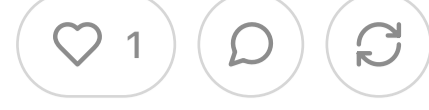


BUSINESS/ECONOMY

## EU borrows China's playbook to impress Global South

Global Gateway Forum conspicuously soon after Belt and Road Initiative Forum

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By: Jens Kastner



The European Commission, the executive body of the EU, late last week in Brussels concluded its first-ever Global Gateway Forum in a thinly veiled attempt to take some shine from China's Belt and Road Initiative Forum, held less than two weeks earlier in Beijing. With China, the US, and the EU all jockeying for influence in the developing world, China as early as 2013 prominently put the bulk of its foreign aid and partnership programs under one BRI umbrella, whereas Brussels didn't get underway until early 2022, concerting its own efforts under the Global Gateway construct.

Whereas China has so far stamped its seal on more than 3,000 cooperation projects in more than 150 countries, it took Brussels until March this year to come up with its first 87 beacon projects. As of late summer 2023 – more than a year and a half after the official launch – committees working on the implementation of the Global Gateway still hadn't filled all of their positions. That explains why the European Commission needed until last week to organize a first event that brings the donors and dozens of aid recipients together under the same roof.

The direct comparison suggests that China has extended its lead, with Beijing claiming cooperation agreements worth US\$97.2 billion have been signed during the BRI Forum, compared to the Global Gateway Forum's €2.5 billion (US\$2.64 billion). Some 22 heads of state and government traveled to Beijing, compared to 16 from outside the EU traveling to Brussels. But observers talking to Asia Sentinel see the European Commission as now being on the right track at last.

“The EU packaged its Global Gateway-brand activities nicely on social media, with maps for projects in Latin America and the Caribbean, Africa, Asia, and the EU neighborhood,” said Thomas Eder, a researcher at The Austrian Institute for International Affairs.

“Projects appear to involve sizeable spending by EU actors, including in categories reminiscent of the BRI like hydropower plants, transmission lines, and fiber-optic cables. The EU does not only bring loans and FDI to the table, but also grants, which the BRI does not.”

The EU primarily advertises that its financing offers differ from other donors because they minimize the risk of over-indebtedness for African countries – a rhetorical distinction from Chinese commitment, which is repeatedly accused of non-transparent practices that have resulted in many African states becoming indebted.

However, in terms of style and structure, the official website of the Global Gateway Forum strikingly closely resembles its BRI counterpart, displaying countless handshakes between Commissioner for International Partnerships Jutta Urpilainen and foreign officials. For instance, Minister of Education of Rwanda Gaspard Twagirayezu bagged €50 million to support early childhood development, while the German development bank KfW was given €100 million to cover KfW's guarantees for investors in the African Local Currency Bond Fund, which aims to enhance access to long-term financing in local currency for African local businesses.

Among the many other agreements also signed was a Memorandum of Understanding to support the development of the “Lobito Corridor,” which will connect Angola, the Democratic Republic of Congo, and Zambia. It is a joint project between the EU and the US's Partnership on Global Infrastructure Investment (PGI), which, formerly named the Build Back Better World initiative (B3W), is the US's own response to China's BRI. B3W struggled to get off the ground because not enough of the US's G-7 partners contributed financially. Is Global Gateway heading for the same fate?

“The success of the initiative will be determined during the coming months, and during this period the EU's communication should emphasize how its approach to infrastructure investment differs from other providers – and specifically how it delivers concrete and sustainable results,” said Niels Keijzer, a senior researcher at the German Institute of Development and Sustainability (IDOS).

Nonetheless, while the EU is now doubling down on competing with China in the Global South, China has been firming its grip on the EU's own backyard, as shown by the BRI Forum, which serves as a platform for the signing of a contract between China's state-owned CRRC Changchun Railway Vehicles Co and non-EU member Serbia for 20 high-speed trains, making it China's first European high-speed train deal ever. The trains are meant for the Serbia-Hungary railway project, a key plank of the BRI. There had been a years-long spat between Hungary and the EU over Hungary not complying with the EU's open bidding requirements, instead seeking to give contracts to local and Chinese companies.

Jacob Mardell, an analyst at the Berlin-based Mercator Institute for China Studies, recalled that on a recent trip to Serbia, he noted that the EU has begun asking for promotion and exposure of EU projects in the country. According to Mardell, this is reflected by Serbian president Aleksandar Vucic's Instagram account now featuring EU-related content of a sort that had previously usually only been seen with Chinese projects.

“The lesson they learned from China was about branding,” Mardell said. “Controlling the narrative isn't as easy as just announcing an initiative though, China had lots more working in its favor.”

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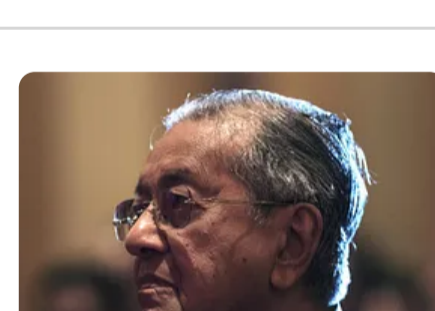

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