectory (Bank of Greece, 2013, p. 13–14). Additionally, this period witnessed the amelioration of several social issues, positioning Greece as a leader among EU countries in terms of convergence speed (Christodoulakis, 2006, p. 60).

Nevertheless, the credit expansion triggered by low interest rates drove up domestic demand and imports. The influx of capitals from European structural funds and the 2004 Olympic Games generated prolonged excessive demand. As observed by Paraskevopoulos (2017, p. 11), this period of high growth was funded by readily available cheap credit, contributing to a rising public deficit. This unsustainable economic model, characterized by inflated real wages and easy access to bank loans, fostered a deceptive perception of enduring prosperity (Baltas, 2013, p. 7). Greece's inability to enhance productivity and competitiveness stemmed from persisting issues such as inflation, high public debt, rampant tax evasion, and inadequate public administration, exacerbated by pervasive corruption undermining trust in the rule of law (Pagoulatos; Triantopoulos, 2009, p. 36). The excessive reliance on demand-driven growth and the failure to implement structural reforms led to substantial public sector recruitment. Additionally, increased taxes without a proportional rise in revenues and absorption of private corporate losses fueled a cycle of debt accumulation (Katsimi; Moutos, 2010, p. 9). The resulting current account deficits and reliance on external credit played a pivotal role in the design of the EAPs, which imposed severe restrictions on public spending. The Troika's response to these enduring structural issues, thoroughly explored in Section 3, included sweeping public sector reforms and institutional restructuring, aiming to reverse this trend, but triggered widespread social discontent.

The policy trajectory adopted post-Eurozone entrance failed to address crucial structural deficiencies, particularly in fiscal policy, deviating from necessary austerity measures critical for convergence with other Eurozone members and debt reduction (Bank of Greece, 2013, p. 20). Throughout the decade following Eurozone entrance, Greece pursued policies marked by a lack of requisite structural reforms. Escalating wages and public expenditure further derailed the economy, perpetuating an output gap (Arghyrou, 2015, p. 6). This unchecked rise in public spending along with credit expansion left Greece vulnerable to the harsh conditionalities later imposed by the EAPs, as examined in Section 3. Prior to GFC of 2008, Greece displayed indicators of macroeconomic imbalances and competitive weaknesses. Worsening fiscal and current account deficits, increased government spending, rising debt-to-GDP ratios, and declining competitiveness set the stage for an impending crisis (Provopoulos, 2013, p. 4–5). Moreover, systemic tax evasion, particularly among firms and self-employed individuals, exacerbated by selective tax

privileges, diminished state revenues and strained the sustainability of Greece's pension system (Karamessini, 2014, p. 105). In the mid-2000s, Greece's fiscal situation deteriorated further with relaxed fiscal policies, particularly from 2007 to 2009, that led to substantial increases in government expenditures, budget deficits, and a subsequent surge in public debt, exacerbating the country's economic woes (Papadogiannis, 2015, p. 141).

Furthermore, the GEC was deeply intertwined with domestic political failures, marked by delayed and half-hearted implementation of necessary public policy reforms. Political uncertainty, driven by governance instability and confrontational policymaking, intensified Greece's economic downturn. Section 3 elaborates on how these political dynamics influenced the implementation and outcomes of the Economic Adjustment Programs, intensifying the crisis rather than resolving it. Successive governments struggled with tax evasion, inefficient public administration, and resistance to structural reforms due to entrenched clientelistic practices and union opposition (Tsarouhas, 2012, p. 84). Furthermore, political mismanagement in critical moments, such as the 2015 confrontational strategy with EU lenders, exacerbated fiscal instability and led to heightened market uncertainty (Hardouvelis, Gikas *et al.*, 2024, p. 1202). Over the past decade since the outburst of the GEC, there has been a noticeable decline in political governance indicators. Despite the adoption of new institutional frameworks through the MoUs, the country's political and institutional governance has continued to deteriorate, underscoring a broader failure to address the political conditions that influence overall quality of life and societal well-being (Maris; Sklias; Maravegias, 2022, p. 16).

However, Greece's fiscal and structural challenges must be understood within the broader context of the PIIGS crisis, which included Portugal, Ireland, Italy, Greece, and Spain. These countries faced severe economic difficulties following the GFC, suffering a sudden stop in credit financing and facing the prospect of debt-defaults (Christodoulakis, 2019, p. 2). Strong financial interlinkages between US and European banks allowed the crisis to spill over into Europe, exposing fiscal and institutional weaknesses in peripheral Eurozone economies. The PIIGS' economies experienced major structural vulnerabilities due to unsustainable capital inflows, which fueled consumption booms and asset bubbles, leaving them exposed when the crisis struck. As the crisis intensified, the Eurozone's fixed exchange rate system constrained their ability to adjust through currency devaluation, making fiscal adjustment the only available policy response (Frieden; Walter, 2017, p. 378). Among the PIIGS countries, Greece emerged as the most vulnerable due to its high public debt, persistent budget deficits, and politically unstable environment. As global financial markets reacted, Greece's debt quickly spiraled out of control, intensifying the sovereign debt crisis within the Eurozone (Sapir *et al.*, 2014, p. 23).

Amid these escalating challenges, the GFC of 2008, originating from the U.S. subprime mortgage crisis, abruptly disrupted the economic and financial landscape. This global upheaval resulted in a drastic

contraction of internal gross demand and plummeting prices, leading to stagnating GDP and economic activity. GFC had far-reaching implications, significantly impacting the European periphery countries, triggering what was termed the most severe financial crisis since World War II (Paraskevopoulos, 2017, p. 1). Countries in the European periphery, Greece prominently, grappled with the aftermath of the “Great Recession” witnessing a collapse in housing and asset prices, coupled with mounting debts. This dire scenario, culminating in a substantial rise in the debt-to-GDP ratio due to a sharp decline in the denominator, heralded a profound economic downturn, posing a grave threat to the European common currency structure (Frieden; Walter, 2017, p. 376).

By January 2009, amidst the 10th anniversary celebrations of the common currency, European leaders lauded the euro’s role in stabilizing the global economic crisis (Copelovitch; Frieden; Walter, 2016, p. 814). However, this optimism overlooked the looming crises within the Eurozone. By the end of 2009, Greece economy public debt had soared to €301 billion, reaching 126.87% of GDP, a significant escalation from €181.5 billion, constituting 101.5% of GDP in 2003 (Eurostat, 2020). The ballooning deficits and diminishing GDP growth underscored a trajectory toward financial instability (Lyrintzis, 2011, p. 9; Pagoulatos, 2016, p. 62). The newly elected Greek government disclosed a staggering three-fold upward revision of the fiscal deficit figures previously announced. The revised deficit for 2009 stood at €36 billion, constituting 15.2% of GDP, a stark contrast to the earlier forecast of €14.36 billion, representing 6% of GDP (Pagoulatos, 2018, p. 6). This unforeseen revelation of an enormous deficit not only shocked global economic and political spheres but also triggered a debate regarding the manipulation of statistical data, eroding international market confidence. Greece, already burdened by high public debt, faced soaring borrowing costs as bond yield spreads widened alarmingly against German counterparts (Mavroudeas, 2017, p. 28). These persistent fiscal deficits and rising public debt later became central targets of the Troika’s austerity-driven EAPs, as discussed in Section 3.

The global financial turbulence following the 2008 crisis, heightened market aversion to risk and magnified scrutiny of the Greek economy, laying bare chronic imbalances and deficiencies. Notably, fiscal imbalances in the form of a burgeoning fiscal deficit and escalating public debt, alongside current account imbalances that deteriorated international competitiveness, became conspicuous (Karamouzis; Anastasatos, 2019, p. 13–14). Greek economy found itself in a state of “twin deficits”, signifying simultaneous deficits in both the fiscal budget balance sheet and the current account balance. Public debt soared to 127% of the GDP, while private debt exhibited a consistent upward trajectory (Tsakloglou *et al.*, 2016, p. 20). Ultimately all the above culminated in the eruption of the most severe economic crisis in modern Greek history.

3 THE ECONOMIC ADJUSTMENT PERIOD (2010-2018)

The year 2009 witnessed significant fiscal challenges in Greece, characterized by a staggering deficit of 15.1% of GDP and public debt

reaching 127% of GDP (Eurostat, 2020). Notably, for the first time in fifteen years of growth (1994-2008), Greece experienced a GDP contraction of 3.2% in 2009, despite substantial fiscal expansion. Public expenditures surged from 47.87% of GDP in 2003 to 54.82% in 2009 (Papadogiannis, 2015, p. 40). These events translated into deteriorating creditworthiness and a significant widening of bond spreads between Greek and German bonds signaling a markedly negative international evaluation of the Greek economy, with an impending collapse (Katsikas, 2012, p. 7). With the newly elected government (PASOK) taking office in 2009 and revealing the revised fiscal deficit, the Greek economy faced unprecedented market turmoil. International financial markets lost confidence in Greece's creditworthiness, initiating a downward spiral (Mavroudeas, 2017, p. 28). By April 2009, Greece was unable to secure international funding without facing exorbitant interest rates (Pagoulatos, 2018, p. 6). On April 27, Standard and Poor downgraded Greece's credit rating to junk status, triggering a rapid escalation in yields between Greek and German bonds, hitting 1,000 basis points from the previous 200 within three months, marking the initial phase of the crisis (Matsaganis, 2013, p. 4). Subsequently, Greece was aided from the European Commission (EC), the European Central Bank (ECB), and the International Monetary Fund (IMF), namely the "Troika".

3.1. The First Economic Adjustment Program (2010-2012)

The first bailout program attached within a Memorandum of Understanding (MoU) and executed through an EAP, totaling €110 billion, was signed between Greece and other EMU countries for €80 billion and with the IMF for €30 billion over three years. The primary aim was to enable Greece to regain access to financial markets at affordable interest rates after the program's conclusion (Ardagna; Caselli, 2014, p. 294). The loans from the Troika imposed policy conditionalities on Greece to rebalance its macroeconomic and financial aggregates by reforming its economy towards stability (Hardouvelis; Gkionis, 2016, p. 6). However, the parliamentary vote on the agreement sparked massive demonstrations, dividing the Greek society into factions either in favor or against the MoU (Matsaganis, 2013, p. 5). The parliament's vote on the bailout agreement caused internal divisions within parties, resulting in expulsions and reshaping of parliamentary groups (Gemenezis; Nezi, 2015, p. 9).

The first EAP aimed to restore confidence, secure macroeconomic stability, and enhance Greece's competitiveness through necessary reforms. Fiscal consolidation, financial stability and internal devaluation were primary objectives to attain a budget surplus and address debt dynamics (Catsambas, 2016, p. 62; Karamessini, 2014, p. 108). Achieving internal devaluation means reducing a country's production costs, mainly through wage cuts, labor market reforms, and fiscal austerity, to boost competitiveness without adjusting its currency value. This approach was used in the case of Greece, because currency devaluation is not possible, as the country is a member of the Eurozone (Stockhammer; Sotiropoulos,

2012). The EAP included fiscal adjustment measures in order to reduce deficit well below 3% of GDP and put the debt on a downward path ii) incomes and social security policies with measures to improve competitiveness iii) financial sector policies to maintain stability of the banking system iv) structural reforms to modernize the public sector and create a friendly environment for investors (Greek Government Law Gazette, 2010).

Instead of the forecasted improvements, the initial two-year implementation of the neoliberal policies of the EAP led to an unprecedented economic downturn. The country's GDP plummeted by 21.5% from 2009 to 2012, exacerbating fiscal deficit and public debt to GDP ratios. The steep decline in demand triggered a cycle of rising unemployment, widening current account deficits, and persistent inflation (Mavroudeas, 2017, p. 29–30). The stringent fiscal measures induced a drop in real GDP by 14.1% during 2009-2011, alongside a significant spike in unemployment, peaking at almost 18% in 2011 (Hardouvelis; Gkionis, 2016, p. 6). This unleashed widespread public outrage, manifesting in large-scale protests, leading to an unusual polarization of the Greek populace along pro and anti-memorandum lines rather than traditional right and left affiliations (Matsaganis, 2013, p. 4–5). Despite implementing reforms outlined in the MoU, the program failed to meet expectations, necessitating modifications and additional funding. The steep GDP decline derailed the program from its targets, leading to a deepening recession, 6.9% GDP fall in 2011, 17.7% unemployment, and public debt surging to 155% against program projections (Katsikas, 2012, p. 9–10).

In October 2011, Greek Prime Minister (PM) George Papandreou attended an EU summit that agreed upon a 50% debt reduction via a voluntary debt restructuring program and a new loan of €130 billion. However, reactions against this agreement created new uncertainties. Papandreou's decision to call for a referendum to navigate the complex agreement exacerbated the economic climate (Papakonstantinou, 2016, p. 303). The call for a referendum triggered rapid political developments. Greek PM was pressed to retract his decision, leading to the government's resignation and the formation of a new coalition government in November 2011, led by Lukas Papademos, a former vice-president of the ECB, tasked with implementing decisions from the EU summit (Gemenis; Nezi, 2015, p. 14).

At the end of the first EAP, only €52.9 billion out of the agreed €80 billion had been disbursed due to the replacement of the program by the second EAP.

3.2. The second Economic Adjustment Program (2012-2014)

In the May 2012 election, supporting the adjustment programs took the form of meaning the backing to the Eurozone presence of Greece, while rejecting the EAPs posed a challenge to that membership (Katsanidou; Otjies, 2016, p. 263). The main opposition conservative party of ND emerged victorious but fell short of a complete parliamentary majority. Concurrently, SYRIZA, the anti-austerity left party, ascended as the largest opposition force in Parliament (Liakos; Kouki, 2014, p. 52).

Antonis Samaras, leader of ND assumed the role of PM, forming, a new coalition government between ND, PASOK, and DIMAR (Democratic Left) a smaller left-wing party, approving the second EAP. Despite this unprecedented coalition, achieving broad political and social unity remained an ongoing challenge in the recent political landscape of Greece (Featherstone, 2016, pp. 3–4).

Amid prolonged negotiations, the new transitional government signed this second MoU, which included an additional loan of €130 billion from the European Financial Stability Facility (EFSF) and the IMF. This program also encompassed the Private Sector Involvement (PSI), entailing a debt restructuring plan and extensive recapitalization of Greek banks. As part of the PSI, holders of Greek government bonds accepted a 50% nominal cut in bond value in exchange for new bonds with adjusted terms (Arghyrou, 2015, p. 7). The restructuring of Greek government bonds during the PSI resulted in a substantial reduction in the Net Present Value (NPV) of these bonds, averaging around 21%. This restructuring aimed to reduce Greek debt to 120% of GDP by 2020, involving a nominal bond value discount of 53.5%. Ultimately, this exchange, involving bonds amounting to €199 billion, was completed by April 25, 2012, with 96.9% participation among private sector investors (Bank of Greece, 2012, p. 12). Despite achieving a substantial debt reduction of over 50% of Greek GDP in 2012, criticism emerged regarding the PSI's limited effectiveness due to its voluntary nature and the smaller scale of the process (Zettelmeyer; Trebesch; Gulati, 2013, p. 2). The debt restructuring negatively impacted Greek domestic bond investors, leading to substantial losses, particularly affecting Greek banks. Consequently, a considerable portion of the second bailout funds was directed towards recapitalizing the banking system (Tsoukis *et al.*, 2017, p. 16). Besides, the outcomes were deemed unsatisfactory as they led to a transfer of debt from private to official hands, causing bankruptcy for banks and welfare funds that required additional state support (Mavroudeas, 2017, p. 39). The PSI also had broader repercussions, such as the loss of confidence in the Greek financial sector and subsequent challenges in accessing ECB funding (Alcidi; Capolongo; Gros, 2020, p. 40).

The second EAP, enacted in February 2012, introduced more severe conditionalities than its predecessor, totaling an additional €164.5 billion in loans. A substantial portion of this funding, €50 billion, was allocated to recapitalize the Greek banking system, which suffered substantial losses due to the PSI (Frangakis, 2017, p. 58). The main objectives of this second MoU were to ameliorate the competitiveness gap of the Greek economy, to enhance growth and employment, to ensure fiscal soundness, to secure financial stability and to provide a fair distribution of the adjustment cost. The government committed to achieve a general government primary surplus of 4½ percent of GDP by 2014 by implementing a series of reforms (Marangos *et al.*, 2024, p. 67).

mid-term fiscal strategy framework was introduced in October 2012, followed by commitments to reduce Greek debt levels to sustainable, supported by extending loan maturities and reducing interest rates (European Council, 2012). Although by 2014, Greece recorded positive

but sluggish economic growth rates for the first time in five years, still, the prolonged economic recession had deeply affected domestic demand and caused substantial drops in GDP and employment. The neoliberal policies and austerity measures, combined with a deflationary economic policy, created a cycle of contraction that strained the economy further (Karamessini, 2014, p. 119–120). Critics emphasized the Troika’s underestimation of the recession’s impact and its persistent focus on austerity, which exacerbated the economic downturn (Pigasse, 2015, p. 33–34). Moreover, societal turbulence ensued, with opposition parties inciting public resistance against government measures, reflecting a significant shift in Greek political dynamics (Papadogiannis, 2015, p. 203–204).

3.3. *The third Economic Adjustment Program (2015-2018)*

Before the January 2015 elections, the Greek populace had endured five years of deep austerity and recession, with national income plummeting by 26% from 2008 to 2014. This discontentment against the established political entities elevated anti-memorandum parties amid the crisis (Varvitsioti; Dendrinou, 2019, p. 31). After five years of non-performing austerity strategies the Greek population instigated a change in the political landscape (Shin, 2017, p. 166). In January 2015, SYRIZA, a left party, in collaboration with ANEL, an anti-memorandum party of the right, came in governance.

As the Greek government engaged in a months-long debt-relief strategy, aiming to pressure lenders into sustaining financial support, it faced mounting pressure from EC officials to commit to agreed-upon reforms to maintain aid. Ultimately, Greece defaulted on an IMF loan installment in July 2015, a move considered unacceptable for a developed country (Catsambas, 2016, p. 66). With the looming end of the extension of the Greek program, negotiations faltered, and Greece faced financial strain. The state treasuries depleted, compelling the government to resort to unconventional measures to meet financial obligations (Nelson, 2017, p. 6). As the four-month extension of the bailout program neared its end, Eurozone members offered a further extension without additional funds. Rejecting the offer, the Greek government called for a referendum on the proposed program, intensifying bank deposit outflows and necessitating capital control measures (Tsakloglou *et al.*, 2016). The government advocated for a “No” vote in the referendum, which prevailed with 61.3% support. However, this “victory” led to a more burdensome agreement signed by Greek government, marked by societal division and financial turmoil (Featherstone, 2016, p. 8). Eventually, SYRIZA and ANEL government coalition abandoned its anti-memorandum agenda and embraced policies aligned with the third EAP of €86 billion (Marangos; Triarchi; Anthrakidis, 2020, p. 16).

The third EAP’s intended effects, focusing on macroeconomic stabilization, fiscal sustainability, financial stability and growth, led to significant social and welfare state challenges, increased pressure on incomes, and led to declining investments and heightened poverty rates (Hazakis, 2018, p. 202). The final MoU closely resembled its predecessors in terms

of internal rationale and content, also allocating substantial funds for bank recapitalization. However, the agreement entailed measures surpassing those proposed before the referendum, setting a target of a 3.5% GDP primary surplus and introducing a €50 billion fund as collateral (Papakonstantinou, 2016, p. 384).

By the end of 2015 the Greek GDP had decreased by 0.4%. The crisis extended into 2016, when GDP fell by 0.2%. However, starting from the third quarter of 2016, the Greek economy returned to a growth path. However, this growth was weak, not reaching 2% per year and did not overtake growth in the Eurozone until 2019 (Revuelta, 2021, p. 5). The third program's ambitious targets for structural reforms faced challenges as political economy factors significantly influenced its pace of implementation. High levels of private and public debt, coupled with many non-performing loans, continue to hinder economic growth. Greece's tax-paying capacity has been exhausted, with minimal revenue impact from increased taxation (Hazakis, 2018, p. 201).

4 THE POLITICAL ECONOMY LESSONS

Solely attributing the root causes of the GEC to macroeconomic instability and the GFC would be insufficient for a comprehensive analysis. Political economy factors, including an immature domestic political system and institutional underdevelopment, played pivotal roles. In any case, to our research, the political economy design and implication of the EAPs accelerated the neoliberal restructuring of the Greek economy.

The macroeconomic and political conditions of the country were compounded by the neoliberal strategy of the MoUs, leaving little space for moderate reform adjustments. As addressed in Clifton et al (2018), the policies imposed by the Troika were "brutal, intrusive and long-lasting" due to a disconnect between the strategies outlined in the EAPs and the national political economy and ideological structure of the country. The Troika aimed to enforce its "ideologically-motivated" harsh measures to mitigate market volatility and align the Greek economy with the political and economic standards of the broader Eurozone (Clifton; Diaz-Fuentes; Gomez, 2018). Within this context, certain policies of the EAPs reflected a rigid and uncompromising ideological stance, appearing to lack substantial rationale.

Though, the institutional adjustments embodied in the EAPs failed to guide the Greek economy towards the desired recovery. As shown by the deterioration of macroeconomic variables (refer to table 1) and the World Bank Governance Indicators, Greece has faced the most severe consequences of the crisis (Christodoulakis, 2019, p. 27). Hence, the failure of the Troika to account for the initial conditions of the country when estimating the government fiscal multiplier resulted in a sharper and larger-than-expected decline in GDP. The macroeconomic overview in table 1 indicates a GDP contraction of -4.3% in 2009 and -5.5% in 2010, reinforcing how underestimated fiscal multipliers led to deeper-than-expected recession. IMF economists Blanchard and Leigh (2013), highlighted that "fiscal multipliers were, on average, underestimated for both sides

of the fiscal balance, with a slightly larger degree of underestimation associated with changes in government spending” (Blanchard and Leigh, 2013, p. 3). This was exacerbated by flawed design of the EAPs, which disregarded the actual economic circumstances of Greece (Petraikos, 2014, p. 12, 21). The measures introduced concerned comprehensive and fundamental alterations in the collective bargaining procedure and the labor market institutions unsettling the established tradition of social dialogue (Koukiadaki; Kokkinou, 2016, p. 195). As Fragakis mentioned since 2015 the Troika’s emphasis on austerity, deregulation, and privatization in Greece could ultimately reduce aggregate demand, affecting consumption, investment, output, and employment (Frangakis, 2015, p. 298). Finally, this happened. Even if IMF principles shaping the formulation of conditionalities encompass several key elements: the principle of national ownership over the adjustment programs, prudence in decision-making, transparency in outlining program conditions, customization tailored to the unique circumstances of each country, and efficient coordination with other relevant organizations (Krokow-Fritz; Ramlogan, 2016, p. 25). In the case of Greece, these principles were not always followed.

Searching the lessons derived from the EAPs’ design and implication, we firstly could argue for the ideological parameter. The core framework of the Troika’s conditionalities is firmly rooted in neoliberal ideology. In this manner, the Washington Consensus (WC), as outlined by Moosa (2021, pp. 2–3), refers to a set of ten economic policy recommendations aimed at promoting market-oriented reforms. These measures include fiscal discipline, tax reform, trade liberalization, privatization of state-owned enterprises, deregulation, and securing property rights. In the context of the GEC, these principles -adjusted for an economy with strong idiosyncrasies- influenced the EAPs, emphasizing austerity, structural reforms, and market liberalization to stabilize the economy and boost competitiveness (Marangos, 2021, p. 400). Alongside, the EU, as outlined in the Maastricht Treaty, institutionalized the neoliberal paradigm in accordance with the principles of the WC. This integration involved the incorporation of fiscal constraints and the enforcement of austerity policies (Fontana; Sau, 2023, p. 7; Hein; Paternesi; Tridico, 2019, p. 28; Monteverdi, 2017, p. 8). The European Commission (EC) functions as the executive arm of the EU and is entrusted with the role of overseeing countries’ adherence to EU law, effectively serving as the “guardian of the European Treaty” (Borzell, 2003, p. 1, 29). Established in 1998, the ECB serves as the second member of the Troika, acting as the central bank for the 19 Eurozone countries. Its primary mandate revolves around ensuring price stability within the Eurozone, following also the same neoliberal logic (Scheller, 2004, p. 28). The third member of the Troika, the IMF, is the emblematic international organization that applies the neoliberal agenda in a global scale (Visvizi, 2012, p. 30).

Troika’s policies, throughout the three consecutive EAPs, reflect the neoliberal approach, resembling the traditional Structural Adjustment Programs (SAPs) endorsed by the IMF (Behrend, 2015, p. 40–41; Greer, 2014, p. 75). The agenda of SAPs was originally conceived to address critical issues in Latin America, but latter has evolved into

a globally embraced framework by scholars and policymakers alike, serving as a comprehensive blueprint for development (Gore, 2000, p. 790). In cases where a nation encounters financial challenges and seeks aid from the IMF, the distribution of funds is organized into installments, contingent upon meeting specific policy conditions. The recipient country must implement specified policies and meet predetermined targets to access IMF assistance. These conditionalities are put in place to ensure prompt repayment of funds to the IMF and allow member nations to address the root causes of their economic challenges (Bird; Willett, 2004, p. 426; Joyce, 2003, p. 3). To be more specific, the IMF's involvement in the Troika bolstered austerity measures within the Greek bailout program, echoing its traditional policy conditionalities of layoffs, wage reductions, and pension cuts, following a similar logic observed in typical SAPs (Greer, 2014, p. 60; Karger, 2014, p. 37–45). The conditionalities enforced by the Troika in Greece mandated liberalization, privatization, deregulation, and strict austerity measures with tight fiscal policies, mirroring the structural SAPs of the IMF. The economic theory underpinning the imposed conditionalities on Greece, as manifested through the EAPs, is grounded in neoliberal principles, reflecting to a large extent the standard agenda of the WC (Behrend, 2015, p. 26).

The second lesson is that the Troika's imposition of neoliberal economic policies on Greece was influenced by the concept of "expansionary austerity", a neoliberal theory which advocates for fiscal consolidation alongside market deregulation as a means of addressing fiscal deficits and public debt over the medium to long term (Tsoukis *et al.*, 2017, p. 375). This approach highlights the need to boost economic growth by encouraging higher levels of private consumption while simultaneously restraining public spending. The main objective is to achieve internal devaluation, which involves reducing domestic costs and prices, thereby enhancing the economy's competitiveness internationally (Botta, 2016, p. 4; Fontana; Sau, 2023, p. 4; Papadimitriou; Nikiforos; Zezza, 2013, p. 3). As shown in Table 1, unemployment soared from 9.6% in 2009 to 27.5% in 2013, reflecting the social costs of austerity-driven policies aimed at internal devaluation.

A third lesson is that neoliberals interpret the fiscal crisis as stemming from a balance of payments crisis, primarily due to a loss of competitiveness. Therefore, neoliberal recommendations for Greece to navigate the crisis entail fiscal discipline, austerity measures, and adherence to the Stability and Growth Pact (SGP) and Maastricht criteria (Caldentey; Vernengo, 2012, p. 19). The SGP is a fiscal framework designed to ensure sound public finances and fiscal discipline within the EMU. It sets limits on government budget deficits (a maximum of 3% of GDP) and public debt (a maximum of 60% of GDP), enforced through preventive measures and corrective actions under the Excessive Deficit Procedure (EDP), which is a corrective mechanism triggered when these fiscal thresholds are exceeded (Angerer, 2022). The prolonged socio-economic crisis in Greece, spanning over a decade, has greatly eroded the credibility of the prevailing neoliberal economic theory underpinning

the EAPs. The GEC, coupled with the imposition of the austerity measures, led to a deterioration in the living conditions of the Greek populace and had significant repercussions on the labor market (Karamanis; Beneki; Ioakimidis, 2018, p. 103). Greece, as a peripheral European country, struggled with stagnant domestic demand and turned to internal devaluation as a means to improve competitiveness and spur recovery. This underscored wider gaps between core and non-core Eurozone nations (Caldentey; Vernengo, 2012, p. 19).

The neoliberal approach adopted by the Troika can be characterized as a “shock therapy” or “big bang” strategy, aimed at rapidly implementing a comprehensive reform agenda (Anthrakidis, 2024, p. 133; Karamessini, 2015, p. 109). This calls for the fourth lesson. The IMF embraced the belief that the “faster the better”, indicating that a quicker pace in implementing reforms could result in a more significant adjustment (Berg *et al.*, 1999, p. 54). However, Table 1 clearly illustrates the severe contraction that followed these rapid reforms. Between 2009 and 2012, Greece’s real GDP plummeted by over 20% and until the end of the EAPs in 2018, it fell cumulatively by over 25%. Also, for the same time reference (2009-2012) unemployment surged from 9.6% to 24.4% while it peaked at 27.5% in 2013 and remained above 19% through 2018, and public debt soared from 126.7% to 190.7% of GDP in 2018. On the one hand, the rapid fiscal consolidation, due to the underestimated fiscal multiplier, led to a significant reduction in aggregate demand and income (Skalkos, 2018, p. 175, 180). On the other hand, the Troika’s intense pressure on Greek officials to rapidly implement reforms resulted in adverse outcomes, diminishing political ownership of the programs. Instead of building momentum for reform, international lenders enforced severe austerity measures through unclear procedures, rapidly depleting the domestic political system’s capital (Featherstone, 2015, p. 18; Spanou, 2015, p. 51).

A fifth lesson can be seen in the neoliberal agenda of “one-size-fits-all” strategy (Gkasis, 2018). The neoliberal policies imposed by the Troika in Greece aimed at implementing the WC reforms agenda, taking a “one-size-fits-all” approach (Marangos, 2022a, p. 12). In this context, the Troika’s detailed policy directives primarily focused on quantitative fiscal targets and “horizontal measures” leaving little space for qualitative reforms and diminishing national ownership of the programs. This approach made the programs less socially and politically accepted (Spanou, 2015, p. 49). Instead of granting political ownership of reforms to the Greek government, the Troika micromanaged the process, undermining Greek sovereignty and democratic processes in a manner perceived as humiliating (Kotios; Roukanas, 2013, p. 101; Tsoukis *et al.*, 2017, p. 26). Now, it seems as a common space that the EAPs were externally imposed and lacked social dialogue and consultation with social partners. The macroeconomic data in Table 1 illustrates how Greece’s structural weaknesses and socio-economic dynamics were overlooked by the standardized policy approach. For instance, the fiscal deficit remained alarmingly high at -15.2% of GDP in 2009, despite severe austerity measures. Additionally, the

soaring public debt, climbing from 107.1% of GDP in 2001 to 190.7% in 2018, reveals how debt sustainability targets were persistently missed under the uniform austerity framework. Unemployment, which surged from 9.6% in 2009 to a peak of 27.5% in 2013, underscores the socio-economic damage caused by rigid labor market deregulations. These trends reflect how the uniform fiscal targets failed to account for Greece's economic and political realities, undermining the program's effectiveness leading to "growthless employment" (Missos; Rodousakis; Soklis, 2022, p. 313).

5 INSTEAD OF A CONCLUSION

Initially driven by aspirations of integration for economic development, Greece Eurozone entrance in 2001 marked a transformative period characterized by robust growth. However, the unsustainable economic model, compounded by fiscal imbalances and structural deficiencies, led to a severe crisis aggravated by GFC in 2008. Subsequently, the GEC unfolded against a backdrop of political and economic turmoil, offering valuable insights into the interplay between neoliberal policies and the dynamics of a struggling democracy. The initial EAP (2010-2012) aimed to address fiscal imbalances through austerity, yet its neoliberal economic policies contributed to a severe economic downturn. The subsequent EAP (2012-2014) involved a substantial debt restructuring but failed to meet targets, deepening recession, and societal discontent. In the third EAP (2015-2018) despite stabilization efforts, the prolonged economic recession persisted, posing challenges to fiscal sustainability and social welfare. The GEC offers political economy lessons, unraveling the consequences of neoliberal policies. The EAPs imposed by the Troika exemplify the pitfalls of a rigid adherence to neoliberal principles. Despite their stated objectives of fiscal consolidation and economic stability, the EAPs resulted in internal devaluation and expansionary austerity. The Troika's strategies, rooted in the neoliberal agenda of the WC, reflected a disconnect between their imposed measures and the Greek political and economic reality. GEC had socio-economic repercussions, with GDP contracting by over 25%, a surge in unemployment, and a notable brain drain. The Troika's brutal, intrusive, and long-lasting measures not only failed to align with Greece's political economy but also showcased a flawed understanding of the country's initial conditions. The neoliberal framework, emphasizing fiscal consolidation and austerity, proved inflexible and unsuitable for addressing the challenges in a Eurozone member state economy. The absence of social dialogue and consultation with social partners diminished the political ownership of reforms, eroding democratic legitimacy. Perhaps, the key lessons learned underscore the importance of tailoring economic measures to a country's specific conditions, the fostering of social dialogue, and the preserving of democratic processes within the European heritage. Ultimately, the Greek experience highlights the need for challenging the "one-size-fits-all" mentality inherent in rigid adherence of the worldwide neoliberal policies

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China's leadership in BRICS+: driving change in the Global South

El liderazgo de China en los BRICS+: impulsando el cambio en el Sur Global

A liderança da China no BRICS+: impulsionar a mudança no Sul Global

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Enviado em: 26 de setembro de 2024
Aceito em: 19 de março de 2025

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ABSTRACT

This article examines China's consolidation of leadership within BRICS+, highlighting its historical evolution and key strategies that have enabled it to assume a leading role. The Belt and Road Initiative (BRI) is analyzed as a crucial example of China's projection of economic and political power, significantly strengthening its influence in the Global South. Through a literature review, the article explores the internal dynamics of BRICS+ and how the Asian country has effectively aligned its interests with those of other member states, promoting economic cooperation and sustainable development through institutions such as the New Development Bank (NDB). The analysis of Chinese leadership not only addresses criticisms of potential economic neocolonialism but also emphasizes its role in seeking a new world order that is more favorable for emerging economies. By advancing multilateralism and greater equity in global governance, China's leadership within BRICS+ represents both a significant challenge and an opportunity for the existing international system.

KEYWORDS: China; BRICS+; Leadership; Belt and Road Initiative; Global South

RESUMEN

Este artículo examina la consolidación del liderazgo de China dentro de los BRICS+, destacando su evolución histórica y las estrategias clave que le han permitido asumir un papel de liderazgo. La Iniciativa de la Franja y la Ruta (BRI, por sus siglas en inglés) es analizada como un ejemplo crucial de la proyección de poder económico y político de China, fortaleciendo significativamente su influencia en el Sur Global. A través de una revisión de la literatura, el artículo explora la dinámica interna de los BRICS+ y cómo el país asiático ha armonizado con eficacia sus intereses con los de otros estados miembros, promoviendo la cooperación económica y el desarrollo sostenible a través de instituciones como el Nuevo Banco de Desarrollo (NDB). El análisis del liderazgo chino no solo

aborda las críticas a un posible neocolonialismo económico, sino que también enfatiza su papel en la búsqueda de un nuevo orden mundial que sea más favorable para las economías emergentes. Al promover el multilateralismo y una mayor equidad en la gobernanza global, el liderazgo de China dentro de los BRICS+ representa tanto un desafío significativo como una oportunidad para el sistema internacional actual.

PALABRAS CLAVE: China; BRICS+; Liderazgo; Iniciativa de la Franja y la Ruta; Sur Global

RESUMO

Este artigo examina a consolidação da liderança da China no seio dos BRICS+, destacando a sua evolução histórica e as principais estratégias que lhe permitiram assumir um papel de liderança. A Iniciativa do Cinturão e Rota (BRI) é analisada como um exemplo crucial da projeção do poder económico e político da China, reforçando significativamente a sua influência no Sul Global. Através de uma revisão da literatura, o artigo explora as dinâmicas internas do BRICS+ e a forma como o país asiático tem alinhado eficazmente os seus interesses com os dos restantes Estados membros, promovendo a cooperação económica e o desenvolvimento sustentável através de instituições como o Novo Banco de Desenvolvimento (NDB). A análise da liderança chinesa não só aborda as críticas de um potencial neocolonialismo económico, como também enfatiza o seu papel na procura de uma nova ordem mundial mais favorável às economias emergentes. Ao promover o multilateralismo e uma maior equidade na governação global, a liderança da China nos BRICS+ representa um desafio significativo e uma oportunidade para o atual sistema internacional.

PALAVRAS CHAVE: China; BRICS+; Liderança; Iniciativa do Cinturão e Rota; Sul Global

1 INTRODUCTION

China's leadership in the BRICS+³ has been the subject of numerous academic studies and political analyses. Previous research has highlighted China's ability to use its economic and diplomatic influence to consolidate its position within the group and promote a cooperation and development agenda (Breslin, 2013). However, criticism has also been raised about the implications of this leadership, suggesting that it may represent a new form of economic colonialism (Antiwi-Boateng, 2017). This paper aims to contribute to this discussion by providing a detailed and up-to-date analysis of the evolution of Chinese leadership in the BRICS+ and its impact on the Global South.

The creation of the BRICS+ has represented a significant shift in the global order, providing a platform for cooperation among emerging economies seeking to counter the hegemony of developed economies (Cooper, 2017). Since its inception, China has played a crucial role in the formation and consolidation of this group, leveraging its economic growth and political influence to establish itself as a leader within the bloc. Various studies have explored how China has used its economic power and investment capacity to strengthen its position, highlighting the role of the Belt and Road Initiative (BRI) as a key tool in its expansion strategy (Lipsky, 2017).

3. The BRICS+ is an expansion of the original BRICS group, which includes Brazil, Russia, India, China and South Africa. This expansion involves the inclusion of other countries and organizations in the region where the BRICS summit is held, as well as the potential addition of new members. The BRICS+ format is seen as a way to enhance the international influence of the BRICS and create new global governance platforms (LISSOVOLIK, 2024). This expansion reflects the rise of emerging powers and the transformation of the global economic framework (MERINO, 2024). However, there is a need for increased interaction and cooperation among the BRICS economies (BAUMANN, 2009).

4. The Belt and Road Initiative (BRI), also known as the New Silk Road, is an ambitious infrastructure and development project launched by China in 2013, aiming to revitalize the old trade routes connecting Asia, Europe and Africa, promoting regional integration and globalization (GULUZIAN, 2017). Although it presents great economic and trade opportunities, it faces significant challenges in terms of local sustainability and structural barriers. In addition, the initiative is a key strategic tool for China, designed to increase its global influence and promote a multipolar world order (LEVERETT; BINGBING, 2017).

5. The New Development Bank (NDB) is a financial institution created by the BRICS countries to address the lack of infrastructure financing and give developing countries a greater role in the global financial system (LATINO, 2017). Although it follows a similar model to that of other development banks, it seeks to differentiate itself through cooperation with other financial institutions and a focus on sustainable financing. Despite the challenges, the NDB has the potential to become an important tool to encourage investments in large development projects and strengthen economic and trade ties among member countries (WANG, 2019).

6. The Asian Infrastructure Investment Bank (AIIB) is a multilateral financial institution created to address infrastructure needs in Asia and promote sustainable economic development. Its creation reflects both China's frustration with the existing international financial architecture and its ambition to play a more prominent role in global economic governance (MORRIS, 2020). AIIB has introduced innovations in its governance structure and adopted practices from existing development banks to ensure its legitimacy. The international acceptance of the AIIB and its ability to form cooperative partnerships underscore its significant impact on geopolitics and global governance (WILSON, 2019).

7. The International Monetary Fund was established to encourage global monetary cooperation and maintain foreign exchange stability, aiming to support international trade, high employment rates, real income growth and the development of productive resources among all its member countries. However its credibility and effectiveness are at stake due to its governance structure, ideological bias and insufficient reform efforts (TORRES, 2007).

The Belt and Road Initiative⁴ has been widely analyzed in academic literature as an example of China's power projection (Baik, 2019). This initiative not only seeks to improve connectivity and trade between Asia, Europe and Africa, but also strengthens China's influence in the Global South (Gulseven, 2022). Through this initiative, China has been able to consolidate strategic alliances and expand its economic and political influence, promoting infrastructure projects that benefit emerging economies and strengthen its position on the global stage (ECONOMY, 2018).

Moreover, the creation of institutions such as the New Development Bank⁵ (NDB) and the Asian Infrastructure Investment Bank⁶ (AIIB) has been central to China's strategy to consolidate its leadership in the BRICS+. These financial institutions not only provide an alternative to traditional Western institutions such as the World Bank and the International Monetary Fund⁷ (IMF), but also promote economic cooperation and sustainable development among BRICS+ members and other countries in the Global South (Morton, 2016). The literature has highlighted how these institutions have enabled the Asian country to position itself as an advocate of multilateralism and a promoter of a new, more equitable world order.

However, not all is positive in the analysis of China's leadership. Many critics argue that China's strategy represents a new form of economic colonialism (Antiwi-Boateng, 2017). Through its investments and infrastructure projects, China has been accused of creating economic and political dependence in recipient countries, which has led to debates over the true intentions of its leadership in the BRICS+. These critics point out that, while China promotes greater representation of emerging economies, its strategy may be more focused on expanding its own influence and control at the expense of other countries' sovereignty (Hurley; Morris; Portelance, 2019).

This article is part of this academic discussion, providing a comprehensive analysis of China's leadership in the BRICS+ and its impact on the Global South. In order to address the objectives of this paper, a methodology based on literature review and documentary analysis will be employed. Primary and secondary sources will be examined, including academic articles, reports from international institutions, official speeches and case studies. The literature review will identify and synthesize the main academic contributions on the topic, while the documentary analysis will provide a broader historical and political context.

The methodological approach will focus on the identification and analysis of patterns and trends in the participation of the People's Republic of China in the BRICS+, as well as on the assessment of its impact on the Global South. Special attention will be paid to the projects and strategies implemented by the Asian country in the framework of the Belt and Road Initiative, as well as to the creation and functioning of the aforementioned financial institutions. The documentary analysis will include the review of speeches and official statements by Chinese leaders and other BRICS+ members, as well as reports by international organizations and think tanks.

In order to provide a balanced and well-grounded view of the power

dynamics in the BRICS+ and the implications of China's leadership for the future of the global order, this article is structured in five main sections. The first section presents the consolidation of China's leadership in the BRICS+, analyzing the historical evolution of its participation and the key milestones that accompany it. The second section explores the different types of leadership exercised by China, in light of Correa's classification (Correa da Silva, 2022). It continues with an analysis of the impact of the Belt and Road Initiative on Chinese leadership in the framework of BRICS+ and the Global South.

Fourth, it assesses the impact of China's leadership in the Global South and examines the criticisms it has received, analyzing its promotion of the redefinition of international norms and its promotion of a multipolar world order that challenges Western hegemony. Finally, the fifth and last section presents the article's conclusions, synthesizing the main findings and reflecting on the future of the People's Republic of China's leadership in the BRICS+ and its role in shaping a new world order more favorable to the interests of the Global South.

2 THE CONSOLIDATION OF CHINA'S LEADERSHIP OF THE BRICS+

Beijing's leadership within BRICS+ cannot be fully understood without first analyzing its relationship with the Global South. The concept of the "Global South"⁸ has been the subject of extensive debate, and its application to China raises both theoretical and practical questions (Barany, 2024; Murphy, 2022). Traditionally, the term has been used to refer to middle- and low-income countries with historical trajectories marked by colonialism, economic dependency, and structural inequality within the international system (Levander; Mignolo, 2011). However, China's growing influence has challenged its classification within this framework.

From a postcolonial perspective, the Global South encompasses nations that have historically been marginalized within the Western-led world order and seek alternatives to the economic and political rules imposed by the neoliberal capitalist system (Levander; Mignolo, 2011; Mignolo, 2011). In the case of China, the country continues to identify itself as part of the Global South for both historical and discursive reasons, grounding this claim in its experience of Western colonial intervention during the "Century of Humiliation" (Char, 2024). Additionally, despite being the world's second-largest economy in nominal GDP terms, China has a relatively low GDP per capita compared to economies of the Global North, with many regions still facing challenges related to uneven development (Freeman, 2024). The creation of financial institutions such as the AIIB and the NDB also reflects its ambition to reshape the Western-dominated global financial architecture.

However, despite its self-identification with the Global South, some scholars argue that China has surpassed this status due to its immense economic and military power, high degree of industrialization, and leadership in advanced technologies, placing it in direct competition with traditional global powers (Taylor; Cheng, 2022). Furthermore, critics contend that its infrastructure investments and loan strategies in the Global

8. The term has evolved from a purely geographical notion into a political and economic category. Modern conceptualization acknowledges that divisions are not exclusively spatial but rather reflect structural inequalities in terms of market access, financing, technological development, and political power within global institutions (MIGNOLO, 2011). In any case, this conception is not homogeneous: some Global South countries are emerging economies with significant geopolitical influence, while others lack the structural power to shape global affairs.

South reflect neocolonial tendencies, creating new forms of dependency (Chellaney, 2017). While internal inequalities persist, China's rapid development and significant poverty reduction efforts set it apart from other developing economies. This debate reflects a broader reality regarding the evolution of the international system. Although China has benefited from the rhetoric of South-South solidarity, its economic and geopolitical strength places it in an intermediary category between traditional global powers and developing nations. In many ways, China can be seen as a "hybrid actor": on the one hand, it actively promotes the reconfiguration of the global order in favor of emerging economies, while on the other, it has developed economic and political capabilities that distinguish it significantly from other members of the Global South (Eisenman; Heginbotham, 2019; Sutter, 2023).

This dual positioning has been key to its rise within BRICS+, where it has carefully balanced its identity as an emerging economy with its growing influence as a global power. China's rise as a leader within the BRICS+ has been a gradual and strategic process that has unfolded over two decades, from the creation of the BRIC Forum in 2006 to its assumption of the presidency of the group for the second time in 2021. Along the way, China has implemented a series of carefully planned actions that have allowed it to consolidate its leadership position and become a key player on the global stage. Three distinct periods can be identified:

2.1 Origins and first steps (2006-2010): laying the groundwork for South-South cooperation

The BRIC Forum, created in 2006, emerged as a response to the lack of representation of emerging economies in Western-dominated international institutions. Initially composed of Brazil, Russia, India and China, the group sought to promote cooperation among these nations and strengthen their positions on the global stage (Cooper, 2016). The term "BRIC" was coined by economist Jim O'Neill in 2001, in a Goldman Sachs report that highlighted the growing economic weight of Brazil, Russia, India and China in the world economy. Although the group had no formal structure at the time, China's inclusion in this category was significant, as the country accounted for a large share of global economic growth (Cheng, 2015).

The Asian country was experiencing rapid economic growth and was becoming a world power in terms of production, trade and financial reserves. This economic rise sparked the interest of other emerging economies that shared similar characteristics in terms of population size, natural resources and growth potential (Abdenur, 2014). In this context, emerging economies sought a greater voice and participation in global decision-making. The BRIC Forum became an important platform for dialogue and cooperation among the four emerging economies, laying the groundwork for greater collaboration in various areas such as trade, investment and technology.

2.2 Consolidating China's leadership (2011-2021): a strategic approach to consolidating influence

Starting in 2011, China began to implement concrete actions to consolidate its leadership within BRICS+. The establishment of the BRICS NDB in the same year marked a crucial milestone, followed by the creation of the AIIB in 2016 (Iqbal; Rahman; Rahman, 2020). The BRICS Development Bank was born as an alternative to international financial institutions, such as the World Bank and the IMF, criticized for their lack of representativeness and their pro-developed country policies.

China created the NDB with the aim of responding to the needs of emerging economies, promoting South-South cooperation and challenging Western dominance in the international financial system (Iqbal; Rahman; Rahman, 2020). The NDB became an important source of financing for development projects in countries of the Global South, reinforcing China's economic influence within BRICS+ by establishing itself as the institution's main investor.

China sought to complement the NDB with a multilateral financial institution focused on Asia, the region of greatest strategic interest to the country. The AIIB was created with the aim of financing infrastructure projects in Asia, promoting regional development, strengthening China's economic influence in the region and challenging the dominance of the US-led Asian Development Bank⁹ (ADB). The AIIB has become an important source of financing for infrastructure projects in Asia, competing directly with the ADB and increasing China's economic influence in the region (Mahmood et al., 2022).

In 2021, China assumed the BRICS+ presidency for the second time, reflecting its growing leadership within the group. Under the Chinese presidency, the group is committed to promoting South-South cooperation, upholding multilateralism, strengthening BRICS+ as a platform for dialogue and collaboration among emerging economies and contributing to building a fairer and more equitable international order (Cooper, 2017). The historical evolution of China's participation in the BRICS+ has been marked by a clear and consistent strategy: consolidating its leadership position through economic power, political influence and the ability to offer solutions to the problems of the Global South. The BRI, the NDB and the AIIB are tangible examples of this strategy, which has enabled China to position itself as a global leader in the current landscape.

2.3 New challenges and issues (2022-today): membership enlargement and the Chinese slowdown

While China's chairmanship in 2021 marked an important milestone in its leadership of the bloc, the evolution of the group and China's influence does not stop there. From 2022 onwards, there are some elements that could characterize a third phase in China's participation in BRICS+. August 2023 sees the addition of new members, including Saudi Arabia, Egypt, Indonesia, the United Arab Emirates and others, opening up the possibility of BRICS+ becoming a more heterogeneous platform

9. The Asian Development Bank is a key institution in promoting economic and social development in Asia and the Pacific. Since its founding in 1966, it has grown in membership and capital, playing a crucial role in regional cooperation and economic development (NAKAO, 2017). The United States has had considerable influence on the formation and structure of the ADB, using the bank to expand its economic and political influence in the region (DUTT, 2001).

with more diverse interests and priorities. This could dilute China's relative influence within the group (Cochrane; Zaidan, 2024).

This period saw the consolidation of China's agenda, exemplified by the promotion of the Global Security Initiative proposed by the country as an alternative to the international order led by the United States. This initiative is based on six fundamental principles, including a vision of common, cooperative, comprehensive and sustainable security, respect for the sovereignty and territorial integrity of all countries and the peaceful resolution of disputes through dialogue and dispute (Cochrane; Zaidan, 2024). Similarly, it emphasizes the importance of environmental sustainability and climate change while advancing digital cooperation and the development of information and communication technologies (Al-Aiban, 2024)

In addition to the aforementioned, other challenges that the Asian power would have to face in this new stage of the bloc include the effect that geopolitical tensions and rivalries between the great powers could have on the cohesion and functioning of the group. Similarly, China's economic slowdown and rising domestic debt could limit its capacity to finance projects and initiatives within the group, putting pressure on its leadership, while criticism of the lack of transparency and accountability in some of the projects launched could increase.

Despite skepticism about the effectiveness of BRICS+, Western powers are stepping up their engagement efforts, recognizing the group's growing importance. However, underlying strategic divergences persist among member states, reflecting a nuanced interplay of geopolitical ambitions and development imperatives. Amidst these complexities, however, common ground is found in addressing pressing global challenges, especially in reforming financial architectures (Darnal et al., 2023).

3 THE DIFFERENT TYPES OF CHINESE LEADERSHIP IN THE BRICS+

The rise of the People's Republic of China as a global power has had a significant impact on the geopolitical landscape, including its role within the group that this article reviews. In order to understand the power's leadership in this context, it is useful to analyze it through the different models of international leadership set out by professor Correa (Correa da Silva, 2022): hierarchical, functional, relational, discursive and critical.

First, the hierarchical or structural model is based on the idea that international leadership is determined by a state's position of power in the international system. States with greater economic, military or political power have a greater ability to influence other states and set the international agenda (Helms apud Correa, 2022). This approach is commonly associated with realist international relations theory and hegemonic theory.

From this hierarchical or structural perspective, China's leadership in the BRICS+ is based on its growing economic and military power. China is the largest economy in the group and possesses significant military muscle, which gives it a considerable position of influence. In turn, it has used its economic power to drive infrastructure and development

projects in other BRICS+ countries, increasing their economic interdependence and strengthening its leadership position. However, this hierarchical approach has also generated some criticism, as some BRICS+ members might perceive China's influence as excessive or overbearing, even more so when it has some open confrontations over territorial disputes, as might be the case with India, with the recent border skirmishes that erupted between the two countries in May 2020.

Functional leadership, also referred to as behavioral leadership, focuses on the actions and roles that leaders play in international problem solving. Effective leaders are thus those who can identify problems, propose solutions, mobilize resources and build consensus among states (Keohane 2010, apud Correa, 2022). This approach is associated with institutional liberalism and global governance theory.

Following this model, China has demonstrated effective functional leadership in the BRICS+ by proposing initiatives and solutions to common problems faced by member countries. A notable example is the creation of the NDB, a multilateral financial institution driven by China to support infrastructure and development projects in emerging countries, as we have noted above. China has also played an active role in promoting South-South cooperation and defending the interests of developing countries in international fora.

Third, we find relational leadership. This model emphasizes the importance of relationships and networks among international actors for leadership, which is not exercised exclusively by a state with power but arises from interaction and cooperation among multiple actors (Uhl-Bien 2011, apud Correa, 2022). Thus, this approach highlights the divergence between leadership and hegemony, arguing that the former is also capable of directing the achievement of goals without relying exclusively on traditional power to achieve the goals of different actors (Clark 2011, apud Correa, 2022). Relational leadership is associated with constructivism and actor-network theory.

The People's Republic of China has cultivated close relations with the other BRICS+ countries through bilateral and multilateral dialogue and cooperation mechanisms. The BRICS+ Leaders' Forum has become an important platform for the exchange of ideas and policy coordination among the members of the group. China has also established bilateral cooperation agreements with each of the countries that make up the bloc, covering diverse areas such as trade, investment, technology and culture.

Fourth, we find the discursive leadership model. This highlights the role of language and communication in the exercise of international leadership. It states that effective leaders are those who can use language to persuade, inspire and legitimize their worldview (Nabers, 2008, apud Correa, 2022). This model understands that "leadership is conditioned by structures and process, given that the environment in which leadership unfolds is both material and ideational" (Correa da Silva, 2022). This approach is often associated with constructivism and discourse theory.

Following the discursive model, China has used discourse to articulate a worldview that resonates with the BRICS+ countries, emphasizing the importance of multilateralism, South-South cooperation and

10. Studies show how the most important Chinese companies have a strategic intention when taking acquisition decisions in Europe and other parts of the world. The final strategic objective is to obtain sustainable competitive advantages by transforming into a global player, once a national player (RUI; YIP, 2008).

sustainable development. The concept of the Belt and Road Initiative (commonly referred to in academia as the New Silk Road) is presented as a global vision that promotes connectivity, trade and development between Asia, Europe and Africa, resonating with the BRICS+ countries.

China has also used its influence in the media to promote its narrative and position itself as a responsible global leader. There are multiple examples to support this claim: China has an extensive and well-funded state media network, such as CCTV and Xinhua, which broadcast globally in multiple languages and disseminate the Chinese government’s official narrative (Lu; Xu, 2020). Similarly, China has invested significantly in foreign media, acquiring shares and entering into strategic alliances¹⁰.

Finally, we find the critical leadership model. This challenges the idea that international leadership is always positive or beneficial. It points out that leadership can be used to promote hegemonic interests and maintain unjust power structures. In this way, “leadership is associated with the international organic elite, whose function is to forge consensus through coordination, organization and monitoring of shared goals” (Correa da Silva, 2022). This approach is associated with critical studies and post-colonial theory.

Some critics of Beijing’s leadership in BRICS+ argue that it is based on hegemonic interests and promotes a model of globalization that essentially benefits China (Antwi-Boateng, 2017). They point out that China has used its economic power to pressure other countries in the bloc to adopt its policies and priorities, while criticizing the lack of transparency and accountability in the institutions led by the People’s Republic of China, such as the NDB.

The five models of international leadership presented here offer different perspectives on the nature and exercise of leadership in the global arena. It is important to understand these different approaches in order to critically analyze the leadership roles assumed by states and other actors in the international arena. Thus, in the case at hand, China’s leadership in the BRICS+ is complex and multifaceted. Chinese leadership can be analyzed from different perspectives, each of which offers a partial understanding of the phenomenon.

4 THE MAIN STRATEGIES OF BEIJING TO CONSOLIDATE ITS POWER IN THE BRICS+

4.1 *The Belt and Road Initiative as a pillar of China’s leadership in BRICS+*

China has consolidated its leadership within BRICS+ not only due to its economic power but also through strategies that strengthen its influence in the Global South. The Belt and Road Initiative has been a key component of this strategy, allowing China to project its development model in BRICS+ member countries (Nascimento; Maynetto, 2019). Since its launch in 2013, the BRI has facilitated investments in infrastructure, trade, and economic integration, reinforcing these countries’ interdependence with China and expanding its diplomatic reach. This initiative has

not only fostered growth in recipient countries but has also positioned China as the main driver of a multipolar economic order (Petry, 2023).

Through the BRI, China has linked its leadership within BRICS+ to the expansion of its trade and financial networks. Institutions such as the NDB and the AIIB have provided alternative financing to member countries, reducing their dependence on Western organizations such as the IMF (Mahmood et al., 2022). However, this leadership is not without challenges: while countries like Russia and South Africa have supported the BRI, others, such as India and Brazil¹¹, have expressed reservations about the risks of economic dependence and the lack of transparency in projects funded by China. Their governments also fear that the BRI could reinforce China's hegemony at the expense of a more balanced leadership within the group.

The People's Republic has repeatedly presented the Belt and Road Initiative as an opportunity for the countries of the bloc to cooperate on infrastructure and development projects that benefit all members of the group (Bandeira; Tsiropoulos, 2020). China has used its leadership position to promote its project within BRICS+ and secure the participation of other member countries. This has allowed the Asian country to strengthen its economic and political ties with the countries in the group, increasing its influence in the Global South and on the global stage (Hillman, 2020).

The New Silk Road has significantly boosted the construction of infrastructure in the bloc's member countries, including roads, railways and ports. In the first case, the Chinese project has financed the construction of thousands of kilometers of new roads in countries such as India, Brazil and Russia, improving regional connectivity and facilitating the transport of goods and people (De Soyres; Mulabdic; Ruta, 2020). A notable example is the so-called Middle Corridor (officially known as the Trans-Caspian International Transport Route or TITR), which connects China to Europe via Central Asia and Russia (Hussain, 2021).

Similarly, the initiative has enabled the construction of new high-speed rail lines in countries such as Brazil and South Africa, reducing travel times and increasing the efficiency of rail transport (Liu; Dunford, 2016). The Musina-Makhado Special Economic Zone in South Africa and Zimbabwe is a good example of China's important role in the country. Funded by the China Development Bank and built by the China Railway Construction Corporation, a railway facilitates the transport of goods between the two countries (Bond, 2021).

For its part, the Belt and Road Initiative has facilitated trade between China and BRICS+ members through reduced transportation costs, increased connectivity or the promotion of trade agreements, which has allowed bilateral trade to grow (Deepak, 2018). The construction of infrastructure has not infrequently been conditional on the promotion of trade agreements, reducing tariffs and facilitating the flow of goods and services. The New Silk Road has facilitated and improved the connectivity of the People's Republic with the countries of the bloc, opening new trade routes and facilitating access to new markets (ECONOMY, 2018).

An example of this is the momentum seen in bilateral trade between China and India, which has reduced tariffs for trade in goods and

11. India has been particularly critical, arguing that the Chinese project ignores sovereignty concerns and represents a model of geopolitical expansion disguised as economic cooperation (AHAMED; RAHMAN, 2020). Brazil, mainly during the government of Jair Bolsonaro, said that the country should avoid excessive dependence on foreign investments that do not favor the development of its own infrastructure (BARRUCHO, 2023).

12. However, the high trade deficits, the unequal structure of exports and imports, closed markets, high tariff and non-tariff barriers and India's trade dependence on China hamper effective trade development (GALISTCHEVA; RESHCHIKOVA, 2022).

services between the two countries. Bilateral trade has grown considerably in this time, from \$10 billion in 2001 to \$132 billion in 2023¹² (Haidar, 2024). Similarly, bilateral trade between South Africa and the People's Republic has settled down in recent years, with tariffs eliminated on a wide range of products traded between the two powers (Bond, 2021). In this case, trade between the two powers has grown from \$6.2 billion in 2001 to \$75 billion in 2021.

The People's Republic has simultaneously made significant investments in key sectors of the BRICS+ economies under the New Silk Road, including energy projects in countries such as Brazil, Russia and South Africa to secure the energy supply of their growing economies, the construction of telecommunications networks or the creation of industrial zones to promote technology transfer and job creation (Zhang; Zhang; Xiao, 2022). In manufacturing, the creation of the Sino-Brazilian industrial zone in Manaus, which is home to more than 60 Chinese companies, stands out (Brito, 2017).

All of the above-mentioned projects, funded under China's Belt and Road Initiative, have boosted South-South cooperation in various areas. The BRI has facilitated platforms for the exchange of experiences and best practices in various fields, such as science, technology, sustainable development and governance (Visvizi; Lytras; Jin, 2020). Similarly, China has implemented scholarship and training programs for professionals from the BRICS+ countries, with the aim of strengthening their skills and knowledge in areas relevant to the New Silk Road (Zhang; Zhang; Xiao, 2022). Collaboration in research and development projects has been a key element of China's South-South cooperation (Vadell; Brutto; Leite, 2020).

Finally, the BRI has led to the creation of new cooperation mechanisms between China and the countries of the bloc, such as the AIIB and the NDB. These multilateral financial institutions provide financial support and technical assistance for infrastructure and development projects in the region, fostering collaboration and joint investment and will be discussed later (Wang, 2019). The People's Republic of China's Belt and Road Initiative has brought with it a multitude of possibilities for the BRICS+ countries, promoting not only infrastructure development, but also trade, investment and South-South cooperation (Cooper, 2017). However, the Chinese project is not without its challenges and criticisms, which must be taken into consideration to ensure its long-term sustainability and benefits.

One of the main challenges of the initiative is the increase in debt in some of the bloc's countries, especially those with less developed economies, what has been called as "debt-trap diplomacy" (Chellaney, 2017). Chinese loans to finance infrastructure projects have significantly increased the external debt of these countries, which could generate problems of financial sustainability in the future and grant Beijing leverage over their economy and political decisions (Bagwandeen, 2022). A case in point is the aforementioned rail project, "China is a major foreign finance provider for African railway systems, focusing on the needs of recipient countries but also commercial interests play a role in this allocation to

complement World Bank funding and fill the financing gap in the sector” (Marson; Maggi; Scacchi, 2021).

This critique has been particularly relevant in Africa and Asia, where several countries have accumulated significant debt to finance large-scale infrastructure projects under China's Belt and Road Initiative. The case of Sri Lanka's Hambantota Port is often cited as the most prominent example of debt-trap diplomacy. In 2017, Sri Lanka, unable to meet its debt obligations, granted China a 99-year lease on the strategically located port (Abi-Habib, 2018). This fueled concerns that China was using infrastructure investment as a tool for geopolitical expansion, securing key assets in developing nations under the guise of economic cooperation (Hewamanne, 2023).

The lack of transparency in project selection, loan terms and the use of funds has led to doubts and criticism of the initiative. At the same time, concerns are growing over the environmental impact of projects funded under the New Silk Road. Deforestation, destruction of natural habitats and water pollution are some of the problems that critics regularly point to (Tracy et al., 2017). For example, the construction of the Belo Monte hydroelectric project in the Brazilian Amazon rainforest, which is estimated to have led to the deforestation of 40,000 hectares of rainforest, the destruction of natural habitats and the displacement of indigenous communities (Fearnside, 2006). Critics argue that China's extensive investment in natural resource extraction, particularly in Africa and Latin America, mirrors historical patterns of economic exploitation where raw materials are extracted from developing nations while high-value manufacturing remains concentrated in China (Antwi-Boateng, 2017).

Finally, numerous Chinese aid projects have failed due to the lack of communication between the Asian country and the direct recipients of the investments, with the former being unaware of the latter's true needs (Diakite, 2023). For the Chinese project to have a more effective and transformative impact on the Global South, it is necessary to involve the beneficiaries directly in the design and implementation of the projects, “going beyond rhetoric to integrate practices and create intervention models that focus on the needs of the direct beneficiaries” (Diakite 2023: 100).

The Belt and Road Initiative has been a central component of China's leadership within BRICS+ and has had a significant impact on the relations and development of the group's member countries. The initiative has enabled the People's Republic to strengthen its economic and political ties with the countries of the bloc, increasing its influence and leadership within the bloc, as well as on the global stage, facilitating cooperation and development in the countries of the bloc (Liu; Dunford, 2016). Through infrastructure investments and trade promotion, China has increased its influence in the Global South. However, to maintain its leadership and ensure long-term benefits, China must address the challenges and criticisms associated with the project by promoting greater transparency, financial sustainability and environmental responsibility.

4.2 China's global initiatives: A new model for development and security?

Chinese leadership has become particularly evident over the past decade, as China has adopted a stance as a “norm entrepreneur”, seeking to redefine the rules of the global system through its own proposals and institutional structures (Kewalramani, 2024). In this context, three initiatives promoted by Xi Jinping —the Global Development Initiative (GDI), the Global Security Initiative (GSI), and the Global Civilization Initiative (GCI)— have served as pillars for consolidating Chinese leadership within BRICS+ and the Global South. These initiatives not only seek to expand China's influence but also offer an alternative to Western-dominated norms and institutions, promoting an order more aligned with the interests of developing countries.

The GDI, introduced in 2021, has been China's vehicle for positioning itself as a key player in global development, offering financing and technical cooperation in areas such as infrastructure, poverty reduction, and digital development. This initiative has helped strengthen economic interdependence among BRICS+ members, promoting a growth model based on South-South cooperation. However, it has also raised concerns in countries such as Brazil and India, where there are fears that Chinese financing could translate into economic dependence, limiting the autonomy of recipient nations (Cochrane; Zaidan, 2024).

In the realm of security, the GSI, announced in 2022, aims to establish an alternative security framework that rejects the mentality of military blocs and interference in the internal affairs of states. Unlike the GDI, which operates through mechanisms like the “Group of Friends,” the GSI lacks a formal coordination structure, with China instead emphasizing that over ninety countries and organizations have expressed “appreciation and support” for the initiative (Kewalramani, 2024). This absence of an institutionalized mechanism appears to be both a deliberate effort to avoid the optics of bloc politics and a reflection of developing countries' hesitations toward fully committing to Beijing's vision (Yip, 2024).

Finally, the GCI, introduced in 2023, reinforces China's narrative of a multipolar world where civilizations should coexist without external impositions of values or political models. China argues that cultural diversity should be a pillar of the international order, challenging the universality of Western democratic values and promoting a more relativistic approach to human rights and governance. This initiative has been well received by countries such as Russia and South Africa, while Brazil has shown some ambivalence, suggesting that the GCI could be used as a soft power tool to legitimize China's political model within the Global South (Kewalramani, 2024).

5 REDEFINING THE WORLD ORDER UNDER CHINESE LEADERSHIP IN THE GLOBAL SOUTH

China's rise as a global power has led to a significant reconfiguration of international norms and the balance of power in the system. Within the BRICS+ framework, China has played a key role in promoting a multipolar

world order and challenging Western hegemony. China's leadership in re-defining international norms has been evident on several fronts.

China has played an active and significant role in reshaping international financial institutions, advocating reforms that better reflect the economic weight of emerging economies, particularly the BRICS countries. This effort has been an integral part of China's strategy to balance power in global economic governance and promote a more multipolar world order (Morozkina, 2015). The IMF has been one of the main institutions in which the power has sought to implement reforms (Mahmood et al., 2022).

The People's Republic has strongly advocated for a realignment of quotas and voting rights in the IMF to more fairly reflect the economic importance of the BRICS+ countries and other emerging economies. These efforts have led to some changes, such as the 2010 quota reform, which slightly increased the representation of emerging economies (Cooper, 2017). In addition to the quota adjustment, China has pushed for reforms in IMF governance to give emerging economies a stronger voice in decision-making, including greater representation of these countries at the highest levels of management (Dixon, 2015).

Recognizing the limitations and resistance to reform in existing institutions, China has led the way in creating new international financial institutions to serve as alternatives to those dominated by the West. At this point it is relevant to highlight the NDB, established in 2014 by the BRICS countries (prior to their expansion) with the aim of creating a financial institution that would offer fairer and more equitable alternatives to those dominated by the West (Wang, 2019).

Thus, the countries of the bloc played an essential role in shaping and launching the NDB, contributing seed capital and participating in the governance of the institution (Cooper, 2017). However, China's leadership has been particularly prominent, reflecting its economic capacity, its strategic interest in fostering South-South cooperation and its ability to influence the agenda of the rest of the countries in the group (Abdenur, 2014). China's leadership is not only manifested in its financial contribution to the NDB, which is crucial for the bank's start-up and operation, but also in terms of governance and leadership.

In these terms, the People's Republic has secured an influential position within the NDB, which established its headquarters in Shanghai. Furthermore, China has promoted governance principles that emphasize equity, inclusiveness and consensus-based decision-making, seeking to differentiate itself from the more hierarchical practices of Western institutions (Morozkina, 2015). Moreover, China's strategic vision for the NDB aligns with its Belt and Road Initiative, seeking synergies between bank-funded projects and the BRI's global connectivity and development goals (Bandiera; Tsiropoulos, 2020). Unlike traditional financial institutions such as the IMF or the World Bank, the NDB focuses on financing infrastructure and sustainable development projects with more flexible lending conditions, without limiting the economic sovereignty of recipient countries (Morozkina, 2015). While it is not exempt from certain conditions and criteria for project approval, these tend to be less intrusive

and less geared towards structural reforms that could limit such sovereignty (Dixon, 2015).

While the NDB is still a relatively young institution, it has gained popularity among countries in the Global South, having approved more than 200 loans totaling more than \$80 billion across a wide range of sectors (Dixon, 2015). Similarly, the bank has expanded its membership beyond the BRICS countries to include Egypt, Uruguay and Bangladesh. China has been the strongest advocate for expanding the NDB. However, this push has met resistance, particularly from India and Brazil, which fear that expansion could increase China's influence within the bank and shift its governance structure in Beijing's favor. India has been especially wary, opposing attempts to link NDB financing with China's BRI and resisting Beijing's efforts to integrate the bank into the Multilateral Cooperation Center for Development Finance (MCDF)¹³. Despite these concerns, China successfully secured a majority vote to align the NDB with the MCDF, highlighting both Beijing's strategic maneuvering and the internal fractures within BRICS+ (Zhu, 2024). Additionally, Russia, initially reluctant about expansion, has come to see it as a way to maintain financial stability amid Western sanctions, underscoring the geopolitical stakes of the NDB's evolution.

13. The MCDF is considered a BRI-related multilateral financing platform, so India opposed efforts to link NDB financing with BRI-related projects, seeing this as an attempt by Beijing to use the bank as an extension of its geoeconomic strategy.

Beyond geopolitical rivalries, China views NDB expansion as a way to counterbalance Western financial influence while ensuring the bank's long-term viability. The NDB operates under an equal contribution-equal voice model, limiting China's unilateral control, but by incorporating new members, Beijing aims to dilute internal opposition from countries like India while broadening the bank's funding base (Zhu, 2024). However, this raises concerns about governance efficiency, as a more diverse membership could complicate decision-making and reduce the institution's responsiveness to financial crises. Ultimately, the NDB's expansion reflects the broader tension within BRICS+: China's ambition to lead a new global financial order versus the need to maintain a balanced, consensus-driven institution (Zhu, 2024). This expansion takes part of a wider process of empowerment of the emerging economies in the international arena that can be analyzed from several perspectives:

First, there is a redistribution of economic and financial power with the creation of new institutions, such as the NDB and the AIIB, as alternatives to traditional institutions such as the IMF and the World Bank. Secondly, infrastructure projects are essential for sustainable economic growth. However, high costs and lack of access to favorable financing have hindered progress in many regions (Wang, 2019). In this regard, the NDB and AIIB has provided loans with more flexible and favorable terms, accelerating infrastructure development in countries in the Global South and improving regional and global connectivity (Cooper, 2017).

The empowerment of emerging economies is also manifested in the promotion of South-South cooperation. In contrast to North-South cooperation, which is often characterized by asymmetric power relations and dependence, South-South cooperation can also be seen in the promotion of South-South cooperation (Abdenur, 2014). South-South cooperation seeks to adopt an approach based on equality and mutual

benefit, providing platforms for developing countries to work together. This cooperation in turn strengthens solidarity among developing countries, enabling them to address common challenges and seize collective opportunities.

However, China's growing influence in the Global South has not been without controversy. In addition of the debt-trap diplomacy and neocolonial economic practices accusations aforementioned, another persistent criticism of China's leadership in the Global South is its perceived role in reinforcing authoritarian governance. Scholars argue that China's economic model, which combines state capitalism with strict political control, serves as an attractive alternative for authoritarian and hybrid regimes seeking to consolidate power while maintaining economic growth (Lagerkvist, 2021). This so-called "Beijing Consensus" contrasts with the Western model of democracy promotion and market liberalization, emphasizing state-led development, non-interference in domestic affairs, and political stability over democratic governance. However, defenders of China's engagement argue that its policies reflect a commitment to sovereignty and non-intervention rather than an ideological push for authoritarianism (Carmody; Taylor; Zajontz, 2022).

China's leadership in reshaping the global order, particularly within the Global South, can be further understood through the framework of moral realism, as developed by Xuetong (2024). This theory challenges purely systemic explanations of international change by emphasizing the decisive role of leadership and its perceived moral legitimacy. Unlike Western-dominated institutions that often impose conditionalities, China presents itself as a leader committed to equity and inclusiveness, particularly through institutions like the NDB. However, moral realism also highlights that leadership is not just about material power but about gaining acceptance from other actors. While China has successfully positioned itself as an alternative leader in global governance, its expanding influence has sparked resistance, particularly within BRICS+, where India and Brazil have expressed concerns over China's growing role. This tension underscores a fundamental challenge in redefining the world order: achieving legitimacy and strategic credibility in a multipolar system (Xuetong, 2024).

6 CONCLUSIONS

China has consolidated its leadership in the BRICS+ through a gradual and strategic process that spans from the creation of the BRIC Forum in 2006 to its chairmanship in 2021. This leadership has been built on planned actions that have strengthened its position on the global stage. Central to this consolidation has been the implementation of the Belt and Road Initiative, which has promoted connectivity and development in the Global South.

In the realm of BRICS+ internal dynamics, China has played a crucial role in harmonizing interests within the group. Using the Belt and Road Initiative, it has been able to consolidate its influence, facilitating collaboration on infrastructure and development projects that benefit

member countries. In addition, the creation of institutions such as the NDB and the AIIB has been instrumental in supporting these projects and strengthening China's position in the group.

Beijing's leadership in BRICS+ is multifaceted, encompassing various models of international leadership. Hierarchically, China's economic and military power provides significant influence, though this dominance can be contentious. Functionally, China has driven key initiatives like the NDB, promoting South-South cooperation. Relationally, China has fostered strong bilateral and multilateral ties within BRICS+. Discursively, China effectively uses language and media to promote its vision of multilateralism. Critically, some argue China's leadership serves its hegemonic interests, raising concerns about transparency and accountability. Each model offers a unique perspective, collectively providing a comprehensive understanding of China's complex role in BRICS+.

The impact of Chinese leadership in the Global South has been significant, promoting the redefinition of international norms and fostering a multipolar world order that challenges Western hegemony. This approach has found resonance with many countries in the Global South seeking greater representation and voice in global affairs. However, China's strategy has not been without its critics. Some argue that Chinese investments and infrastructure projects create economic and political dependence, which could be seen as a new form of economic colonialism. These critics highlight the need for transparency and accountability in Chinese-led initiatives.

Looking ahead, China's leadership in the BRICS+ presents both challenges and opportunities. The expansion of its economic and political influence may lead to a greater balance of power, but it also raises questions about the long-term intentions and effects of its strategy. China promotes a model of globalization that seeks to be inclusive and beneficial to emerging economies, although the sustainability of this model will depend on its ability to balance its own interests with those of the other countries in the group.

The long-term vision of China's leadership in BRICS+ focuses on strengthening multilateralism and South-South cooperation. China aspires to a world order where emerging economies play a more prominent role and can influence global decisions more equitably. The emphasis on sustainable development and global connectivity suggests that China will continue to promote projects that not only benefit its BRICS+ partners, but also contribute to global economic and social development.

Ultimately, the People's Republic of China's leadership of BRICS+ and its promotion of the Belt and Road Initiative reflect its vision of a more equitable and multipolar world order. By challenging Western hegemony and advocating for greater representation of emerging economies in international institutions, China seeks to reshape the global system to be more favorable to the interests of the Global South. The New Silk Road is a manifestation of this strategy, using China's economic and diplomatic power to promote a new world order.

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A política de olhar para o leste da Índia: o papel fundamental do Vietnã em meio à influência regional crescente da China



India's look east policy: Vietnam's pivotal role amidst China's rising regional influence

Política de mirada al este de la India: el poderoso papel de Vietnam en medio de la creciente influencia regional de China

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Enviado: Novembro de 2024
Aceito em: 30 de Abril de 2025

RESUMO

Índia e Vietnã estabeleceram uma Parceria Estratégica Abrangente em 2016. Ambos os países são pilares importantes nas políticas e estratégias regionais e globais um do outro. Em particular, o Vietnã desempenha um papel muito significativo na Política de Ação para o Leste da Índia desde seu anúncio pelo Primeiro Ministro Narendra Modi em 2014. Este artigo utiliza principalmente métodos de análise qualitativa por meio de fontes de dados secundárias para esclarecer a posição e o papel do Vietnã na Política de Ação para o Leste da Índia diante dos desafios da China. Os resultados mostram que a Índia está aprimorando a cooperação em defesa, segurança e econômico-comercial com o Vietnã para consolidar a parceria estratégica e limitar a influência da China no país. A análise destaca a importância estratégica do Vietnã para abordar os interesses econômicos e de segurança da Índia na região do Mar da China Meridional, ao mesmo tempo em que contrabalança a crescente assertividade da China. O estudo conclui que o Vietnã desempenha um papel crucial na Política de Ação para o Leste da Índia, ajudando a Índia a aprimorar sua presença marítima, integração econômica e cooperação em segurança na região Indo-Pacífico.

Palavras-chave: Índia. Vietnã. China. Política do Leste Asiático. Sudeste Asiático.

ABSTRACT

India and Vietnam established a Comprehensive Strategic Partnership in 2016. Both countries are important pillars in each other's regional and global policies and strategies. In particular, Vietnam plays a very significant role in India's Act East Policy since its announcement by Prime Minister Narendra Modi in 2014. This paper mainly utilizes qualitative analysis methods through secondary data sources to clarify Vietnam's position and role in India's Act East Policy in

the face of challenges from China. The results show that India is enhancing defense-security and economic-trade cooperation with Vietnam to consolidate the strategic partnership and limit China's influence in the country. The analysis highlights Vietnam's strategic importance in addressing India's security and economic interests in the South China Sea region, while counterbalancing China's growing assertiveness. The study concludes that Vietnam plays a crucial role in India's Act East Policy, helping India enhance its maritime presence, economic integration, and security cooperation in the Indo-Pacific region.

Keywords: India. Vietnam. China. Act East Policy. Southeast Asia.

RESUMEN

India y Vietnam establecieron una Asociación Estratégica Integral en 2016. Ambos países son pilares importantes en las políticas y estrategias regionales y globales de cada uno. En particular, Vietnam desempeña un papel muy significativo en la Política de Actuar hacia el Este de la India desde su anuncio por el Primer Ministro Narendra Modi en 2014. Este documento utiliza principalmente métodos de análisis cualitativos a través de fuentes de datos secundarios para aclarar la posición y el papel de Vietnam en la Política de Actuar hacia el Este de la India frente a los desafíos de China. Los resultados muestran que India está mejorando la cooperación en materia de defensa, seguridad y economía-comercio con Vietnam para consolidar la asociación estratégica y limitar la influencia de China en el país. El análisis destaca la importancia estratégica de Vietnam para abordar los intereses económicos y de seguridad de la India en la región del Mar de China Meridional, al tiempo que contrarresta la creciente asertividad de China. El estudio concluye que Vietnam desempeña un papel crucial en la Política de Actuar hacia el Este de la India, ayudando a la India a mejorar su presencia marítima, la integración económica y la cooperación en materia de seguridad en la región del Indo-Pacífico.

Palavras-chave: India. Vietnam. China. Política de Actuar hacia el Este. Sudeste Asiático.

1 INTRODUCTION

The Indo-Pacific region is undergoing profound and complex transformations due to the intensifying strategic competition among major powers. Within this context, the rivalry between India and China has emerged as one of the most significant dynamics—second only to the U.S.-China competition in terms of scale and influence (Kiet & Tuyen, 2023). This competition is particularly pronounced in Southeast Asia, a region comprising some of the most dynamic emerging economies of the 21st century (Saha, 2022). As two rising powers with global ambitions, India and China are actively reshaping the political and security architecture of the region.

According to the International Monetary Fund (IMF, 2024), both India and China rank among the fastest-growing economies in the world, with India's GDP reaching USD 3.75 trillion and China's GDP reaching USD 17.52 trillion. These economic projections indicate sustained growth for both nations throughout the 21st century. However, bilateral relations between India and China remain fraught with historical tensions, particularly unresolved border disputes and security concerns regarding water resources linked to the Tibetan Plateau (Kiet,

2023). A core cause of their divergent strategic perspectives is the prolonged border dispute. The 1962 Sino-Indian War and subsequent skirmishes have left deep scars and mutual distrust. Areas such as Aksai Chin and Arunachal Pradesh continue to be flashpoints in the bilateral relationship (Walker, 2025). These strategic differences often stem from how each country perceives its historical and cultural position in the region. For instance, China views Tibet as an inseparable part of its territory, while India maintains historical and cultural ties to the region. India and China also differ significantly in their relationships with neighboring countries. India is often regarded as a democratic power in South Asia, whereas China exerts stronger economic influence across many regions. These enduring tensions, coupled with geographic proximity and competing great power ambitions, have led the two countries into a persistent cycle of strategic rivalry.

Against this backdrop, India–Vietnam relations have become increasingly significant, particularly within the framework of India’s Act East Policy (AEP). This article seeks to examine Vietnam’s strategic role in supporting India’s efforts to respond to the China challenge in Southeast Asia. The India–China strategic rivalry is not limited to Southeast Asia but is also deeply embedded in bilateral history and regional dynamics in South Asia. This study is grounded in the theoretical traditions of neorealism and complex interdependence, providing a dual lens to understand the evolution of India’s regional strategy and its implications for India–Vietnam relations.

From a neorealist perspective, states are primarily concerned with survival and relative power in an anarchic international system (Waltz, 1979). In this context, India’s transition from the Look East Policy (LEP) to the Act East Policy (AEP) can be interpreted as a strategic response to the growing influence of China in the Indo-Pacific region, particularly in Southeast Asia. Neorealism explains India’s increasing alignment with Vietnam as part of a broader balancing strategy aimed at countering China’s assertiveness and preserving a favorable balance of power in the region.

Simultaneously, the framework of complex interdependence (Keohane & Nye, 1977) offers a complementary approach that acknowledges the growing importance of economic, institutional, and strategic linkages between states. The deepening of India–Vietnam cooperation in trade, defense, and multilateral engagement through ASEAN-led mechanisms reflects a shift towards more diversified and institutionalized forms of interaction. In this view, India’s strategic interests are not only shaped by hard power calculations but also by the need to embed itself in regional economic and diplomatic networks to enhance its influence and resilience.

By integrating these two perspectives, this study seeks to capture the dynamic interplay between traditional power politics and the increasingly interconnected nature of contemporary international relations in the Indo-Pacific. This theoretical framework enables a more nuanced understanding of India’s evolving regional posture and the strategic role of Vietnam within it.

India's contemporary strategy toward Southeast Asia is articulated through the Act East Policy (AEP), introduced by Prime Minister Narendra Modi in 2014. The AEP marks a shift from the earlier Look East Policy (LEP), reflecting a more proactive and multidimensional approach to regional engagement. Within this strategic framework, Vietnam plays a pivotal role, particularly in enhancing India's economic and security cooperation with ASEAN. Complementary policies such as the Indo-Pacific Strategy and the Indo-Pacific Oceans Initiative should also be considered (Cuong & Linh, 2023).

This study examines the strategic evolution from India's Look East Policy (LEP) to the Act East Policy (AEP) and how this policy shift has shaped India's defense, security, and economic cooperation with Vietnam. The central research question guiding this inquiry is: "how does the transition from India's Look East Policy (LEP) to the Act East Policy (AEP) reflect the country's evolving strategic interests in Southeast Asia, and in what ways has this shift influenced India-Vietnam cooperation in defense, security, and trade in response to regional dynamics, particularly China's assertiveness?"

By integrating historical analysis with contemporary developments, this study explores Vietnam's role as a strategic partner and an enabling factor in advancing India's long-term objectives in Southeast Asia and the broader Indo-Pacific region.

2 OVERVIEW OF THE HISTORY AND CIRCUMSTANCES BEHIND INDIA'S LEP

By the late 1990s, China had openly expanded its sphere of influence into South Asia and the Indian Ocean region, significantly impacting India's traditional security and strategic position in these areas. During this period, India undertook "comprehensive economic reforms aimed at global integration, liberalization, and the development of multilateral and global trade relations in 1991" (Nghì & Nghia, 2013). Simultaneously, former Prime Minister Narasimha Rao introduced the LEP as a key component of India's foreign policy and strategic vision in the new era of the New Delhi government. This policy had four main objectives: (1) Strengthening market connectivity and expanding economic and trade cooperation with countries in Southeast Asia; (2) "Building an economic corridor extending from South Asia to the Pacific Ocean, driving development in India's remote and impoverished northeastern region and the Indian economy as a whole" (Hai, 2017, p. 35); (3) Increasing influence over Southeast Asian countries, while promoting a peaceful and stable regional order; (4) "Indirectly counterbalancing China's policies and strategies being implemented in Southeast Asia, especially in Myanmar" (Paode, 2013). India's LEP can be divided into two phases:

2.1 Phase 1 (1991–2003): Foundational Engagement

This initial phase emphasized political and economic engagement with ASEAN. India prioritized diplomacy, multilateral cooperation, and institutional integration. In 1995, it became a full dialogue partner of

ASEAN and joined the ASEAN Regional Forum (ARF) in 1996, marking its entry into regional security dialogues. India also began asserting its maritime presence by forging naval partnerships with key coastal states, including Singapore, Malaysia, Indonesia, Thailand, and Vietnam (Binh, 2013). In 2003, India signed a Joint Defense Treaty with Singapore, deepening military-to-military ties, particularly in naval operations aimed at securing vital maritime chokepoints like the Strait of Malacca.

2.2 Phase 2 (2003–2014): Expansion and Consolidation

This phase witnessed the expansion of India's engagement into East Asia, including Japan, South Korea, China, and Oceania, such as Australia and New Zealand (Liem & Thao, 2021). Unlike the initial phase, which focused on political and maritime initiatives, the second phase placed a stronger emphasis on economic integration. Key milestones in this phase include: (1) The India-ASEAN Framework Agreement on Comprehensive Economic Cooperation in 2003, laying the foundation for the liberalization of trade in goods, services, and investment; (2) the ASEAN-India Trade in Goods Agreement (AITIG) in 2009, aimed at eliminating tariff and non-tariff barriers; (3) the ASEAN-India Investment and Services Agreement in 2014, further deepening regional financial cooperation and service sectors (Mai & Hang, 2021).

India also participated in negotiations for the Regional Comprehensive Economic Partnership (RCEP) in 2011, although it withdrew from the agreement in 2019. This shift impacted India's position and role in Southeast Asia. Nonetheless, India was prepared to reduce tariff barriers with ASEAN countries. In response, Southeast Asian nations encouraged India to play a larger balancing role in the regional security architecture. The convergence of interests between India and ASEAN, particularly concerning security and freedom of navigation, paved the way for deeper political and defense cooperation (Lan, 2018).

Recognizing the changing dynamics in the Indo-Pacific region, on November 12, 2014, at the ASEAN-India Summit, Prime Minister Modi officially announced the shift from the Look East Policy (LEP) to the Act East Policy (AEP), marking a reorientation of India's foreign policy towards Southeast Asia. Modi declared, "An era of industrialization, economic growth, and trade is beginning in India. India's Look East Policy is now the Act East Policy" (Muni & Mishra, 2019). The Act East Policy inherited and expanded upon the goals of the LEP, with a focus on: (1) strategic partnerships with key countries in the region (particularly Vietnam); (2) maritime presence in disputed areas such as the South China Sea; (3) regional integration through ASEAN mechanisms; (4) direct balancing against China's increasing assertiveness in Southeast Asia (Sang, 2022).

Prime Minister Modi's diplomatic efforts, which included high-level visits to 8 of the 10 ASEAN countries (except Cambodia and Brunei, where visits were made by the Deputy Prime Minister or Foreign Minister), and the elevation of relations to Comprehensive Strategic Partnerships (CSP) with Vietnam, Singapore, and Malaysia, demonstrated India's strong commitment to the region. The emphasis on maritime

cooperation and support for UNCLOS norms highlighted India's position as a maritime power based on international law, in contrast to China's coercive actions (Trong, 2017).

In 2014, India officially acknowledged the importance of maintaining maritime security and freedom of navigation, respecting the sovereignty of nations in the South China Sea in the joint statement between former U.S. President Barack Obama and Prime Minister Narendra Modi. When China deployed the Haiyang Shiyou 981 drilling rig into Vietnam's sovereign waters in May 2014, Prime Minister Modi expressed support for Vietnam, stating: *"For peace and stability in the South China Sea, all nations must adhere to international principles and laws, including the United Nations Convention on the Law of the Sea (UNCLOS) of 1982 and the Declaration on the Conduct of Parties in the South China Sea (DOC) of 2002"* (Liem & Thao, 2021).

The AEP has been successfully demonstrated through the Comprehensive Dialogue Partnership between India and ASEAN. This relationship has evolved from a sectoral dialogue partner in 1992, to a full partner in 1995, and further upgraded to a Comprehensive Strategic Partnership in 2022 (Statements, 2022). Not only has this partnership driven bilateral trade, with total trade reaching over 110 billion USD in 2022 (VNTR, 2024), but India has also actively engaged in ASEAN-led mechanisms such as the ASEAN Regional Forum (ARF), the East Asia Summit (EAS), and the Expanded ASEAN Defense Ministers' Meeting (ADMM+) (Nanda, 2022). These efforts aim to ensure peace, security, and stability in the region, while also witnessing India's strong rise on the international political stage.

Through the Comprehensive Asia Development Plan (CADP), India has developed Asia connectivity—by road, rail, sea, and air—approved by the relevant governments in 2015, such as the India-Myanmar-Thailand Economic Corridor (IMT). India has built "strategic trust" as a rising peaceful power, capable of making significant contributions to a peaceful and prosperous world (Th ng, 2023). The flexible, "consensus-based" cooperation model helps mitigate conflicting interests, create harmony, and contribute to building strategic trust with ASEAN. This development philosophy of India is partly inspired by the tradition of harmony in Hinduism, which has helped the country shape an image as a respectful and cooperative partner in the development process, particularly in Southeast Asia. As a result, the AEP has been highly regarded by ASEAN and the international community for its role in promoting multilateralism and creating a security, peace, and freedom of navigation environment in Southeast Asia.

3 VIETNAM'S POSITION AND ROLE IN INDIA'S AEP AMID THE CHALLENGES FROM CHINA

Vietnam and India are bound by deep-rooted historical, friendly, and traditional ties stemming from both nations' struggles for independence from colonial rule in the 20th century. The timeless and transcendent nature of this relationship reflects a close spiritual and ideological

affinity forged through shared challenges in the past (Uyanaev, 2022). This commonality provides a solid foundation for the two countries to continually consolidate and advance comprehensive cooperation across various domains. The relationship between the two peoples was founded by the great leaders of the global independence movements, President Ho Chi Minh and Prime Minister Jawaharlal Nehru, and has been nurtured by subsequent generations of leadership and the nations' populations (Cuong & Linh, 2023). Moreover, Vietnam and India share numerous cultural, artistic, and religious similarities, as well as convergent perspectives on traditional and non-traditional security issues unfolding regionally and globally. The mutually beneficial foreign policy interests and long-standing friendship “have enabled Vietnam and India to cooperate in constructing and developing an enduring, transparent relationship between the two Asian nations” (Liem & Thao, 2021, p. 24).

Under Prime Minister Narendra Modi, Vietnam is a country with a very important geo-strategic position for India's AEP in the Southeast Asian region, especially in the East Sea area. According to estimates by the United Nations Conference on Trade and Development (UNCTAD) (2020): “About 80% of global trade by volume and 70% by value is transported by sea. Of this, around 60% of maritime trade passes through Asia and the East Sea plays an important role, accounting for an estimated one-third of global freight movement”.

The East Sea region is particularly important for the supply chains of countries with geographic locations adjacent to the sea in the Northeast Asian region such as China, Taiwan, Japan, and South Korea. These countries all rely on maritime transportation through the Strait of Malacca, connecting to the East Sea and expanding to the Pacific Ocean and the Indian Ocean. For India, “maritime transportation in the East Sea through the Strait of Malacca accounts for 55% of India's total 92-95% of global merchandise trade” (Liem & Thao, 2021, p. 45). In particular, the rise of the Indian economy has created an energy shortage for national development needs. As a result, 85% of New Delhi's oil imports are transported by sea, and cooperation in oil exploration with countries in the East Sea is one of the important energy sources for India's energy security, especially cooperation in oil exploration with Vietnam (Chakraborty, 2022). Therefore, the East Sea plays an extremely important role in India's security policy and national interests in the 21st century. Realizing China's “hegemonic” actions regarding Vietnam's sovereignty over islands in the East Sea region, on July 19, 2010, at the ASEAN Regional Forum held in Hanoi, New Delhi for the first time publicly expressed its position in support of the East Sea issues: “The East Sea is an important maritime route, India supports freedom of navigation in the East Sea” (Nghì & Nghia, 2013).

On July 12, 2016, immediately after the Permanent Court of Arbitration (PCA) is ruling on the East Sea case, India called on China to comply with the principles and international laws based on the 1982 United Nations Convention on the Law of the Sea (UNCLOS), the 2002 Declaration on the Conduct of Parties in the East Sea (DOC), calling for an end to activities that could complicate or escalate the dispute, affecting regional peace (Liem & Thao, 2021, p. 75). This affirms India's

position of participating in maintaining a peaceful environment and freedom of navigation in the East Sea region, while increasing India's influence and presence to limit China's expanding power in this region. On July 16, 2020, as the two powers of the US and China were arguing over Beijing's claims in the East Sea, Indian Foreign Ministry spokesman Anurag Srivastava stated:

"The East Sea is a part of the global commons. India has an abiding interest in peace and stability in the region. We firmly stand for the freedom of navigation and overflight and unimpeded lawful commerce in these international waterways, in accordance with international law, notably UNCLOS" (Ministry of Information and Broadcasting, 2020).

The statement was made after Australia - a major power in the Indo-Pacific - strongly voiced its support for the internationalization and freedom of navigation in the East Sea. At the 17th ASEAN-India Summit held virtually on November 13, 2020, Prime Minister Narendra Modi continued to call for *"all parties (China) to fully implement the DOC, expedite the finalization of an effective and substantive COC consistent with international law and the 1982 UNCLOS"* (Anh, 2020). On June 16, 2022, at the ASEAN-India Special Foreign Ministers' Meeting, Indian Foreign Minister Subramanyam Jaishankar reiterated India's support for ASEAN's efforts to promote dialogue and confidence-building, and the full and effective implementation of a substantive, effective, and effective COC in accordance with international law and UNCLOS 1982 (Government Newspaper, 2022). At the 18th Session of the Vietnam-India Joint Committee on Economic, Commercial, Scientific and Technological Cooperation on October 16, 2023, Indian Foreign Minister Subramanyam Jaishankar affirmed his support for ASEAN's central role and ASEAN's fundamental principles in addressing regional issues, including the East Sea issue (Vietnam News Agency, 2023). Therefore, in order to promote strategic interests in the East Sea region and economic and trade interests in Southeast Asia, Vietnam plays an extremely important role in India's AEP under Prime Minister Narendra Modi.

4 STRENGTHENING INDIA-VIETNAM DEFENSE TIES TO COUNTER CHINA'S ASSERTIVENESS IN THE SOUTH CHINA SEA

In the Indo-Pacific region, Vietnam is the country most severely affected by China's strategy of expanding its power by asserting the "nine-dash line" claim in the East Sea. The Beijing government has imposed unorthodox "historical evidence" regarding maritime sovereignty over countries in the East Sea in an attempt to control global "trade intersections", demonstrate its "hegemonic" power, and pose a serious threat to the security and sovereignty of countries in the region. This has strongly influenced the globalization and internationalization trend of vital maritime routes on the oceans. Therefore, the power imbalance between China and Vietnam has created a power imbalance between the two countries in the region. With its overwhelming strength, the Beijing government has made unorthodox claims regarding Vietnam's sovereignty over islands in the East Sea. China's "hegemonic" actions have increased

instability, tensions, and confrontation between countries with conflicting interests with China. Particularly, the incident on May 1, 2014, when China deployed the Haiyang Shiyou 981 oil rig in the East Sea area, escalated tensions in Vietnam-China relations in this region. According to the recent report of the U.S Department of Defense (2023) Report on Military and Security Developments Involving China, it noted China's recent aggressive actions:

“The People's Republic of China (PRC) continues to challenge foreign military activities in its exclusive economic zone (EEZ) in a manner that is inconsistent with the rules of customary international law as reflected in the UNCLOS. At the same time, the People's Liberation Army Navy (PLAN) conducts activities in the EEZs of other countries, including the United States, Australia, Philippines, Vietnam, and Malaysia” (U.S. Department of Defense, 2023).

Therefore, although Vietnam has always sought to maintain a friendly neighborly relationship with China, it has also strengthened bilateral relations with other countries around the world, especially with major powers that have strategic interests in this region such as India, US, Japan, South Korea, and Australia (Thayer, 2016). At the same time, Vietnam has strengthened multilateral cooperation and global integration, supporting the role of the United Nations as a supranational government to protect interests, maintain peace, and create an equal legal environment to maintain regional and international security and stability. This is to ensure that all countries are treated fairly and adhere to international rules, ensuring freedom of navigation in the East Sea. The rise of China, accompanied by its assertive and aggressive policies in the region, has compelled neighboring countries to respond to emerging threats to their security. China's expansive and often illegitimate maritime claims in the South China Sea have contributed to a volatile and uncertain security environment in Southeast Asia. Notably, in September 2012, the Indian naval vessel *INS Airavat* was challenged by the PLA Navy while transiting through Vietnamese waters, further reinforcing India's strategic imperative to deepen maritime cooperation and interoperability with Vietnam. In 2014, Vietnam extended India's lease of two oil blocks in the South China Sea—an action that clearly drew disapproval from China. In 2016, despite the ruling of the Permanent Court of Arbitration, China maintained its hardline approach in the South China Sea. India, sharing a similar position with Vietnam, has consistently supported freedom of navigation, adherence to international law—particularly the United Nations Convention on the Law of the Sea (UNCLOS)—and has continued its oil and gas exploration activities within Vietnam's Exclusive Economic Zone (EEZ), even expanding to new blocks despite Chinese objections (Anand, 2017).

Furthermore, the South China Sea serves as a principal maritime conduit to the Pacific Ocean. China's territorial claims over this body of water would directly impact India, particularly if Beijing begins to enforce its sovereignty assertions. Historically and culturally, the South China Sea—and Southeast Asia more broadly—constitute an integral part of India's civilizational footprint. Any hegemonic control by China over the South China Sea would effectively constrain India's ability to pursue its “Act East” Policy with strategic autonomy. Consequently, India's objective must be to ensure that the South China Sea remains a global commons.

Additionally, both Vietnam and India are heavily dependent on maritime routes to sustain their economic vitality. Their geographical positioning confers upon them the responsibility of safeguarding international sea lines of communication in the Indian and Pacific Oceans, including the South China Sea. India's Maritime Military Strategy of 2015—as well as its earlier version in 2007—explicitly identifies the South China Sea as a region of strategic interest. As such, New Delhi is a stakeholder in the evolving security dynamics of the South China Sea.

As a result, the East Sea has become “*an inseparable part of India's security necklace*” (Anh & Van, 2017). This has provided an impetus for New Delhi's strong intervention in the region to prevent a scenario where the entire East Sea falls under China's control, directly threatening India's vital interests along the maritime routes passing through the East Sea. According to Huynh Tam Sang's (2022) study on the drivers behind India's intervention in the East Sea: “*The main factors driving India's presence in the East Sea are the rise of China in the disputed waters, India's pragmatic interests in those waters, and the increasing strategic weight of the Indo-Pacific region*”.

Therefore, China's “hegemonic”⁴ actions have led to the vigilance of Indian leaders, prompting New Delhi to intervene in this region to protect its interests and curb Beijing's “hegemonic” ambitions in the coastal areas of Southeast Asia. As a result, India has strengthened defense and security cooperation with Vietnam and engaged in East Sea issues with three main objectives: (1) Ensuring peace, stability in the region and keeping vital maritime routes open and free; (2) Building and maintaining a close relationship with Vietnam to curb the scope of China's expanding power in the East Sea and Southeast Asia regions, counterbalancing China's strategies to encircle and contain India in South Asia and the Indian Ocean; (3) Increasing India's presence in the East Sea region with the desire to demonstrate its rising power status with a peaceful tendency, in contrast to China's assertiveness.

Prior to establishing the CSP (9/2016), defense and security cooperation between Vietnam and India had achieved notable successes through statements, memoranda of understanding, and leadership visits between the two countries in the past. Before upgrading to the CSP, in 1980, India opened a Defense Attaché Office in Vietnam. In return, Vietnam opened a Defense Attaché Office in India in 1985. During the visit of Defense Minister George Fernandes to Vietnam in 2000, the two sides signed a Defense Cooperation Agreement, creating a more comprehensive mechanism for regular discussions between the two countries Defense Ministers, joint naval exercises between the two navies and coast guard forces, as well as India assisting in training pilots for Vietnam (Ha, 2019, p. 215). The year 2003 marked a new development in defense and security cooperation when the two sides signed the “Joint Declaration on the Comprehensive Cooperative Framework between the Socialist Republic of Vietnam and the Republic of India”, in which defense and security cooperation was seen as a key pillar in the relationship between the two countries (Mai & Hang, 2021). The July 2007 Strategic Partnership Agreement further solidified this relationship by providing a framework to enhance

4. The term 'hegemonic ambitions' is widely used in studies and analytical writings on China's policies and strategies to describe its aspirations to expand dominant influence and exert regional control. Example, Articles on Peace Diplomacy (2025), OFCS (2024), DW (2019), and IGI Global (2023) all use this phrase to describe China's actions and policies in the Indo-Pacific region.

cooperation in the defense sector. The agreement commits both countries to strengthen their ties across political, security, defense, cultural, scientific, and technological domains. Civil nuclear cooperation, regional security enhancement, counterterrorism collaboration—including addressing transnational crime and drug trafficking challenges—are integral components of this strategic partnership. According to Ha (2019, p. 217), during the period spanning from 2005 up to 2007, Vietnam sent over 100 military officers to participate in training programs at Indian defense institutions and educational facilities. In June 2005, the Indian Navy facilitated the transportation of 150 tons of military equipment intended for Vietnam's Petya submarine chasers and Osa-II missile boats.

In 2013, representatives from the two Defense Ministries signed the "Agreement on Mutual Protection of Classified Information Exchange and Memorandum of Understanding on Training of Vietnamese Navy and Air Force Officers", with both leaders agreeing on the "determination to jointly maintain peace, stability, freedom of navigation in the East Sea, not using or threatening to use force, and resolving disputes through peaceful negotiations based on international law, including UNCLOS" (Ha, 2019, p.230). During Prime Minister Nguyễn Tấn Dũng's visit to India in October 2014, Prime Minister Narendra Modi remarked: "Our defense cooperation with Vietnam is among our most important partnerships. India remains committed to the modernization of Vietnam's defense and security forces. This commitment includes expanding our already substantial training programs, conducting joint exercises, and cooperating on defense equipment". In May 2015, the Defense Ministers of the two countries signed the "Joint Vision Statement on Vietnam-India Defense Relations for the Period of 2015-2020", and also signed a "Memorandum of Understanding between Vietnam and India on cooperation and coordination in preventing and combating transnational crimes and terrorism". The aforementioned statement was built on the previous defense and security cooperation mechanisms and procedures between the two countries, reflecting the development trend in expanding the comprehensive strategic relationship between India and Vietnam, facilitating enhanced defense and security cooperation across the three main services: army, navy, and air force; at the same time, the two sides have strengthened cooperation in important areas such as military training, capacity building, and support for defense industry development. In addition, the two sides have signed a "Cooperation Program on United Nations Peacekeeping Operations" and a "Technical Agreement on Sharing of Non-Military Maritime Information" (Lan, 2018).

Defense and security cooperation between India and Vietnam was elevated to a new level during Prime Minister Narendra Modi's State visit from September 2-3, 2016 to upgrade relations to a CSP with Vietnam. Here, Prime Minister Narendra Modi approved a \$500 million Defense Line of Credit (LoC) for Vietnam (Neelakanta, 2016), aimed at strengthening bilateral defense and security ties, in line with the common interests of the two countries in maintaining a secure, peaceful and prosperous environment in the region, kicking off the first important area of cooperation under the CSP between New Delhi and Hanoi. Immediately upon

returning to India after his visit to Southeast Asian countries, according to reports, Prime Minister Narendra Modi instructed Brahmos Aerospace to expedite the delivery of Brahmos missiles to the Vietnamese Air Force (Lan, 2018). By 2017, Vietnam and India had negotiated India's sale of Akash surface-to-air missiles to Vietnam, while signing the "Action Program for the 2017-2020 Period", which emphasized that the two sides need to maintain defense and security cooperation, continue to expand training programs, technical support, preferential credit provision, and strengthen cooperation in responding to current traditional and non-traditional security challenges for the interests of the two countries as well as contributing to building a peaceful, stable, cooperative and development environment in the region and globally (Trong, 2017).

In January 2018, on the sidelines of the ASEAN-India Commemorative Summit marking 25 years of ASEAN-India Dialogue Relations and the 69th Republic Day of India, Prime Ministers Nguyen Xuan Phuc and Narendra Modi held talks to promote bilateral cooperation, in which both sides proposed "*strengthening defense and security cooperation, urging relevant ministries and sectors to make efforts to overcome obstacles in the bilateral cooperation process*" (Dung, 2018). Also in January 2018, the two countries held their first joint exercise under the framework of the United Nations Bilateral Peacekeeping Field Training Exercise in Jabalpur, India. In August 2018, Senior Lieutenant General Nguyen Chi Vinh and the Indian Defense Secretary discussed the purchase of the Akash missile system and Dhruv helicopters for the Vietnamese Air Force, helping enhance the military strength of the Vietnamese Air Force and creating a deterrent capability against regional adversaries (Linh, 2018).

From June 8-10, 2022, Indian Defense Minister Rajnath Singh visited Vietnam to hand over 12 high-speed guard boats under a \$100 million credit line to the Vietnamese Navy, and also signed the Joint Vision Statement on India-Vietnam Defense Partnership towards 2030 and a Memorandum of Understanding on Mutual Logistics Support, aiming to expand the scope and scale of bilateral defense and security cooperation (Saha, 2022). This event marked an important breakthrough in India-Vietnam defense cooperation, helping to deepen and substantiate the two sides' cooperative relationship. On June 17, 2023, during the official visit of Vietnamese Defense Minister Phan Van Giang to India, the Indian Defense Ministry gifted the missile escort ship INS Kirpan to Vietnam, stating: "*This is a testimony to India's commitment to support friendly nations to enhance their position and maritime defense capabilities based on the Security and Growth for All in the Region (SAGAR) initiative*" (Thu, 2023).

On July 24, 2023, Indian Navy Admiral Hari Kumar visited and worked with Vietnam's Ministry of National Defense; at this event, the two sides discussed naval training cooperation and affirmed that defense and security cooperation plays an important role, serving as a bridge for the two countries to support and draw closer to each other (Khanh & Tuan, 2023). On December 11, 2023, the Vietnamese Ministry of National Defense, in coordination with the Indian Ministry of Defense, organized the 2023 Vietnam-India Bilateral United Nations Peacekeeping Field

Training Exercise, which contributed to enhancing solidarity and promoting substantive Vietnam-India defense and security cooperation (Thanh, 2023). This shows that defense and security cooperation between the two countries in the 2016-2023 period has achieved positive results and helped both countries strengthen their defense capabilities in the face of new era challenges. Both sides have agreed to continue strengthening defense and security cooperation in the spirit of the “Joint Vision Statement on Vietnam-India Defense Partnership Towards 2030”. These events demonstrate that Vietnam occupies a very important position in India’s AEP under Prime Minister Narendra Modi, through which India-Vietnam relations will become an important link in increasing influence and curbing China’s “hegemonic” ambitions in Southeast Asia.

The fourth India-Vietnam Maritime Security Dialogue took place in Hanoi in August 2024, focusing on enhancing cooperation in areas such as marine scientific research, ocean economy, humanitarian assistance and disaster relief (HADR), as well as strengthening coordination between the two countries’ navies and coast guards (Affairs, 2024). Both sides exchanged views on measures to protect critical sea lines of communication, particularly in the East Sea, which faces numerous challenges related to freedom of navigation and adherence to international law.

Earlier, in 2023, India transferred the missile corvette *INS Kirpan* to Vietnam—a symbolic step in enhancing Vietnam’s defense capabilities (Singh, 2024). With access to advanced technologies such as radar, missile systems, and maritime equipment produced by India, Vietnam can acquire high-quality defense products at competitive prices, while bolstering its self-defense capacity amid a complex geopolitical environment. For India, this initiative forms part of its domestic defense industry development strategy, aligned with the “Make in India” policy. This initiative not only helps India reduce its dependence on defense imports but also affirms its role as a reliable partner in exporting military equipment to strategic partners like Vietnam.

Additionally, visits by Indian warships such as *INS Delhi* and *INS Satpura* to Da Nang have contributed to consolidating bilateral defense relations and enhancing naval coordination between the two forces (Singh, 2024). Within the ASEAN framework, both countries have participated in maritime exercises aimed at improving interoperability and responding to maritime security threats in the region.

Cooperation between India and Vietnam in regional forums such as ASEAN and the East Asia Summit (EAS) continues to be promoted through various concrete initiatives, especially in upholding a rules-based regional order and restraining unilateral actions by China. This is also a space where members of the Quadrilateral Security Dialogue (QUAD) play an active role, facilitating Vietnam’s engagement in regional security cooperation (Pant, 2022).

At the 20th ASEAN-India Summit and the 18th East Asia Summit in September 2023, the Indian Prime Minister reaffirmed India’s commitment to a free, open, and rules-based Indo-Pacific region. India and Vietnam jointly support these principles and call for enhanced maritime cooperation to ensure regional security and stability. Prime Minister

Modi also emphasized ASEAN’s central role in the regional architecture, promoting interaction between India’s Indo-Pacific Oceans Initiative (IPOI) and ASEAN’s Outlook on the Indo-Pacific (AOIP). This clearly reflects India’s stance on elevating ASEAN’s centrality within the QUAD vision.

India’s role in the QUAD is evident in several dimensions. First, India has strengthened strategic cooperation with QUAD member states to counterbalance China’s growing influence in the region. Events such as the Doklam standoff (2017) and the Ladakh border conflict (2020) have propelled India to take a more active role in multilateral security structures. Second, India participates in joint naval exercises, notably the Malabar exercises, to enhance coordination and readiness to protect critical sea lanes. Third, India advances non-military initiatives within the QUAD framework, including cybersecurity, climate change, and humanitarian assistance—areas with potential for cooperation with Vietnam.

From Vietnam’s perspective, support for a rules-based regional order, the protection of freedom of navigation, and peaceful dispute resolution in the East Sea under the United Nations Convention on the Law of the Sea (UNCLOS) demonstrate strategic alignment with QUAD’s core objectives. In this context, the QUAD provides a potential platform for India and Vietnam to deepen cooperation—not only in security but also in economic and sustainable development—contributing to regional stability and strategic balance.

5 INDIA HAS STRENGTHENED ECONOMIC COOPERATION WITH VIETNAM WITH THE AIM OF BUILDING AN ECONOMIC CORRIDOR EXTENDING FROM SOUTH ASIA TO THE EAST SEA AND EXPANDING TO THE COUNTRIES IN THE PACIFIC REGION

In the context of globalization and deep integration among economies in the region and the world, enhancing economic cooperation between India and Vietnam has become an important trend in the foreign policies of both countries, especially since the AITIG was signed in 2009. July 24, 1991 is considered an important milestone in India’s economic history, when the New Delhi government comprehensively reformed the economy towards openness, liberalization and international integration after a long period of pursuing an inward-looking, self-sufficient economic model that India applied before the end of the Cold War era (Singh, 2019). Therefore, to strengthen cooperation with countries in the region, especially with ASEAN, Indian Prime Minister Narasimha Rao (1991-1996) introduced the LEP in 1991 with the aim of enhancing economic relations between countries in the region, and comprehensively developing and deeply integrating with ASEAN economies.

Vietnam played the role of an intermediary linking India with the East Sea and extending towards the major economies of Northeast Asia, the island countries of Southeast Asia, and Oceania (Paode, 2013). This created an economic leverage for the development of the remote and impoverished Northeast region in particular, and the Indian economy in general. Therefore, strengthening cooperation between India and Vietnam

is not simply a measure to promote strategic and political development, but also has economic development significance, especially when both countries are undergoing comprehensive economic reforms, pursuing a peaceful, stable and prosperous regional order that aligns with the common interests of the two countries. During Prime Minister Narasimha Rao's visit to Vietnam on September 7, 1994, he emphasized that: *"India supports Vietnam's reform efforts and considers Vietnam a particularly important partner. Therefore, India wishes to strengthen cooperation with Vietnam in all fields"* (Paode, 2013).

Thus, the economic corridor originating from South Asia to the East Sea and expanding to the Pacific region has positioned India and Vietnam at the two ends of the link between the two regions, creating favorable conditions for the two countries to cooperate in many areas, especially in the economic field. Vietnam and India have enjoyed a close political relationship since the two countries gained independence and officially established diplomatic relations on January 7, 1972.

However, despite the close political ties, economic cooperation was not a priority in the bilateral relationship between the two countries until 1991. This stemmed from two main reasons: (1) Both countries pursued inward-looking, self-sufficient economic models; (2) Both countries fell into political instability, with Vietnam embroiled in war circumstances, while India had to deal with ethnic crises. Therefore, after Prime Minister Narasimha Rao reformed the economy towards openness, integration, and liberalization, and introduced the LEP in 1991, this marked the first milestone in the economic cooperation between India and Vietnam. In 1992, India and Vietnam established extensive economic relations in areas such as oil and gas exploration, agriculture, and manufacturing (Son, 2022). To promote bilateral trade and investment, the India-Vietnam Business Council was established in 1993. By 1997, the two countries elevated their trade partnership through the signing of the Bilateral Investment Promotion and Protection Agreement (BIPPA). Entering the 21st century, Vietnam-India relations witnessed significant progress in both breadth and depth. In particular, bilateral trade relations were strongly boosted as the two countries opened up and liberalized their economies.

The comprehensive partnership between Vietnam and India has undergone a remarkable development process over the past two decades. In 2003, the two countries issued a Joint Declaration establishing the Comprehensive Partnership, followed by the establishment of a Strategic Partnership in 2007. The signing of the AITIG in 2009 facilitated trade exchanges between the two countries through tariff preferences (Uyanaev, 2022). Additionally, the Maritime Transport Agreement (AST) signed in July 2014 laid the legal foundation for maritime and shipping cooperation between the two sides (Lan, 2018). In 2016, bilateral relations were upgraded to a CSP. Since then, economic cooperation between Vietnam and India has witnessed strong and comprehensive development. Most recently, in December 2022, the two countries signed a Memorandum of Understanding on Cooperation in the Energy and Mineral Resources sectors, creating a legal basis to promote cooperation in these crucial areas

(Vietnam Government Newspaper, 2023). Furthermore, Vietnam and India also cooperate based on other important agreements such as the Mekong-Ganga Cooperation Initiative (MGC). The development of the partnership between the two countries is partly due to Vietnam offering an attractive business environment for Indian companies, with political stability, economic reforms, a large consumer base, and strategic access to ASEAN and Pacific markets.

Table 1: Import-export turnover between Vietnam and India in the period 1991 - 2023
Unit: million USD

	1991	2001	2007	2016	2017	2018	2019	2020	2021	2022	2023
Export	24	228	1357	2687	3759	6543	6672	5235	6280	7961	8500
Import	5.5	45	180	2745	3940	4147	4528	4435	6963	7086	5860
Balance of trade	18.5	183	1177	-58	1812	2396	2144	800	-683	875	2640
Total exports and imports	29.5	273	1537	5432	7698	10690	11200	9670	132430	15048	14360

Source: Compiled by the author from the General Department of Customs (Vietnam)

Through the data from Table 1, it shows that the bilateral trade turnover between the two countries is increasing, reaching \$29.5 million in 1991; \$273 million in 2001, an increase of nearly 9.3 times; \$1,537 million in 2007; \$7,698 million in 2017, an increase of 5 times compared to 2007 and an increase of 261 times compared to 1991; nearly \$15,048 million in 2023 and an increase of about 510 times compared to 1991. This figure slightly decreased in 2023 to \$14,360 million due to the impact of a sharp decline in domestic demand due to the global economic recession. Vietnam's trade balance was in surplus during this period, increasing from \$58 million in 2016 to \$2,640 million in 2023. This shows that Vietnam's trade surplus with India is increasing. In general, the scale of Vietnam-India trade has grown rapidly after the two countries established a CSP in 2016. This economic engagement is not merely transactional—it plays a strategic role in shaping Vietnam's broader foreign policy orientation. As Vietnam diversifies its trade partners to reduce economic dependence on China, India emerges as a reliable and complementary partner. This diversification aligns with Vietnam's desire to maintain strategic autonomy in the face of China's assertiveness in the East Sea. In this context, economic cooperation with India functions as a form of "soft balancing," whereby deeper economic ties provide a foundation for broader strategic collaboration without provoking overt military confrontation.

In terms of merchandise trade, India is Vietnam's 8th largest trading partner, while Vietnam is India's 23rd largest trading partner in the world and 4th largest in the ASEAN region (Vietnamese Government Newspaper, 2023). Some of Vietnam's main export items to India include phones, computers, auto parts, coffee, pepper...; imports from India include coal, vegetable oils, iron and steel, machinery, dyes.. (Vietnam Ministry of Industry and Trade, 2023). This indicates that the two economies possess distinct strengths and comparative advantages, thereby facilitating effective trade cooperation and complementing rather than

directly competing with each other. Furthermore, according to the theory of trade complementarity, when two countries exhibit complementary export-import structures, the potential for bilateral trade growth is higher. The complementarity in product composition between Vietnam and India not only enhances bilateral trade volume but also lays the foundation for deeper economic cooperation, promotes the development of regional and global value chains, and elevates both countries' positions within multilateral free trade agreements such as the ASEAN-India Free Trade Area (AIFTA). For these reasons, the current trade structure between the two nations is regarded as highly complementary and holds significant potential for further development. The fact that Vietnam and India are important trading partners for each other reflects their complementary and mutually supportive economic relations. Specifically, *“Vietnam’s GDP per capita of \$4,110 is higher than India’s \$2,500. Meanwhile, Vietnam’s debt-to-GDP ratio (%) is significantly lower than India’s at 46.7% compared to 73.95%, showing a lower degree of dependence on foreign countries”* (Uyanaev, 2022). Additionally, the inflation rate in Vietnam is lower than in India at 3.21% compared to 4.25%, which can partly ensure price stability of raw materials and other costs - an important factor in times of instability (Van, 2022).

Moreover, Vietnam has a slightly lower corporate tax rate of 20% compared to India’s 25.17%, helping businesses pay lower taxes (Uyanaev, 2022). Indeed, Vietnam has demonstrated flexibility in the face of the Covid-19 pandemic by quickly introducing attractive corporate tax rates for large corporations wishing to relocate to Vietnam. For example, *“for eligible large-scale manufacturing projects, the preferential corporate income tax rates of 10% and 20% will be applied for 15 or 10 years respectively”* (Thuy, 2023, p. 196). Foreign businesses also hope that Vietnam will avoid currency risk with low exchange rate volatility. In contrast, the Indian Rupee is considered a “freely floating currency” with a market-determined exchange rate. In addition, in terms of market size, India may easily surpass Vietnam. However, economists also look at the export similarity index, which measures the overlap between countries export baskets and thus their export competitiveness. According to this index, Vietnam has an export basket most similar to China’s, indicating that it can benefit more from replacing China’s export basket. As a result, although India’s economic structure is significantly larger, leading to other benefits such as cheap labor and a large market, Vietnam enjoys notable advantages that help promote stability for investors, despite global volatility.... Thus, the two countries do not compete but complement each other in the global value chain. This is a healthy model of economic cooperation, mutually beneficial for the common prosperity of the two countries. The fact that Vietnam ranks 4th in exports to India in ASEAN also shows that Vietnam has certain competitive advantages. Therefore, trade relations between Vietnam and India can be further strengthened in line with their CSP role in the future.

In terms of investment, as of 2023, India currently has over 400 valid investment projects in Vietnam with a total registered capital of about \$1 billion, ranking 26th out of 141 countries and territories investing

in Vietnam, with Indian investment focusing on oil and gas, mining, energy, textiles, agricultural processing,... (Vietnam People's Police Newspaper, 2023). Notable Indian corporations and companies investing in Vietnam include ONGC Videsh (OVL), Venkateswara Hatcheries, Ruchi Industries, United Phosphorus,... Among them, OVL and Essar Oil have provided and are providing oil and gas exploration services in Vietnam along with Petrovietnam (Liem & Thao, 2021, p. 319). In return, Vietnam also has about 6-9 investment projects in India with a total capital of about \$28 million (Anh, 2022). Vietnamese businesses mainly invest in India in agriculture, agricultural processing and supporting industries. The two countries also focus on infrastructure connectivity and trade facilitation. The launch of direct flights between Vietnam and India in 2022 demonstrates strong political will to promote economic, cultural and people-to-people exchanges between the two countries. In addition, both sides have made and are making efforts to build seaports in strategically important regions to increase maritime connectivity capabilities such as Van Phong Port (Vietnam), Chabahar Port (India)...

Economic cooperation between India and Vietnam in 2023 has made significant progress compared to its inception in 1991. The rapid growth of both economies, coupled with shared interests in bilateral and multilateral cooperation, has created a favorable foundation for increasingly deep economic and political relations. In this context, India envisions its partnership with Vietnam as forming a dynamic and prosperous economic corridor connecting South Asia with the East Sea and extending to markets across the Pacific region. India's decision to withdraw from the Regional Comprehensive Economic Partnership (RCEP) in 2019 did not diminish trade relations; rather, it prompted India to focus more on bilateral agreements, including cooperation with Vietnam.

In the energy sector, India has made substantial investments in Vietnamese energy projects while supporting infrastructure development aligned with Vietnam's development goals without creating economic dependence. Moreover, both India and Vietnam share the strategic objective of reducing reliance on China within supply chains. According to Bích (2021), "Vietnam is striving to diversify its trade partners regionally and globally to reduce its increasingly serious dependence on the Chinese economy." This opens new opportunities for closer cooperation between the two countries in strategic areas such as energy and trade. Additionally, India maintains its commitment to ASEAN through initiatives like the ASEAN-India Free Trade Agreement (AIFTA), which has reinforced economic ties with Vietnam and supported Vietnam's regional integration and sustainable development process.

However, India-Vietnam relations face challenges, most notably the growing competition from China. China's Belt and Road Initiative (BRI)—a large-scale infrastructure project connecting China with countries across Asia, Europe, and Africa—has expanded its influence in Vietnam, raising Indian concerns about Vietnam's increasing economic dependence on China, potentially undermining Vietnam's sovereignty. Nevertheless, Vietnam has approached the BRI selectively and cautiously, aiming to leverage economic development opportunities without

compromising national sovereignty. Simultaneously, this engagement facilitates New Delhi’s influence through the Act East Policy (AEP) and multilateral initiatives such as the Mekong-Hoang Ha Cooperation and the Indo-Pacific Economic Framework (IPEF). These frameworks offer alternatives to the BRI, emphasizing sustainable development and respect for national sovereignty. By promoting transparent and responsible development initiatives, India not only strengthens its partnership with Vietnam but also helps shape a more balanced and sustainable regional order to counter China’s expanding influence in Southeast Asia.

Vietnam currently faces serious challenges due to China’s increasingly assertive actions in the East Sea. In this context, Hanoi has proactively established and reinforced strategic partnerships with major powers sharing common interests in the region, including India, the United States, Japan, South Korea, and Australia. The consensus among these countries to restrain China’s hegemonic ambitions forms a crucial basis for building a stable and prosperous regional security environment. On this foundation, the strategic partnership between India and Vietnam continues to be consolidated and developed, reflecting strategic alignment amid China’s rising power and the accompanying security challenges in the East Sea region.

In the context of intensifying strategic competition between India and China, Vietnam has emerged as a key partner in India’s AEP. The India–Vietnam cooperation extends beyond defense and security to encompass economic, cultural, and political domains. This relationship is built on a foundation of historical ties, friendship, and mutual trust, driven by shared interests in maintaining peace, stability, and freedom of navigation in the Indo-Pacific region.

6 CONCLUSION

This article explores the evolving dynamics of India’s AEP, focusing on Vietnam’s strategic role within this framework. While China’s increasing assertiveness in the East Sea undeniably shapes India’s regional calculations, findings indicate that India’s engagement with Vietnam is driven by a range of motivations extending well beyond mere geopolitical balancing.

Firstly, economic cooperation has become a cornerstone of strategic engagement, with rising bilateral trade and investment fostering interdependence and regional stability. Vietnam’s position as a maritime gateway and rapidly growing economy aligns with India’s objectives of market diversification and connectivity to the Pacific.

Secondly, historical and cultural linkages between the two countries provide normative direction and soft power to the partnership—consistent with India’s broader narrative of civilizational ties with Southeast Asia.

Thirdly, deepening defense and security cooperation reflects convergent interests in maritime domains, freedom of navigation, and regional stability—without necessarily provoking overt confrontation with China.

Thus, Vietnam emerges as a vital and multifaceted partner in India's Indo-Pacific vision, not only as a counterbalance to China but also as a promoter of a stable multipolar regional order. The India-Vietnam partnership exemplifies how economic pragmatism, cultural diplomacy, and strategic cooperation can converge in pursuit of shared development and security goals. India's AEP, with Vietnam as a key pillar, demonstrates India's strategic recalibration to address China's rise and safeguard its national interests. This cooperation benefits both countries and contributes to regional stability and prosperity.

However, India-Vietnam relations also face significant challenges, including competition from China and differing perspectives on certain regional issues. To overcome these challenges, both countries need to continue enhancing dialogue, building trust, and exploring new areas of cooperation. Therefore, further research is warranted to examine Vietnam's expanding role within India's broader Indo-Pacific architecture, including initiatives such as the Quad and the India-ASEAN Maritime Dialogue. Moreover, analyzing how India balances strategic competition with China while engaging Vietnam may provide valuable insights into emerging norms of asymmetric cooperation in regional geopolitics.

The re-election of Prime Minister Narendra Modi for a third term (Modi 3.0) marks a continuation and likely expansion of the Act East Policy—an essential pillar of India's foreign policy. Amid rapidly shifting geopolitical dynamics, India-Vietnam relations are expected to deepen both strategically and across multiple sectors. Under this new term, India is likely to expand military training programs, defense equipment support, and defense technology sharing with Vietnam. Shared concerns over maritime security and freedom of navigation in the East Sea will continue to underpin bilateral and multilateral naval exercises. Furthermore, Vietnam is emerging as a key regional partner. Priority areas for bilateral economic cooperation include renewable energy, information technology, electronics manufacturing, and logistics. Consequently, India may strengthen its commitment to advancing sustainable supply chains and market diversification. The Modi 3.0 administration is also expected to enhance coordination with Vietnam through regional mechanisms such as ASEAN, the India-ASEAN Forum, the Mekong-Hoang Ha Cooperation, and regional initiatives like the Free and Open Indo-Pacific (FOIP). These efforts will not only help balance China's influence but also reinforce Vietnam's central role in India's Southeast Asia strategy.

In conclusion, as India seeks to counterbalance China's influence and protect its strategic interests in the Indo-Pacific, Vietnam has emerged as a crucial partner. The consolidation of the Comprehensive Strategic Partnership (CSP), underpinned by shared maritime concerns and economic interests, will shape the regional balance of power and contribute to a free, open, and inclusive Indo-Pacific order.

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AI-Enhanced Counterterrorism: Predicting Threats for a Safer World

Inteligência Artificial: Previsão e Contraterrorismo

Inteligencia artificial: predicción y contraterrorismo

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Enviado em: 21 de agosto de 2023

Aceito em: 05 de junho de 2025

ABSTRACT

The use of AI in combating extremism has gained significant attention in recent years due to its potential to improve efficiency and accuracy in identifying terrorist activities. This research paper aims to explore the key concepts associated with utilizing AI to combat extremism, including its various types and developments. Additionally, it will examine how AI can be used to combat terrorist acts in cyberspace. Furthermore, the paper will analyze the most prominent government strategies and experiences in utilizing AI to confront extremism, highlighting their successes and shortcomings. It will also explore the challenges and opportunities that countries face in adopting AI-based approaches to counter extremism, including ethical concerns, data privacy, and technical limitations. To achieve these goals, this research paper will use an analytical method to analyze the current state of knowledge regarding the use of AI to combat extremism. Relevant articles will be identified through a comprehensive search of academic databases and other reputable sources. The articles will be screened and assessed for eligibility based on pre-defined criteria. Data will be extracted and synthesized, and a narrative synthesis will be used to present the findings. The paper will also draw on case studies of government strategies and experiences in utilizing AI to combat extremism. Finally, recommendations for policymakers and practitioners will be developed based on the synthesis of the findings.

Keywords: artificial intelligence, terrorism, Counterterrorism, Extremism.

RESUMO

O uso de IA no combate ao extremismo ganhou atenção significativa nos últimos anos devido ao seu potencial para melhorar a eficiência e precisão na identificação de atividades terroristas. Este trabalho de pesquisa visa explorar os conceitos mais importantes associados ao uso de IA para combater o extremismo, incluindo seus tipos e desenvolvimentos. Além disso, examinará as maneiras pelas quais a IA pode ser usada para combater atos terroristas no ciberespaço. Além disso, o artigo analisará as estratégias e experiências governamentais mais proeminentes na utilização da IA para enfrentar o extremismo, destacando seus sucessos e deficiências. Também explorará os desafios e oportunidades que os países enfrentam ao adotar abordagens baseadas em IA para combater o extremismo, incluindo preocupações éticas, privacidade de dados e limita-

ções técnicas. Para atingir esses objetivos, este trabalho de pesquisa usará um método analítico para analisar o estado atual do conhecimento sobre o uso da IA para combater o extremismo. Artigos relevantes serão identificados por meio de uma pesquisa abrangente de bancos de dados acadêmicos e outras fontes respeitáveis. Os artigos serão selecionados e avaliados para elegibilidade com base em critérios pré-definidos. Os dados serão extraídos e sintetizados, e uma síntese narrativa será usada para apresentar os resultados. O documento também se baseará em estudos de caso de estratégias e experiências governamentais na utilização de IA para combater o extremismo. Finalmente, recomendações para formuladores de políticas e profissionais serão desenvolvidas com base na síntese dos resultados.

Palavras-chave: inteligência artificial, terrorismo, Contraterrorismo, Extremismo.

RESUMEN

El uso de la IA para combatir el extremismo ha ganado una atención significativa en los últimos años debido a su potencial para mejorar la eficiencia y la precisión en la identificación de actividades terroristas. Este trabajo de investigación tiene como objetivo explorar los conceptos más importantes asociados con el uso de la IA para combatir el extremismo, incluidos sus tipos y desarrollos. Además, examinará las formas en que se puede utilizar la IA para combatir los actos terroristas en el ciberespacio. Además, el documento analizará las estrategias y experiencias gubernamentales más destacadas en el uso de IA para enfrentar el extremismo, destacando sus éxitos y deficiencias. También explorará los desafíos y oportunidades que enfrentan los países al adoptar enfoques basados en IA para contrarrestar el extremismo, incluidas las preocupaciones éticas, la privacidad de los datos y las limitaciones técnicas. Para lograr estos objetivos, este trabajo de investigación utilizará un método analítico para analizar el estado actual del conocimiento sobre el uso de la IA para combatir el extremismo. Los artículos relevantes se identificarán a través de una búsqueda exhaustiva de bases de datos académicas y otras fuentes acreditadas. Los artículos serán examinados y evaluados para determinar su elegibilidad en función de criterios predefinidos. Se extraerán y sintetizarán los datos, y se utilizará una síntesis narrativa para presentar los hallazgos. El documento también se basará en estudios de casos de estrategias gubernamentales y experiencias en el uso de IA para combatir el extremismo. Finalmente, se desarrollarán recomendaciones para formuladores de políticas y profesionales en base a la síntesis de los hallazgos.

Palabras clave: inteligencia artificial, terrorismo, contraterrorismo, extremismo.

1 PROBLEM STATEMENT

Terrorism has become an ever-growing global threat, and governments worldwide are searching for new ways to detect and prevent terrorist activities. The emergence of artificial intelligence (AI) has opened a new realm of possibilities in counterterrorism efforts. AI systems have shown the ability to analyze vast amounts of data, recognize patterns, and predict potential threats in ways that were once impossible for humans. By analyzing data from sources such as social media, travel records, and financial transactions, AI can identify behaviors that may be indicative of terrorist activity and alert authorities to investigate further. However, the use of AI in counterterrorism is not without its challenges. One significant concern is privacy and civil liberties. Collecting and analyzing large amounts of personal data could potentially infringe upon

the privacy of individuals. Additionally, there is the risk of biases and errors in the algorithms used in AI systems, which could lead to false accusations and discrimination against certain groups. Therefore, any use of AI in counterterrorism must be transparent, accountable, and operate within ethical and legal frameworks. Consequently, the primary focus of this research is on the following question: *What are the benefits and challenges of using artificial intelligence in counterterrorism efforts, and how can these challenges be mitigated while maintaining transparency, accountability, and ethical and legal frameworks?*

2 METHODOLOGY

This article aims to perform an extensive review of the literature on the utilization of AI in combating extremism and terrorism, examine government strategies and experiences with using AI to counter extremism, explore the opportunities and challenges that come with adopting AI-based approaches, and formulate recommendations for policymakers and practitioners.

The article employs an analytical methodology to examine AI in counterterrorism, government strategies, and its impact on civil liberties. It offers guidance on addressing challenges, capitalizing on opportunities, and best practices for AI in counterterrorism. The goal is a comprehensive analysis of AI's role in combating extremism and its impact on counterterrorism.

3 INTRODUCTION

Global terrorism, driven by extremist ideologies on social media, combines violence and psychological warfare, posing a significant global challenge. Artificial intelligence (AI) plays a vital role in combating terrorism by shaping human behavior and analyzing data. AI customizes messages and monitors human behavior through algorithms, but challenges like privacy concerns, algorithmic biases, and staying ahead of terrorists persist. Successful AI use, like the United States' Project Maven, showcases the potential. The key lies in effectively addressing challenges and leveraging AI's rapid, unbiased data analysis to counteract terrorism and extremism.

Nevertheless, the use of AI in this context is not without its challenges. Privacy concerns, algorithmic biases, and the potential for errors pose significant hurdles. Staying ahead of adaptive terrorists and safeguarding data security are additional challenges. Despite these obstacles, there are promising opportunities to leverage AI's ability to swiftly and accurately analyze vast data, reducing the risk of human error and biases in identifying potential threats.

In conclusion, AI offers a potent tool in the global fight against terrorism and extremism. Direct and indirect applications enable the influence of individuals and tracking of behavior, with opportunities for early detection. However, the responsible and ethical use of AI is paramount, requiring clear guidelines and regulations to mitigate misuse.

With careful consideration and responsible implementation, AI can be a powerful asset in the battle against terrorism and extremism.

4 LITERATURE REVIEW

The study “Artificial Intelligence in Counterterrorism: A Review of Current Applications and Future Prospects” (2020) by Tariq, Bhatti, and Ahmad examines how the US, UK, and Israel use AI to combat terrorism. It analyzes AI’s ability to process vast data, including social media, for threat detection. The study stresses the ethical and technical challenges while highlighting AI’s potential in counterterrorism. The authors also discuss prospects, including advanced machine learning and AI integration with drones and autonomous systems.

Dandachi et al.’s (2021) study examines governments’ use of AI to combat terrorism, focusing on the US government’s experience. It underscores AI’s potential in identifying threats while highlighting challenges like bias and privacy concerns. Cooperation and data sharing among agencies are crucial for AI’s effectiveness in counterterrorism. The study offers insights into AI’s role in counterterrorism, emphasizing the importance of ongoing research and development.

Thiemann et al. (2018) investigated the use of artificial intelligence by the French government to identify and track terrorist networks. The study highlighted the potential benefits of using AI in counterterrorism, such as the ability to analyze large amounts of data and identify potential threats. It also identified some of the challenges associated with implementing AI in this context, such as the need for data sharing and cooperation among different agencies. The authors concluded that while AI has the potential to improve counterterrorism efforts, it should be used in conjunction with other approaches, and proper safeguards should be put in place to ensure privacy and ethical concerns are addressed.

Kaunert and Leonard (2020) explored AI’s utility in counterterrorism. They discussed its potential in analyzing data to detect and prevent terrorist threats. Ethical and legal concerns, including data privacy and algorithm bias, were highlighted. Effective implementation requires collaboration and data sharing among agencies. The study emphasized the importance of balancing technical and ethical considerations. Human oversight, data quality, and sharing were stressed for ethical AI decision-making. Overall, the paper offered insights into AI’s benefits and challenges in counterterrorism, underscoring the significance of a balanced approach that considers both technical and ethical factors in implementation.

In conclusion, the literature reveals that artificial intelligence (AI) shows potential for enhancing counterterrorism through data analysis but raises ethical, misuse, and technical concerns. Preemptive threat detection via social media analysis is crucial. Transparency, accountability, and addressing technical limitations are key. Collaboration and research are vital for ethical and efficient AI use in counterterrorism.

5 AI IN COUNTERTERRORISM

The rise of terrorism and extremism in the modern world is a significant challenge that governments and organizations face. The use of social media platforms by terrorist organizations and extremist groups has made it easier for them to spread their messages, recruit new members, and plan attacks. In response to this threat, the use of artificial intelligence has become an increasingly important tool in the fight against terrorism and extremism. This essay will explore how artificial intelligence is used in combating terrorism and extremism, including data tracking, analysis, predicting events, and directing media campaigns.

The use of social media platforms by terrorist organizations and extremist groups has made it easier for them to spread their messages, recruit new members, and plan attacks. Governments and organizations are facing a significant challenge in combating terrorism and extremism in the modern world. To address this issue, artificial intelligence (AI) has become an increasingly important tool in the fight against terrorism and extremism. This essay explores how AI is used in combating terrorism and extremism, including data tracking, analysis, predicting events, and directing media campaigns. (Cheng, 2021) AI is used to monitor and track online activities related to terrorism and extremism. This includes tracking social media platforms, websites, and other online forums that are used by extremist groups to communicate and spread their messages. Using advanced algorithms, AI systems can sift through vast amounts of data quickly and efficiently to identify patterns, keywords, and other indicators of potential terrorist activity. Once data has been collected, AI is used to analyze it and identify potential threats. AI systems can identify patterns and connections that may not be immediately apparent to human analysts. (Chen D. &, 2021).

AI is also used to predict potential terrorist events. By analyzing social media activity, AI can identify patterns that suggest a potential attack is being planned. Additionally, AI can be used to predict the likelihood of future attacks based on historical data and current trends. This allows organizations to prepare for potential threats and allocate resources more effectively. AI is also used to direct media campaigns aimed at countering the propaganda of terrorist organizations and extremist groups. Through the use of AI, media campaigns can be customized and targeted to specific individuals and groups. This allows organizations to tailor their messaging to specific audiences, making it more effective in countering extremist propaganda. Additionally, AI can be used to track the effectiveness of media campaigns and adjust them as needed to ensure maximum impact. (Dantcheva, 2018)

While the use of AI in combating terrorism and extremism is promising, there are also challenges and opportunities that must be considered. One of the primary challenges is the need to balance privacy concerns with the need for effective monitoring and tracking of potential threats. Additionally, AI systems are not infallible, and there is always the risk of false positives or incorrect predictions. However, there are also significant opportunities for the use of AI in combating terrorism

and extremism. The ability to collect and analyze vast amounts of data quickly and efficiently is a significant advantage in the fight against terrorism. Additionally, the ability to predict potential attacks and direct media campaigns more effectively can help prevent future attacks and reduce the influence of extremist groups. (Dixon, 2020)

In conclusion, the use of artificial intelligence in combating terrorism and extremism is an important tool for governments and organizations. While there are challenges and risks associated with the use of AI in this context, the opportunities for effective monitoring and prevention of terrorist activity are significant. The use of AI in combating terrorism and extremism will likely continue to be an important tool in the fight against terrorism.

6 AI USAGE: TERRORIST GROUPS VS STATES/GOVERNMENTS

Artificial intelligence (AI) has become a crucial tool in combating terrorism and extremism. It can help governments and security agencies detect, track, and prevent terrorist attacks, and analyze data to predict potential threats. However, AI is not just limited to use by states and governments. Terrorist groups have also started using AI to carry out their attacks and evade detection. (Mahmood, 2021) This essay explores the differences between the use of AI by terrorist groups and its use by states and governments.

Terrorist groups have increasingly been using AI to plan and execute their attacks. They use AI algorithms to identify potential targets, evade surveillance and detection, and analyze the data to plan their next attack. For example, ISIS has used AI to track and monitor their targets on social media, carry out phishing attacks, and create fake social media accounts to spread propaganda and recruit new members. Terrorist groups have also used AI to create deep fake videos, which are videos that are created using AI to manipulate real footage, to spread disinformation and propaganda. (Hamilton, 2019)

On the other hand, States and governments employ AI for counter-terrorism efforts, monitoring extensive data, including social media, to detect and prevent threats. AI algorithms analyze data for patterns and anomalies, preempting potential dangers. The US Department of Homeland Security employs AI through the National Vetting Center to screen visa applicants for security risks. AI also aids in media campaigns, crafting targeted messages to counter terrorist propaganda, reaching broader audiences, and enhancing effectiveness. (Johnson, 2020)

AI usage differs significantly between terrorist groups and governments. Terrorists employ AI for malicious purposes, aiming to carry out attacks and spread extremist propaganda. In contrast, states and governments use AI defensively to prevent attacks and protect their citizens, prioritizing safety and security. Resource disparities exist between the two. (Joffe, 2020) Terrorist groups often have limited resources and expertise in AI, which means their use of AI is often crude and unsophisticated. In contrast, states and governments have access to advanced AI

technologies and resources, which enables them to develop more advanced and sophisticated AI systems to combat terrorism and extremism.

In conclusion, the use of AI in combating terrorism and extremism is a crucial tool in the fight against terrorism. However, there are significant differences between the use of AI by terrorist groups and its use by states and governments. Terrorist groups use AI to carry out attacks and spread propaganda, while states and governments use AI to prevent attacks and protect their citizens. The intent and resources available to each party play a significant role in the effectiveness of their use of AI. As AI continues to evolve and become more advanced, it is critical that states and governments continue to develop and improve their AI systems to stay ahead of the evolving threat posed by terrorist groups.

7 ETHICAL ISSUES AND POTENTIAL RISKS OF THE MISUSE OF AI

AI is valuable for governments and law enforcement in counterterrorism, but ethical challenges and risks exist. This article examines these issues, including privacy, accountability, and transparency concerns, in AI's use against terrorism and extremism. (Farahmand, 2020). For example, the use of AI for data tracking and analysis raises concerns about privacy violations, particularly when the data being collected is personal and sensitive. There is also a risk of bias in data analysis, particularly when the algorithms used are not transparent or properly vetted. This can result in discriminatory practices, which could be counterproductive to the goal of combating terrorism and extremism.

Another challenge facing the use of AI in combating terrorism and extremism is the potential for misuse. AI is a powerful technology that can be used for good or evil. Terrorist groups and other malicious actors may attempt to use AI to further their goals. For example, they may use AI to create and disseminate extremist propaganda or to plan and carry out attacks. Governments must be vigilant in their use of AI to ensure that the technology is not misused by those who seek harm. Additionally, there are technical challenges associated with the use of AI in combating terrorism and extremism. One of the biggest challenges is the sheer amount of data that needs to be analyzed. AI systems must be able to process vast amounts of data quickly and accurately to be effective. This requires significant computing power and specialized algorithms (Natarajan, 2021). Governments and law enforcement agencies must invest in the necessary infrastructure to support the use of AI in combating terrorism and extremism.

There are also legal challenges associated with the use of AI in combating terrorism and extremism. For example, there are questions about the legality of using AI to monitor and analyze social media data. Governments and law enforcement agencies must navigate complex legal frameworks to ensure that their use of AI is lawful and does not infringe on individual rights and freedoms. Another challenge is the potential for unintended consequences. AI systems are only as good as the data they are trained on. If the data is biased or incomplete, the AI system may produce inaccurate or discriminatory results. This could lead to unintended

consequences such as false arrests or discrimination against certain groups. (Choudhury, 2021). Governments and law enforcement agencies must be aware of these risks and take steps to mitigate them.

Finally, there is a challenge of public perception. The use of AI in combating terrorism and extremism may be perceived by some as a violation of privacy or civil liberties. Governments and law enforcement agencies must be transparent about their use of AI and communicate the benefits of the technology in combating terrorism and extremism.

In conclusion, the use of AI in combating terrorism and extremism is not without its challenges. Ethical concerns, potential for misuse, technical challenges, legal challenges, unintended consequences, and public perception are all challenges that must be addressed. Governments and law enforcement agencies must approach the use of AI in combating terrorism and extremism with caution and ensure that the technology is used ethically and lawfully. Only then can the benefits of AI be fully realized in the fight against terrorism and extremism.

Recent developments in AI have introduced the concept of explainable AI (XAI), which aims to address the transparency and accountability concerns associated with AI. XAI allows humans to understand how AI systems arrive at their decisions and recommendations, increasing transparency and enabling better oversight. This could potentially address some of the ethical concerns related to the use of AI in combating terrorism and extremism. Additionally, recent research has shown that AI algorithms can perpetuate and amplify biases present in the data they are trained on. To address this issue, researchers are exploring ways to develop algorithms that can identify and mitigate biases in data, such as using diverse data sets and increasing transparency in the algorithm's decision-making process. (Aha, 2019)

Explainable Artificial Intelligence (XAI) is an emerging field that aims to create AI systems that are transparent, interpretable, and explainable. XAI is particularly relevant in the context of the use of AI in combating terrorism and extremism, where there are concerns about the potential for bias and discrimination in the decision-making process. XAI seeks to address these concerns by making the decision-making process of AI systems more transparent and interpretable. One of the key challenges in developing XAI systems is the trade-off between explainability and accuracy. Highly accurate AI systems may use complex algorithms that are difficult to understand and interpret. However, if the goal is to build an explainable AI system, then simpler algorithms may need to be used, which could compromise accuracy. This trade-off needs to be carefully considered when designing XAI systems. (Shan & Zhang, 2020)

Another challenge in developing XAI systems is to ensure that the explanations provided are meaningful and relevant to the end-users. For example, if an AI system identifies a particular individual as a potential terrorist, the explanation provided by the system must be clear and concise and based on relevant information. If the explanation is too technical or difficult to understand, it may not be useful to the end-user. Despite these challenges, XAI is an important area of research and development in AI. XAI has the potential to improve the accountability and transparency of

AI systems, which is particularly important in sensitive domains such as combating terrorism and extremism. (Lieberman, 2020) As such, there is a need for continued investment in XAI research and development to ensure that AI systems are not only accurate but also transparent and interpretable.

However, while these approaches show promise, they also present new challenges. For instance, the use of NLP-based explanations requires large amounts of high-quality training data to ensure the language used is appropriate and effective. Meanwhile, interactive XAI requires designing effective user interfaces that are intuitive and easy to use. Despite the challenges, the development of XAI is crucial for addressing ethical concerns associated with the use of AI, including transparency, accountability, and bias. As such, continued research and development in XAI are necessary to ensure that AI systems are not only effective but also trustworthy and understandable to end-users (Bansal, 2021).

8 AI'S OPPORTUNITIES IN COUNTERTERRORISM

Artificial intelligence (AI) offers many opportunities for combating terrorism and extremism, as it can be used to detect and prevent suspicious activities, facilitate cooperation and exchange of information between stakeholders, and support decision-making. In this article, we will explore some of the key opportunities that AI offers in the fight against terrorism and extremism.

One of the main advantages of AI is its ability to analyze vast amounts of data quickly and accurately. This is particularly useful in the context of counterterrorism, where data from a wide range of sources needs to be analyzed to identify potential threats. By using advanced algorithms, AI can analyze large datasets from social media, news outlets, and other sources to identify patterns, trends, and anomalies that may indicate the presence of terrorist activity (Chen, 2017). Another key benefit of AI is its ability to support decision-making. In the fight against terrorism and extremism, decisions often need to be made quickly and with limited information. By using machine learning algorithms, AI can help decision-makers identify potential threats, prioritize responses, and allocate resources more effectively (Zenasn, 2021).

In addition, AI facilitates information sharing and collaboration among stakeholders, which is vital in countering terrorism and extremism. AI-powered platforms enable more effective cooperation, leading to a coordinated response to threats. Yet, there are challenges to address safe and ethical AI use in this context. One major challenge is the potential misuse of AI by terrorist groups or state actors, involving propaganda dissemination, public opinion manipulation, and cyberattacks. (Stillman, 2019)

Moreover, ethical considerations in AI for counterterrorism are crucial. Biased algorithms may result in discriminatory practices, like racial profiling. Privacy and civil liberties infringement is also a concern, especially when monitoring non-suspects. Addressing these challenges necessitates establishing clear guidelines and regulations for AI usage

in combating terrorism and extremism. This should encompass ethical AI use, transparency, and accountability measures in AI system development and deployment. (Rida, 2020). It is also important to ensure that the use of AI is subject to appropriate oversight and regulation, to prevent misuse or abuse.

In conclusion, AI offers many opportunities for combating terrorism and extremism, including the detection of suspicious activities, cooperation and exchange of information between stakeholders, and support for decision-making. However, there are also significant challenges that need to be addressed, including the potential for misuse of AI and ethical issues related to its use. By developing clear guidelines and regulations for the use of AI, it is possible to maximize the benefits of this technology while minimizing its risks.

9 PRATICAL AI APPLICATIONS IN COUNTERTERRORISM BY GOVERNMENTS

Artificial intelligence (AI) is an increasingly important tool in the fight against terrorism and extremism. While many countries around the world are using AI in various ways to combat these threats, information on their use of AI in counterterrorism is often limited or not publicly disclosed due to security concerns. Nonetheless, there are several countries that have publicly acknowledged their use of AI in counterterrorism and have gained experience in implementing AI applications to monitor, track, and prevent terrorist activity. In this article, we will explore some of these countries and their experiences with using AI in counterterrorism.

The use of artificial intelligence (AI) in combating terrorism and extremism has become increasingly important in recent years. Governments around the world have recognized the potential of AI in identifying threats, tracking suspects, and preventing attacks. In this article, we will examine the experiences of some governments in using AI to combat terrorism and extremism and the results they have achieved.

One country that has been at the forefront of using AI in combating terrorism and extremism is the United States. The U.S. government has been investing heavily in AI technologies to improve intelligence gathering and analysis capabilities. The Department of Defense has been using AI to process large amounts of data, identify patterns, and detect anomalies that may indicate terrorist activities. The National Security Agency (NSA) has also been using AI to monitor internet traffic and identify potential threats. The results have been significant, with the U.S. government reporting that AI has helped prevent numerous terrorist attacks. (Ford, 2021)

The United States has been a leader in the fight against terrorism for decades. In recent years, it has harnessed the power of artificial intelligence (AI) to enhance its counterterrorism efforts. The U.S. government has invested significantly in AI research, especially in defense and national security. AI is crucial in collecting and analyzing extensive data, including social media, financial transactions, and travel records. Through AI algorithms, the government identifies potential threats and monitors

known terrorists' movements, strengthening its counterterrorism measures. (Artificial Intelligence Strategy Summary, 2020)

In addition to data analysis, the US is also using AI to develop predictive models that can help identify potential terrorist threats before they occur. For example, the Department of Homeland Security has developed an AI-powered system called the Automated Targeting System, which uses machine learning algorithms to identify potential threats among travelers entering the US. The US government is also using AI to improve its communication and collaboration with international partners in the fight against terrorism. Through the use of AI-powered translation tools and communication platforms (Smith, 2022) government agencies can share information more effectively and work together to combat terrorism on a global scale.

However, the use of AI in counterterrorism is not without its challenges. One of the key concerns is the potential for bias in AI algorithms, which could lead to discriminatory practices and the unjust targeting of certain groups. The US government is taking steps to address these concerns, including increasing transparency and accountability in AI development and deployment. In conclusion, the United States of America has been at the forefront of using AI in the fight against terrorism. Through data analysis, predictive modeling, and international collaboration, the US government is leveraging the power of AI to identify and prevent potential threats. While there are challenges to overcome, the potential benefits of AI in counterterrorism are significant, and the US is leading the way in exploring and maximizing these opportunities. (Barnes, 2019)

Moreover, Russia is a leader in employing AI for counterterrorism. They leverage AI in various areas to combat security threats. Notably, facial recognition technology is a key tool used to identify and locate terrorists and suspects in public spaces, including airports and metro stations. Biometric technologies, such as iris recognition and fingerprint scanning, are also utilized for suspect identification in their counterterrorism efforts. Russia's experience in using AI for counterterrorism encompasses a range of technologies and strategies. (How Russia uses facial recognition technology, 2019)

AI in Russian counterterrorism includes predictive policing and social media monitoring. Predictive policing identifies potential threats and suspicious behavior, while advanced algorithms analyze social media content to detect terrorist activity using natural language processing and machine learning. (Russia Uses Social Media to Identify Potential Terrorists, 2018)

In addition to these technologies, Russia employs an integrated surveillance system, merging AI-powered cameras and sensors with big data analysis for real-time monitoring of large areas. The system detects and prevents terrorist attacks and other criminal activities while also monitoring traffic and public transportation to facilitate swift responses. The key strength of Russia's AI-based counterterrorism approach lies in integrating diverse technologies and strategies, including facial recognition, social media monitoring, and predictive policing. This comprehensive

system enables authorities to analyze substantial data, identify threats, and respond promptly. (Institute for the Study of War, 2020)

However, Russian AI counterterrorism efforts have raised concerns about potential abuses, such as tracking political dissidents. Predictive policing has also raised concerns about discrimination and civil liberties violations. However, the Russian experience has been successful in preventing attacks, serving as a model for other countries. (Khatchadourian, 2020)

In conclusion, the Russian experience in utilizing AI for counterterrorism has been comprehensive and effective. The country has developed and utilized a wide range of AI technologies and strategies, from facial recognition to social media monitoring to predictive policing. While there are concerns about the potential misuse of these technologies, the Russian approach has demonstrated the potential of AI to improve national security and prevent terrorist attacks.

In Asia, China is a leader in AI-driven counterterrorism efforts, utilizing facial recognition, social media monitoring, and predictive policing. Facial recognition aids real-time identification and arrests of suspected terrorists. AI analyzes social media for signs of extremist activity. An integrated surveillance system uses AI and big data for real-time monitoring to prevent attacks. Predictive policing, though controversial due to discrimination and human rights concerns, helps identify patterns to prevent terrorism. (Zhang, 2019). While these experiences demonstrate the potential for AI to improve security and prevent terrorist attacks, they also raise important questions about privacy, human rights, and potential abuses.

In Europe, the United Kingdom has also been using AI in its efforts to combat terrorism and extremism. The government has been working closely with tech companies to develop AI-powered tools to detect and prevent terrorist activities. One such tool is the “Online Hate Speech Dashboard,” which uses AI to monitor social media platforms for hate speech and extremist content. The tool has been successful in identifying and removing such content, and the government is now exploring ways to expand its use.

France is another country that has been using AI in combating terrorism and extremism. The French government has been working with tech companies to develop AI-powered tools to identify and track potential terrorists. One such tool is the “MOSAIC” system, which uses AI to analyze social media and other online activities to identify potential threats. The tool has been successful in identifying and tracking suspects, leading to several arrests. France has also been actively involved in using artificial intelligence to combat terrorism. Since the Charlie Hebdo attack in 2015, France has had to deal with several terrorist attacks that have caused significant loss of life and damage. (Hanquez, 2020) In response to these attacks, the French government has made use of artificial intelligence and other advanced technologies to help prevent such incidents in the future.

The French government’s key initiatives include the 2018 launch of the Platform of Analysis of Terrorist Threats (PAT), which uses real-time

data, including social media, to identify potential threats. Additionally, facial recognition technology is used in public places to identify suspects and enhance national security, though it has sparked privacy and civil liberties concerns. (Lennard, 2019)

In addition, the French government has launched several initiatives aimed at preventing radicalization and extremism. One of these is the Stop-Djihadisme campaign, which aims to counter extremist propaganda online and promote a positive image of French society. The campaign uses social media and other digital channels to reach out to young people and prevent them from being radicalized. (Ministère de l'Intérieur, 2015)

Overall, the French experience in combating terrorism using artificial intelligence has been mixed. While the use of advanced technologies has undoubtedly helped to prevent some attacks and identify suspects, there have also been concerns about the potential for misuse and the impact on privacy and civil liberties. Any use of artificial intelligence in the fight against terrorism must be carefully balanced with the need to protect fundamental rights and freedoms. In the Middle East, Israel has been using AI in its efforts to combat terrorism. The Israeli government has developed an AI-powered system called "HARPOON" that can analyze large amounts of data and identify potential terrorist threats. The system has been successful in detecting and preventing several terrorist attacks. Despite the successes of these countries, there are still challenges to the use of AI in combating terrorism and extremism. One of the biggest challenges is the ethical issues surrounding the use of AI (Shoshan, 2018). There are concerns that AI-powered tools could be used to violate human rights and privacy, and there are questions about who should have access to the data collected by these tools.

Another challenge is the potential for misuse of AI-powered tools. There is a risk that governments could use these tools to target political opponents or to suppress dissent. There is also the risk that terrorist groups could use AI to develop more sophisticated attacks or to evade detection. (The World Bank, 2020)

In conclusion, the use of artificial intelligence in combating terrorism and extremism has become increasingly important in recent years. Governments around the world have recognized the potential of AI in identifying threats, tracking suspects, and preventing attacks. While there have been successes in the use of AI, there are also challenges and risks to be addressed. The development of ethical guidelines and regulations for the use of AI in this context will be crucial in ensuring that this technology is used responsibly and effectively.

Germany has utilized artificial intelligence in the prediction and prevention of terrorist activities. Their experiences in this field are varied and include the use of social media monitoring, predictive policing, and analyzing large sets of data. The country has also implemented measures to protect civil liberties and privacy concerns, such as using AI for specific, limited purposes and ensuring transparency and accountability in its use. Germany has also implemented several initiatives to leverage artificial intelligence in countering terrorism. One of the most notable initiatives is the Federal Criminal Police Office's (BKA) Counterterrorism

Information Centre (GTAZ), which uses AI-powered tools to analyze and process data related to terrorism. The system is designed to identify potential threats by analyzing large volumes of data from various sources, including social media, chat rooms, and other online platforms. (Rommerskirchen, 2018)

In addition to the GTAZ, Germany employs an AI-driven early warning system, analyzing data from diverse sources, like social media and financial transactions, to preempt potential terrorist threats. The system collaborates with national and international agencies for a coordinated response. Germany's commitment to countering terrorism extends to the Competence Center for Applied Security Technology (CAST), a research hub for AI in cybersecurity and counterterrorism. CAST unites researchers, industry specialists, and government authorities to create advanced AI tools in the fight against terrorism and security challenges. (Khalid, 2019)

While these initiatives demonstrate Germany's commitment to leveraging AI in countering terrorism, they also raise concerns about privacy and the potential for abuse. Germany has taken steps to address these concerns by implementing strict regulations on the use of AI in law enforcement and national security, including guidelines on transparency, accountability, and oversight. (BKA, 2019) Overall, Germany's experiences in the use of artificial intelligence in countering terrorism highlight the potential benefits of these technologies, but also the importance of ensuring that they are used ethically and by established legal and human rights standards.

However, there are still concerns about the potential for human rights violations and discriminatory practices in the use of these technologies. Overall, Germany's experiences highlight the potential benefits and challenges of using AI for counterterrorism efforts.

9 ENHANCING AI USE FOR COUNTERTERRORISM

The use of artificial intelligence (AI) in combating terrorism and extremism has become a growing trend for governments and organizations around the world. As AI technologies become more advanced, they are increasingly being used to help identify and prevent potential threats, predict and analyze patterns of behavior, and target propaganda campaigns by extremist groups. However, despite the potential benefits of AI, some significant challenges and risks need to be addressed to ensure its responsible and effective use in countering terrorism and extremism.

One of the key challenges facing the use of AI in this context is the ethical considerations around privacy, surveillance, and civil liberties. As governments and organizations collect and analyze vast amounts of data to identify potential threats, there is a risk that these technologies could be used to infringe on the rights of individuals or groups. Therefore, appropriate safeguards must be put in place to ensure that the use of AI is consistent with human rights principles and respects individual privacy.

AI challenges include algorithmic biases due to skewed or incomplete training data. To mitigate this, prioritize transparency, accountability,

and bias identification and correction in AI system design. AI challenges include algorithmic biases due to skewed or incomplete training data. To mitigate this, prioritize transparency, accountability, and bias identification and correction in AI system design. Despite these challenges, there are significant opportunities for the use of AI in combating terrorism and extremism. One of the most significant benefits is the ability to identify and analyze patterns of behavior across large datasets, allowing law enforcement and intelligence agencies to identify potential threats and predict future activity. Additionally, AI can be used to detect propaganda and extremist messaging on social media and other online platforms, enabling more targeted and effective counter-messaging campaigns.

Furthermore, AI can facilitate cooperation and information sharing between stakeholders, including law enforcement agencies, intelligence services, and technology companies. By leveraging AI technologies to improve the sharing and analysis of data, it is possible to enhance the effectiveness of efforts to combat terrorism and extremism. Several governments have already taken steps to integrate AI into their counterterrorism efforts. For example, the United States government has established a Counterterrorism Technology Program, which includes initiatives to develop and deploy AI technologies to identify and track potential threats. Similarly, the United Kingdom's Home Office has launched a Counter Terrorism Innovation Fund, which includes funding for research and development of AI-based tools for counterterrorism.

To enhance the use of AI in combating terrorism and extremism, there are several recommendations and actions that can be taken. Firstly, it is essential to develop clear and consistent ethical guidelines for the use of AI in this context, which should be informed by input from a wide range of stakeholders, including civil society and human rights organizations. Additionally, there needs to be greater investment in research and development of AI-based tools and technologies for counterterrorism, including efforts to address potential biases and inaccuracies in these systems.

Moreover, it is essential to promote greater cooperation and information sharing between stakeholders, including law enforcement agencies, intelligence services, and technology companies. This will require the development of common standards and protocols for data sharing and analysis, as well as efforts to improve trust and collaboration between these groups.

Finally, there is a need for greater public education and awareness about the use of AI in combating terrorism and extremism. This should include efforts to inform the public about the potential benefits and risks of these technologies, as well as initiatives to promote greater transparency and accountability in their use.

In conclusion, the use of AI in combating terrorism and extremism offers significant opportunities for improving the effectiveness and efficiency of counterterrorism efforts. However, appropriate measures must be taken to address the ethical considerations and potential risks associated with these technologies. By promoting greater cooperation, investment, and public education, it is possible to enhance the responsible and effective use of AI in this critical area.

10 RESULTS

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The use of artificial intelligence (AI) in combating terrorism and extremism poses several challenges and ethical concerns, such as privacy, accountability, transparency, and potential for misuse. The development of explainable AI (XAI) could address some of these ethical concerns related to the use of AI in combating terrorism and extremism. However, it is important to consider the trade-off between explainability and accuracy when designing XAI systems. Governments and law enforcement agencies need to approach the use of AI in combating terrorism and extremism with caution and ensure that the technology is used ethically and lawfully.

AI has become an important tool for governments and organizations in combating terrorism and extremism. While AI is being used by both terrorist groups and states/governments in the fight against terrorism and extremism, there are significant differences in their intent and resources. Terrorist groups use AI for malicious purposes, such as carrying out attacks and spreading propaganda, while states and governments use AI for defensive purposes, such as preventing attacks and protecting their citizens.

Additionally, states and governments have access to more advanced AI technologies and resources, which enables them to develop more sophisticated AI systems to combat terrorism and extremism. States and governments need to continue developing and improving their AI systems to stay ahead of the evolving threat posed by terrorist groups, but it is not a panacea. The effectiveness of AI depends on the quality of the data it is trained on and the algorithms used. While recent developments in AI have introduced the concept of XAI, which aims to address the transparency and accountability concerns associated with AI, there are still significant challenges to consider, such as legal, technical, and public perception challenges. States and governments need to continue developing and improving their AI systems to stay ahead of the evolving threat posed by terrorist groups.

Several countries, including the United States, Russia, China, the United Kingdom, France, Israel, and Germany, have been using AI in their efforts to combat terrorism and extremism. These countries have developed and used AI-powered tools such as facial recognition systems, social media monitoring platforms, and predictive policing algorithms to identify and track potential threats. While these AI tools have helped prevent some attacks and identify suspects, there are concerns about their potential misuse, impact on privacy and civil liberties, and ethical implications. Governments and tech companies need to work together to establish ethical guidelines and regulations for the use of AI in counterterrorism efforts to ensure that it is used responsibly and effectively.

Overall, the use of AI in combating terrorism offers opportunities and challenges. To ensure responsible use, investment in research and ethics, cooperation, and public awareness are essential. Differences exist between terrorist groups and governments in intent and resources, emphasizing the importance of balancing AI use with protecting fundamental rights.

11 RECOMMENDATIONS

(1) Prioritize developing Explainable AI (XAI) to enhance AI transparency, accountability, and ethics, addressing ethical concerns in countering terrorism and extremism. (2) Balance Explainability and Accuracy: While explainability is important, it is also essential to ensure that AI systems are accurate and effective in identifying potential threats. Governments and researchers should strive to strike a balance between explainability and accuracy when designing XAI systems. (3) Collaborate on ethical regulations addressing AI use in counterterrorism, covering privacy, civil liberties, and misuse concerns. (4) Promote public education and awareness about AI's role in countering terrorism, fostering trust for responsible and effective use.

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A study on Socio-Economic Status of Women in Afghanistan- 1998 -2021.



Um estudo sobre o status socioeconômico das mulheres no Afeganistão - 1998-2021.

Un estudio sobre la situación socioeconómica de las mujeres en Afganistán - 1998-2021.

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Enviado: 08 de Agosto de 2024
Aceito em: 10 de Junho de 2025

ABSTRACT

In the period years 1998 to 2021, Afghanistan has witnessed a notable enhancement in the status of women, largely attributable to international financial assistance and the implementation of national programs. Significant progress has been made in the area of human development, accompanied by a notable increase in the number of girls pursuing higher education and gaining access to health services. Additionally, foreign aid and globalization have played a significant role in improving the socio-economic conditions of Afghan women. The main objective of the current study is to investigate women's socio-economic conditions in Afghanistan. This research employs the autoregressive distributed lag (ARDL) modeling approach within the EViews 12 software environment to elucidate the pivotal relationships between predictor variables and the dependent variable. This study posits that economic deprivation, the human development index, foreign aid, and globalization collectively contribute to the conditions faced by women. These research findings reveal that globalization has a significant, positive long-term impact on the socioeconomic conditions of women in Afghanistan. The research uncovers a significant, positive correlation between the Human Development Index (HDI) and foreign aid with the GII in Afghanistan. These findings raise important questions about the impact of development initiatives and foreign aid on the socioeconomic conditions of women in Afghanistan.

Key Words: Gender inequality, women's condition, Auto Regressive Distributed Lag, Afghanistan

RESUMO

No período de 1998 a 2021, o Afeganistão testemunhou uma melhoria notável na condição das mulheres, em grande parte atribuível à assistência financeira internacional e à implementação de programas nacionais. Houve progresso significativo na área do desenvolvimento humano, acompanhado por um aumento

notável no número de meninas que buscam educação superior e têm acesso a serviços de saúde. Além disso, a ajuda externa e a globalização desempenharam um papel significativo na melhoria das condições socioeconômicas das mulheres afegãs. O principal objetivo do presente estudo é investigar as condições socioeconômicas das mulheres no Afeganistão. Esta pesquisa emprega a abordagem de modelagem autorregressiva de defasagem distribuída (ARDL) dentro do ambiente de software EViews 12 para elucidar as relações centrais entre as variáveis preditoras e a variável dependente. Este estudo postula que a privação econômica, o índice de desenvolvimento humano, a ajuda externa e a globalização contribuem coletivamente para as condições enfrentadas pelas mulheres. Os resultados desta pesquisa revelam que a globalização tem um impacto significativo e positivo a longo prazo nas condições socioeconômicas das mulheres no Afeganistão. A pesquisa revela uma correlação positiva significativa entre o Índice de Desenvolvimento Humano (IDH) e a ajuda externa com o Índice de Desenvolvimento Humano (IDH) no Afeganistão. Essas descobertas levantam questões importantes sobre o impacto das iniciativas de desenvolvimento e da ajuda externa nas condições socioeconômicas das mulheres no Afeganistão.

Palavras-chave: Desigualdade de gênero, condição das mulheres, Atraso Distribuído Auto Regressivo, Afeganistão

RESUMEN

No período de 1998 a 2021, o Afeganistão testemunhou uma melhoria notável na condição das mulheres, em grande parte atribuível à assistência financeira internacional e à implementação de programas nacionais. Houve progresso significativo na área do desenvolvimento humano, acompanhado por um aumento notável no número de meninas que buscam educação superior e têm acesso a serviços de saúde. Além disso, a ajuda externa e a globalização desempenharam um papel significativo na melhoria das condições socioeconômicas das mulheres afegãs. O principal objetivo do presente estudo é investigar as condições socioeconômicas das mulheres no Afeganistão. Esta pesquisa emprega a abordagem de modelagem autorregressiva de defasagem distribuída (ARDL) dentro do ambiente de software EViews 12 para elucidar as relações centrais entre as variáveis preditoras e a variável dependente. Este estudo postula que a privação econômica, o índice de desenvolvimento humano, a ajuda externa e a globalização contribuem coletivamente para as condições enfrentadas pelas mulheres. Os resultados desta pesquisa revelam que a globalização tem um impacto significativo e positivo a longo prazo nas condições socioeconômicas das mulheres no Afeganistão. A pesquisa revela uma correlação positiva significativa entre o Índice de Desenvolvimento Humano (IDH) e a ajuda externa com o Índice de Desenvolvimento Humano (IDH) no Afeganistão. Essas descobertas levantam questões importantes sobre o impacto das iniciativas de desenvolvimento e da ajuda externa nas condições socioeconômicas das mulheres no Afeganistão.

Palabras clave: Desigualdad de género, Condición de la mujer, Atraso Distribuido Autorregresivo, Afganistán

1 INTRODUCTION

The socio-economic conditions of women in Afghanistan have changed significantly over the past 23 years, with both progress and decline. It should be noted that the situation is complex and influenced by a range of factors, including modifications in political ideology, security challenges, gender inequalities, education systems, economic disparities, health issues, unemployment, aspects of globalization, and cultural

norms. Gender equality can be achieved through equal rights, opportunities, access to education and healthcare, decent work, and political and economic privileges that should be available to both men and women (Duflo et al., 2005)

Afghanistan is currently experiencing one of the worst and largest humanitarian disruptions in the world, and over 50% of the population relies on humanitarian support for survival. In poor countries like Afghanistan, the main problem against women is the overall social, institutional setting and cultural practices such as traditions, laws, norms, limited policies, and codes of conduct (World Bank, 2001). The Secretary-General of the United Nations, Kofi Annan, has claimed that achieving gender equality is a “prerequisite” for achieving the other Millennium Development Goals, including poverty eradication, reducing child mortality, achieving universal education, and ending gender disparity in education by the target year of 2015 (United Nations, 2005). Moreover, across the country, over 18.9 million people are at a critical or higher level of emergency food insecurity. Predictions are that access to food will deteriorate as a result of worsening economic effects, climate change, and global security challenges (CARE, 2022).

Gender equality and the empowerment of women have been established as important dimensions in Afghanistan’s development framework and internationally in the 2030 SDG Agenda. Gender inequality in educational attainment also affects the HDI and its impact on the health component. Educated girls tend to have healthy children and family-related family members. According to the Sustainable Development Goals (SDGs), governments should take urgent action to address the root causes that have led to discrimination and women’s participation in the private and public sectors, including by transforming their role. Such actions include reforming legal frameworks and adopting laws that promote equal opportunities for women and men (United Nations, 2017a). SDG 5 highlights the significance of attaining gender equality and empowering women, not only due to its fundamental human rights nature but also because it serves as a catalyst and also because of its implications for all other areas of development (United Nations, 2021).

According to (MDGs, access to education and job opportunities has close relations and affects women’s economic empowerment (Echavez et al., 2014). Since 2001, the Afghan government, in cooperation with international organizations, has invested significant resources to ensure that women become leaders in politics, business, and civil society (Nijat & Murtazashvili, 2015). The Bonn Conference agreement and the 2004 Afghanistan constitution emphasized equal rights for women and their participation in government. The elaboration and establishment of a programmatic framework for women’s rights and gender equality clauses in constitutions through careful interpretation and consultation with interested parties and actors (Mohammad Hashim Kamali, 2008)

Gender inequality in the context of human development is still one of the most important issues in most societies, particularly in Afghanistan, where women experience much discrimination and obstacles. Knowing the condition of women and deep-diving into various aspects of this

concept is crucial for societies such as those in Afghanistan. The socio-economic status of Afghan women reflects their access to education, jobs, income, healthcare, and decision-making. It is shaped by structural, cultural, and political factors, with key indicators like literacy, employment, income, and asset ownership. Conflict, poverty, gender norms, and instability heavily impact these conditions, requiring a comprehensive analysis to understand their effects on women's lives.

In 2021, when the Taliban gained control of the country, concerns were raised about the potential reversal of progress in women's development. During their previous rule from 1996 to 2001, the Taliban imposed severe restrictions on women's fundamental rights, impacting access to education and healthcare. The current policies also continue to limit women's access to education beyond the 6th grade, higher education, and employment. In other nations, plenty of studies are related to this issue, but there is a scarcity in Afghanistan. Given the above compelling reasons, researchers intend to assess the socioeconomic conditions of women in Afghanistan. The main objective of the current study is to investigate women's socioeconomic conditions in Afghanistan. According to the gender and development theory, examine how structural inequalities in Afghanistan restricted women's agency across the last regimes, and to obtain this objective, the authors selected the Gender Inequality Index GII as the dependent variable and economic deprivation, Human Development Index, foreign aid, and Globalization as independent variables, utilizing the ARDL model.

Our hypothesis in this study is that developed independent variables like economic deprivation, the human development index, foreign aid, and globalization contribute to women's conditions in related dependent variables like employment, access to education, health services, social status, and fundamental rights. Based on intersectionality approaches, this study adopts an intersectional lens to reveal how multiple identities shaped women's unequal access to education and employment. According to HDI theory, the erosion of women's educational and health rights under the Taliban severely curtailed their development potential in Afghanistan. Based on postcolonial feminist theory, the research resists homogenizing Afghan women's experiences and highlights context-specific forms of resilience. The results will provide empirical support by highlighting which selected indicators have the most significant impact on Afghanistan's women's condition. Policymakers can make well-informed judgements about how best to allocate resources and formulate policies that will enhance women's condition with the help of this evidence.

2 LITERATURE REVIEW

Afghanistan is currently experiencing an accumulation of crises, including economic, humanitarian, climate-related, and political challenges. These crises are interrelated and further exacerbated by the growing crisis of women's rights. And it has been struggling with the issues of gender inequality and women's fundamental rights. Though, between 2013 and 2016, the proportion of women in the Afghanistan judiciary

increased from 8.4 percent to 11 percent, with women presiding over lower courts and adjudicating juvenile and family cases, as well as cases of violence against women and girls (Schwab et al., 2019). The status of women has been fluctuating over time, with improvements in some areas in the last 20 years, but also setbacks within the recent three years, as recent survey, nearly 16 million Afghans are affected by poverty, increased fertility has a deleterious impact on the welfare of households, as evidenced by significantly elevated poverty rates among larger households and those with more children. Conversely, educational attainment and literacy, and unemployment have a deleterious impact on the household. The correlation between employment and higher levels of poverty indicates that employment is not a guarantee of protection from poverty (Central Statistics Organization, 2018).

In 2020, CARE, an international organization, surveyed 320 individuals in Afghanistan. The findings revealed that 67% of women are unable to access health services without the accompaniment of a male relative, and 73% of women reported a lack of knowledge regarding family planning, and 87% of women had experienced some form of gender-based violence. Additionally, 55% of women indicated that they would prioritize cash to make up for income losses, and only 8% of women have received social assistance (CARE, 2020).

A study conducted by the World Bank and the International Finance Corporation in 2008 revealed that women's participation in business, the proportion of female top managers, the number of permanent full-time workers who were female in Afghanistan were significantly lower than the average South Asia, regional and global (Echavez et al., 2014). Am null h Khan, former King of Afghanistan, has considered a series of reforms at the administrative, economic, and social levels to enhance women's rights. He established new educational institutions for both girls and boys, prohibited forced marriages, and publicly denounced polygamy and mandatory dress codes. Queen Soraya removed her veil and established the inaugural women's journal in Afghanistan, advocating for gender equality. By the early 1990s, it was estimated that nearly 70% of school teachers, 50% of government workers and university students, and 40% of doctors in Kabul were women (Gabija Leclerc and Rosamund Shreeves, 2023).

According to the UNDP Report 2021 related to gender inequality, revealed that maternal mortality rate in Afghanistan was 638 per 100,000 live births in 2017, the adolescent birth rate is 82.6 as per 1,000 women ages (15-19) in 2021, population with least some secondary education is 6.4 female, and 14.9 for male ages 25 and older, and labor participation rate is 14.8 for female and 66.5% for male ages 15 and older in 2021 (UNDP, 2023). According to the figure related to the gender development index, Afghanistan is in group 5 by absolute deviation from gender parity in HDI values 0.678, the data was collected in the recent year 2021 and cleared some socio-economic aspects developed on SDG dimensions of gender development in Afghanistan (UNDP, 2023), the Human Development Report in 2021, elucidated the gender inequalities between Afghanistan and neighboring countries, Afghanistan has the highest gender disparity

with a GII value of 0.655, and after that Pakistan, Iran, and China also have the lowest gender disparities among neighboring countries (United Nation, 2021)

(Kathleen, et.al., 2012). They have done a review of title lessons from women's programs in Afghanistan and Iraq that revealed that in the economic sphere, women in Afghanistan should not be limited to the lowest-paying jobs.

The research findings indicate that Afghan women encounter obstacles in reaching out beyond urban elites to non-elite women, especially those women who are in provinces and remote areas. The influence of culture and religion has been observed to impede the advancement of women's education, economic autonomy, and political participation. It was revealed that women in both countries confronted significant barriers to education and awareness of their rights (Ashraf & Ali, 2018). The research found a positive and significant relationship between women's status and the human development index. It showed that a 1% increase in human development causes a 0.586% decrease in gender inequality (Jütting et al., 2008). Also found similar results; however, economic deprivation has a negative and significant impact on women's status in the context of Pakistan. The findings indicate that as the level of education increases, the overall status of women also increases. The results show that a 1% increase in secondary school enrollment changes the status of women by 0.22%. This is supported by (Malik & Courtney, 2011) and (Faridi Mohammad Zahir, et. al, 2009) who argue that higher enrollment in secondary and higher education improves the status of women in society.

On December 24, 2022, the Ministry of Economy enacted a prohibition on Afghan women working for national and international NGOs in Afghanistan. This ban on women NGO workers has a direct impact on the more than 15,000 women employed in Afghanistan across 183 national and international NGOs (Michelle Gehrig and Caitlin Willis, 2024) the same (Van Bijler Martine, 2021) In August 2020, was conducted a qualitative survey with a coalition of 400 Afghan women and activists under the name "Our Voice, Our Future." As a result of this interview, two open letters were sent to "Women World Leaders." These letters called on the recipients to support the ongoing fight to secure the rights of Afghan women and their children. Additionally, the letters were addressed to the Taliban leadership, using the phrase "Our Voice, Our Future (Lerch et al., 2022) found that in the majority of domains, female participation is observed to be lower in countries with established links to illiberal international organizations, particularly in recent times.

Rasmane Ouedraogo (2018) and Elodie Marlet (2018), observed a correlation between foreign direct investments and two indices: The Gender Development Index (GDI) and the Gender Inequality Index (GII). These indices are used to measure gender development and gender inequality in developing countries. The evidence suggests that high levels of FDI inflows per capita are associated with higher values of gender development indices and with lower values of gender inequality indices over the period 1990–2015. Furthermore, the relationship between

FDI inflows per capita and GDI appears to be more pronounced in middle-income countries, while the relationship with GII is more pronounced in low-income countries. And found that the evidence suggests that there is a positive association between FDI and female entrepreneurship. Furthermore, the association between female entrepreneurship and industry FDI is on average statistically insignificant, indicating that intra-industry FDI crowding-out effects do not appear to apply in the case of female entrepreneurship, and in Afghanistan, there are just 2.42% female managers in 2018.

Gender inequality remains a global issue, which results in the fundamental denial of basic rights and opportunities for women and girls. Achieving gender equality and promoting the empowerment of women and girls necessitates further advocacy to challenge widely entrenched gender-based discrimination rooted in patriarchal attitudes and societal norms (United Nation, 2017b) Since 1947, the United States has been hosting the world's most important intergovernmental commission dedicated exclusively to the promotion of gender equality and the empowerment of women. It creates proposals to the Economic and Social Council on advancing women's rights in political, economic, social, and educational domains (Castillejos-Aragón, 2021). The labor market presents a number of challenges for women. They are less likely to be employed, they earn less than men in similar roles, and they are more likely to be in poverty even when they are working. Furthermore, women spend almost twice as much time on housework, almost five times as much time on childcare, and about half as much time on market activities as men do (Esther Duflo, 2012)

The results indicate that the relative participation of women in the economically active labor force tends to increase with the level of globalization. The positive interaction term between gender and globalization in ($b = 4.25$, $p < .01$) corroborates the hypothesis that women's likelihood of engaging in paid work, in comparison to men, is positively correlated with globalization (Roll et al., 2024) and (Akhter & Ward, 2009) and (Ben-Nun Bloom et al., 2017) had studied related to globalization and gender equality, the results demonstrate that the global economy exerts disparate influences on gender empowerment, and The process of economic globalization has the effect of enhancing gender equality (Potrafke & Ursprung, 2012) In their research, they discovered that economic and social globalization exert a decidedly positive influence on social institutions that reduce female subjugation and promote gender equality. (Richards & Gelleny, 2007) discovered that the relationship between economic globalization and women's status is contingent upon the specific type and era under examination. In the majority of cases, economic globalization is associated with an improvement in women's status.

Meyer (2003), investigates the impact of economic globalization on work-related gender differences and inequalities. The results of this study illustrate that economic globalization reduces occupational gender discrimination and inequality. Moreover, trade liberalization increases job opportunities for both men and women, which reduces gender inequality.

(Moghadam, 1999) analyzes the impact of globalisation on women’s labor force participation and women’s mobilization. The results of the study show that globalizations contribute to women’s empowerment.

Duflo (2011) has revealed that a mutual relationship between economic development and women’s empowerment is defined as the improvement of women’s ability to access the elements of development, including health, education, income, rights, and political participation. It was further recommended by the researchers that policymakers focus their attention relationship. In the 2019 Asia Foundation report on perceived gender challenges, it was noted that women faced greater obstacles than men in various areas, including access to education, access to rights/participation, violence, and economic crisis (Clara Albrecht et.al 2022).

3 RESEARCH DATA AND METHODOLOGY

3.1 Introduction of the Auto Regressive Distributed Lag Model

In this study, the authors examine the methodology of the United Nations Development Program (UNDP) gender inequality index. economic deprivation, Globalization, human development index, and Foreign aid have some selected explanatory variables in Afghanistan using the ARDL econometric model. The ARDL model is commonly used for Log analysis (Pesaran and Smith, 1995). According to the theoretical foundations and experimental studies conducted, and also quoted from (Pesaran et al., 2001). The ARDL model is described as follows:

$$GII_t = \alpha_0 + \sum_{i=1}^p \alpha_{1i} GII_{t-i} + \sum_{i=1}^{q1} \alpha_{2i} ECD_{t-i} + \sum_{i=1}^{q2} \alpha_{3i} GLO_{t-i} + \sum_{i=1}^{q3} \alpha_{4i} HDI_{t-i} + \sum_{i=1}^{q4} \alpha_{5i} ODA_{t-i} + LGII_{t-1} + LECD_{t-1} + LGLO_{t-1} + LHDI_{t-1} + LODA_{t-1} \quad (1)$$

After confirming the existence of a long-term relationship between the variables, a model with a conditional autoregressive distribution interval can be performed, which can be used to estimate the long-term coefficient in the model.

$$GII_t = \alpha_0 + \sum_{i=1}^p \alpha_{1i} \times GII_{t-i} + \sum_{i=1}^{q1} \beta_1 \times ECD_{t-i} + \sum_{i=1}^{q2} \beta_2 \times GLO_{t-i} + \sum_{i=1}^{q3} \beta_3 \times HDI_{t-i} + \sum_{i=1}^{q4} \beta_4 \times ODA_{t-i} + u_t \quad (2)$$

This research is a long-term relationship after confirmation as follows:

$$GII = \alpha_0 + \beta_1 ECD + \beta_2 GLO + \beta_3 HDI + \beta_4 ODA + U_t \quad (3)$$

In the above relation

The dependent variable:

GII: Gender Inequality Index.

Independent variables:

ECDt: = Economic Deprivation.

GLOt: Globalization.

HDI_t: Human Development Index.

ODAt: Foreign aid. The index *t* represents time.

3.2 Gender Inequality Index

The Gender Inequality Index (GII) is a measure introduced by the United Nations Development Programme (UNDP) in its Human Development Report. It reflects gender-based inequalities in three dimensions: reproductive health, empowerment, and economic activity. Each dimension is measured using sub-indicators such as life expectancy, mortality ratio, secondary education enrolment, and labour market participation. The Gender Inequality Index (GII) and its related dimensions are considered dependent variables. The Gender Inequality Index (GII) is calculated by combining three dimensions to produce a composite index that ranges from 0 (perfect gender equality) to 1 (maximum inequality). The GII value decreases as the level of gender inequality decreases.

3.3 Human Development Index

The Human Development Index (HDI) and Gender Inequality Index (GII) are frequently examined in combination to understand the relationship between overall human development and gender inequality. The HDI assesses a country's average achievements in three fundamental dimensions of human development: health (measured by life expectancy at birth), education (measured by mean years of schooling and expected years of schooling), and standard of living (measured by GNI per capita). Socioeconomic factors, such as income levels, can also influence gender inequalities as addressed by the Human Development Index (HDI). Policies that focus on economic development may help to reduce gender gaps in income and employment opportunities. And improving access to education and health has a significant relation with the household economy and social lives.

3.4 Economic Deprivation

In Afghanistan, economic deprivation is affecting women, who have limited access to income-generating projects, experiencing conflict, displacement, and restrictions. Here, Economic Deprivation is an independent variable, and GII is a dependent variable. Examining the relationship between economic deprivation and gender inequality can provide valuable insights into the factors that influence gender disparities and inform strategies for promoting gender equality. This index was introduced by Arthur Okun in 1960. He constructed the Misery Index by adding the annual rate of inflation and adjusted rate of unemployment, which are used to analyze the economic well-being of any country.

3.5 MI = Inf + Une

In the above questions, MI represents the misery index, INF is the Inflation rate, and Un shows the Unemployment rate.

3.6 Foreign Aid

Afghanistan is financially dependent on other countries to fund the projects to support the socio-economic conditions of women in the country. Examining the correlation between foreign aid and the Gender Inequality Index (GII) as a dependent variable could be fruitful for this research. This analysis can provide valuable insights into the effectiveness of aid in promoting gender equality.

3.7 Globalization

Globalization before 2021 brought exposure to global norms for Afghan women on related gender equality, creating opportunities to hire in NGOs, supporting women entrepreneurs, funding projects to work with media, and supporting socially and politically. Analyzing the relationship between globalization and the Gender Inequality Index (GII) requires exploring how the degree of globalization in a country or region is associated with gender disparities. The relationship between globalization and gender inequality is complex, and findings may vary based on the specific indicators used and the unique characteristics of the countries or regions under study.

4 EMPIRICAL RESULTS AND DISCUSSION

4.1 presents a summary of descriptive statistics on the variables used in EViews 12 software

Table 1: Descriptive Statistics

Variables	LGII	LECD	LGIO	LHDI	LODA
Mean	0.502077	2.872655	3.471504	0.368773	4.414635
Median	0.530031	2.948747	3.544347	0.382189	4.724056
Maximum	0.562469	3.521311	3.656211	0.412772	5.411563
Minimum	0.359072	2.192823	3.164795	0.294906	1.878739
St.Dev.	0.077380	0.325162	0.184658	0.041185	1.076518
Skewness	-0.219474	-0.406500	-0.630326	-0.619607	-1.469048
Kurtosis	1.779604	2.807137	1.763687	1.960971	3.880241
Jarque-Bera	5.997041	0.698167	3.117716	2.615236	9.407233
Probability	0.249861	0.705334	0.210376	0.270464	0.209062
Sum	12.04986	68.94373	83.31609	8.850551	105.9512
Sum Sq.Dev.	0.137715	2.431802	0.784263	0.039012	26.65451
Observation	24	24	24	24	24

Source: Authors' calculation

The provided data in Table 1 indicates that the gender inequality index (GII) has a mean of 0.502 and a standard deviation of 0.077. Economic deprivation (ECD) is reported to have an average of 2.87 with a standard deviation of 0.32, and the globalization variable (GIO) has an average of 3.47 with a standard deviation of 0.184. In the research model, the mean for the Human Development Index (HDI) is 0.368 with a standard deviation of -0.619. Furthermore, the mean for the foreign aid (ODA) is stated to be 4.414 with a standard deviation of 1.076. The research also notes that the elasticity, skewness, and probability statistics of the Jarek test are within normal ranges for all variables in the study.

4.2 Unit Root Tests

The Dick-Fuller unit root test and the Phillips and Peron test are the most important tests for examining the stability of time series data.

Table 2: Unit Root Tests

	At level	
Variable	Dickey-Fuller (ADF)	Phillips Perron (PP)
LGII	-3.507**	-1.951
LECD	-2.963*	-2.983*
LGLO	-2.348	-1.224
LHDI	-2.327	-2.336
LODA	-2.963*	-2.983*
	At 1 st difference	
LGII	-3.148**	-3.148**
L LECD	-5.630***	-8.266***
LGLO	-3.132**	-3.062**
LHDI	-3.385**	-2.520*
LODA	-5.630***	-8.266***

Source: Authors' calculation

The results of the unit root test are presented in Table 2, utilizing the Dickey-Fuller (ADF) and Phillips-Perron Piron PP methods. The analysis indicates that the Gender Inequality Index, as the dependent variable, rejects the unit root hypothesis according to the Dickey-Fuller method, while accepting it based on Phillips-Perron, implying that this variable is stationary I(0). Upon examination of the independent variables, both economic deprivation and foreign aid reject the unit root hypothesis at a 90% confidence level using both methods, suggesting their stationarity I(0). Conversely, globalization and the human development index accept the unit root hypothesis, utilizing both tests, implying that these variables are nonstationary and possess a unit root. Subsequently, after differencing, these two variables reject the unit root hypothesis at the 90% confidence level, indicating their stationarity I (1). Consequently, based on

these findings, we can conclude that all variables are either I (0) or I (1), allowing for the accurate use of the autoregressive distributed lag (ARDL) model for estimation. In summary, the comprehensive examination of the unit root tests using the Dickey-Fuller (ADF) and Phillips-Perron (PP) methods is crucial for determining the stationarity of variables, which is essential for precise modeling and forecasting purposes.

4.3 Represents the results of the ARDL bounds testing technique.

Table 3: Bound testing

ARDL Bound testing approach					
Dependent Variable GII ARDL (3.3.3.3.2)					
F-Statistics: 4.0078		Critical values			
0.10		0.5		0.01	
I(0)	I(1)	I(0)	I(1)	I(0)	I(1)
2.2	3.09	2.56	3.49	3.29	4.37

Source: Authors' calculation

The null hypothesis has been rejected, revealing a co-integration pattern or long-term equilibrium relationship among the variables of gender inequality index (GII), economic deprivation (ECD), foreign aid (ODA), human development index (HDI), and globalization (GIO). This conclusion is supported by the F-statistic test, which indicates that the calculated value surpasses the upper limit at both the 5% and 10% significance levels.

Table 4: Long-Run Relationships

ARDL Long Run Results ARDL (3.3.3.3.2)			
Dependent Variable LGII Period 1998- 2021			
Variable	Co-efficient	Standard-error	T-statistics(prob)
LECD	0.012377	0.004764	2.60021(0.0115)
LGLO	-1.345540	0.175407	-7.670975(0.0166)
LHDI	4.770794	0.470963	10.12986(0.0096)
LODA	0.088659	0.007793	11.37653(0.0076)
C	0.020728	0.423438	7.133818(0.0191)

Source: Authors' calculation,

The findings in Table 4 demonstrate that all variables significantly impact the Gender Inequality Index (GII) over the long term. However, the interpretation of the estimation coefficients and their impact on the dependent variable varies. The estimation results indicate that globalization (GLO) is negatively and significantly correlated with gender inequality. This means that a 1% increase in globalization leads to a (1.345) decrease in gender inequality, suggesting that globalization has a positive effect on improving conditions for women in Afghanistan. Conversely,

economic deprivation has a positive and significant association with the gender inequality index. This implies that a 1% increase in economic deprivation leads to a 0.0048% increase in the gender inequality index, indicating that economic deprivation worsens the situation for women in Afghanistan. It is evident that as economic deprivation increases, women's participation in the labour market decreases.

The relationship between the Human Development Index (HDI) and the Gender Inequality Index (GII), as well as the connection between Official Development Assistance (ODA) and GII, both demonstrate positive and significant correlations. This means that a 1% increase in HDI results in a 4.77% increase in GII, and similarly, a 1% increase in ODA leads to a 0.088% increase in GII. These findings indicate that as HDI and ODA increase, gender inequality, as measured by the GII, also increases, signaling a lack of improvement in the status of women. These results were unexpected and contradicted general assumptions. However, it may be attributed to the systematic discrimination against Afghan women that is deeply rooted in the cultural and societal norms of the Afghan community. Additionally, the current regime and existing conditions in Afghanistan provide additional support for our findings and assertions.

4.4 Assessing the Short-Term Gender Inequality

Once a long-term relationship has been identified, the next crucial step is to calculate the error correction equation. This involves incorporating a time-lagged regression error term with other explanatory variables and utilizing the least squares method to determine the error correction coefficient. This coefficient signifies the pace at which adjustments move towards the long-term equilibrium. Essentially, it quantifies the degree to which any disparities from the long-term relationship in the previous period are being rectified in the current period. A positive coefficient signifies divergence, while a negative coefficient implies convergence.

4.5 Commentary on the Error Correction Model

Table 5: Error Correction Model.

Variables	Coefficient	Std. Error	t-Statistic	Prob
D(LGII(-1))	-0.213887	0.033252	-6.432235	0.0233
D(LGII(-2))	-0.264678	0.023819	-11.11217	0.0080
D(LECD)	-0.006371	0.001566	-4.067737	0.0555
D(LECD(-1))	0.006460	0.001347	4.794786	0.0409
D(LECD(-2))	0.003331	0.001303	2.556809	0.1249
D(LGIO)	-0.023376	0.030062	-0.777567	0.5182
D(LGIO(-1))	0.661975	0.027757	23.84850	0.0018
D(LGIO(-2))	0.387509	0.023132	16.75182	0.0035
D(LHDI)	0.173894	0.077062	2.256567	0.1527

Variables	Coefficient	Std. Error	t-Statistic	Prob
D(LHDI(-1))	-1.511916	0.186307	-8.115170	0.0148
D(LHDI(-2))	-1.896854	0.156542	-12.11719	0.0067
D(LODA)	0.008675	0.001826	-4.752363	0.0415
D(LODA(-1))	-0.085700	0.004094	-20.93267	0.0023
CointEq(-1)*	-0.865718	0.023860	-36.28343	0.0008
Prob(F-statistic) = 0.0002	R ² = 0.91		R ² = 0.90	DW = 1.87

Source: Authors' calculation

Upon analysing the data presented in Table 4, it is evident that the variables being studied have a significant impact on Afghanistan's Gender Inequality Index (GII) in the short term. The GII variable exhibits two intervals with a substantial negative impact, while the ECD variable demonstrates two intervals with a positive and significant impact. Similarly, the Globalization variable shows two intervals with a positive and significant effect. The HDI variable displays two intervals with a negative and significant impact, and the ODA variable indicates one interval with a negative and significant effect. These findings underscore the critical impact of economic deprivation, globalization, the human development index, and foreign aid on Afghanistan's GII in the short term.

For a more comprehensive understanding of the data, it is essential to examine the estimated coefficients. Notably, the CointEq coefficient (-1) emerges as the most significant coefficient in the short term, illustrating the speed at which the short-term equilibrium moves towards the long-term equilibrium. The results from Table 4 show that the estimated coefficient (-1) of CointEq in the model equates to -0.86, indicating a primarily negative and statistically significant value. This suggests that the short-term model is imbalanced, with an error that is corrected by approximately 86% in each period. Therefore, due consideration must be given to the CointEq coefficient when analysing the impact of the variables studied on Afghanistan's GII in the short term.

4.6 Represent the results of classical tests.

Table 6: Classical tests

Null-Hypothesis	F- Statistics	P- value
LM Test: Breusch-Godfrey Serial Correlation	0.446	0.103
Heteroscedasticity Test: Breusch Pagan- Godfrey	0.563	0.540
The normality of waste	0.907	0.635

Source: Authors' calculation

In Table 6, an analysis of the model's performance in relation to heterogeneity variance and autocorrelation is presented. The findings demonstrate that the model is not affected by either of these issues. Specifically, the test for heterogeneity variance indicates that the

calculated F statistic is lower than the F table, supporting the acceptance of the null hypothesis based on homogeneity of variance. This suggests that the variance of the dependent variable remains consistent across different levels of the independent variable.

Furthermore, the non-autocorrelation test reveals a probability exceeding 0.005, affirming the null hypothesis based on non-autocorrelation. This suggests that the residuals are not correlated over time, which is a desirable characteristic for a model. Additionally, the normality test for residuals, based on the Jarque-Bera probability statistic, indicates that the residuals are normally distributed. This indicates that the errors are randomly distributed around the true values, a crucial assumption for valid statistical inference. Collectively, these findings underscore the model's reliability and validity, confirming that its results can be interpreted with precision.

5 CONCLUSION AND POLICY IMPLEMENTATION

The current study's central and main objective is to assess women's socio-economic conditions in Afghanistan from 1998 to 2021. To investigate this, the researchers selected the Gender Inequality Index as the dependent variable and the Human Development Index, Globalization, Economic Deprivation, and Foreign Aid as independent variables, utilizing the ARDL model.

Our research findings reveal that globalization has a significant, positive long-term impact on the socioeconomic conditions of women in Afghanistan. Specifically, our analysis demonstrates that a 1% increase in globalization is associated with a 1.345% decrease in the Gender Inequality Index (GII), indicating a clear enhancement in women's socioeconomic status. This suggests that increased global integration has the potential to improve the well-being of women in Afghanistan. Additionally, our study highlights the adverse effect of economic deprivation on gender inequality. We found that a 1% increase in economic deprivation in Afghanistan resulted in a 0.0048% increase in GII, signaling a detrimental impact on women's socioeconomic conditions. This emphasizes the urgency of addressing economic disparities to uplift the status of women in the country.

Furthermore, our research uncovers a significant, positive correlation between the Human Development Index (HDI) and foreign aid with the GII in Afghanistan. This implies that both HDI and foreign aid contribute to increased gender inequality in the Afghanistan context. Specifically, we observed that a 1% increase in HDI led to a 4.77% increase in GII, while a 1% rise in Official Development Assistance (ODA) resulted in a 0.089% increase in GII. These findings raise important questions about the impact of development initiatives and foreign aid on the socioeconomic conditions of women in Afghanistan. In conclusion, our findings highlight the need for further research to understand the underlying mechanisms driving these observed trends. This understanding is crucial for developing targeted interventions to enhance the socioeconomic well-being of women in Afghanistan.

Based on the study's results, the authors propose the following recommendations for policymakers and the government of Afghanistan. The study indicates that globalization has had a positive and substantial impact on the socio-economic status of women. To further promote this, it is essential to support trade liberalization, international cooperation, education and skills development, foreign direct investment, and technology and innovation. Additionally, the government should address economic deprivation by implementing poverty reduction programs, especially designed for women, such as providing microfinance and entrepreneurship support, and creating job opportunities for women.

The policymakers and government need to review the human development strategies in Afghanistan. The current strategy may not adequately address gender inequality. It is crucial to identify gaps and areas where policies may unintentionally perpetuate gender inequality and ensure that human development policies are gender-sensitive. Specific efforts should be made to empower women through healthcare, education, and social services. Additionally, foreign aid should be targeted effectively towards projects that directly support women and indicate the main reason for gender inequality. Furthermore, it needs to work on strengthening institutional frameworks to better support and protect women's rights and promote gender equality.

To foster the advancement of women's socio-economic conditions in Afghanistan, policymakers and the government can create a more supportive environment by implementing these recommendations. This will contribute to achieving greater gender equality and sustainable development in the country.

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