ECONOMIC DIPLOMACY WITHIN THE EASTERN PARTNERSHIP: ROOM FOR MEANINGFUL IMPROVEMENTS THROUGH ‘OTHERING’?

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Abstract: This paper aims to examine the instrument of economic diplomacy between the European Union (EU) and Moldova as part of the Eastern Partnership (EaP). The EU has been placing small- and medium-sized enterprises (SMEs) at the heart of economic diplomacy in its relations with its neighbours and in particular the EaP countries. Yet after several years of co-operation, the limits of this approach have become visible. This study argues that while East Invest participation has, to some extent, proven beneficial for Moldova and Moldovan businesses, there are major areas for improvement that need addressing at business, state and EU levels, before we can discuss about a positive relationship with significant and visible economic benefits between the EU and its Eastern neighbours. The main adjustment required is that the interests and expectations of the local partners should be taken into account better, as part of the process of ‘othering’. Considering the SME Flagship Initiative East Invest as case study, the paper will show how ‘normalization’ is also necessary in the field of economic diplomacy, if the EU is to have sustainable, lasting relations with the countries at its borders.

Key words: economic diplomacy; Eastern Partnership; SME Flagship Initiative.

INTRODUCTION
In the past decades, economic diplomacy has been receiving increased attention, especially in the EaP countries, registering a shift in interest from political actors to economic non-state diplomatic actors such as private businesses, and in particular, SMEs. Yet, it is important to assess whether or not the various programmes supporting the development of SMEs as diplomatic actors can be improved and the main means to do so. This paper attempts to assess economic development and cooperation at different levels in Moldova, evaluating EU’s role in the Eastern neighbourhood, considering the East Invest programme in Moldova as a case study. The structure of this paper unfolds as follows. The first section reviews the changing nature of diplomacy, moving away from the political statecraft to economic diplomacy, while welcoming new and important non-state economic diplomatic actors, such as SMEs. The second section provides an overview of the EaP and its main tasks and flagship initiatives. The third section examines the importance of SMEs as engines for growth in the EU as well as the Eastern neighbourhood, touching upon the main challenges SMEs are facing today. Fourthly, the paper looks at the SME Flagship Initiative, with particular focus on the main aims, objectives and activities under the East Invest programme. Lastly, the fifth section provides a discussion of the strengths, weaknesses and areas for improvement of the East Invest programme.

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1. THE CHANGING NATURE OF DIPLOMACY: FROM POLITICAL STATECRAFT TO ECONOMIC DIPLOMACY

The origins of the word ‘diplomacy’ date back to the Greek word ‘diploma’ representing the meaning for folding a piece of paper into two, which was used by Greeks to describe official travel documents (Barnhart, 1988). However, the word ‘diplomacy’ became modern in the context of international relations in the late 18th century (Der Derian, 1987). While Bull (1977) described diplomacy as ‘the conduct of relations between states and other entities standing in the world of politics by official agents and peaceful means’ (p.162), Wight (1979) outlined diplomacy as the art of communication between powers. A few years later, Watson (1982) considered diplomacy as a dialogue between states, which grew from the need of states to communicate with each other, highlighting the importance of diplomacy in state collaborations. However, Wight’s (1979) and Watson’s (1982) definitions of diplomacy are unsatisfactory at present because of their limited view of diplomacy as a dialogue or a process of exchanging communications at state level, without further elaborating on its meaning. While Bull’s (1977), Wight’s (1979) and Watson’s (1982) definitions seemed sufficient at the time of their publishing, Der Derian (1987) adds new dimensions to the definition of diplomacy, recognizing the less invasive and more multilevel actors of diplomacy. Therefore, Der Derian (1987:6) defines diplomacy as ‘a mediation between estranged individuals, groups or entities, where mediation is a connecting link, or intervention’. Elaborating on Bull’s (1977) consideration of diplomacy as a ‘conduct of relations’, Der Derian (1987) highlights the important role of diplomacy: managing alienation and building bridges in order to foster collaboration between different actors, which could take place in different settings (e.g. political, social, economic).

It is essential to understand how diplomacy has changed and developed over time, as its different development phases lead to the existence of different types of diplomacy, an increased range of actors and different functions and instruments of diplomacy. Scholars in the field of International Relations have acknowledged the current role and the effects of globalization on diplomacy (Bayne and Woolcock, 2007; Al-Motairi and Zaki, 2013). A decade ago, Friedman (2005) announced the death of distances, which, in a truly flat space, would lead to disappearance of the differences between internal and external trade, increased communication and removal of borders (Van Bergeijk, 2009).

The European Commission (2014) acknowledges the impact of globalization, a strong force in changing the global environment for the past century. Globalisation led to an increased degree of global connectivity, which does not only create opportunities for cooperation, but also for insecurity in the form of organized crime, trafficking and terrorism (Der Derian, 1987). In addition, globalization empowers individuals and promotes a shift towards soft instruments of power, while world focus moves away from governments and national states towards non-state, inter-state and transnational actors, such as markets, businesses, societies and individuals (European Commission, 2014). Therefore, we argue that globalisation has changed the nature of diplomacy and the effect is that has shifted our understanding of diplomacy away from simply political statecraft. Given the scope of this paper, we will not consider Der Derian’s (1987) conceptualization of diplomacy any further, but we highlight that as globalization creates a more complex, connected and contested world (Friedman, 2005; Van Bergeijk, 2009; European Commission, 2014), diplomacy has changed and developed, becoming more flexible and inclusive, moving away from the traditional political diplomacy (Barston, 2014; Bayne and Woolcock, 2007) towards more specific interest-based areas of diplomacy. Various types of diplomacy have been developed as a result of the changing face of diplomacy. Diplomacy has evolved from purely political diplomacy

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2 Saner and Yiu (2001) define globalization as a complex set of interdependencies and an increasing number of actors whose aim is to impact the outcome of these relationships.
Economic diplomacy has come to the focus of diplomacy discussions in the past few decades, being concerned with what governments do rather than what foreign ministries do, acknowledging the participation of non-state actors in economic diplomacy (Odell, 2000). Bayne and Woolcock (2007) do not provide a definition of economic diplomacy, suggesting that there is a lack of a single theory of economic diplomacy due to its focus on the interaction between international and domestic factors and between political and economic concerns. Yet, they suggest a number of characteristics of economic diplomacy: being concerned with international economic issues, as well as domestic decision-making, as a result of advances in globalization, using a range of instruments that differ from voluntary cooperation and informal negotiations to the enforcement of binding rules (Bayne and Woolcock, 2007).

With economic diplomacy is constantly evolving, becoming more palatable as a result of globalization, it has been moving away from economic statecraft as a primary practice of economic diplomacy (Bayne and Woolcock, 2007; Hill, 2003). Smith et al (2012) define economic statecraft as the use of economic tools as well as relationships in order to achieve foreign policy objectives, being only one area of economic diplomacy. Diplomacy has increasingly been moving away from negative (in the form of ‘sticks’) and positive (in the form of ‘carrots’) economic statecraft (Smith et al, 2012), towards economic diplomacy, registering a shift towards non-diplomatic actors: while states used to be the main diplomatic actors, the shift has moved towards new, non-diplomatic actors, some of the most important being small- and medium-sized enterprises (SMEs).

2. THE EASTERN PARTNERSHIP

Given the growing importance of the EU as a regional actor of economic diplomacy over the past decades, EU economic diplomacy has moved away from economic statecraft and state diplomatic actors, becoming more inclusive and welcoming new and critical non-state actors such as private businesses in the form of SMEs. As a result, the EU economic diplomacy model has been placing an important focus on SMEs as economic diplomatic actors and engines for change, who are now receiving an increasing amount of attention not only from the EU, but also within the Eastern Neighbourhood and the Eastern Partnership Initiative (EaP). As a foreign policy instrument, the EaP has been launched in 2009 and it is aimed at managing the diplomatic relationships between the EU and its neighbours (e.g. Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) and influencing the neighbourhood. The importance of SMEs as engines for growth and changed has been vastly recognized by the EaP, which has been placing a strong emphasis on offering different types of support to SMEs from the creation of the EaP to present.

Formally separating the southern and eastern dimensions and focusing on the specific Eastern dimension of the ENP (Gowen and Timmins, 2011; Dangenfield, 2009), the EaP was shaped as a regional framework and aimed to create necessary conditions in order to ‘accelerate political association and further economic integration’ (Council of the European Union, 2009). Having a more clear geographical focus than its predecessor, the EaP targets six Eastern countries: Armenia, Azerbaijan, Belarus (only informally part of it, it never officially joined), Georgia, Moldova and Ukraine; being committed to the principles of law and fundamental values (European External Action Service, n.d.a). Yet, it is important to mention that the EaP does not substitute any existing relations between the EU and the Eastern neighbourhood countries, but was necessary to complement and operate beside the existing relations between the EU and the EaP states (Solonenko, 2008; Gowen and Timmins, 2011). The EaP has two tracks, as highlighted in Figure 1 below: (1) the bilateral dimension, aiming to deepen bilateral engagement through new AAs (European External Action Service, n.d.b.),
Comprehensive Institution-Building Programmes and support for citizens’ mobility and visa liberalization; and (2) the multilateral dimension, created in 2011, encouraging multiple cooperation (Council of the European Union, 2009) and focusing on implementing several Flagship Initiatives in support of cooperation projects between the EU and the EaP countries (Council of the European Union, 2011; European Commission, 2015).

**Figure 1.** The Eastern Partnership: the Bilateral and Multilateral Tracks.

![Diagram showing the Eastern Partnership: Bilateral and Multilateral Tracks](image)


It is highly important to argue that Figure 1 above sets a distinctive aspect of economic diplomacy, showing the various platforms for economic and social change, being the evidence of diplomacy and economic diplomacy discussed in the previous chapter. According to the Council of the European Union (2009) and the European Commission (2015), the bilateral track of the EaP aimed to (1) further economic integration within the EU and foster political collaborations; (2) boost sector collaboration; and (3) support citizens’ mobility and visa-free travel in the long term, in partner countries. As illustrated in Figure 1 above, the bilateral dimension aims to address six objectives: (1) new contractual relations; (2) integration into the EU economy; (3) foster conditions for easier travel to the EU; (4) promote energy and transport collaborations; (5) encourage economic and social development; and (6) offer financial support (European Union External Action, n.d.c). Within the bilateral track, just as its predecessor, the EaP places emphasis on businesses and prioritises SMEs as engines of change (Council of the European Union, 2011), recognized the importance of an innovative SME sector through different programmes as part of its bilateral track, such as the launch of an Eastern Partnership Business Forum and Micro-Financial Assistance for EaP countries, as highlighted during the Warsaw Summit (2011).

In addition to the bilateral dimension, the multilateral dimension, launched in 2011, aims to foster links between partner countries, encompassing four platforms, each of which conducted relevant work through different panels and programmes, as highlighted in Figure 1 above: (1) Democracy, good governance and stability; (2) Economic integration and convergence with
EU policies; (3) Energy security; and (4) People-to-people contacts (European Union External Action, n.d.). The importance of EaP’s multilateral track was also acknowledged at the Vilnius Summit in 2013, recognizing the importance of strengthening the linkage between bilateral engagement and multilateral cooperation (Council of the European Union, 2013). While the bilateral track of the EaP already places a strong emphasis on SMEs as part of the economic integration and sector collaboration processes, the multilateral dimension is even more dedicated to placing SMEs at the heart of the EaP, having SME-specific panels within its second platform on economic integration and convergence with EU policies. However, given the scope of this study, we will not explore this any further.

In addition to the four individual platforms mentioned above, the multilateral framework of the EaP also includes several flagship initiatives, translating the aims of the EaP into concrete actions (Council of the European Union, 2011; European Union External Action, n.d.): (1) Small and Medium Enterprises (SME) Facility; (2) Regional electricity Markets, Energy efficiency and Renewable Energy Sources; (3) Environmental Governance; (4) Prevention, Preparedness and Response to natural and man-made Disasters (PPRD); and (5) Integrated Border Management. In addition, a new flagship initiative has been launched in 2015: (6) Sustainable municipal development.

3. SMEs: ENGINES FOR GROWTH

The importance of SMEs as engines for change has become more vital over the past decade, as SMEs have become important actors of economic diplomacy. While having little power and influence alone, the role of SMEs as a whole has increased not only in the economic sector, but most importantly, in the political sector, becoming important actors in managing alienation, as well as multilateral cooperation. SMEs are defined based on their number of employees and balance sheet total or total turnover, as follows: (1) A micro firm has between one and nine employees and less than €2 million in balance sheet total/turnover; (2) a small firm has an employee headcount between 10 and 49 with less than €10 million balance sheet total/turnover; (3) a medium sized firm with 50 to 249 firm has less than €43 million in balance sheet total or €50 million in turnover (Centre for Strategy and Evaluation Services, 2012).

In the past few decades, the importance of SMEs in the EU has significantly increased, accounting for 99% of European businesses and 67% of European employment3 (European Commission, 2016). With SMEs being an essential source of employment and the most important vehicle of entrepreneurship, creating value in a number of sectors, the EU has important economic, social and political benefits to gain from supporting these enterprises (Dalberg, 2011).

The importance of SMEs is not limited within the EU borders, but pushes outside it, towards its Eastern Neighbours and the EaP states, where SMEs could have an even stronger and positive impact in emerging countries. As a result, we can observe a stronger focus in policy on SMEs within these specific countries. Similarly to EU SMEs, EaP SMEs account for over 95% of businesses, employing 50% of the population and contributing to 30% of GDP, leaving significant room for improvement. However, the EU acknowledges SMEs’ potential to significantly contribute not only to job creation, but also to the consolidation of open societies and the move towards a greener economy. While SMEs are seen as organisations that do not have high production or manufacturing processes, having a relatively small environmental impact, the cumulative impact of SMEs across the Europe on the environment is important and therefore, these organisations have been gaining more attention in the move towards a greener economy (Flash Eurobarometer 426, 2015).

3 Percentages presented in terms of business units.
A highly important matter when considering SMEs and their importance is their cultural context. When considering the importance of SMEs, it is highly important to contextualize their role, given the various perceptions surrounding small companies within the EU and outside it. For example, Italy is characterized as an SME economy, having a strong entrepreneurial culture and a high number of SMEs and entrepreneurs who excel in their market niches, given the favorable environment for SMEs and business start-ups (OECD, n.d.). Another example of an SME-oriented country is Romania, where SMEs represent the engine of the Romanian economy, with a number of 605,000 SMEs in 2011, which are mainly family-owned businesses (KPMG, 2012). Within the Eastern Neighbourhood countries, given the nature of post-communist countries’ economies, the transition from communism and command economies to democracy and a free-market economy has led to an increase in the number of SMEs, which are regarded as a new phenomenon (Danis and Shipilov, 2002).

Despite the benefits SMEs could to their national economies, the EaP and ultimately, the EU, there are several challenges SMEs are facing within this process, having a negative effect on the firms themselves and on the extent of the benefits they can create and deliver. Several studies have been published on this matter, grouping the challenges as follows: (1) poor access to finance; (2) inadequate legal and regulatory framework; (3) limited knowledge base or business skills; and (4) limited access to markets, all of which have been identified as major challenges in the EU and EaP countries (Mohnen and Rosa, 1999; Berger and Udell, 2006; Veugelers, 2008). Within the EaP states, most of which lack in development compared to EU member states, SMEs could even face additional, fiercer challenges, provoking their ability of conducting business in an unstable and challenging environment. One of these specific challenges SMEs are facing, which has been identified as important within the EU, but critical within the EaP, is bureaucracy, political instability and corruption (Acs and Audretsch, 1990; HWWA, 2004; Rammer et al., 2006; BMBF, 2006). For example, in the case of Moldova, the country has been identified as having the highest levels of corruption among the six EaP member states, being ranked 102nd out of 177 countries in the Corruption Perception Index (2013). Corruption represents a special feature of the post-communist space, given the previous regulated economy, creating a rather difficult environment for SMEs to prosper. This, subsequently, has a strong, negative impact on SMEs, slowing or even decreasing their growth, productivity and local, national and EU impact.

However, in spite of these challenges SMEs are facing, the EaP’s significant focus on SMEs as engines of change and growth aims to help the businesses overcome these difficulties and prosper as actors of economic diplomacy, through various programmes, the principal being the SME Flagship Initiative.

4. THE SME FLAGSHIP INITIATIVE AND EAST INVEST

The SME Flagship initiative was created to support the needs of SMEs in the EaP countries, providing provisions for growth and employment (EuropeAid Development and Cooperation DG, 2011), in response to the various constrains different EaP and EU countries face in relations to SMEs, such as business regulatory framework inadequacies, lack of funding, business skills and lack of available and/or cost effective advisory centres (European Commission External Relations, 2009). The SME Flagship initiative was launched in 2009 within the six EaP countries, and complements the EU bilateral engagement on economic development and Platform 2 of the multilateral collaboration in EaP countries, as highlighted previously in this chapter (European Union, 2015b).

The SME Flagship initiative offers support on three different levels, as highlighted in Figure 2 below: (1) at policy-level, where the EU is collaborating with the Organisation for Economic Co-operation and Development (OECD) in order to assist the EaP countries in
effective SME policies, using the Small Business Act (SBA) as a vehicle of change; (2) through advisory services within a pan-European networking programme, aiming to promote investment and trade through capacity building of business associations and networking within the EaP countries; and (3) at business level, where the EU facilitates SMEs’ access to finance through different programmes such as the SME Finance Facility or the Small Business Support programme (European Union, 2015). Depending on the structure of EU intervention (Figure 2), with policy intervention creating an enabling business environment, intermediaries intervention responding to the needs of the SME sector and SMEs’ intervention providing access to finance and market, the SME Flagship initiative aims to address a variety of inclusive development issues, such as boosting women entrepreneurship, rural and development, youth employment and promoting a greener economy (European Union, 2015).

**Figure 2. SME Flagship Initiative: Levels of Support.**

![SME Flagship Initiative Diagram]


Each level of support of the SME Flagship initiative includes several different programmes that offer different types of support. As illustrated in Figure 2, we notice that at a policy level, the initiative targets the collaboration between the EU and the OECD with relations to the SBA. However, looking at the EU support offered through intermediaries, we notice more focused programmes, East Invest and TAM/BAS, aiming to improve the access to market and skills, foster collaborations between EU and EaP SMEs, and offer professional advice, through advisory centres, banks and/or business support organisations. Even more, on the business level, SMEs receive direct and specific support through the SME Finance Facility and the SME Business Support programme, helping businesses access finance and business development services.
The East Invest programme is a EC initiative managed and implemented by Eurochambers, which ran between November 2010 and April 2014 within the EaP countries, offering support for the development of business partnerships and associations, as well as networking (EuropeAid Development and Cooperation DG, 2011). With a total budget of €7 million, East Invest had three main objectives: (1) facilitate and promote investment between the EU and the EaP countries; (2) develop concrete actions that would general immediate results for SMEs within their region; and (3) develop the East Alliance, mobilizing business alliances from the EU and the EaP, promoting partnership and dialogue within the private sector and towards the public sector (East Invest, 2011). As a result, the East Invest programme promoted activities for the SMEs as well as for Business Support Organisations.

4.1 Activities for SMEs
In terms of the support offered to SMEs, East Invest offered training opportunities and technical assistance for enterprises within the EaP countries, offering them networking and building opportunities, through a variety of means (East Invest, 2011). Firstly, SMEs could participate in SME Roadshows, where an EaP partner from the East Alliance gathers a group of minimum 10 SMEs who are able, wish to and are capable of exporting to an EU country (East Invest, n.d.). The EaP partner then contacts the EU partner to check their willingness to engage, agreeing on a programme for the SME roadshow and submitting their proposal online to EUROCHAMBERS (East Invest, n.d.). Following the approval of EUROCHAMBERS, the partners can then engage in the desired activity. The SME Roadshow project has been implemented in a variety of countries, with Armenian SMEs going to Germany, Georgian SMEs going to Germany, Belgium, Slovakia and the Netherlands, Moldovan SMEs going to Poland, Italy, the Baltic States, Belgium and the Netherlands, and Ukrainian SMEs going to Poland (East Invest, n.d.).

In addition to SMEs Roadshows, the Investors Fora project offers SMEs the opportunity to participate in six investment conferences (one in each EaP country), where the companies would have the opportunity to discuss potential partnerships with other EaP or EU SMEs, as well as analyze the investment opportunities in the region (East Invest, n.d.).

Another SME activity as part of East Invest is SMEs’ could participation in SME training seminars, actively enhancing their knowledge of the EU and the internationalization process. This project targeted two groups of SMEs: (1) the ‘Starter’ category, which included SMEs with limited knowledge in the areas outlined above; and (2) the ‘Advanced’ category, which included SMEs who had a higher degree of knowledge (East Invest, n.d.). With regards to the contents of the seminars, the EU training package focuses on free movement of services and goods, technical standards and regulations, customs, competition policy and intellectual property rights, while the internationalization package addresses the issues of quality standards, marketing strategy, access to finance and management skills (East Invest, n.d.). The content of these seminars would enable SMEs to gain and/or improve their business knowledge and know-how, coming as an important help to the challenges outlines in the previous section.

Moreover, participating EaP SMEs would have the opportunity to join business-to-business (B2B) trade fairs, where they could get in contact with potential business partners (East Invest, n.d.), including a briefing of the group, the official welcoming event, seminars with relevant speakers from the sector, a 1-day pre-organised B2B meetings at the fair, and debriefing (East Invest, n.d.). However, we must mention that only the SMEs that have participated in the SME workshops, as described above, can participate in the B2B trade fair module of East Invest (East Invest, n.d.). In spite of this limitation, SME participation in B2B trade fairs would help them in the process of accessing different markets.

Furthermore, SMEs could also benefit from 12 study visits, 2 for each of the EaP countries, gaining an initial experience abroad by visiting European trading fairs, in order to better
understand the foreign markets, products available, their requirements and observe the participants’ business practices such as marketing techniques or product design (East Invest, n.d.). The study visit is somehow similar to the B2B trade fairs and would include a briefing of the group, welcome event at the fair, relevant seminars with speakers from the market, a guided tour through the fair and a debriefing, discussing the lessons learnt and the opportunities to follow up the network established during the visit (East Invest, n.d.). However, it is compulsory that before attending the study visits, the SMEs must have attended the SME training seminars (East Invest, n.d.).

Finally, EaP SMEs could also benefit from coaching with opportunities for further capacity building and the generation of a sustainable internationalization process, having already participated in the earlier stages of the East Invest programme, such as study visits, B2B or roadshows (East Invest, n.d.).

While these various activities for SMEs offer the enterprises the necessary business knowledge and networks to access foreign markets, grow their business and productivity, the main visible limitation of these activities is conditionality: as mentioned above, only those businesses who attended certain activities have the opportunity to apply for others.

4.2 Activities for Business Support Organisations (BSOs)
In addition to SME support, East Invest also offered different activities for BSOs. Through their participation, BSOs could benefit from a series of activities under the East Invest Programme, enhancing their opportunities to support and represent SMEs. To begin with, BSOs could gain value from two audits, addressing separate performance indicators for nine topics including leadership, quality management, strategy and planning, personnel, communication and knowledge, clients and membership, interest representation, services and finance and accounting (East Invest, n.d.). Secondly, BSOs could take part in East Invest twinnings, which encourage concrete and sustainable collaboration between EU and EaP BSOs through joint projects, creating sustainable links and establishing long term technical cooperation (East Invest, n.d.). Thirdly, BSOs could participate in exchange programmes through the BSO Exchange Facility, offering EaP BSOs the opportunity to learn from their EU colleagues through a short-term traineeship (East Invest, n.d.). Complimentary to the BSO Exchange Facility was the EU Consultancy service, allowing BOSs experts from the EU East Alliance partner organizations to go on consultancy visits and assist their EaP partners within their organisations for a period of 1 to 4 weeks (East Invest, n.d.). Furthermore, BSOs would benefit from their participation in Train the Trainers events, taking place in a three-step process where they could develop the capacity to train SMEs within EaP BSOs, deliver SME training to a selected number of SMEs, and offer support to the SMEs in visiting trade fairs. Finally, BSOs could participate in the East Invest Academy, where they would benefit from enhanced networking among EaP BSO executives, receive specialized management training and strengthen aspects of BSO management (East Invest, n.d.).

5. DISCUSSION

Having reviewed the different literature on economic diplomacy, SMEs and the Eastern Partnership, and in particular, the East Invest Programme as part of the SME Flagship Initiative, we shall now consider the East Invest programme in the Republic of Moldova as a case study, by considering the following three dimensions: European Union institutions’ dimension, Programme dimension and SME dimension. Considering the EU dimension, there has been little or no official communication about the two separate programmes, leaving room for significant improvement, East Invest 1, that ran between 2011 and 2014, currently being prolonged until 2017, and East Invest 2, started in 2014. For the scope of this paper, we will only consider the East Invest 1 programme. Secondly, having looked at the principal
aims and objectives of East Invest in section 4 of this study, it can be argued that the main targets of East Invest are relatively broad, without clearly defining what programme success would appear. This could be a major problem at the end of the programme, as without a definition of success, it is difficult to assess its impact, leaving room for broad interpretations. Additionally, with East Invest 1 being prolonged, the lack of an interim report has proven difficult in assessing the full effectiveness and impact of the programme.

Considering the Programme dimension, the SME selection in Moldova has been satisfactory, having a mixture of basic and advanced SMEs from agrifood, sustainable construction, ICT, textile and tourism. The training offered under the programmed targets two SME categories: (1) basic SMEs, who do not have previous export experience but wish to start exporting, having also limited knowledge in the EU technical standards (23 basic SMEs being trained under East invest in Moldova); and (2) advanced SMEs, who have previous export experience and have been doing business with EU companies (11 advanced SMEs being trained under East Invest in Moldova). In addition, two training packages were available for SMEs: (1) EU acquis, covering technical standards and regulations, free movement of services and goods, competition policy, customs and Intellectual Property Rights; and (2) Internationalisation, covering marketing strategies, quality standards, access to finance, Trade Fair participation and management skills. Following the trainings, 13 SMEs have been selected and successfully participated in Study Visits. Given the different types of trainings and opportunities for tailored SME training, it can be argued that this part of the East Invest 1 has proven to be successful, with a variety of activities covering different area of knowledge, aiming to empower and enlarge the knowledge and activities of Moldovan SMEs.

Considering the last, but not least, level, the SME dimension, good effects have been registered with SMEs who were prepared for export, while others might have encountered difficulties in exporting, relating to their language barriers, production capacity and available number of SMEs. As many SMEs are micro firms, they might not have the financial capacity to fund their travels to the various East Invest events organized outside Moldova, and they might not have a large enough number of employees that could participate at the events. Additionally, another issue that might arise within the SME dimension is the firms’ reluctance to acknowledge their participation in East Invest, as they might be worried they would encounter increased competition. This difficulty can also relate to the Programme dimension difficulty in defining and evaluating success, as without SMEs coming forward and discussing their success stories, it is difficult to identify areas of success and improvements.

Given the various activities SMEs have participated in, as well as the various difficulties that might have been encountered by SMEs and the programme itself, we can argue that while Moldovan SMEs might have improved their skills and business performance through their participation in East Invest. However, there is still a significant room for improvement and given the shift in focus from political and state diplomatic actors towards economic, non-state actors, and in particular SMEs, these particular firms should received further, tailored opportunities for development and growth, as part of organized programmes with clear objectives and success goals.

CONCLUDING REMARKS

While East Invest participation has, to some extent, proven beneficial for Moldova and Moldovan businesses, we acknowledge that there are major areas for improvement that need addressing at business, state and EU levels, before we can focus on furthering EU relations with significant and visible economic benefits for both the EU and its Eastern neighbours.
REFERENCES


