

## Club of Three Webinar 22 February 2022

### Global Gateways: Can the EU match China's Belt and Road ambitions?

#### Meeting summary

In February, the Club of Three held a webinar on Europe and China with a particular focus on their respective infrastructure development schemes, the EU's Global Gateway announced in December 2021 and China's Belt and Road Initiative (BRI).

The discussion, chaired by Club of Three Chairman Michael Maclay, involved some 30 senior figures from business, politics, diplomacy, academia and the media in France, Germany, the UK and China. The main speakers were **Romana Vlahutin**, EU Special Envoy and Ambassador at Large for Connectivity, and **Professor Lanxin Xiang**, Director of the Institute of Security Policy at the China National Institute for SCO International Exchange and Judicial Cooperation (CNISCO), based at the Shanghai University of Political Science and Law.

During the discussion, participants explored the potential reach and benefits of Global Gateway in regions like Asia and Africa, as well as other areas in which it could be expected to compete with or complement the BRI. Could Global Gateway achieve tangible results and help strengthen Europe's influence in these regions? How far could the BRI offer the opportunity for co-operation with Western initiatives rather than confrontation?

In response to concerns about Global Gateway's apparent lack of financial firepower compared with the BRI, it was pointed out that EU statistics actually showed a very different picture. Between 2013 and 2018, China had invested around €460bn in the BRI, through loans mostly, while the EU – both EU institutions and Member States – had dispersed around €430bn on infrastructure projects and grants globally, which in terms of quality represented better value for money. In that sense, there was an absolute match in EU and Chinese ambitions.

But it was also noted that the EU had a different set of ambitions. A particular emphasis was placed on connectivity and pursuing two intertwined agendas: digitalisation and the green transition. These were areas where the EU felt it had a lot to offer. Moving towards a digital and green economy represented huge opportunities for developing countries in terms of future growth. Choosing this path would provide stability, sustainability and resilience in the long term.

The EU was in no rush to expedite infrastructure projects. Reaping the rewards of the digital and green transitions required careful planning and lengthy discussions with partners, especially when there was pressure to opt for carbon-intensive solutions that would address immediate problems but be detrimental in the long run.

Although it sometimes had a reputation for being a bit slow in bringing projects to life, there was a feeling among partners that when the EU delivered, it delivered quality, and it was a trusted partner.

On the Chinese side, there was some confusion as to whether Global Gateway would eventually lead to cooperation, competition or even rivalry. At the beginning, the Europeans had shown a keen interest in the BRI and the potential for cooperation. However, there had so far been no real involvement on the part of Western financial institutions, and it now seemed that Europe was leaning towards both economic and political rivalry vis-à-vis China. One of the European participants noted that it had become apparent that EU partners were not going to have a big say in the design and architecture of the BRI, and that there were questions as to whether they would ever be treated as equal partners.

In China, the concept of connectivity at the centre of Global Gateway was not initially part of Beijing's thinking when designing the BRI. But it is not at all alien to Chinese traditional thinking and has received a lot of attention since Xi Jinping's opening speech at the Belt and Road Forum for International Cooperation in 2017.

One of the European participants observed that China now seemed to be more involved in debt financing while some projects were on pause. Moreover, Chinese lending to developing countries had dropped over the past two years. Were these signs of a rethinking on the BRI in Beijing? The response from China was that there was indeed a retrenchment going on but this was in part due to the impact of the Covid-19 pandemic. Beijing was also learning from recent experience and taking a more targeted approach to lending as a result.

Another participant noted that the BRI had brought immense benefits to countries like Mongolia and Kazakhstan but took the view that it would need to evolve beyond what he described as a network of Roman roads shifting goods from East to West. Unless there was global cooperation, the BRI might fail to reach its true potential.

On the issue of cooperation, one of the Chinese participants offered a historic point of view, stressing that the Europeans perhaps ought to rediscover the approach taken by the Jesuit missions of the XVI and XVII centuries when significant efforts were made to understand China. In terms of economic interests, Europe and China were highly compatible, even more so than with Russia.

Questions were asked about whether EU conditionalities, particularly regarding human rights, were a hindrance to the success of Global Gateway in regions like Africa and Central Asian, given that the BRI had no such requirements. It was pointed out that, far from being a luxury, better protection for people was an integral part of a sustainable and resilient economy. There was actually a demand for such EU partnerships in these regions today as the long term benefits were better understood. Countries also wanted to have a choice in terms of development pathways as there was often only one offer on the table.