

Geopolitical Challenges and Constraints in Paradiplomacy: The Sister City Cooperation between Jember Regency and the City of Thessaloniki

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ABSTRACT

Jember Regency had the opportunity to establish a sister-city partnership with the City of Thessaloniki, Greece, encompassing potential cooperation in the blue economy, green technology, and the exchange of experience in waste management. However, the outbreak of COVID-19 generated post-pandemic impacts that resulted in the cancellation of the planned cooperation between the two parties. This study employs the concepts of paradiplomacy and geopolitical risk in city diplomacy. The research method used is a qualitative descriptive case study, aimed at explaining the challenges and obstacles in the prospective sister-city cooperation between Jember Regency and the City of Thessaloniki. Data were collected through library research and interviews with several parties directly involved in the proposed cooperation. The findings indicate that the discontinuation of the cooperation was attributable to geopolitical risk, namely the COVID-19 pandemic, which produced post-pandemic effects and led to policy changes, prompting both parties to cancel the planned partnership. This study seeks to explain the case from the perspective of geopolitical risk in city diplomacy and to contribute a renewed understanding of geopolitical risk factors within city diplomacy.

Keywords

*Jember Regency,
Thessaloniki, Sister city,
Paradiplomacy, Geopolitical
risk*

Introduction

International cooperation has undergone significant transformation in recent decades due to globalization, decentralization, and the increasing interconnectedness between local and global governance. Traditionally, international relations were dominated by sovereign states as the primary actors in diplomacy and foreign policy. However, the growing complexity of global governance has encouraged the emergence of subnational actors, such as provinces, municipalities, and regencies, as active participants in international affairs. This phenomenon has become increasingly visible through the practice of paradiplomacy, where local governments engage directly with foreign actors to pursue economic, political, social, and environmental interests (Bjola & Kornprobst, 2018; Kuznetsov, 2015). Paradiplomacy reflects the transformation of diplomacy from a state-centric activity into a multi-actor process involving various levels of governance.

The increasing role of local governments in international cooperation is closely related to the growing demand for regional competitiveness and sustainable development. Local governments are expected not only to manage domestic administrative affairs but also to attract investment, promote tourism, facilitate technological exchange, and establish international partnerships capable of accelerating local development. In Indonesia, decentralization policies have strengthened the authority of local governments to engage in international cooperation under specific legal frameworks. Consequently, many local governments have actively pursued international partnerships through sister-city cooperation, foreign investment initiatives, and collaboration with international organizations. Such practices demonstrate that paradiplomacy has become an important instrument for regional development and internationalization strategies (Fathun, 2021).

One of the most common forms of paradiplomacy is sister-city cooperation. Sister-city partnerships refer to long-term collaborative relationships between cities or regions in different countries that aim to promote mutual benefits in sectors such as culture, economy, education, technology, tourism, and environmental governance (Fauzia, 2021). Beyond symbolic friendship, sister-city cooperation has increasingly become a strategic mechanism for achieving sustainable development goals and strengthening local governance capacity. In many cases, local governments use sister-city cooperation to exchange policy experiences, attract international networks, and improve regional visibility within global governance structures (Tavares, 2016).

Despite the increasing popularity of paradiplomacy, the implementation of sister-city cooperation often encounters various challenges. Existing studies have identified administrative limitations, budget constraints, lack of coordination, policy inconsistency, and limited institutional capacity as major obstacles in paradiplomatic

cooperation (Intentilia & Surya Putra, 2021; Safitri, Syafira, & Kurniawati, 2023). In the Indonesian context, several studies have shown that local governments frequently struggle to maintain sustainable international cooperation due to limited human resources, changes in political leadership, and inadequate public participation. These findings indicate that paradiplomacy is not merely dependent on shared interests between regions but also on institutional readiness and political commitment.

However, recent global developments demonstrate that the challenges facing paradiplomacy extend beyond administrative and institutional issues. The COVID-19 pandemic, global economic slowdown, inflationary pressures, and geopolitical conflicts have generated new uncertainties affecting international cooperation at multiple levels. The pandemic disrupted global mobility, weakened local economies, altered fiscal priorities, and forced governments to reconsider international cooperation agendas. As a result, paradiplomatic initiatives became increasingly vulnerable to external shocks originating from the global political and economic environment. This condition highlights the relevance of geopolitical risk in understanding the sustainability of subnational diplomacy.

Geopolitical risk generally refers to the possibility that political instability, international conflict, policy changes, or global crises may negatively affect political and economic activities across borders (Caldara & Iacoviello, 2022). While geopolitical risk has been widely discussed in international political economy and interstate diplomacy, limited attention has been devoted to its implications for paradiplomacy and city diplomacy. Existing literature tends to focus on geopolitical competition among states, multinational corporations, or international institutions, while local governments are often overlooked as actors affected by geopolitical instability. In fact, local governments increasingly operate within global governance structures that expose them to international crises and economic disruptions (Grandi, 2023).

Several previous studies have attempted to explore the relationship between paradiplomacy and geopolitical dynamics. Jackson (2018), for example, examined the relationship between political geography and paradiplomacy by emphasizing how spatial and geopolitical considerations shape subnational diplomacy. Meanwhile, Safitri et al. (2023) identified external factors such as global crises and policy changes as causes of failed sister-city cooperation in Indonesia. Nevertheless, these studies have not specifically analyzed how geopolitical risk operates as a determining factor in the failure of paradiplomatic cooperation. Most discussions remain descriptive and primarily focus on institutional constraints rather than broader geopolitical uncertainty.

This research seeks to address that gap by examining the failed sister-city cooperation initiative between Jember Regency, Indonesia, and Thessaloniki City, Greece. The cooperation opportunity emerged in 2022 following diplomatic

facilitation by the Embassy of the Republic of Indonesia in Greece. The proposed cooperation included collaboration in the fields of blue economy, green technology, and waste management. These sectors reflected shared interests in sustainable development and environmental governance between both regions. Thessaloniki City viewed Jember Regency as a potential partner due to its agricultural, fisheries, and environmental resources, while Jember Regency regarded the cooperation as an opportunity to expand its international engagement and regional development agenda.

The proposed partnership between Jember Regency and Thessaloniki City represented a significant milestone in the internationalization efforts of Jember Regency. Previous international engagements undertaken by Jember Regency had largely focused on cultural promotion, tourism, and foreign investment initiatives, such as the internationally recognized Jember Fashion Carnival and cooperation with foreign investors (Fathun, 2021; Proborini, 2017). Therefore, the sister-city initiative with Thessaloniki City constituted an important opportunity for Jember Regency to strengthen its paradiplomatic capacity and establish long-term international cooperation. However, despite progressing to the exploratory stage, the cooperation was eventually canceled due to post-pandemic economic conditions and shifting policy priorities experienced by both parties.

The cancellation of the cooperation illustrates how global crises can reshape local international cooperation dynamics. Greece experienced inflation and economic instability in the aftermath of the COVID-19 pandemic, while Indonesia implemented budget efficiency policies that limited government expenditure on international activities. In addition, the Russia–Ukraine war indirectly intensified economic uncertainty in Europe, particularly in the energy sector, thereby affecting Greece’s domestic economic conditions (OECD, 2023). These developments generated uncertainty regarding the sustainability and reciprocal benefits of the proposed cooperation, leading both parties to reconsider their priorities and ultimately discontinue the initiative.

This study argues that the failure of the Jember–Thessaloniki sister-city initiative cannot be understood solely through administrative or institutional explanations. Instead, the case demonstrates how geopolitical risk can significantly influence paradiplomatic cooperation at the subnational level. Unlike previous studies that primarily focus on governance capacity and institutional barriers, this research positions geopolitical uncertainty as a central explanatory variable in understanding the sustainability of city diplomacy. In doing so, the study contributes to the growing literature on paradiplomacy by expanding the discussion of geopolitical risk beyond state-level diplomacy and into the realm of local international cooperation.

Accordingly, this study aims to analyze how geopolitical risk constrained the sister-city cooperation initiative between Jember Regency and Thessaloniki City. By

employing the concepts of paradiplomacy and geopolitical risk in city diplomacy, this article seeks to explain how post-pandemic global instability affected policy priorities, financial considerations, and the continuity of paradiplomatic cooperation. Furthermore, this research contributes theoretically by demonstrating that the success of sister-city cooperation depends not only on institutional willingness and shared regional potential but also on the ability of local governments to navigate geopolitical uncertainty in an increasingly interconnected world.

Method

This study employed a qualitative research approach using an interpretive case-study design to examine the geopolitical constraints affecting the sister-city cooperation initiative between Jember Regency, Indonesia, and Thessaloniki City, Greece. A qualitative approach was considered appropriate because the study aimed to explore the meanings, perceptions, and experiences of actors involved in the cooperation process, particularly regarding how geopolitical uncertainty influenced paradiplomatic decision-making. Qualitative research enables researchers to understand social and political phenomena within their natural context and to generate deeper interpretations of complex interactions between local and global dynamics (Creswell, 2013).

The case-study method was selected because it allows an in-depth investigation of a contemporary phenomenon within a real-life setting (Yin, 2018). The sister-city cooperation initiative between Jember Regency and Thessaloniki City represents a unique and underexplored case of paradiplomacy affected by geopolitical disruption. Through the case-study approach, this research sought to analyze not only the cooperation process itself but also the broader political and economic conditions that shaped the discontinuation of the partnership. The interpretive orientation of this study was intended to capture how local government actors understood and responded to global crises affecting the cooperation initiative.

The research focused on Jember Regency because the region had experienced a significant paradiplomatic initiative through the proposed sister-city cooperation with Thessaloniki City. Furthermore, studies discussing paradiplomacy in Jember Regency remain limited, particularly concerning the relationship between subnational diplomacy and geopolitical risk. Therefore, this case provides an important empirical contribution to the literature on paradiplomacy and city diplomacy in developing countries.

The study employed purposive sampling in selecting informants. Purposive sampling was chosen because the research required participants who possessed direct knowledge and experience regarding the cooperation process (Etikan, Musa, & Alkassim, 2016). The primary informants in this study consisted of government officials directly involved in facilitating the proposed cooperation between Jember Regency and Thessaloniki City. These informants included the Head of the

Governance Affairs Division of Jember Regency and a Cooperation Analyst from the same division. Both participants were selected because of their institutional responsibilities and active involvement during the exploratory phase of the sister-city initiative.

Data collection was conducted through semi-structured interviews, document analysis, and library research. Semi-structured interviews were used to obtain detailed information regarding the cooperation process, institutional preparation, perceived challenges, and factors contributing to the cancellation of the partnership. This interview format allowed flexibility for informants to elaborate on their experiences and perspectives while enabling the researcher to maintain focus on the main research objectives (Bryman, 2012). Interviews were conducted directly with the informants and documented through note-taking and interview transcription to facilitate data analysis.

In addition to interviews, the study also employed document analysis to strengthen the validity of the findings. The analyzed documents included government regulations, cooperation proposals, official reports, policy documents, and institutional correspondence related to the sister-city initiative. Several legal and policy frameworks concerning paradiplomacy and regional cooperation were also examined, including Law No. 22 of 1999 concerning Regional Government and Government Regulation No. 28 of 2018 regarding Regional Cooperation. Document analysis was important in understanding the institutional and regulatory context shaping paradiplomatic cooperation in Indonesia.

Library research was further conducted to develop the theoretical framework and contextual understanding of the study. Academic literature concerning paradiplomacy, sister-city cooperation, geopolitical risk, city diplomacy, and global governance was reviewed to identify research gaps and establish analytical foundations. Previous studies discussing paradiplomacy in Indonesia and geopolitical dynamics in subnational diplomacy were also utilized to compare and interpret the findings of this research (Jackson, 2018; Intenilia & Surya Putra, 2021; Safitri et al., 2023).

The data analysis process employed thematic analysis to identify recurring patterns and themes emerging from the collected data. Thematic analysis was selected because it provides flexibility in analyzing qualitative data while enabling researchers to systematically categorize meanings and interpretations (Braun & Clarke, 2006). The analysis process involved several stages, including data reduction, coding, categorization, and thematic interpretation. Initial coding focused on identifying factors influencing the cooperation process, while subsequent analysis grouped these factors into broader themes such as geopolitical uncertainty, economic instability, policy adjustment, and post-pandemic governance challenges. To ensure the credibility and trustworthiness of the findings, this study applied source triangulation by comparing information obtained from interviews, official

documents, and secondary literature. Triangulation was necessary to minimize bias and strengthen the consistency of the findings across different sources (Lincoln & Guba, 1985). In addition, member checking was conducted by reconfirming several key findings with the informants to ensure the accuracy of interpretation. The researcher also applied reflexivity throughout the research process by recognizing the potential influence of the researcher's institutional proximity to the research setting during data interpretation.

Result and Discussion

1. The Internationalization History of Jember Regency

Jember Regency is one of the regencies located in East Java. It occupies a strategic position and serves as a center of regional activities for the surrounding regencies (Fathun, 2021). Several of Jember Regency's potentials derive from fundamental economic sectors, such as agriculture, forestry, fisheries, information and communication, public administration, educational services, health services, and social activities (Utomo, 2022). When discussing the potentials possessed by Jember Regency, it can be characterized as a region with substantial capacities that may be developed both for its own advancement and for cooperative endeavors. Jember Regency has leading potentials in agriculture and plantations, fisheries, and tourism. Its highly strategic geographical location renders Jember Regency an area endowed with natural resources characterized by a high level of soil fertility, thereby making agriculture and plantations its primary leading sectors. (Ni Nyoman Era Jumantini, 2016).

One of the internationally recognized potentials of Jember Regency is the Jember Fashion Carnival (JFC). JFC is a performing arts event that showcases creativity in fashion design and is supported by other artistic disciplines, such as dance, theater, music, and visual arts (Proborini, 2017). JFC constitutes one of the internationalization efforts undertaken by Jember Regency. JFC is categorized as a man-made tourism attraction that has become a distinctive appeal not only for the people of Jember but also for domestic and international tourists who are interested in visiting Jember, as this carnival serves as an annual event of the regency featuring fashion shows with grand and elaborate designs. JFC has attracted international attention, including from Japan through the Sakuranesia Foundation. In collaboration with 32 guests from Japan, JFC facilitated cultural and artistic exchanges and strengthened the friendship between Indonesia and Japan during the JFC event (Sinaga, 2023).

Jember Regency has undertaken other internationalization efforts, namely by opening opportunities for foreign direct investment (FDI). Foreign direct investment refers to investment activities conducted with the objective of carrying out business operations within the territory of the Republic of Indonesia (Adi & Syahlina, 2020). In addition to serving as an internationalization effort, FDI can also contribute to

enhancing the economy of Jember Regency. Numerous foreign companies have invested in Jember Regency. One foreign enterprise that has been established in Jember Regency is PT Semen Imasco Asiatic. PT Semen Imasco Asiatic is a cement manufacturing company that is part of the Hongshi Group originating from China (Asiatic, 2022). The presence of this company indicates that Jember Regency provides substantial opportunities for foreign investors and has undertaken efforts toward internationalization.

With the internationalization efforts that have been undertaken, Jember Regency has demonstrated its readiness to engage in international cooperation or collaboration with external parties. An opportunity for international cooperation emerged in the form of a sister city partnership with Thessaloniki City, Greece. This opportunity arose in 2022. In the preceding years, there had been no sister city cooperation proposals inviting Jember Regency to become a partner. Therefore, the sister city cooperation opportunity between Thessaloniki City and Jember Regency represented the first such opportunity for Jember Regency to engage in a sister city partnership. With the emergence of this single opportunity, it may be observed that Jember Regency has received limited attention from external parties, despite having undertaken several internationalization efforts that have attracted a certain degree of interest from foreign actors.

Jember Regency has on several occasions received visits from foreign parties. Among these visits, in 2021, representatives of business actors from Belgium visited Jember Regency to explore the region's potential (Redaksi, 2021). The outcome of this visit indicated that Jember Regency still needs to remap and better identify its potentials in order to facilitate recognition by foreign parties. Although Jember Regency possesses considerable potential, it faces challenges in promotion and intense market competition. Subsequently, in 2024, the Consulate General of the People's Republic of China for East Java visited PT Imasco, one of the Chinese foreign investment factories located in Jember Regency (Jempolindo.id, 2024). Following this visit, Xu Yong, the Consul General of China, stated that Jember Regency remains relatively unknown among Chinese tourists due to the lack of information regarding tourist destinations in the region. The Regent of Jember Regency who was in office at the time expressed the expectation that Jember Regency could establish partnerships and engage in sister city cooperation. The only cooperation opportunity that emerged for Jember Regency was the sister city cooperation with Thessaloniki City, which had reached the exploratory phase during the period of the Jember Regency Government's administration. Prior to this opportunity, Jember Regency had not received any offers for sister city cooperation. This situation occurred because, as reflected in the accounts of the aforementioned visits, Jember Regency has not sufficiently promoted its region on a broader scale. Consequently, the limited number of cooperation offers from external parties can be

attributed to the lack of awareness among foreign actors regarding Jember Regency, as well as the insufficient regional promotion of Jember Regency.

2. Sister City Cooperation Opportunity: A Case Study of Jember Regency and Thessaloniki City

International cooperation has long been undertaken by states around the world to fulfill their respective interests. Not only states, but local governments may also engage in international cooperation to pursue their interests. Local governments are currently expected to actively seek international cooperation opportunities, as regulations concerning foreign cooperation for local governments have been established. Local governments are authorized to conduct foreign cooperation. This authority is derived from Law No. 22 of 1999, through which the state granted local governments the authority to determine their institutional structure, duties, and respective powers. In addition, Government Regulation No. 28 of 2018 stipulates that cooperation conducted by regions with foreign local governments aims to accelerate the fulfillment of public welfare. Therefore, local governments possess the authority to engage in foreign cooperation in order to expedite the achievement of public welfare within their respective regions.

Relations between Indonesia and Greece have been established since 1960, with several similarities between the two, including that both are democratic states, archipelagic countries, and possess numerous prominent archaeological sites, which have contributed to the establishment of diplomatic relations between them. Political relations between Indonesia and Greece are very good; moreover, both countries participate in multilateral cooperation within international forums. The initiatives undertaken by Indonesia with Greece constitute efforts to strengthen bilateral cooperation in the political and economic sectors (Pengembangan & Negeri., 2025). Thus, it is evident that the relationship between the two countries is very strong and mutually supportive across various sectors, such as politics and economics. The history of cooperation between the two has also been longstanding, thereby fostering a positive impression and mutual trust. In addition, a local government in Indonesia, namely Jember Regency, has been nominated as a prospective cooperation partner with a city in Greece, namely the City of Thessaloniki.

Jember Regency is one of the regions in Indonesia that has undertaken paradiplomacy initiatives, in addition to several other regions that have also engaged in paradiplomacy, such as Surabaya, Bandung, and others. Several examples of paradiplomacy conducted by Jember Regency include cooperation with international institutions. Jember Regency has also collaborated with an international organization, namely Rutgers WPF, on issues of gender equality (Kedhaton & Adzmy, 2024). Furthermore, Jember Regency had planned to establish paradiplomacy cooperation with the City of Thessaloniki, Greece. In this cooperation, both parties can be categorized as engaging in paradiplomacy in the form of a sister city partnership. Paradiplomacy refers to the involvement of sub-

state actors in international relations with foreign governmental or private entities for the purpose of promoting socio-economic or cultural issues, among others (Rizkiya Ayu Maulida, 2019). Meanwhile, a sister city partnership is a form of cooperation based on the existence of similarities between the two parties involved. Sister city cooperation is also understood as a legally conducted collaboration that is approved and mutually agreed upon by two cities in different countries (Kencana et al., 2024).

In 2022, Jember Regency was reported to have received an opportunity to establish a sister city partnership with the City of Thessaloniki, Greece. This proposal for cooperation began when the Ambassador of the Republic of Indonesia in Athens held a meeting with the Mayor of Thessaloniki on May 22–25, 2022. Subsequently, a proposal for a sister city partnership between Jember Regency and the City of Thessaloniki, Greece, was put forward. Several considerations underlay the proposed sister city cooperation between the two parties. Thessaloniki is the second-largest city in Greece and serves as a port city as well as the most important trade center connecting Greece with the Balkans and other European countries. Furthermore, Thessaloniki has established sister city partnerships with 24 cities worldwide, which enhances the credibility of the City of Thessaloniki as a prospective cooperation partner. Another consideration concerns potential areas of collaboration, including cooperation in the fields of the blue economy and green technology, as well as the exchange of experience in waste management.

Before explaining the process of cooperation between Jember Regency and the City of Thessaloniki, it is necessary to first describe the areas of cooperation between the two parties, including collaboration in the fields of the blue economy and green technology, as well as the sharing of experience in waste management. Green technology refers to technology with the potential to significantly improve environmental performance and encompasses several sectors, such as agriculture, energy, water and waste management, sustainable development, and environmentally friendly transportation (Unaidis, 2019). The blue economy refers to an economic approach that emphasizes the sustainable utilization of marine resources to promote economic growth, enhance community welfare, and maintain the health of marine ecosystems, without damaging the marine ecosystem itself (Suryandari, 2024). Both constitute modern and sustainable development models. In 2022, Thessaloniki demonstrated an interest in discussing sustainable energy in alignment with the Sustainable Development Goals (SDGs). Accordingly, in 2022, Thessaloniki hosted the “Thessaloniki Sustainability Summit 2022.” The Thessaloniki Sustainability Summit 2022 was an event that brought together and invited stakeholders, scientists, local residents, and entrepreneurs to discuss global issues of sustainable energy based on the United Nations Sustainable Development Goals (Sciences, 2022).

Thus, by hosting the 2022 sustainability energy summit, Thessaloniki demonstrated its interest in the global issue of sustainable energy in that year. This is related to the objective of the sister city cooperation with Jember Regency, in which green technology and the blue economy constitute the programs to be implemented in collaboration with Jember. Furthermore, the selection of Jember Regency can be attributed to the potential possessed by this region, including comprehensive natural resources encompassing both terrestrial and marine environments. In addition, there are similarities between Jember Regency and the City of Thessaloniki, particularly their geographic proximity to the sea, which supports the implementation of the blue economy program. Moreover, Jember Regency possesses environmental resources that are equally extensive, including various agricultural and plantation products with potential as sustainable energy sources. Therefore, Jember Regency can serve as a partner capable of implementing green technology programs.

In addition to green technology and the blue economy, waste management is also included as a program to be implemented within the sister city cooperation between the City of Thessaloniki, Greece, and Jember Regency. In 2022, the City of Thessaloniki became an influential city and a reference point for waste recycling in Greece. The City of Thessaloniki exerted significant influence in the field of waste recycling. Although waste recycling has not been a primary priority in Greece, the City of Thessaloniki has played a constructive role and assumed responsibility in contributing to the recycling system cycle (Gibson et al., n.d.). In the same year, 2022, Jember Regency also established cooperation between the local government and a non-governmental organization in addressing waste management in Jember Regency. Waste management constitutes a public issue that requires community participation; accordingly, Jember Regency collaborated with a non-governmental organization to address waste-related matters at the Baratan 3R Waste Disposal Site (Pamungkas et al., 2024). By linking the developments that occurred in the City of Thessaloniki, Greece, and Jember Regency, it is evident that both shared an interest in addressing and managing waste within their respective regions. Therefore, in 2022, the City of Thessaloniki selected Jember Regency as a sister city partner due to their shared objectives.

From the three objectives conveyed by the City of Thessaloniki to Jember Regency in proposing a sister city partnership, it is evident that both parties share a common goal, namely to achieve the global objectives embodied in the Sustainable Development Goals (SDGs). Green technology, the blue economy, and waste management represent approaches to addressing global issues and achieving sustainable energy. Therefore, both parties constitute cooperation partners that share similarities, both in terms of their geographical characteristics and in their commitment to sustainable development objectives.

The process of implementing the sister city cooperation between the City of Thessaloniki and Jember Regency commenced during the administration of Hendy

Siswanto as Regent of Jember Regency, when he received a letter of offer sent by the Cooperation Facilitation Office; this phase is also referred to as the exploratory phase in sister city cooperation. Upon receiving the offer, the Regent of Jember did not remain passive or allow the opportunity to be disregarded. He regarded it as a valuable opportunity for Jember Regency in the context of accelerating the fulfillment of community welfare. Accordingly, the letter was first received by the Regent of Jember, then forwarded to the Head of the Governance Division, and subsequently to the Governance Cooperation Analyst. The duties of the Cooperation Analyst include identifying the potential of the city offering cooperation, examining similarities between the respective regions, conducting consultations with the Cooperation Facilitation Office, and preparing official documents such as minutes of meetings, a Letter of Intent (LoI), and other related documents. In 2023, the Governance Division allocated a budget to conduct the exploratory phase through communication activities or an official visit by the Jember Regency Government to the City of Thessaloniki. During this exploratory phase, the Governance Division coordinated with the Cooperation Facilitation Office to draft documents regarding potential areas of cooperation. Data concerning the potential of Jember Regency were obtained from the Regional Development Planning Agency (BAPPEDA), which possesses data on the region's development potential. However, six months after the budget had been prepared, the cooperation between the two parties was canceled for several reasons, which will be explained in the following subsection.

3. Geopolitical Challenges: An Analysis of the Failure of the Sister City Cooperation Opportunity between Jember Regency and the City of Thessaloniki

The cooperation between Jember Regency and the City of Thessaloniki was not established without clear objectives. The initiative for cooperation originated from the City of Thessaloniki with three primary objectives, namely the potential for collaboration in the areas of the blue economy, green economy, and the sharing of experience in waste management. Regarding these three opportunities, both Jember Regency and the City of Thessaloniki demonstrated an interest in these issues in the same year, namely 2022. These three issues constitute significant global concerns that are encompassed within the Sustainable Development Goals (SDGs). Accordingly, this context is also related to several similarities shared by the two cooperating parties.

The cooperation between Jember Regency and the City of Thessaloniki progressed to the exploratory stage. However, during this phase, Greece experienced inflation, which led to economic adjustments aimed at improving its internal economic infrastructure. This situation also affected the economy of the City of Thessaloniki. Through the intermediary of the Cooperation Facilitation Office, it was conveyed that Greece was unable to fulfill the cooperation plans that had been formulated. This information was communicated during the exploratory stage. For

this reason, the cooperation could not be continued due to geopolitical factors, namely the occurrence of the COVID-19 pandemic. The cooperation between the two parties had reached the execution stage in 2023, and at the same time Indonesia implemented budget refocusing or efficiency measures, which involved reducing official travel requiring substantial funding. Consequently, both Jember Regency and the City of Thessaloniki faced their respective challenges and subsequently canceled the cooperation agreement between them.

Although this cooperation was ultimately canceled, Jember Regency demonstrated its seriousness in responding to the offer of cooperation. Jember Regency did not remain passive; rather, it made effective use of the opportunity. This was evidenced by its prompt response when it received the cooperation offer letter from the Cooperation Facilitation Office. At that time, the Regent of Jember, Hendy Siswanto, responded and immediately prepared the necessary requirements, including drafting documents outlining the potential of Jember Regency for cooperation and preparing the budget required for this partnership. In the history of Jember Regency's international cooperation, this initiative represented the most advanced stage ever reached. Jember Regency had previously received several sister city cooperation offers, one of which was from a region in China, namely Jinhuan City. However, that cooperation remained only at the offer or initiation stage. In contrast, the sister city cooperation with the City of Thessaloniki was only one step short of execution before it could be implemented. The post-COVID-19 situation posed challenges to the cooperation between the City of Thessaloniki and Jember Regency, which subsequently led both parties to reconsider and ultimately decide not to proceed with the cooperation.

COVID-19 can be classified as a biological risk. Biological risk refers to a risk arising from the spread of disease that can threaten global social and economic stability. The relevance of COVID-19 to geopolitical risk lies in the impacts generated by the pandemic. COVID-19 constituted a global crisis that affected both the economic and social sectors worldwide. Economic and social shocks created international uncertainty, which led countries to exercise greater caution in their global engagements. This global uncertainty subsequently evolved into geopolitical risk. Such uncertainty rendered international cooperation decisions, including sister city partnerships, susceptible to cancellation due to concerns that they might not generate reciprocal benefits for the cooperating parties.

In the case study employed by the author, the sister city cooperation between the City of Thessaloniki and Jember Regency was canceled due to the post-COVID-19 impact. The City of Thessaloniki withdrew from the sister city cooperation as a consequence of the post-pandemic effects, as Greece, including the City of Thessaloniki, experienced inflation. As previously discussed, COVID-19 constitutes a biological risk that affects global stability and the economy. The resulting uncertainty subsequently evolved into geopolitical risk. This condition was

experienced by Greece, leading the City of Thessaloniki to cancel the sister city cooperation with Jember Regency. In addition, Indonesia was implementing an efficiency policy that reduced government activities requiring excessive budget allocations. Ultimately, both cooperation partners faced economic concerns in the post-pandemic period and shifts in foreign policy priorities. This event can be classified as a geopolitical risk in city diplomacy, wherein COVID-19 served as both the cause and the challenge for both parties in pursuing cooperation due to the post-pandemic impacts, which led to changes in political policies between the two cooperating parties, namely the City of Thessaloniki and Jember Regency.

Referring to Lorenzo Kihlgren Grandi's article entitled "When City Diplomacy Meets Geopolitics: A Framework to Help Cities Navigate Geopolitical Risk," Lorenzo categorizes geopolitical risk in city diplomacy into two types: risks arising from international crises and risks resulting from detrimental foreign policy decisions.

In the case study of the sister city cooperation opportunity between the City of Thessaloniki and Jember Regency, the author categorizes it as a cooperation opportunity that was canceled due to the occurrence of international crises. This cooperation opportunity was canceled as a result of two international crises. First, the primary crisis in this case study was COVID-19, in which the pandemic constituted an international crisis and its impacts were experienced globally, including by the City of Thessaloniki and Jember Regency. The emergence of COVID-19 also triggered a monetary crisis as the second crisis in this case study. The monetary crisis affected all cities in Greece, including the City of Thessaloniki. Long before COVID-19, Greece had already experienced an economic crisis that began in 2007, characterized by fiscal constraints and pressure from creditors. The occurrence of COVID-19 in early 2020 had the potential to exacerbate economic problems that were still affected by several issues, such as legacy problems, high levels of debt, non-performing loans, limited credit growth, and a weak healthcare system, and these conditions continued until 2022, compounded by the impacts of COVID-19 (State, 2022). For these reasons, the City of Thessaloniki was also affected, which subsequently led to the cancellation of the sister city cooperation opportunity with Jember Regency.

Indonesia was also affected by the COVID-19 pandemic. In 2023, Indonesia's economy continued to experience disruptions as a consequence of the pandemic. In response to these impacts, the Ministry of Finance of the Republic of Indonesia undertook measures by strategically reallocating the budget, prioritizing matters that were more crucial for society; this policy is referred to as budget efficiency in Indonesia. In 2023, the Ministry of Finance of the Republic of Indonesia implemented measures by reallocating funds to productive sectors such as education, health, and energy in a selective manner, based on needs analysis rather than uniform distribution (Tim Kementerian Keuangan, 2023). Consequently, sister city

cooperation was not considered a priority in the post-pandemic period, in which Jember Regency, as a local government, was required to comply with regulations established by the central government. Accordingly, Jember Regency inevitably also canceled the sister city cooperation opportunity with the City of Thessaloniki because Indonesia was implementing budget efficiency measures.

In addition to the impact of the pandemic that led both parties to cancel the sister city cooperation opportunity, there was indirectly the occurrence of the war between Russia and Ukraine. The war between Russia and Ukraine generated adverse impacts for neighboring countries, particularly the member states of the European Union. Greece also experienced the consequences arising from the crisis, particularly in the form of an energy crisis resulting from the war. Since the onset of Russia's war of aggression against Ukraine, there has been a surge in energy prices, and disruptions in supply have created uncertainty for Greece, thereby compelling the country to reduce expenditures, investment, and recruitment (OECD, 2023). Consequently, Russia's war of aggression against Ukraine indirectly also influenced the cancellation of the sister city cooperation opportunity between the City of Thessaloniki, Greece, and Jember Regency.

From this analysis, the author categorizes the potential collaboration between the City of Thessaloniki and Jember Regency as a partnership opportunity affected by the geopolitical risks of an international crisis. This potential collaboration was canceled due to the international crisis, namely COVID-19. The impact was felt not only by one party but by both parties, who experienced the consequences of the pandemic. Consequently, both parties mutually understood the situation and decided not to proceed with the planned collaboration.

The findings of this study demonstrate that the cancellation of the sister-city cooperation initiative between Jember Regency and Thessaloniki City was not merely caused by administrative or institutional limitations, but was strongly influenced by broader geopolitical disruptions emerging in the post-pandemic period. Although both regions shared common interests in sustainable development through cooperation in the blue economy, green technology, and waste management, global instability significantly reshaped the priorities and capacities of local governments. The COVID-19 pandemic generated multidimensional impacts extending beyond the public health sector into economic and political domains, resulting in inflation, fiscal adjustment, and uncertainty in international cooperation. In Greece, post-pandemic economic instability and inflation weakened the feasibility of international cooperation initiatives, while Indonesia implemented budget efficiency policies that reduced government expenditure on non-priority international activities. These findings support the argument that paradiplomacy is highly vulnerable to external shocks originating from the global political economy, despite strong institutional willingness at the local level (Caldara & Iacoviello, 2022; Grandi, 2023).

Furthermore, this study expands previous discussions on paradiplomacy by positioning geopolitical risk as a central factor influencing the sustainability of city diplomacy. Previous studies have generally emphasized institutional barriers, governance capacity, and policy coordination as the primary determinants of successful sister-city cooperation (Intentilia & Surya Putra, 2021; Safitri et al., 2023). However, the case of Jember Regency and Thessaloniki City reveals that global crises can fundamentally alter local diplomatic agendas and cooperation priorities. The indirect effects of the Russia–Ukraine war, particularly the energy crisis and inflationary pressures in Europe, further intensified economic uncertainty affecting Greece and its local governments (OECD, 2023). Consequently, this study demonstrates that subnational diplomacy is increasingly embedded within global geopolitical structures, making local governments susceptible to international crises beyond their control. The findings therefore contribute to the literature on paradiplomacy by highlighting the importance of adaptive governance, geopolitical awareness, and crisis-responsive cooperation frameworks in sustaining international cooperation at the subnational level.

Conclusion

This study concludes that the failure of the sister-city cooperation initiative between Jember Regency and Thessaloniki City cannot be attributed solely to administrative or institutional constraints. Instead, the findings demonstrate that geopolitical risk emerging from the post-pandemic global crisis became the most influential factor in disrupting the continuity of the partnership. The case illustrates that even when local governments possess mutual interests and political commitment, external global conditions may significantly undermine the implementation of paradiplomatic cooperation.

The proposed collaboration was initially established on a shared commitment to sustainable development, particularly in the areas of the blue economy, green technology, and integrated waste management. Both regions recognized the potential benefits of knowledge exchange, technology transfer, and collaborative policy innovation. However, these shared objectives were ultimately overshadowed by rapidly changing global circumstances that altered domestic policy priorities and reduced the capacity of local governments to sustain international cooperation.

The findings reveal that the COVID-19 pandemic generated multidimensional impacts extending far beyond the health sector. Economic recession, inflationary pressures, fiscal adjustments, and budget reallocations compelled governments to prioritize domestic recovery over international collaboration. These conditions substantially weakened the institutional and financial capacity required to implement long-term sister-city programs, particularly those involving international mobility, investment, and technical cooperation.

In addition to the lingering effects of the pandemic, the indirect consequences of the Russia–Ukraine war further intensified geopolitical and economic uncertainty, especially across Europe. Although Greece was not directly involved in the conflict, the broader regional economic disruption affected public expenditure, energy costs, and development priorities. As a result, Thessaloniki City's commitment to establishing new international partnerships became increasingly constrained, ultimately contributing to the cancellation of the proposed cooperation with Jember Regency.

From a theoretical perspective, this study contributes to the growing literature on paradiplomacy by introducing geopolitical risk as a critical explanatory factor in subnational international cooperation. Previous studies have generally focused on institutional capacity, governance arrangements, legal authority, and political leadership as the primary determinants of successful sister-city partnerships. This research demonstrates that these internal factors alone are insufficient to explain cooperation outcomes when external geopolitical shocks fundamentally reshape the operating environment.

Furthermore, this study expands the conceptual understanding of paradiplomacy by emphasizing the interaction between local governance and global political-economic dynamics. Subnational governments increasingly operate within an interconnected international system where external crises may directly influence local policy choices, fiscal capacity, and international engagement. Consequently, paradiplomacy should be understood not merely as an institutional process but also as a governance practice that is highly sensitive to global geopolitical developments.

Another important implication of this research is the need to integrate resilience into the design of subnational international cooperation. Rather than assuming stable external conditions, local governments should recognize uncertainty as an inherent characteristic of contemporary global governance. Developing institutional flexibility and adaptive capacity will enable sister-city partnerships to respond more effectively to unexpected geopolitical and economic disruptions without abandoning long-term collaborative objectives.

Practically, this study suggests that future paradiplomatic initiatives should incorporate systematic geopolitical risk assessment, financial sustainability planning, and crisis-responsive cooperation mechanisms from the outset. Cooperation agreements should include contingency strategies, flexible implementation arrangements, and alternative financing options that allow partnerships to continue despite periods of international instability. Such measures would strengthen the resilience and sustainability of sister-city cooperation in an increasingly uncertain global environment.

The findings also underscore the importance of stronger coordination between local and central governments. While local governments are increasingly active international actors, their capacity to respond to geopolitical crises often depends on

national diplomatic support, regulatory flexibility, and coordinated policy responses. Strengthening vertical governance arrangements would therefore enhance the ability of subnational governments to maintain international cooperation during periods of global disruption.

Despite these contributions, this study has several limitations. The research focuses on a single case study involving Jember Regency and Thessaloniki City and relies on a limited number of informants directly engaged in the cooperation process. Consequently, the findings cannot be generalized to all forms of paradiplomacy or sister-city cooperation. Future research should conduct comparative studies across different countries and institutional settings to examine how various forms of geopolitical risk influence subnational diplomacy. Further investigation is also needed to develop adaptive governance models that integrate geopolitical risk management, institutional resilience, and strategic flexibility into the implementation of paradiplomatic cooperation under conditions of increasing global uncertainty.

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