

【欧州】 【Common】

Common - Impact of BRI in Europe: The G7 and EU promote Partnership for Global Infrastructure and Investment (PGII) and Global Gateway strategy to counterbalance Chinese Belt and Road initiative (BRI)

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【概要 : Summary】

In 2021, the EU launched the Global Gateway strategy to support projects at global level for initiatives in digital, energy and transport environment, as well as health, education, and research related projects. The EU's strategy also has a political mission as it intends to create an alternative to the Chinese Belt and Road initiative (BRI) and to create a counterbalance against the Chinese initiative. The aim is to achieve a new level of cooperation with countries without creating economical, technological, or political dependencies.

The Global Gateway strategy intends to offer certainty and fairness for investors, to support international stability and cooperation, and to demonstrate democratic values rather than creating dependencies. The EU's Global Gateway projects will be developed through Team Europe Initiatives and is expected to mobilise up to EUR 300 billion in the five years until 2027 for developing and supporting all modes of green, smart, and safe global transport infrastructure. The Global Gateway was considered being a priority for discussion in international summits and multilateral fora in 2022. Also, at the G7

meeting in Germany in June 2022, the Global Gateway strategy and initiative was discussed.

Before, at the G7 in 2021, the leaders of the seven leading industrialised countries had launched the G7's "Build Back Better World" (B3W) initiative, which also was expected to work in a complementary way to the Global Gateway initiative to offer an alternative to the Chinese BRI. However, in contrast to the EU's Global Gateway initiative, there were no concrete plans announced based on the B3W since its launch.

Therefore, while the B3W and the EU's Global Gateway initiatives were intended to mutually reinforce each other, one year after the G7's B3W initiative's announcement in 2021, the fund was relaunched under the name "Partnership for Global Infrastructure and Investment" (PGII) at the start of the G7 meeting in Germany on 26 June 2022. The PGII is a rebranding of the previous B3W initiative and an offer by G7 countries to narrow the investment gap in emerging markets and developing countries, based on intensified cooperation and democratic values. In future, the EU's Global Gateway initiative will be included under the roof of the PGII.

【記事 : Article】**1. The Global Gateway initiative: Its geopolitical background**

The Belt and Road initiative (BRI) is a Chinese initiative for developing infrastructure and land and sea trade routes at global level. Some EU Member States as well as some EU's neighbouring countries have signed bilateral BRI-related Memoranda of Understanding (MoU) with China. However, there are concerns that the intensified cooperation with China on infrastructure and other projects under the BRI initiative could also lead to an increased financial, economic, and also political dependency from China. To avoid increased dependencies from China, the EU has started to take more decisive steps to reach a level playing field with China by introducing 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. The expansion of China's global economic and political influence based on its BRI initiative and infrastructure projects has led to considerations to set up new connectivity and global cooperation strategies also in the EU to avoid a potential locking of European countries into Chinese technological and geopolitical ecosystems.

Low and middle-income countries face a significant infrastructure-financing gap - the World Bank estimated it at over USD 2.7 trillion in 2019, and the Covid-19 crisis has worsened since. More and better development finance from all donors is crucial for advancing the implementation of SDGs in partner countries. The EU will offer its financing under fair and favourable terms to limit the risk of debt distress.

On 1 December 2021, the EU officially launched the "Global Gateway Strategy" to create a counterbalance against China's BRI initiative to improve the EU's cooperation with other countries at global level and to offer major

investments into infrastructure development and other areas (JOIN(2021) 30 final). In contrast to the Chinese BRI, this new strategy is intended to support the introduction of sustainable and trusted connections to tackle global challenges, including climate change and the protection of the environment, the improvement of health security as well as boosting competitiveness and global supply chains (European Commission 2021a). The EU underlines that its new Global Gateway strategy's main aim is to achieve new level of cooperation with partner countries at global level, and not to create economic or political dependencies. According to the European Commission, Global Gateway takes an ethical approach so that infrastructure projects do not create unsustainable debt. The COVID-19 pandemic has also drastically shown the impact of an incomplete, incompatible, or disconnected global infrastructure. Furthermore, the disruption to supply chains and the scarcity of medical goods has tremendous human and economic consequences (European Commission 2021c). With Global Gateway, 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. Based on the Team Europe approach, Global Gateway will offer its partners a response to the urgent needs to develop sustainable and high quality digital, climate and energy and transport infrastructures and strengthen health, education, and research systems across the world, considering their needs and the EU's own interests.

2. The EU's Global Gateway Strategy

Global Gateway is not only a strategy that intends to boost smart, clean, and secure infrastructure and supports 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). The increasingly complex global landscape underlines the EU's vital interest and need to ensure that global connections and networks develop in line with democratic values and high standards, ensuring a level playing field. Being aligned with the UN's 2030 Agenda and its Sustainable Development Goals (SDGs) and the 2015 Paris Agreement, by introducing the Global Gateway strategy, 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 (European Commission 2021a).

According to the proposal JOIN(2021) 30 final, the Global Gateway strategy is based on the achievements of the 2018 EU-Asia Connectivity Strategy, the Connectivity Partnerships with Japan and India, as well as the Economic and Investment Plan for the Western Balkans, the Eastern Partnership, and the Southern Neighbourhood and will also dovetail with the work started within the G7 and mutually reinforce initiatives such as the Build Back Better World (JOIN(2021) 30 final). Driven by the needs of the EU's partner countries and the strategic interests of the EU, Global Gateway aims to combine the capital and expertise of Team Europe, its international partners, and the private sector (JOIN(2021) 30 final). It will invite the active participation of civil society as well as the local private sector in these exchanges (JOIN(2021) 30 final).

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 2021a).

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 2021b). A Business Advisory Group will be set up to give input from the private sector. A dialogue with civil society will also be set up to ensure their participation (JOIN(2021) 30 final).

Building on the successful Europa Connectivity Forum in 2019 involving some EU partner countries and key stakeholders, the EU will host regular editions of the Global Gateway Forum. The Commission will organise a meeting with stakeholders in June 2022 to take stock of the progress made in the implementation of the Global Gateway and have a dialogue on next steps (JOIN(2021) 30 final). Using all the financial and development tools at the EU's disposal and supported by the strong commitment from EU Member States, Global Gateway will aim at mobilising investments of up to €300 billion between 2021 and 2027, for achieving a lasting global recovery, while considering the partner countries' needs and the EU's own interests (European Commission 2021a, JOIN(2021) 30 final). Under 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 2021b).

Global Gateway will channel EU spending on global infrastructure development in accordance with the following key principles: Democratic values and high standards Global Gateway will offer a

values-based option for partner countries to choose from when deciding how to meet their infrastructure development needs (JOIN(2021) 30 final). This means adhering to the rule of law, upholding high standards of human, social, and workers' rights and respecting norms from international rules and standards to intellectual property (JOIN(2021) 30 final). It means selecting investments that are sustainable - for local people, local environment, and local economies. It means taking an ethical approach so that infrastructure projects do not create unsustainable debt or unwanted dependencies (JOIN(2021) 30 final). Global Gateway projects will be designed, developed, and implemented in close cooperation and consultation with partner countries. Infrastructure projects will be based on the needs and opportunities that they identify for their local economies and local communities, as well as the EU's own strategic interests (JOIN(2021) 30 final). This means developing partnerships with countries at eyes-level and ensuring that project planning considers the capacity of host countries to manage and maintain the infrastructure in a sustainable way after it has been completed.

Regarding transport, the transport networks are considered a critical enabler of prosperous economies and societies and is a key sector in the fight against climate change and the development and introduction of digital technologies (JOIN(2021) 30 final).

Therefore, Global Gateway will promote worldwide infrastructure investments that create sustainable, smart, resilient, inclusive, and safe transport networks in all modes of transport, including rail, road, ports, airports, as well as logistics and border-crossing points, and bring these modes together in a multimodal system. The Global Gateway implements transport infrastructure projects that foster the sustainable development of partner countries and reduce GHG emissions, as well as enable the

diversification of their supply chains (JOIN(2021) 30 final).

Regarding the need to improve the transport networks, Global Gateway will promote worldwide infrastructure investments that create sustainable, smart, resilient, inclusive, and safe transport networks in all modes of transport, including rail, road, ports, airports, as well as logistics, and border-crossing points, in a multimodal system. Transport infrastructure projects will be implemented that foster the sustainable development of partner countries and reduce GHG emissions, as well as enable the diversification of their supply chains. We will also seek to build on our position as the world's transportation hub (European Commission 2021c). Regarding new financial tools, the Neighbourhood, Development, and International Cooperation Instrument (NDICI-Global Europe), adopted in June 2021, established the new European Fund for Sustainable Development Plus ("EFSD+"). The NDICI has an overall budget of €79 billion, and several tools to enable the EU to leverage our investments, in particular the European Fund for Sustainable Development plus (EFSD+) (European Commission 2021c). In addition, the Instrument for Pre-Accession Assistance (IPA) III (with an overall budget of over €14 billion), as well as Interreg, InvestEU and the EU research and innovation programme Horizon Europe, will allow the EU to leverage public and private investments in priority areas, including connectivity (European Commission 2021). On 10 May 2022, the European Commission, and the European Investment Bank (EIB) signed a Guarantee Agreement through which the European Commission will support up to €26.7 billion of EIB financial operations to enable crucial public investments in sectors like clean energy, digital and transport infrastructure, health, and education over the next seven years, rolling out Global Gateway worldwide (EACCNY 2022). This Guarantee Agreement will be the largest Guarantee Agreement signed in

the framework of the new European Fund for Sustainable Development Plus (“EFSD+”), established by the NDICI - Global Europe regulation. The EFSD+ also covers the pre-accession countries. The Guarantee Agreement will support the green and digital transitions in EU partner countries and the implementation of the Global Gateway strategy, including the Global Gateway Africa-Europe Investment Package (EACCNY 2022). This Guarantee Agreement will enable the EIB to finance the implementation of key investments identified in the EU’s Economic and Investment Plans for the Western Balkans and the Southern and Eastern Neighbourhood regions (EACCNY 2022). More than two thirds of this guaranty cover is planned for investments in enlargement and neighbourhood countries. It will also contribute to financing Ukraine’s post-war reconstruction. The remaining part will be used for EIB loans for projects in Sub-Saharan Africa, Asia, the Pacific, Latin America, and the Caribbean (EACCNY 2022, European Commission 2021c).

The EU will provide additional € 4.6 billion to enhance sustainable transport connections, in line with the green and digital transformation. The EU will promote the strengthening of connections with adjacent strategic corridors in Sub-Saharan Africa and Central Asia, advance the regulatory environment and promote EU and international standards (JOIN(2021) 30 final).

The projects under Global Gateway will continue to be decided in line with the respective governance mechanisms of their respective financing instruments, while a Global Gateway Board* to give strategic guidance will be established focused on its implementation, including the development of Team Europe Initiatives. The EU’s Delegations around the world will play a key role to identify and coordinate Global Gateway projects in partner countries.

With Global Gateway, Europe will play its full part in narrowing the global investment gap. However, meeting this objective will require the concerted effort of like-minded partners and support work started within the G7 (European Commission 2021c).

3. The G7’s Partnership for Global Infrastructure and Investment (PGII) and the Global Gateway strategy

Infrastructure is critical to driving a society’s productivity and prosperity. However, many developing countries lack adequate access to high-quality financing that meets their long-term infrastructure investment needs. Financing options often lack transparency, fuel corruption and poor governance, and create unsustainable debt burdens. This often leads to projects that exploit, rather than empower, degrade natural resources and the environment; threaten economic stability; undermine gender equality and human rights; and put insufficient focus on cybersecurity best practices, among others (The White House 2022a).

The two initiatives launched in 2021, the EU’s Global Gateway and the G7’s “Build Back Better World” (B3W) initiative were expected to work in a complementary way to offer an alternative to the Chinese BRI (Hillman/Sacks 2021). While there were no concrete plans announced based on the B3W since its launch in 2021, the EU launched its Global Gateway infrastructure fund for developing countries, aiming to mobilise €300bn in investments between 2021 and 2027. It was suggested that if partners from Japan, India and the U.S. were 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).

This commitment to working together was reaffirmed at the COP26, the 2021 United Nations Climate Change Conference (European Commission 2021c).

At the G7 in June 2022, the German chancellor Olaf Scholz acknowledged the advantages of a common G7 countries' initiative like the B3W (G7 Germany 2022b). Therefore, to take the two initiatives one step ahead, at the Group of Seven meeting in Germany in June 2022, the G7 leaders announced their intention to tackle the growing influence of the Chinese BRI initiative, with a new initiative. One year after the announcement of the G7's Build Back Better World initiative unveiled at the G7 meeting in 2021, the fund was relaunched under the name Partnership for Global Infrastructure and Investment (PGII) at the start of the G7 in Germany on 26 June 2022 (G7 Germany 2022b). It aims to offer an alternative to China's infrastructure investments worldwide over the past decade under the BRI (The White House 2022a). The Partnership for Global Infrastructure and Investment (PGII) is a joint offer to narrow the investment gap for sustainable, inclusive, climate resilient, and quality infrastructure in emerging markets and developing countries, based on intensified cooperation, democratic values, and high standards (G7 Germany 2022c).

The Partnership for Global Infrastructure and Investment (PGII) is intended "... to make the world a better place with better infrastructure" according to the German Federal Chancellor Olaf Scholz (G7 Germany 2022b). The Partnership for Global Infrastructure and Investment is expected to deliver game-changing projects to close the infrastructure gap in developing countries, strengthen the global economy and supply chains, and advance U.S. national security (The White House 2022b).

The G7 PGII initiative is expected to fund projects in four major categories: clean energy, health systems, gender equality and information and communications technology (G7 Germany 2022c). Over the next five years, the G7 governments and the private business sector are expected to invest \$600 billion. The PGII aims at lessening the Chinese economic grip on low- and middle-

income countries by mobilising this private and public capital over the next five years until 2027 and to narrow the global infrastructure investment gap (G7 Germany 2022a).

G7 Leaders' Communiqué underlines the intention to leveraging private capital and shaping and implementing country-led partnerships and intensify dialogue and joint action with interested partners to narrow the infrastructure gap and drive transformational progress globally (G7 Germany 2022c).

Through the PGII, the United States and like-minded partners will emphasize high-standards and quality investments in resilient infrastructure that will drive job creation, safeguard against corruption, guarantee respect for workers' organizations and collective bargaining as allowed by national law or similar mechanisms, support inclusive economic recovery, address risks of environmental degradation, promote robust cybersecurity, promote skills transfer, and protect American economic prosperity and national security (The White House 2022a).

The PGII will also advance values-driven infrastructure development that is carried out in a transparent and sustainable manner – financially, environmentally, and socially – to lead to better outcomes for recipient countries and communities. (The White House 2022a).

The G7 will step up their cooperation globally, including through working towards new Just Energy Transition Partnerships with Indonesia, India, Senegal, and Vietnam, building on an existing partnership with South Africa. According to the German Chancellor Scholz, the PGII joint G7 Infrastructure Initiative is building on strong regional initiatives such as the EU Global Gateway Initiative and the work of all G7 members (G7 Germany 2022b). According to the statement of the president of the European Commission von der Leyen on the occasion of the launch of the Partnership for Global Infrastructure and Investment at the G7 Leaders' Summit, the EU will

response to the world's investment gap with its Global Gateway initiative and the Team Europe approach, which will take place under the roof of the G7's Partnership for Global Infrastructure and Investment initiative (European Commission 2022).

4. Conclusion

Since more than a decade, the Chinese BRI initiative not only offers to finance infrastructure projects in low- and mid-income countries. These Chinese investments also create an increase of the Chinese influence on these countries' political decision making due to the creation of financial dependencies in these industrialising and developing countries.

In the past year, the launch of two initiatives, the G7's B3W and the EU's Global Gateway initiative, underline the determination of the western Democracies to offer an alternative to the Chinese BRI initiative. This can be considered being a positive initiative to support the construction of infrastructures in less developed countries. By introducing the new strategy Global Gateway, the EU recognises its concerns regarding China's foreign policy and BRI's geopolitical impact, and to offer an alternative to the Chinese initiative.

However, the fact that the B3W has been relaunched under a different name of the Partnership for Global Infrastructure and Investment (PGII) shows, that so far, this approach has not yet been stabilised and that the G7 are still on the search of the right format. However, now it can be expected that the relaunch under the new name PGII together with the EU's Global Gateway can seriously start with the financing of infrastructure projects at global level. The PGII focuses on "climate and energy security, digital connectivity, health and health security, and gender equality and equity."

However, considering the recent changes caused by the Russian invasion in the Ukraine and the

Chinese supportive position towards Russia, the geopolitical impact also on initiatives like the Global Gateway strategy cannot be evaluated in its entirety. Now that PGII has been launched as a revised G7 project, it remains to be seen how the PGII together with the Global Gateway initiative will be able to fulfil the 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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