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When City Diplomacy Meets Geopolitics
Framework to Help Cities Navigate Geopolitical Risk

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Key Takeaways

- **Crises and the increasing polarization of international relations make political risk analysis an indispensable resource for internationally active public and private entities.**
- **Long considered by scholars and practitioners as a moral niche in international relations, there is now growing awareness that city diplomacy can channel geopolitical risk.**
- **The autonomy in their international relations, that has made cities in democratic countries major players and beneficiaries of city diplomacy, now exposes them to risks that they can hardly analyze and manage independently.**
- **The national government and academia emerge as the main partners in capacitating cities in democratic countries to navigate today's complex geopolitical balances profitably and safely.**

Introduction: city diplomacy in the age of geopolitical risk

In July 2024, Tacoma, Washington, hosted the Sixth China-U.S. Sister Cities Summit, commemorating 45 years of direct city-to-city ties between the two nations. During his address, Xie Feng, the Chinese Ambassador to the U.S., encouraged attendees to seize the opportunities presented by those partnerships, which include attracting investments and helping to stabilize the China-U.S. relationship.[1] The ambassador's message resonates with the prevailing rhetoric among international relations practitioners and scholars identifying city diplomacy as a "moral exception" in international relations, as it allows local governments to play a role in reducing international tensions through genuinely collaborative partnerships.[2] However, this narrative is increasingly incomplete. Evidence shows that while city-to-city partnerships hold significant potential for mutually beneficial collaboration, they are also exposed to growing political risk, which has been exacerbated by rising global polarization and competition.

Political risk can be defined as the potentially negative impact on an international project or endeavor caused by circumstances arising from adverse unforeseen changes in the political environment (such as revolutions, the outbreak of conflicts, or sudden shifts in government policy).[3] Whether grappling with the consequences of Russia's aggression war against Ukraine, humanitarian catastrophes caused by the conflict in the Middle East, or evolutions in global power equilibria resulting from China's rise and frictions with the U.S., any organization –public or private– which engages with the outer world needs to take political risk into account.

Until recently, the rise of political risk has been observed and studied from a corporate-oriented perspective, focusing on the strategic needs of businesses operating in complex global environments.[4] However, emerging research highlights a parallel development: the rise of political risk in the context of city diplomacy, which has been referred to as "city diplomacy risk".[5] City diplomacy encompasses a broad spectrum of bilateral and multilateral partnerships and projects that link subnational governments with their foreign counterparts and various international actors[6]. As cities increasingly

1. X. Feng, "Strengthen the Ties of Sister-City Cooperation and Consolidate the Foundation of China-U.S. Relations — Video Remarks by Chinese Ambassador to the United States Xie Feng at the Opening Ceremony of the Sixth China-U.S. Sister Cities Summit", Ministry of Foreign Affairs of the People's Republic of China, July 19, 2024, available at: www.mfa.gov.cn.
2. A. Musch, C. van der Valk, A. Sizoo, and K. Tajbakhsh (eds.), "City Diplomacy: The Role of Local Government in Conflict Prevention, Peace-Building, Post-Conflict Reconstruction", VNG International, February 2008.
3. C.E. Sottilotta, *Rethinking Political Risk: Concepts, Theories, Challenges,* London: Routledge, 2016.
4. F. Merke and C.E. Sottilotta, "From Niche Market to Core Function: Mapping the Political Risk Analysis Industry", in: C.E. Sottilotta, J. Campisi, J. Leitner, and H. Meissnerm (eds), *The Routledge Handbook of Political Risk* (2025), London: Routledge, 2025, pp. 389-400.
5. L. Kihlgren Grandi, "Localising Political Risk: A Framework for Analysing Political Risk Associated with City Diplomacy", in: Sottilotta *et al.*, *The Routledge Handbook of Political Risk*, London: Routledge, 2025, pp. 186-206.
6. L. Kihlgren Grandi, *City Diplomacy*, London: Palgrave Macmillan, 2020.

engage across national boundaries, extending their activities into realms such as economic cooperation, climate action, and humanitarian efforts, the associated political risk has grown significantly, driven by its geopolitical component.[7] In this context, geopolitical risk can be defined as a subset of city diplomacy risk arising from cities' aware and unaware exposure to geopolitical shifts –as well as old or new power dynamics in international relations. From this exposure derives the relevance of developing specific conceptual and practical tools aimed at supporting and guiding the city officials in charge of international relations, known as city diplomats, in navigating contemporary challenges.

Based on in-depth confidential interviews with city diplomats from France, Germany, Japan, the U.K., and the U.S., this brief aims to delve into city diplomacy's geopolitical risk, proposing a conceptual framework to classify and understand it.

As further illustrated below, the notion of geopolitical risk discussed here is predominantly addressed from the perspective of cities in democratic countries. The emergence of this risk is uniquely shaped by a core feature of democratic regimes: political autonomy. It is precisely the freedom to form international partnerships tailored to local priorities that has fuelled both the spread of city diplomacy and its vulnerability to the risks of international relations. Most cities in democratic countries appear to be poorly equipped to independently analyze and manage challenges such as major international crises or interference from non-democratic governments strategically steering their own cities' international partnerships.[8] As ministries of foreign affairs in democracies do not systematically oversee the activities of subnational governments, city diplomacy can represent a source of vulnerability for the urban areas involved –and their country as well.

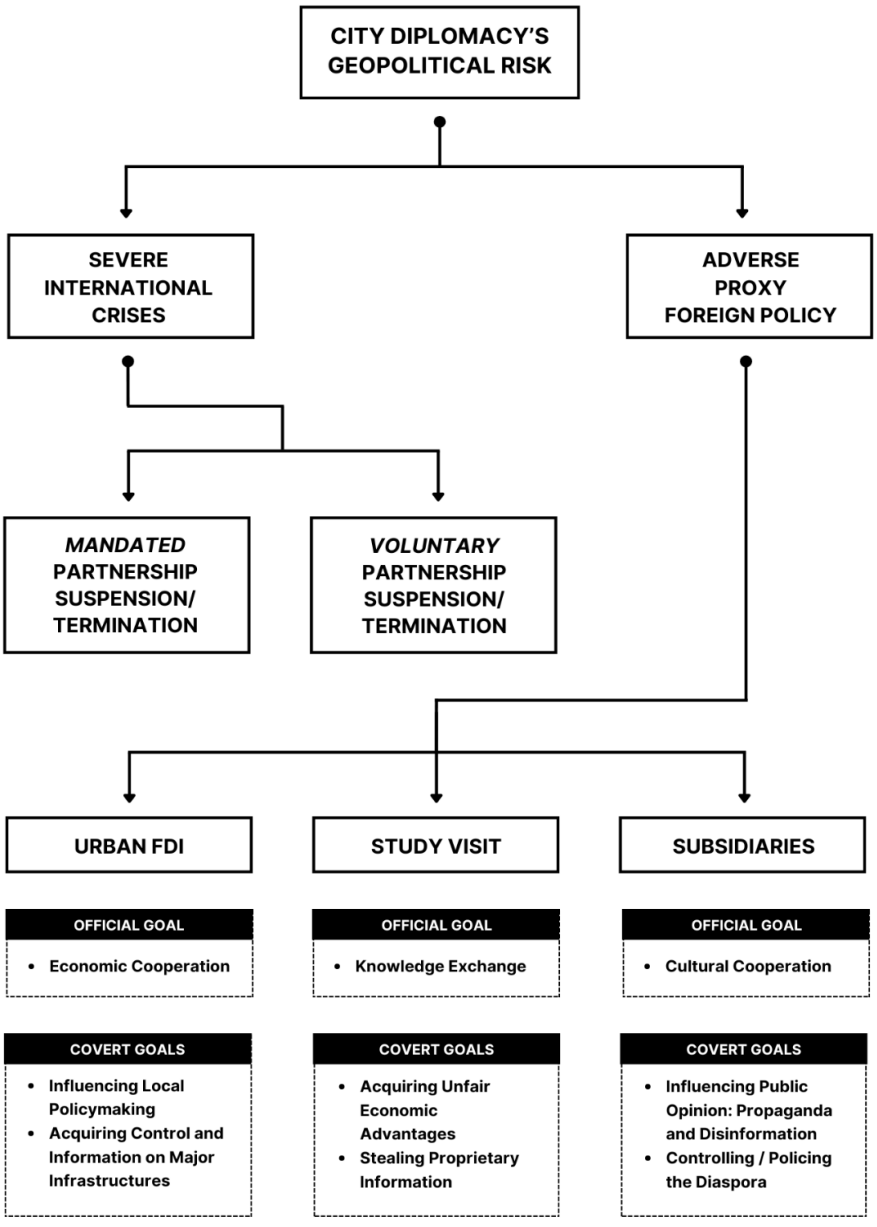
A conceptual framework for city diplomacy's geopolitical risk

Relying on research conducted by the authors and focusing on case studies of the broader concept of city diplomacy risk in mature democracies, this section unpacks its geopolitical component as it emerged in the international activities of large cities in France, the United Kingdom, the United States, Germany, and Japan. The choice of the sample was based on three key considerations. First, these cities' extensive international activities coexist with limited national support, with the partial exception of the United States and France, whose Subnational Diplomacy Unit (SDU) and Delegation for Local Authorities and Civil Society (DCTCIV) aim to bridge this gap by offering tailored guidance and capacity-building resources. Second, major urban centers in these democracies face heightened exposure to city diplomacy risks due to their economic prominence, making them targets for

7. On the distinction between political risk and geopolitical risk, see J. Campisi, H. Meissner, and C.E. Sottilotta, "Re-evaluating the Foundations of Political Risk Analysis", in: Sottilotta *et al.*, *The Routledge Handbook of Political Risk*, London: Routledge, 2025, pp. 11-20.
8. S. Curtis and I. Klaus, *The Belt and Road City: Geopolitics, Urbanization, and China's Search for a New International Order*, New Haven: Yale University Press, 2024.

interference by non-democratic countries seeking geopolitical influence through city-level engagements. Finally, the focus on these cases is supported by robust access to evidence, enabled by transparency regulations.

Figure 1: A Framework to Identify City Diplomacy's Geopolitical Risk



Source: Authors' elaboration based on L. Kihlgren Grandi, "Localising Political Risk: A Framework for Analysing Political Risk Associated with City Diplomacy", in: Sottilotta et al.*,* The Routledge Handbook of Political Risk*, London: Routledge, 2025, pp. 186-206.*

As summarized in Figure 1, over the last decade, two scenarios have emerged as major concerns for city diplomats. In the first one, the political fallout from severe international crises directly impacts their activities. In the event of a confrontation directly

or indirectly opposing two or more countries, partnerships and projects between their cities can be negatively affected. For instance, as a consequence of Russia's invasion of Ukraine, several cities in the countries considered in this study suspended or outright severed ties with Russian counterparts.[9] A less frequent but not negligible impact arises from strained partnerships in democratic contexts, e.g., Japan-South Korea disputes over the historical issue of "comfort women," a euphemism used to describe women, primarily Korean, who were forced into sexual slavery by the Japanese military in territories they occupied before and during World War II. In addition to being a long-standing source of tension between the two countries, marked by disagreements over historical accountability and reconciliation, this topic has occasionally affected cities in third countries. For example, in 2018, San Francisco's recognition of a privately funded statue commemorating these women as public property resulted in Osaka's decision to terminate its twinning agreement with the Californian city.[10]

The multifaceted nature of international crises complicates the integration of their implications into the international strategies of cities. The accurate anticipation of the connected risks is largely contingent upon cities' capacity to perform or access high-quality risk assessments, whereas their management is shaped by the enforceable measures of their national government. When the latter mandates a specific line of action, decision-making leeway for local governments tends to be minimal. Even where city diplomacy enjoys a particularly favorable legal framework, as in France, national governments do have ways of terminating, either directly or through referral to judicial authority, any acts of city diplomacy deemed contrary to their formal international commitments. Should local governments nevertheless initiate such actions, awareness that they are likely to be halted suggests that they primarily serve national political opposition and international advocacy purposes. Conversely, in the absence of binding national guidelines, local governments will need to independently conduct a detailed assessment to guide their decisions. In democratic countries, differing decisions or political stances among cities about voluntarily suspending projects or partnerships can spark national debate, as it happened, for instance, when the City of Berlin decided to maintain ties with Moscow after the invasion of Ukraine. Another example is that of the President of Sister Cities International, a nonprofit organization supporting most U.S. cities' twinning agreements, who sent a letter to its member cities, urging them not to close "a vital and, ofttimes, last channel of communication with vulnerable or isolated populations".[11]

9. S. Kasakove, "Cities Move to Sever 'Sister City' Ties with Russian Governments", *The New York Times*, March 18, 2022, available at: www.nytimes.com; M. Weaver, "Friend or Foe? The U.K. Cities Cutting Ties with Russian Twins", *The Guardian*, March 23, 2022, available at: www.theguardian.com.
10. J. McCurry, "Osaka Drops San Francisco as Sister City Over 'Comfort Women' Statue", *The Guardian*, October 4, 2018, available at: www.theguardian.com.
11. A. Hernández-Morales, "Berlin's City Tie-up with Moscow 'Unacceptable,' Says Ukrainian Mayor", *Politico*, May 3, 2022, available at: www.politico.eu; L. R. Allala, "Letter to Sister Cities International Members", March 2022, available at: www.sistercities.org.

A second scenario, presented in Figure 1 as "Adverse Proxy Foreign Policy," emerges whenever a foreign government utilizes city diplomacy as a covert proxy to advance its objectives abroad. Although this occurrence is a primary concern for most city diplomats interviewed, its impact tends to remain undisclosed to the general public to avoid reputational damage for the targeted cities and countries. The confidential information collected by the authors reveals three common pathways through which this scenario unfolds: foreign direct investment (urban FDI), study visits, and the establishment of foreign subsidiary entities, such as cultural associations and institutes. Urban FDI presents both opportunities for economic development and risks of foreign interference, particularly in strategic sectors like digital and physical infrastructures. Since the 1990s, ambitious strategies for attracting urban FDI have been an integral part of many municipalities' rising entrepreneurial approach to local growth and job creation. The hallmark of this shift is the establishment of economic development agencies in numerous large cities, often drawing direct inspiration from those established in New York City and London.[12] In most cases, urban FDI attraction generally disregards the risk that these investments could conceal the intent of non-democratic nations to expand their influence abroad. Under these circumstances, urban FDI can serve as a form of political interference, as it permits foreign governments to directly or indirectly leverage these investments to influence city council resolutions. Additionally, foreign ownership of strategic urban infrastructures such as ports or electric and water companies can allow foreign governments to acquire control and information over assets in a tense geopolitical relation, raising concerns about potential national security breaches. A recent example is the controversial acquisition of a 25% stake in the Hamburg port by Chinese logistics giant Cosco.[13] Importantly, the debate surrounding such an acquisition deal revolved precisely around concerns that "(t)he purchase could open up the possibility of Beijing politically instrumentalizing part of Germany's –and Europe's– critical infrastructure".[14] Today, the global geopolitical landscape has shifted significantly, prompting the United States and the European Union to raise awareness among city diplomacy practitioners about the risks associated with infrastructure acquisitions by third countries.[15]

Another common example of detrimental proxy foreign policy (referred to as "Study Visit" in Figure 1) occurs when a visiting delegation from a partner city is instructed by its national authorities to gain an unfair economic advantage through the collection of confidential knowledge and information, sometimes going so far as intellectual

12. L. Kihlgren Grandi, *City Diplomacy, op.cit.*, pp. 89-90.
13. A. Sullivan, "Germany Inks Deal with China's COSCO on Hamburg Port", *Deutsche Welle*, November 5, 2023, available at: www.dw.com.
14. "Germany Agrees to Controversial Sale of Hamburg Port Terminal", *Euronews*, October 26, 2022, available at: https://www.euronews.com.
15. "Protecting Government and Business Leaders at the U.S. State and Local Level from People's Republic of China (PRC) Influence Operations", *Safeguarding Our Future*, Office of the Director of National Intelligence, Counterintelligence and Security Center, July 6, 2022, available at: www.dni.gov; F. Jüris, "Security Implications of China-Owned Critical Infrastructure in the European Union," In-depth analysis requested by the European Parliament's sub-committee on Security and Defence, European Union, June 23, 2023, available at: www.europarl.europa.eu.

property (IP) theft. Most of these visits are designed by the host municipality to accommodate foreign cities' requests to access research and innovation facilities in the name of city-to-city cooperation and knowledge exchange. Even trusted partnerships such as decades-long twinning agreements have been implicated in IP theft scenarios, underscoring the challenges democratic cities face in vetting incoming foreign delegations.[16] Such risks appear to be magnified for cities that are part of science and technology clusters.[17] In the absence of mandatory national-level pre-clearance procedures for visiting delegations from foreign cities, most cases of IP theft so generated have been detected by national authorities well after these visits took place.

Finally, enabling the implantation and operations of cultural, scientific, or social entities linked, either directly or indirectly, to a foreign government with questionable transparency and human rights practices (referred to as "Subsidiary" in Figure 1) poses multiple risks to the local community. This is particularly the case with propaganda and disinformation activities, which may be conducted by such subsidiaries independently or through partnerships with local actors such as political organizations and media outlets favorable to them. In some cases, the activities of such entities may conceal forms of influence, control, and even policing over the diaspora present in the territory.[18]

Conclusions: how cities can navigate geopolitical risk

In today's highly polarized global scenario, harnessing the potential of international relations to advance local priorities increasingly involves navigating complex geopolitical risks. This is particularly evident in liberal democracies, where city diplomacy shows a dire need for balance between the seemingly opposed goals of local autonomy and national security. Yet, these two priorities appear far from irreconcilable. In order to succeed in this complex balancing act, two sets of capacity-building strategies can be adopted at different levels of governance.

First, city governments can proceed to the creation of local multi-stakeholder partnerships, bringing together trusted and qualified actors such as academia, civil society organizations, private companies, and the media. Coordinating these efforts at the municipal level allows for filling information gaps and obtaining political and economic insights into the motives of foreign actors. In particular, involving academic institutions and research centers can provide municipal governments with crucial expertise in areas such as local governance abroad, international law, security, and geopolitics. This collaboration can enhance the decision-making process by improving the city's capacity

16. L. Kihlgren Grandi, "Localising Political Risk", *op. cit.*, p. 197.
17. "Cluster Ranking 2024", in: *Global Innovation Index 2024: Innovation in the Face of Uncertainty*, World Intellectual Property Organization, 2024, pp. 71–83, available at: www.wipo.int.
18. See, for instance, "110 OVERSEAS Chinese Transnational Policing Gone Wild", *Investigations and Briefing Series*, Safeguard Defenders, September 2022, available at: safeguarddefenders.com.

to identify and manage potential risks associated with their international engagements. Moreover, transparent public communication on these risks would allow city diplomats to better align with and leverage local ambitions and capacities, and limit the impact of foreign propaganda and disinformation campaigns. To fully and safely harness the added value of local co-construction and co-responsibility to international relations, city authorities need to facilitate an informed democratic debate on both the opportunities and threats of city diplomacy.

A second set of strategies can be adopted by central governments in democratic countries and revolve around fostering coordination and providing support to local governments engaged in city diplomacy. First, central governments can enhance multi-level partnerships by providing their local authorities with permanent access to consultation, monitoring, and risk assessment support regarding their current and prospective international partnerships and activities. Building on the precedent of the United States' SDU and France's DCTCIV, the creation of a national office in charge of these exchanges would ensure that cities and other subnational governments can benefit from the intelligence and analysis provided by national bodies, helping them manage potential risks proactively rather than relying on reactive measures.

Moreover, national governments can promote and facilitate peer learning and collaboration among their cities and those in other democratic nations that experience similar city diplomacy challenges. Expanding initiatives like Germany's Urban Diplomacy Exchange to boost political and technical discussions between German city diplomats and their colleagues in the U.K. and the U.S., as well as platforms like U7 that connect cities in G7 countries, can foster comprehensive knowledge-sharing and cooperation on the highly sensible topic of geopolitical risk. These efforts can also empower cities to engage in collective advocacy and possibly align their diplomatic activities with intergovernmental initiatives designed to uphold democracy and good governance, such as the G7 Rapid Response Mechanism (G7 RRM).[19]

Equipping city diplomacy with robust tools for risk analysis and management presents an opportunity to safely unlock its transformative potential. Rather than viewing international relations as merely a source of polarizing challenges, cities can leverage their international partnerships to foster genuine cooperation across borders and contribute to sustainable development. The proactive management of cities' geopolitical risk, supported by central governments, not only mitigates potential pitfalls but also enhances the credibility and resilience of city diplomacy initiatives.

Ultimately, synergy between municipal and national governments holds significant advantages for both levels. Central governments benefit from the enhanced capacity of cities to engage effectively in international diplomacy, which aligns with national interests

19. "Charlevoix Commitment on Defending Democracy from Foreign Threats", G7 Leaders, June 2018, available at: www.international.gc.ca.

in fostering safe, stable, and cooperative international relations. Meanwhile, cities retain their autonomy, exercising agency in their engagements while being equipped to navigate risks more effectively. The result is a partnership model that secures city diplomacy into a pathway for innovation, collaboration, and mutual growth, advancing both local and national goals on the global stage.

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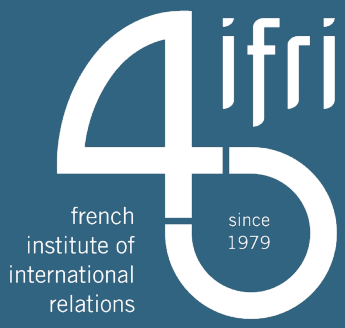

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