

## 【欧州】 【Common】

Common - The impact of BRI in Europe: The EU launches the Global Gateway strategy to boost its global cooperation for major investments in partner countries

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### 【概要 : Summary】

The Chinese Belt and Road initiative (BRI) is an initiative for developing infrastructure and land and sea trade routes at global level. It is considered being a win-win solution for China and the cooperating countries. Some EU Member States as well as some EU' s neighbouring countries are organised in the CEEC 17+1 initiative with China and/or have signed bilateral BRI-related Memoranda of Understanding (MoU) with China. However, concerns regarding the cooperation with China on infrastructure and other projects under the BRI initiative are rising due to the increased financial dependencies from China, which could also turn into political dependencies. This concern is also increasing in the EU, due to some EU Member States' involvement into BRI. To avoid an increase of financial, economic, and political influence and dependencies from China, the EU has started to take more decisive steps to reach a level playing field with China. Besides the EU-China Connectivity Platform for coordinating infrastructure projects in the EU' s TEN-T programme, the EU has introduced a Screening Regulation on Foreign Direct Investment (Regulation 2019/452) to give the EU and its Member States more control over China' s direct investment in the EU.

Most recently, the European Commission has considered a new strategy to create a counterbalance against China' s BRI initiative. In her State of the Union speech in September 2021, European Commission president Ursula von der Leyen presented a new EU initiative on introducing the "Global Gateway Strategy" to improve the EU' s global cooperation with other countries and to stepping up its offer for major investments into infrastructure development and other areas with potential partner countries at global level.

On 1 December 2021, the Global Gateway Strategy was officially launched as the EU' s new strategy to boost global cooperation for major investments. Between 2021 and 2027, the EU institutions and EU Member States will jointly cooperate in a so-called "Team Europe" and will mobilise up to €300 billion of investment for digital, climate and energy, transport, health, education, and research related projects in partner countries around the world.

In contrast to the Chinese BRI, the EU underlines that its new Global Gateway strategy' s main aim will be to achieve new level of cooperation with partner countries at global level, and not economic or political dependencies.

## 【記事 : Article】

### 1. The Chinese Belt and Road Initiative (BRI) and the CEEC 17+1 initiative

China's importance as a global economic player has steadily grown and to improve the trade and transport routes, China's president Xi Jinping announced the One Belt One Road initiative (OBOR). The BRI has the potential to ease bottlenecks in cross-border transportation and to improve the connectivity between countries along the trade routes on the Eurasian continent and beyond. In fact, the BRI strategy aims at improving the trade routes by setting up infrastructures in the countries along the Belt and Road network between China, Europe, the Eurasian continent, and the African continent (Steer, Davies, Gleave, 2018). Regarding the BRI strategy and related projects, China has concluded Memoranda of Understanding (MoU) with individual countries and individual EU Member States (Steer, Davies, Gleave 2018). As of June 2021, China had signed 206 cooperation documents with 140 countries and 32 international organisations (Wikipedia 2021).

In Europe, China's interest in the Central and Eastern Europe (CEE) region resulted in the creation of the 16+1 format of 16 CEE countries including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Greece, Hungary, Latvia, North Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia plus China in 2012. After the joining of Lithuania, it became the 17+1 group. The non-EU Member States amongst the CEE countries were open to Chinese cooperation because of their disappointment with the slow improvement of their membership negotiations with the EU, and because the EU did not consider to filling the gap regarding infrastructure investments in this region (Szunomár 2017, Colibasanu 2021). However, EU Member States amongst the CEEC 17+1 are causing increasing concerns in the EU, because of possible conflicts of interests due to their involvement in BRI infrastructure projects, since

a precarious debt situation could potentially lead to the transfer of the infrastructure ownership rights to China (Mardell 2020).

Considering the challenges of climate change, the Belt and Road Initiative International Green Development Coalition (BRIGC) was launched in support of the 2030 Agenda for Sustainable Development. In September 2021, China's President Xi Jinping announced that China would support developing countries to adopt "green and low-carbon energy" and would no longer invest into overseas coal-fired power plants (Gunia 2021).

### 2. The EU's measures to counterbalance the Chinese BRI

In the past years, the concerns increased that Chinese investments in infrastructure projects in CEE countries and MoUs with EU Member States could potentially create political dependencies with China, which could eventually also have geopolitical implications (Smith 2018). As ECA (2020) points out, the MoUs between EU Member States and China make it difficult for the EU and its Member States to have a coordinated political and economic response towards China. The bilateral MoUs could also be used a "divide et impera" political approach against the EU and its Member States, which could potentially undermine the EU's unity (ECA 2020).

Therefore, the EU institutions increased their efforts to shape a common EU policy to reduce the Chinese economic and geopolitical influence in Europe. In 2015, the European Commission's DG MOVE and the National Development and Reform Commission of China (NDRC) established a "Connectivity Platform" to intensify coordinating the EU's and China's infrastructure policies and to strengthen cooperation, reciprocity, and transparency. The main objective was to identify the missing links between the EU's Trans-European Transport Network (TEN-T), and China's BRI.

Furthermore, the EU also developed its own initiative regarding connectivity between Europe and Asia as a counterbalance to the BRI. On 19 September 2018, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy adopted a Joint Communication (JOIN(2018) 31 final), setting out the EU's vision for a new and comprehensive strategy to better connect Europe and Asia (European Commission 2018c). The EU's 2018 Connectivity Strategy intends to support the creation of transport links, energy and digital networks and human connections. It offers connectivity partnerships to countries in Asia and organisations, with diverse financial tools (European Commission 2018a).

The EU also considered steps to establish clear rules for direct foreign investment in Europe, including a screening of foreign direct investments by Member States (European Commission 2020b). The new EU-level FDI screening regulation, "Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union" (Regulation (EU) 2019/452), is expected to ensure transparency and predictability for investors. Based on this Regulation (EU) 2019/452, EU Member States may maintain, amend, or adopt mechanisms to screen foreign direct investments in their territory on the grounds of security or public order (European Commission 2020b). Regulation (EU) 2019/452 became fully operational as of 11 October 2020 (European Commission 2021a).

In May 2021, the European Parliament also voted against ratifying the Comprehensive Agreement on Investment with China, citing Chinese sanctions on European parliamentarians and scholars and Chinese human rights abuses (European Parliament 2021).

However, also the group of CEE countries are showing some disappointment with BRI itself, ten years after the start of the 16+1 group. They

criticise the postponement of projects and unfulfilled projects (Brînză 2021). China seems to have failed to deliver on its economic, investment and trade promises, which had made cooperation appealing for the CEE countries in the first place (Brînză 2021). In March 2021, the Lithuanian Foreign minister Gabrielius Landsbergis stated that the cooperation with China has brought "almost no benefits" for Lithuania and that the EU should move to a more efficient 27+1 format (Landsbergis 2021). Lithuania left the 17+1 group, and at the same time, it intensified its cooperation with Taiwan (Colibasanu 2021).

In parallel, the resurgence of Russian influence makes many CEE countries now side with the U.S. for defence reasons (Wnukowski 2019). Regarding the digital connectivity in Europe, the U.S. tries to convince the CEE states to exclude Huawei from creating fifth generation (5G) network in the region (Wnukowski 2019). Romania was the first country that signed a MoU with the U.S. government to restrict companies like Huawei from building its 5G infrastructure, and meanwhile, almost all CEE countries have signed memoranda of understanding with the U.S., targeting Huawei's access to their 5G networks or they joined the U.S. Clean Network initiative (Brînză 2021).

### 3. The EU's Global Gateway Strategy

The expansion of China's global economic and political influence based on its BRI initiative and infrastructure projects has finally led to the common proposal of a European response. The EU intends to respond to the Chinese BRI initiative with a recently announced, new connectivity and global cooperation strategy called "Global Gateway".

In her state of the Union speech in September 2021, European Commission President Ursula von der Leyen presented the "Global Gateway" partnership and announced that the Commission would soon present the details of the partnership

(European Commission 2021b). Accordingly, on 1 December 2021, the European Commission and the High Representative for Foreign Affairs and Security Policy officially launched the new European strategy Global Gateway. The new strategy is intended to support the introduction of sustainable and trusted connections to tackle the most pressing global challenges, from climate change and protecting the environment, to improving health security and boosting competitiveness and global supply chains (European Commission 2021c).

The Global Gateway builds on the 2018 EU-Asia Connectivity Strategy (JOIN(2018) 31 final), the Connectivity Partnerships with Japan and India, as well as on the Economic and Investment Plans for the Western Balkans, the Eastern Partnership, and the Southern Neighbourhood.

By introducing the Global Gateway Strategy, the EU intends to boost smart, clean, and secure links in digital, energy and transport and to strengthen health, education, and research systems across the globe (European Commission 2021c). Furthermore, the EU intends to increase investments promoting democratic values and high standards, good governance, and transparency, as well as equal partnerships, and green, clean, secure infrastructures, among others. The Global Gateway targets are fully aligned with the UN's 2030 Agenda and its Sustainable Development Goals (SDGs) and the 2015 Paris Agreement (European Commission 2021c).

#### 4. Financing Global Gateway projects

The Global Gateway projects will be developed and delivered through Team Europe Initiatives, in which the EU institutions, EU Member States, and European financial and development institutions, including the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD) will work together with European businesses as well as governments, civil society and the private sector in the individual

partner countries (European Commission 2021c). The EU Delegations around the world will play a key role in identifying and coordinating Global Gateway projects in partner countries and will work together with Team Europe.

The EU will also provide technical assistance to partners to enhance their capacity in preparing credible infrastructure projects, promote environmental protection, social affairs, and strategic management (European Commission 2021d). Between 2021 and 2027, the EU and its Member States aim to mobilise up to €300 billion in investments for these Global Gateway Strategy's Team Europe Initiatives for achieving a lasting global recovery, while considering the partner countries' needs and the EU's own interests (European Commission 2021c).

The Global Gateway's new financial tools in the EU multi-annual financial framework 2021-2027 include the Neighbourhood, Development and International Cooperation Instrument (NDICI)-Global Europe, the Instrument for Pre-Accession Assistance (IPA) III, but also Interreg, InvestEU and the EU research and innovation programme Horizon Europe (European Commission 2021d).

The European Fund for Sustainable Development+ (EFSD+), the financial arm of NDICI-Global Europe, will make available up to €135 billion for guaranteed investments for infrastructure projects between 2021 and 2027. Up to €18 billion will be made available in grant funding from the EU budget. The European financial and development finance institutions will participate with up to €145 billion in planned investment volumes (European Commission 2021d). In addition, the EU is exploring the possibility of establishing a European Export Credit Facility to complement the existing export credit arrangements at EU Member State level (European Commission 2021d). The European Export Credit Facility would help ensure a greater level playing field for EU businesses in third country markets.

## 5. Geopolitical considerations behind the Global Gateway Strategy

Global Gateway is not only a strategy that intends to boost smart, clean, and secure infrastructure and which will support the development of digital, energy and transport environment, as well as health, education, and research in partner countries. It is also intended to address the climate crisis through infrastructure development that is clean, resilient, and consistent with a net-zero future (European Commission 2021c). In its support for initiatives in the fields of digital, energy and transport environment, as well as health, education, and research related projects, it also has a political mission. Its aim is to offer certainty and fairness for investors, to support international stability and cooperation, and to demonstrate democratic values. By introducing the new strategy Global Gateway, the EU recognises its concerns regarding China's foreign policy and BRI's geopolitical impact. It also recognises the EU's need to establish its own position as a global player for building closer ties with other nations in Eurasia and beyond. The Global Gateway for building partnerships to support "investments in quality infrastructure, connecting goods, people and services around the world" intends to build links rather than dependencies (European Commission 2021b, 2021c). To avoid a potential locking of European countries into Chinese technological and geopolitical ecosystems, the EU's "Global Gateway" is seen as an overdue and welcome alternative to the Chinese BRI. However, the EU's "alternative" Global Gateway initiative to China's BRI will need an effective governance structure and Team Europe approach, including the timely identification of landmark projects, with a focus also on the digital infrastructure. The EU's Global Gateway and the G7's "Build Back Better World" (B3W) initiative are expected to mutually reinforce each other and to work in a complementary way to

offer an alternative to the Chinese BRI (Hillman/Sacks 2021). If partners from Japan, India and the U.S. are willing to cooperate with the EU's Global Gateway strategy, it could offer an opportunity to create a real alternative to the Chinese BRI (Bütikofer 2021).

However, it remains to be seen if the Global Gateway partnership will be able to fulfil its pledge to create links rather than dependencies, and to establish a real alternative to the Chinese BRI at a global level.

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