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Report on:

EU connectivity strategy for Eurasia

Implications for EU-US cooperation on China's Belt and Road Initiative

Broader question

On September 19, 2018 the European Union (EU) issued its connectivity strategy for the Euro-Asian region. It is Europe's response to China's Belt and Road Initiative (BRI). The strategy states clearly that Brussels wants to collaborate with Beijing in addressing infrastructure needs in Eurasia. The Asian Development Bank (ADB) has estimated that Asia faces a need for $26 trillion worth of infrastructure investment until 2030. In this context, Europe welcomes China's connectivity initiative, though it would like BRI projects to comply with the financial, environmental, social and labor standards promoted by the West. At the same time, the EU appears ready to cooperate with the United States in containing those elements of China's BRI which are not in line with Western-defined principles and standards.

Focused summary

- The EU has been promoting various initiatives to improve connectivity in Eurasia in the last years. The launch of China's BRI in late 2013 accelerated this process;
- The EU's connectivity strategy is based on Europe's fundamental values and principles. It seeks to promote labour, social and environmental standards and the principles of sustainability, transparency, open procurement and a level playing field;
- There are growing concerns in Europe that China's BRI does not subscribe to the same norms and standards to which the West is accustomed. The EU's connectivity strategy contains critical views of China's initiative which are in line with US perspectives;
- Consultations between the transatlantic allies on China's BRI have intensified in recent times, in light of developments in South and Southeast Asia. It appears that in countries such as Pakistan, Malaysia and Sri Lanka, Beijing is encouraging indebtedness in order to gain control of strategic assets when debtors default on repayments;
- The US is now considering creating an agency called the International Development Finance Corporation that could invest up to US$60 billion to counter what some in Washington view as China's use of 'debt-trap' projects to gain influence abroad. The Europeans are considering a similar initiative.