

Providing Alternatives on Infrastructure and Connectivity



“It is important to bring forward this connectivity initiative and to make sure we have the better and the more convincing model. [...] It is, for us, important to convince our partners [that] with us, the investment comes without strings attached compared to China.”³¹

Ursula von der Leyen, European Commission President, Euronews, June 13, 2021

The Stakes

In an increasingly interconnected world, the relevance of global infrastructure is obvious. Connectivity covers infrastructure but captures a broader set of issues relevant to the systemic rivalry underway with an authoritarian China pursuing hegemonic ambitions. Connectivity is inherently geostrategic. It will, in large part, determine the future shape of the world both in terms of physical and digital connections and the predominant set of rule and norms.

While the overall picture is mixed, China has invested heavily into its connectivity strategy, the Belt and Road Initiative (BRI), which extends throughout the developing and emerging world as well as into the EU. Using BRI, China has succeeded in creating a new strategic environment in many geographies, involving new dependencies (raw materials, value chains, trade routes, and loans) and impacting norms (lack of sustainability or degradation of transparency). BRI is based on a China-centric vision of production, trade and value chains and has a long-term negative effect on the autonomy and resilience of recipient countries as well as on global governance.³⁰

As the saying goes, you can't fight something with nothing: while BRI has long been criticized by the US and Europe, what is needed are credible alternatives to respond to the vast needs for infrastructure and to generate economic growth, while respecting the rule of law, transparency, and environmental and financial sustainability. Together, transatlantic partners already provide enormous resources for building connectivity worldwide. However, they have failed to coordinate and communicate their level of engagement.

Hence the need for a coordinated transatlantic approach on global infrastructure and connectivity, working through the G7 and EU-US formats in particular. Such an approach would need to cover the respective “neighborhoods” of Europe and North America, while also engaging partners globally, particularly in the Indo-Pacific and Africa.

Given the vast financial needs for connectivity, estimated by the World Bank at around two trillion US dollars a year globally, bringing in the private sec-

tor will be indispensable to any successful transatlantic effort to promote high-quality and high-standard connectivity. However, in many cases development assistance will be critical because projects are not commercially viable.

As some aspects are covered elsewhere, this chapter focuses on the idea of a coordinated transatlantic connectivity approach as well as the construction of the necessary physical infrastructure and the accompanying non-material architecture (principles, institutions, funding).



“China has this Belt and Road Initiative, and we think that there’s a much more equitable way to provide for the needs of countries around the world. [...] It’s a values-driven, high-standard, transparent financing mechanism we’re going to provide [...] and we believe that will not only be good for the countries, but it’ll be good for the entire world and represent values that our democracies represent, and not autocratic lack of values.”³²

Joe Biden, US President,
G7 Summit, June 13, 2021

The State of Play

Connectivity, a concept originally developed to integrate the Soviet space at the end of the Cold War, made a comeback in 2018 when the EU adopted a communication on “Connecting Europe and Asia.” In January 2021, the European Parliament adopted a report on “Connectivity and EU-Asia relations” which expands the connectivity approach to a global level. In 2019 and 2021 the EU concluded connectivity partnerships with Japan and India.

On the US side, a key document is the Build Act, a bipartisan piece of legislation adopted in 2018, which led to the creation of the US International Development Finance Corporation (DFC) with a budget of 60 billion US dollars. There are also other initiatives including the Blue Dot Network, in conjunction with Japan and Australia, and the Clean Network Initiative.

During the first high-level meeting of the EU-US dialogue on China on May 26, Deputy Secretary of State Sherman and EEAS Secretary General Sannino “underscored a shared interest in improving connectivity by supporting partners in setting up regulatory environments that are conducive to sustainable connectivity, as well as through quality infrastructure development and projects consistent with the highest transparency, digital, and green standards.”³³

The June 2021 G7 summit marks a breakthrough in terms of elevating the issue and attracting top-level political support. Heads of state and government agreed to “aim for a step change in our approach to infrastructure financing” and emphasized the need for transparency, sustainability, and strong standards.³⁴ The initiative was branded “Build Back Better World” or B3W. The summit established a task force to develop practical proposals and report back in autumn. The objective is to take the initiative forward at the mid-2022 G7 summit hosted by Germany. By contrast, the EU-US summit

communiqué contained only a passing reference, pledging to “enhance our cooperation on sustainable connectivity and high-quality infrastructure.”³⁵ The question now is whether B3W will do better than previous Western initiatives and whether it will actually translate into a credible program delivering results.

The Priorities

While there will be several lines of operation, the June 2021 G7 summit has identified an important framework. Transatlantic partners should pursue the following measures over the course of the next six to 18 months:

Developing a coordinated transatlantic approach

Realistically, much of the work on connectivity and global infrastructure will be done on a national or ad hoc basis. However, transatlantic partners should coordinate closely, working through the G7 as well as in other formats. Working through the OECD, the US and Europe should join forces around the Blue Dot Network as a global certification mechanism.

Mobilizing the EU for action

The EU has been a leader in articulating connectivity as a concept. Its contribution is indispensable in order to provide credible alternatives to BRI. However, bureaucratic infighting has gotten in the way of EU action and the Commission (which controls the relevant resources) has been slow to act. As member states and the European Parliament have been urging, the Commission and the EEAS must seize the momentum of the June summits and move from rhetoric to action with regard to B3W and with regard to implementing the EU’s connectivity partnerships with Japan and India.

The EU and its member states should also review how their official development assistance programs can be integrated into a strategic approach on connectivity.

Taking flagship projects forward

The EU and its member states should also review how their official development assistance programs can be integrated into a strategic approach on connectivity.

Identifying flagship projects and implementing them rapidly is crucial in order to demonstrate that transatlantic partners are in fact “stepping up”. The following list illustrates the kind of projects that deserve high-level attention:

Development of deep-sea cable digital infrastructure, such as the expansion of the recently inaugurated EllaLink Cable to connect Africa. Transatlantic partners should cooperate to utilize the potential of the EU’s “Data-Gateway Platforms” strategy.

Development of the Anaklia deep-sea port in Georgia, strategically needed infrastructure that would enable a significant increase of freight traffic between Europe and Asia along the most convenient multimodal “Middle Corridor”.

Consolidating infrastructure connections between the EU and the Western Balkans as well as in the area covered by the Three Seas Initiative. The EU is already investing large amounts in land communications and port facilities. Enhanced investments in digital infrastructure would be equally important.

Working with partners in Africa to define priority infrastructure projects in “African growth corridors.”

Providing financing for renewable energy investments in the most climate vulnerable countries (e.g., Maldives, Bangladesh, Pacific Islands, and others) to bring the cost of capital down, enabling a green transition.

Promoting a joint narrative

The G7 summit has adopted “B3W” as the name for its new infrastructure initiative. It would be a mistake to frame B3W primarily as a countermeasure to BRI. Instead, it will be judged by what it can deliver in terms of real infrastructure. However, as in the case of BRI, communicating the magnitude of this initiative and the values which it represents will be key. Transatlantic partners should therefore plan for a major public diplomacy campaign once the overall policy has been set.

Joining forces with like-minded partners

Working through appropriate formats, transatlantic partners should actively promote cooperation with regional organizations, such as the Association of Southeast Asian Nations and the African Union.

In parallel, they should engage in systematic coordination within international financial institutions, multilateral development banks, and international standard setting organizations. Together, they should put pressure on China to increase lending transparency as well as openness for debt renegotiation and restructuring. Given the importance of Japan in financing infrastructure in Southeast Asia and elsewhere, transatlantic partners should intensify consultations with Tokyo, as well as other partners such as Australia, India, Singapore, South Korea, and Taiwan to learn from their experience.

Transatlantic partners should establish a rapid response mechanism with expertise and financial heft ready to be deployed to countries that need assistance and viable alternatives to BRI, as in the recent case of the telecom license auction in Ethiopia. They should cooperate on creating innovative financing mechanisms and pooling resources, tailor-made if and when required for specific regions or sectors.