

# China's BRI versus Europe's Global Gateway: From an economic to a political rationale

Alicia Garcia Herrero

Adjunct Professor, HKUST



# Section 1: Why did China embark on the BRI project?



# Timing of President Xi's launch (and relaunch) of the BRI is key

Xi announced the concept as the "Silk Road Economic Belt" for the first time

**7 Sep  
2013**

The 1<sup>st</sup> BRI Summit

**14-15 May  
2017**

The 3<sup>rd</sup> BRI Summit

**17-18 Oct  
2023**



**28 Mar  
2015**

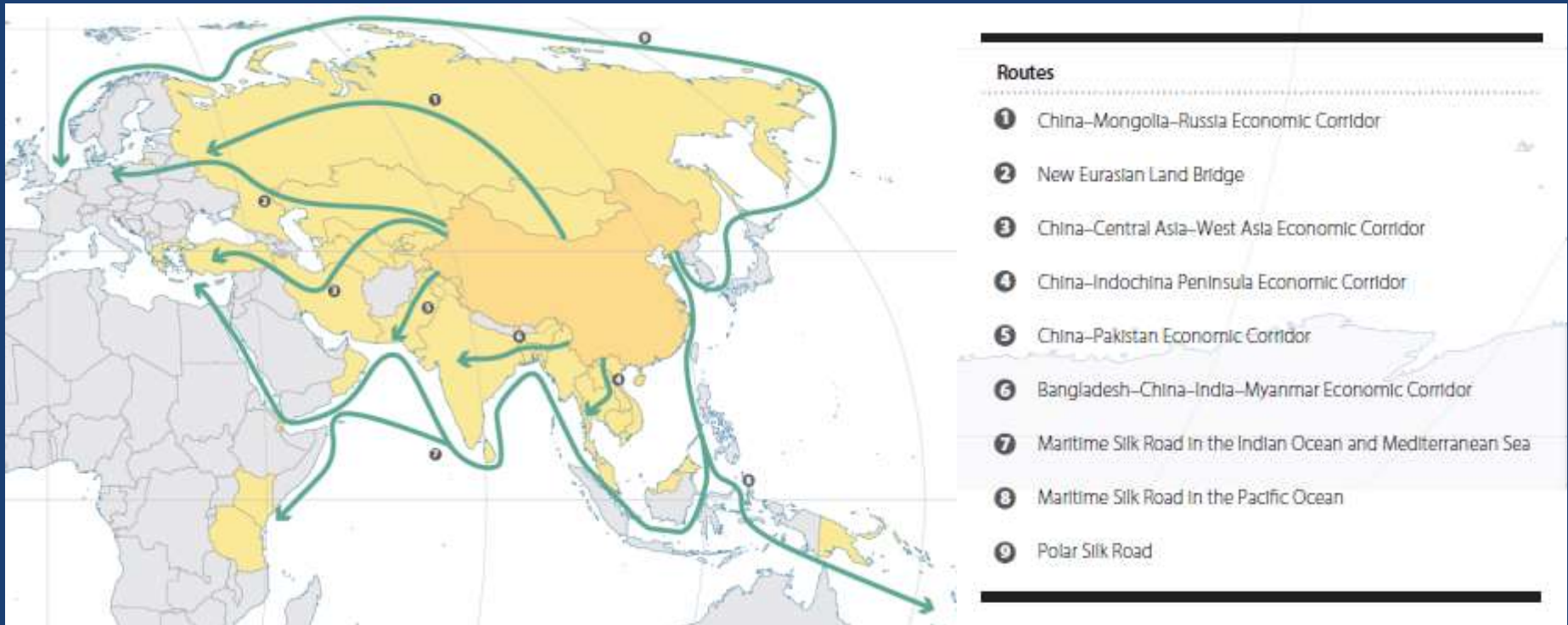
China's State Council outlined the principles, framework, key areas of cooperation and cooperation mechanisms on the Belt and Road Initiative

**25-27 Apr  
2019**

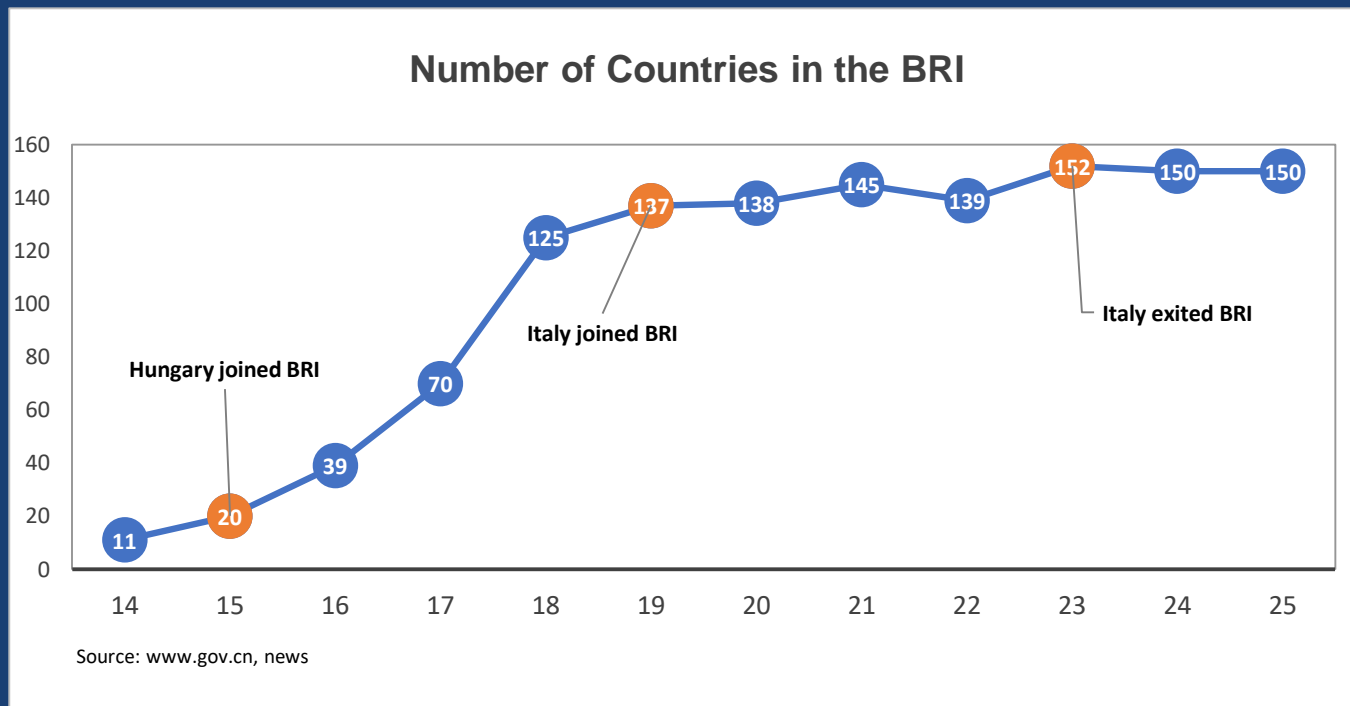
The 2<sup>nd</sup> BRI Summit



Since launched in 2013, the Belt and Road Initiative (BRI) has helped to deepen China's relationships mostly with developing and emerging countries



The number of countries in the BRI has ballooned but Western countries have shied away from it



# China's economic goals from BRI

1. Foster trade but with a twist: reduce dependence from the West as a market
2. Reduce China's growing excess capacity through exports
3. Invest in manufacturing sites to benefit from location (resources/avoiding protectionism from the West)
4. Developing logistical infrastructure as a means to the above end but always as a **hub and spoke approach** (China at the centre) while giving more projects to China's construction companies
5. Creating institutions to support BRI, such as AIIB, Silk Road Fund, etc. Although still most of the funding from Chinese development banks (hub and spoke)
6. Develop common standards in digital connectivity/digital health etc



# As West reacts, BRI becomes more geopolitical/security oriented

As the US (and the EU to a lesser extent) moved from engagement to competition /rivalry, China's BRI projects became more security –oriented.

China takes the helmet of the champion of the Global South (with India as major, but still marginal, contender )

Here are some of the actions:

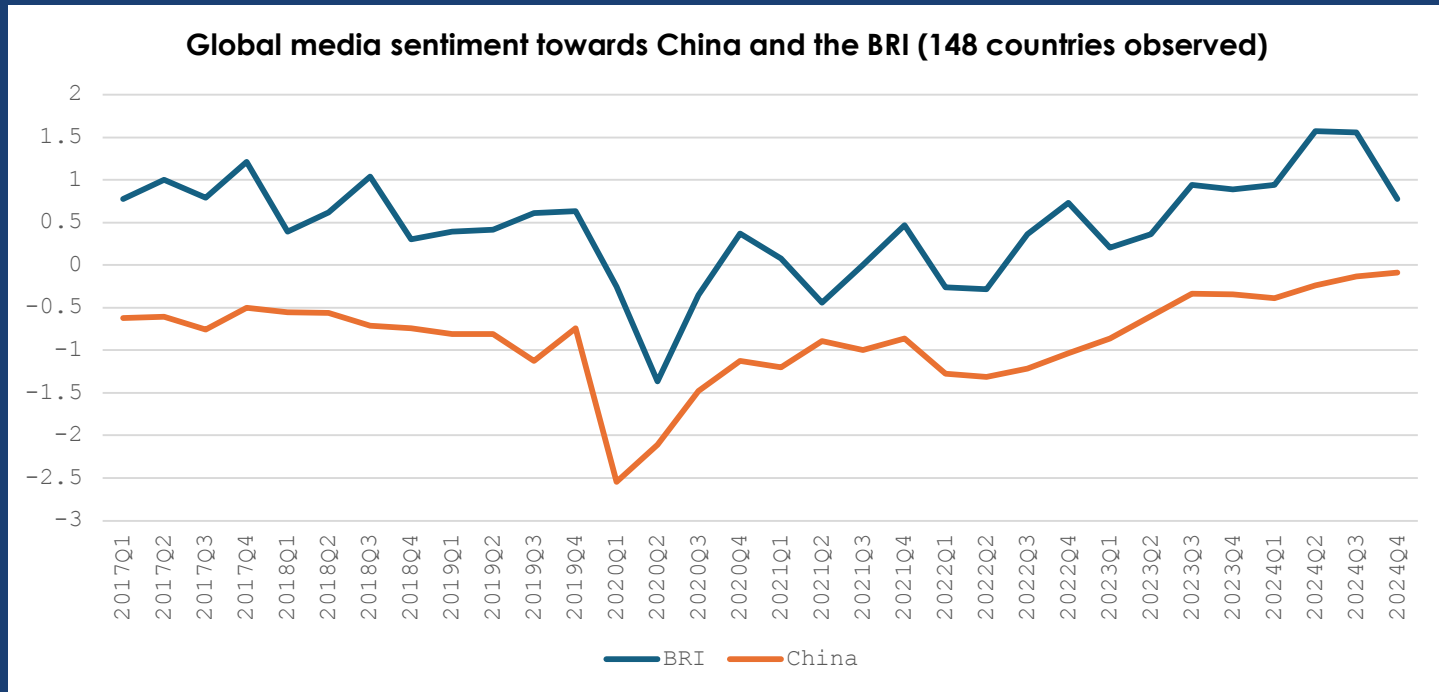
- While overall lending/investment into BRI geographies comes down aggressively due to China's much weaker economic situation, strategic projects , such as dual use of infrastructure (especially ports) continue
- Development of complementary concepts supporting China's leading role in Global South: Global Security Initiative (GSI), Global Development Initiative (GDI) and, more recently, Global Civilization Initiative (GCI).
- Enlargement of BRICS also complementary (broading of a second funding institution: New Development Bank
- International use of the RMB and new payment infrastructure (CIPS) to reduce sanctioning power of the West: dedollarization as additional long-term objective



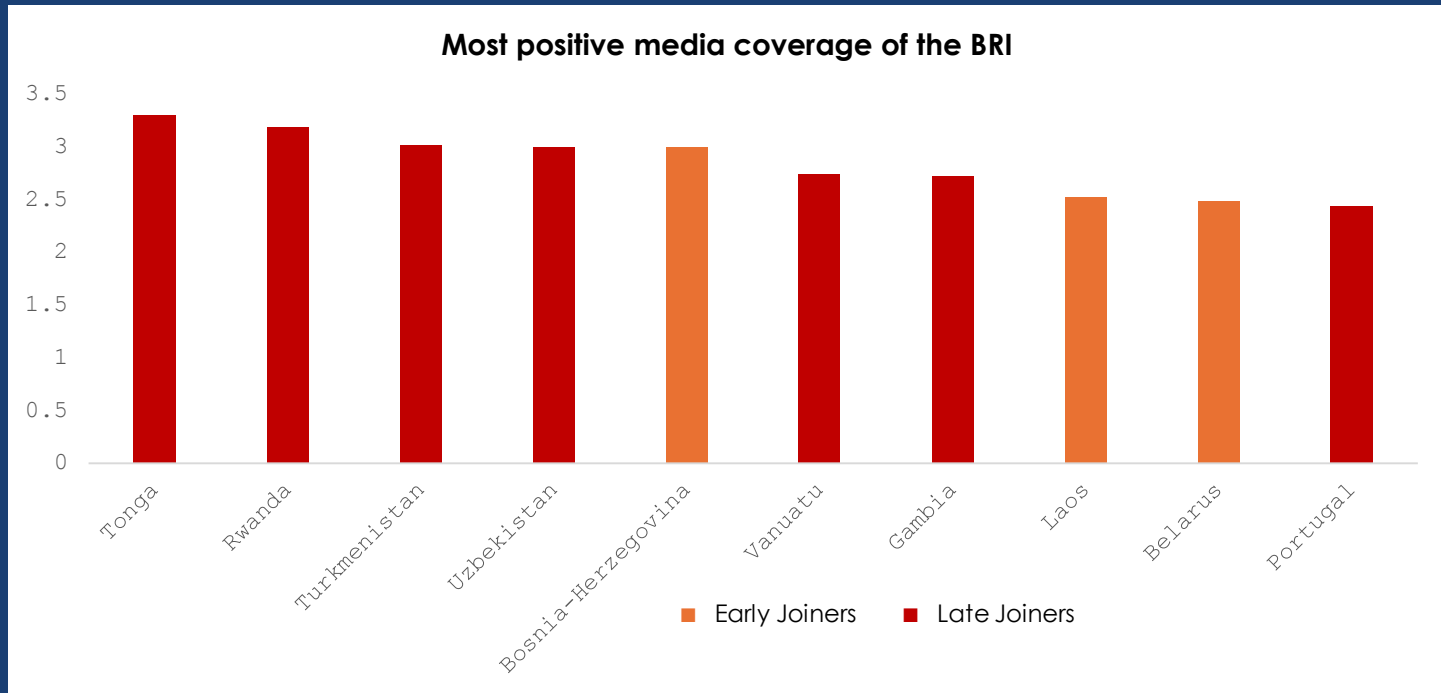
# Section 2: Global Sentiment Towards BRI



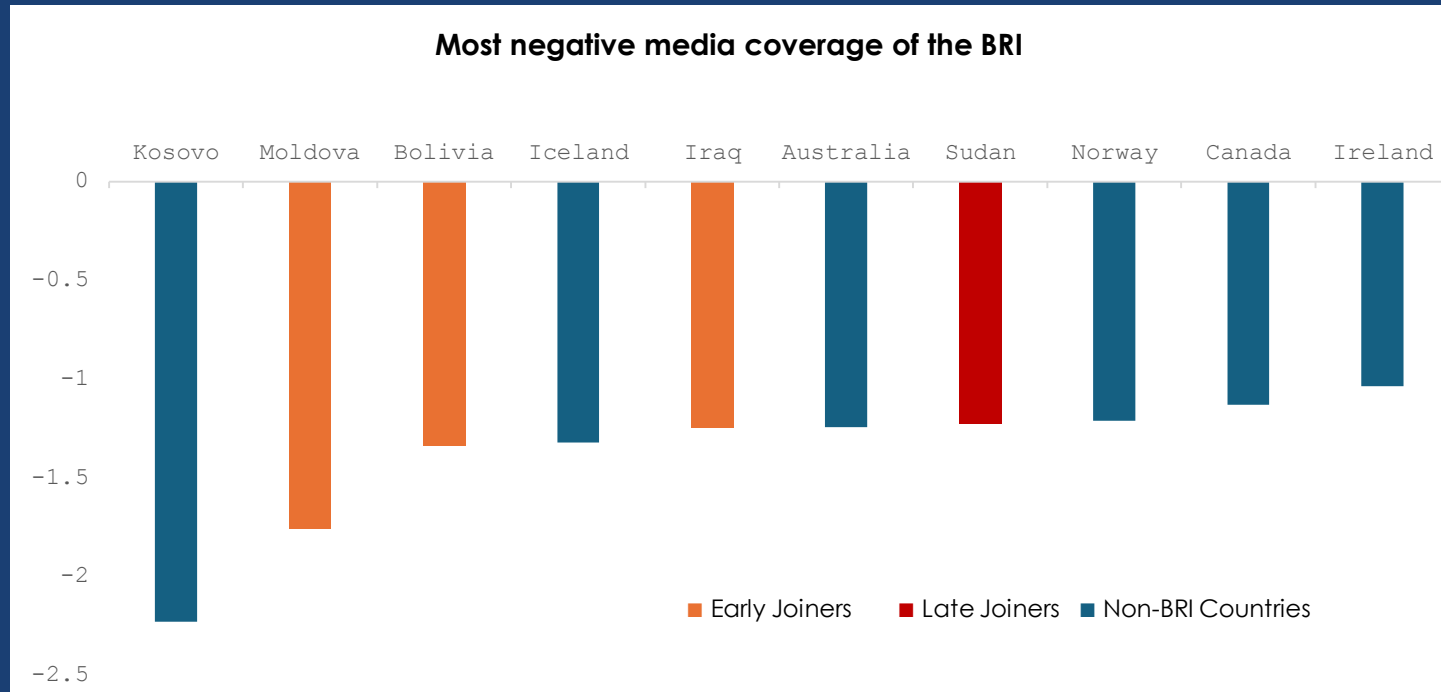
The Forum on China-Africa Cooperation and the China-Arab States Cooperation Forum, both significant recipients of BRI funding, likely influenced the peak in global sentiment towards the BRI through extensive media coverage



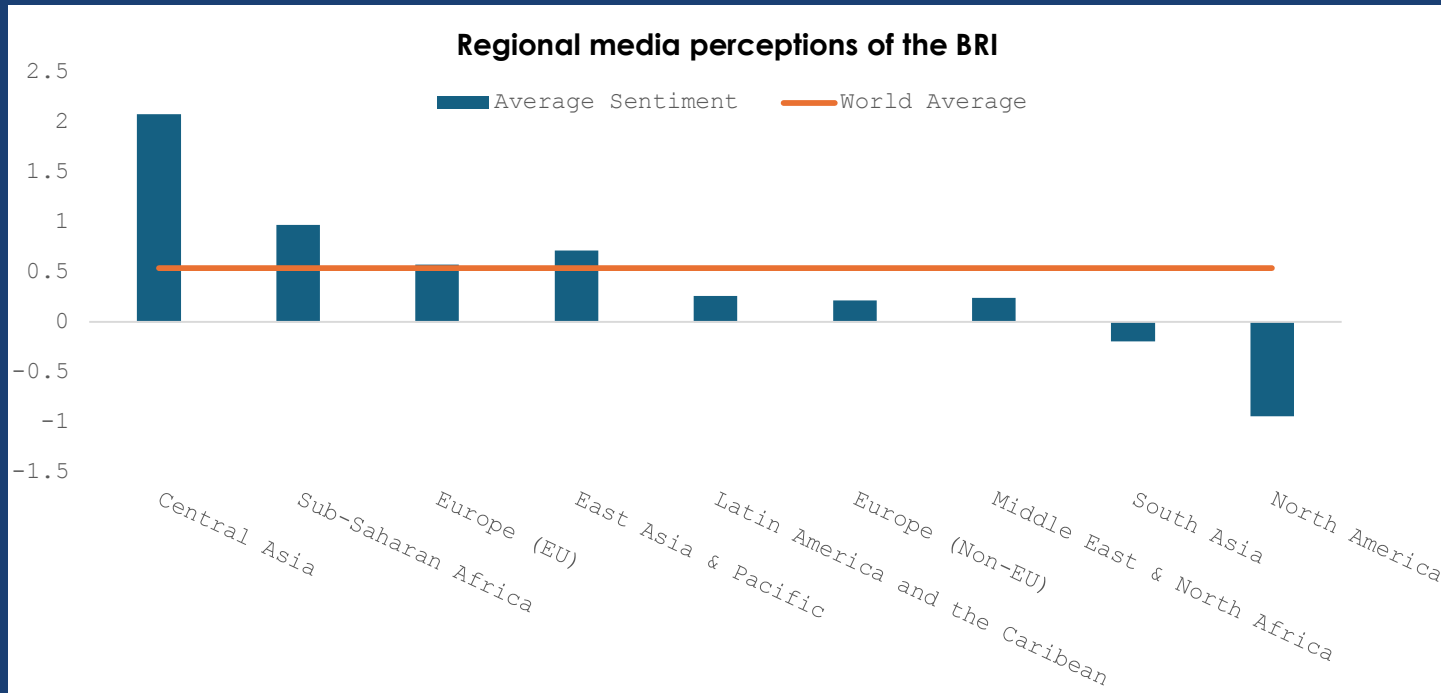
Tonga and Rwanda show strong enthusiasm for the BRI, while Bosnia-Herzegovina, Belarus, and Portugal are among its most supportive European nations



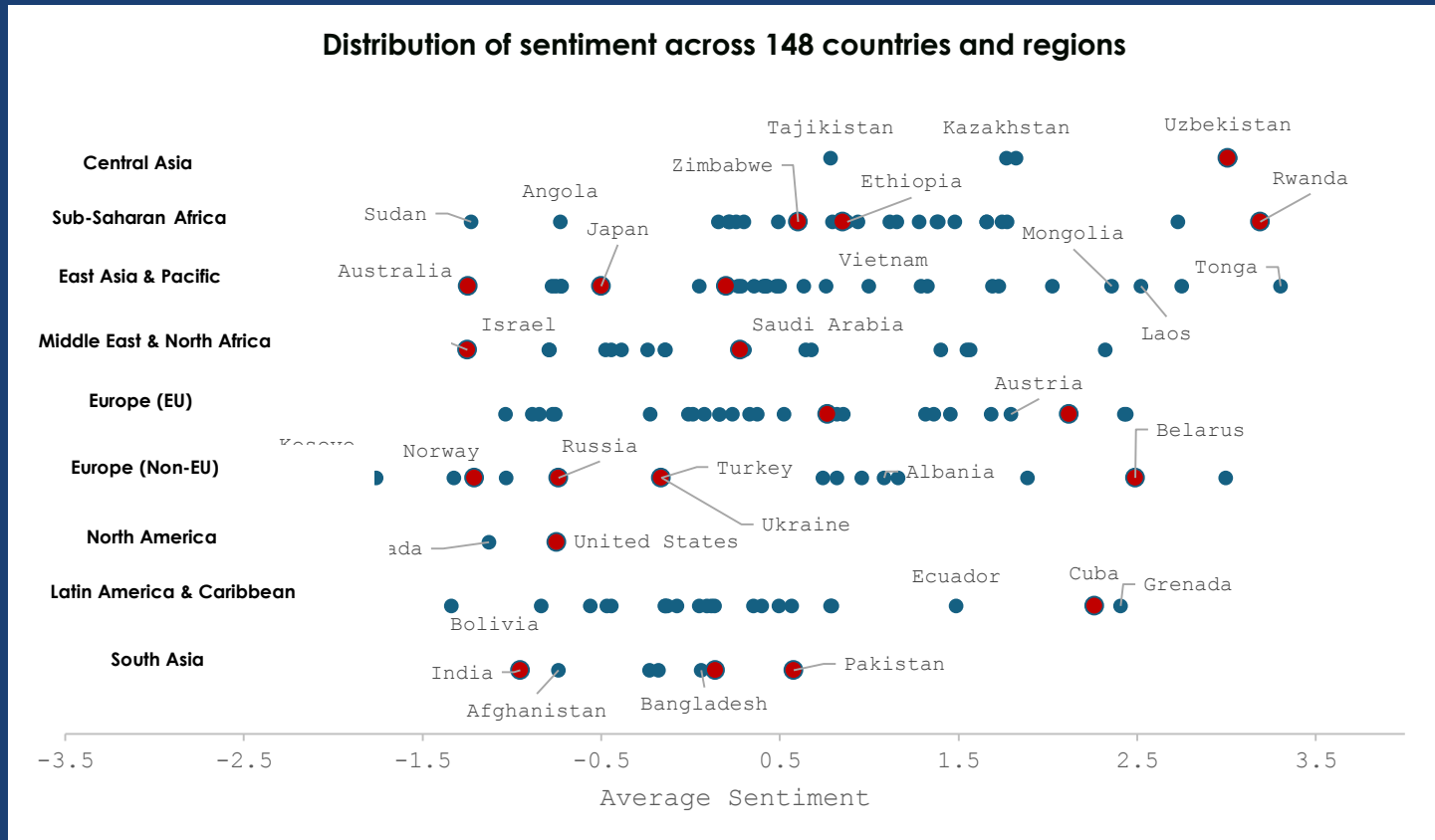
The BRI's most vocal critics are largely non-participating countries like Kosovo, but surprisingly, some early joiners like Moldova are also among its strongest critics



Central Asia, Sub-Saharan Africa, and East Asia maintain the most positive views of the BRI, while North America and South Asia have been uniformly critical



The BRI remains highly politicized, with national and regional sentiments generally mirroring political alignment with China, except in a few cases like Russia

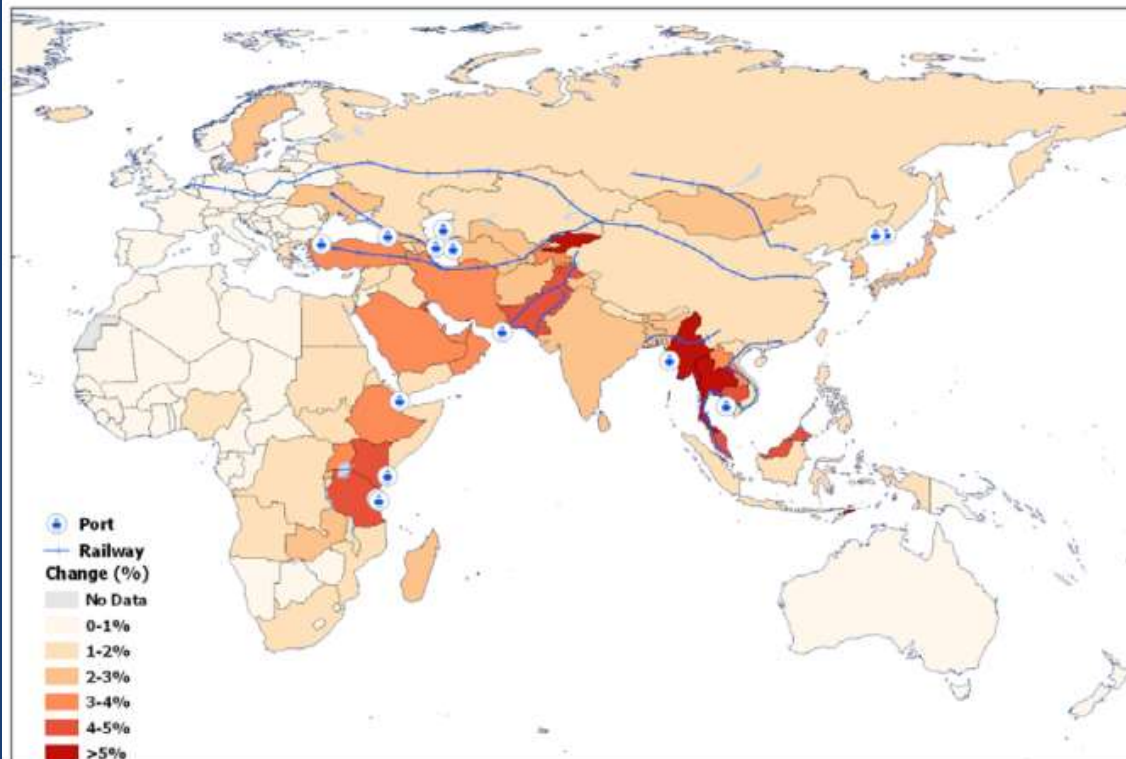


# Section 3: BRI Fostering Trade with emerging world



By reducing trade costs differentially across all country pairs, BRI to trigger a reallocation of comparative advantages across countries in a complex way and it will change the share of every trading partner in each country's aggregate imports and exports basket

Figure 4: Average decrease of trade costs per country – Upper Bound.



Note: For each country, all destinations are weighted by import flows.

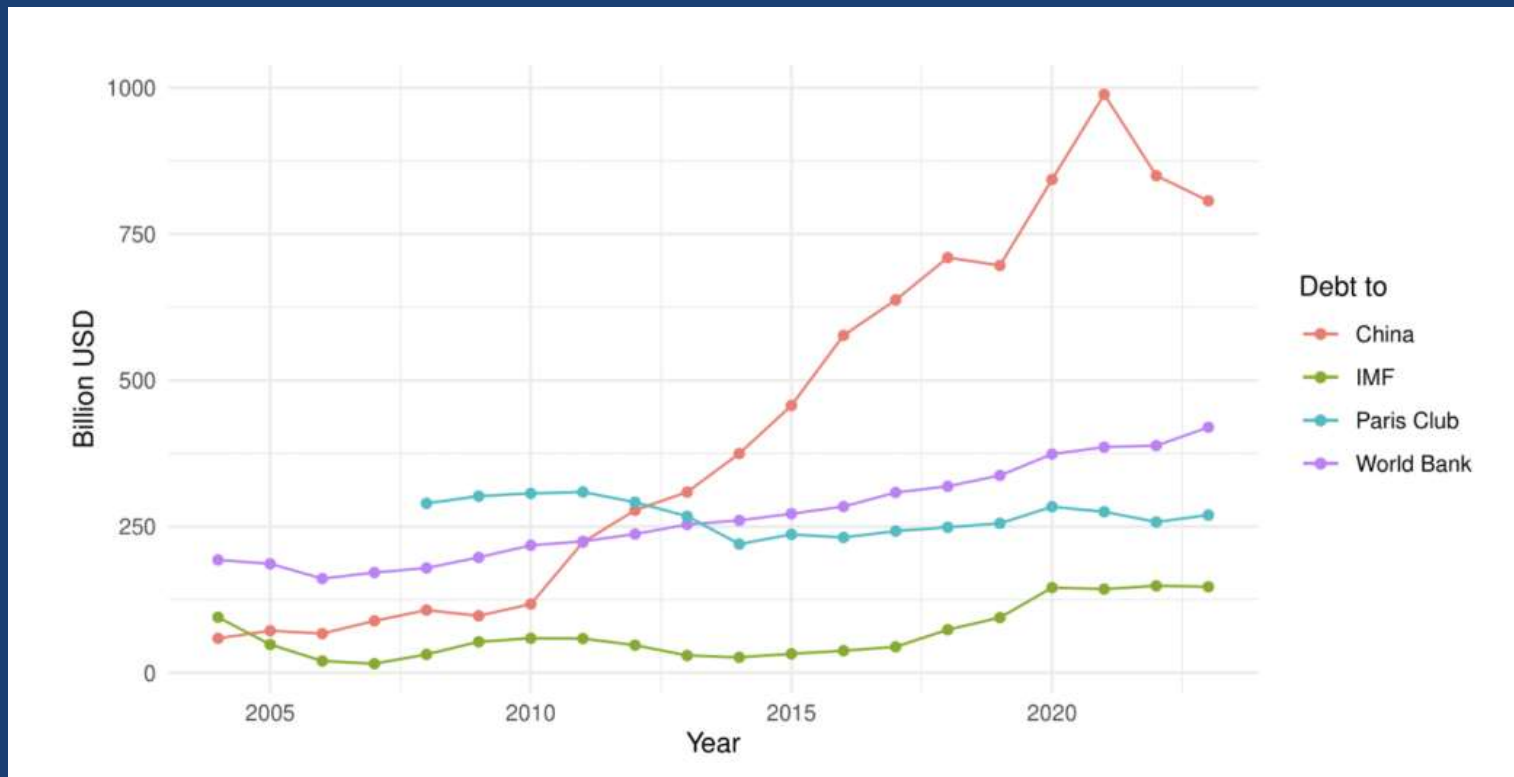


Section 4:  
BRI Lending and Investment  
have been huge but coming down



Chinese external lending accelerated after the BRI launched in 2013, but the flows slowed down before and after Covid (especially during Trump's trade war)

China's outstanding overseas loans



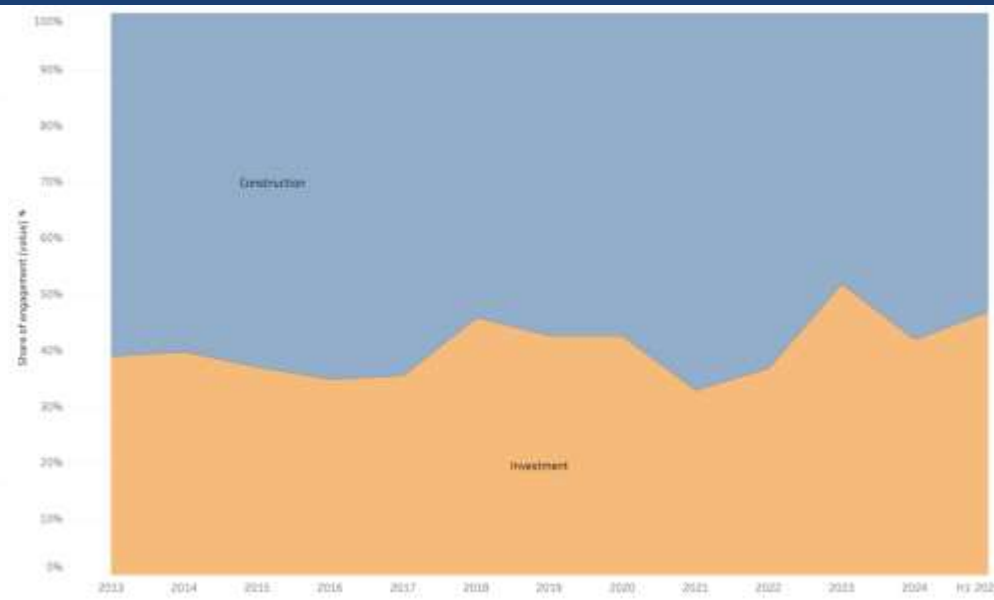
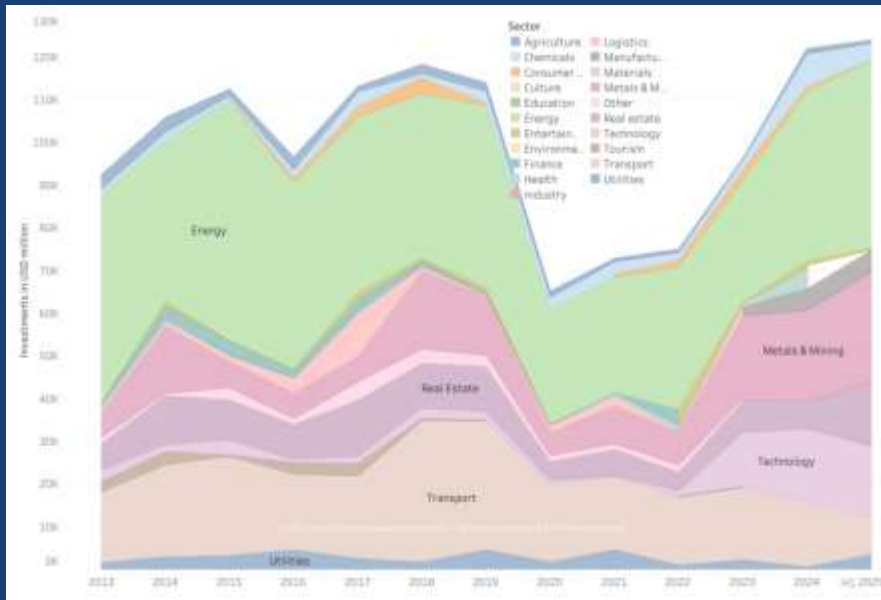
Source: CEPR



China's engagement in BRI used to be mainly construction projects but gradually transfer to investment in recent years, from the sector wise ,China focuses on energy, transport, metal and tech

China's BRI construction engagement and investments 2013-2025 H1

Share of construction and investment engagement in the BRI 2013-2025 H1



Source: Fudan University, Griffith University



# Section 5: BRI Energy at the forefront of the project



Energy has been a key sector in BRI projects with the bulk of the lending and investment in Russia followed by Middle East. At first the focus has been on fossil fuels

## Natural Gas and oil pipelines to China



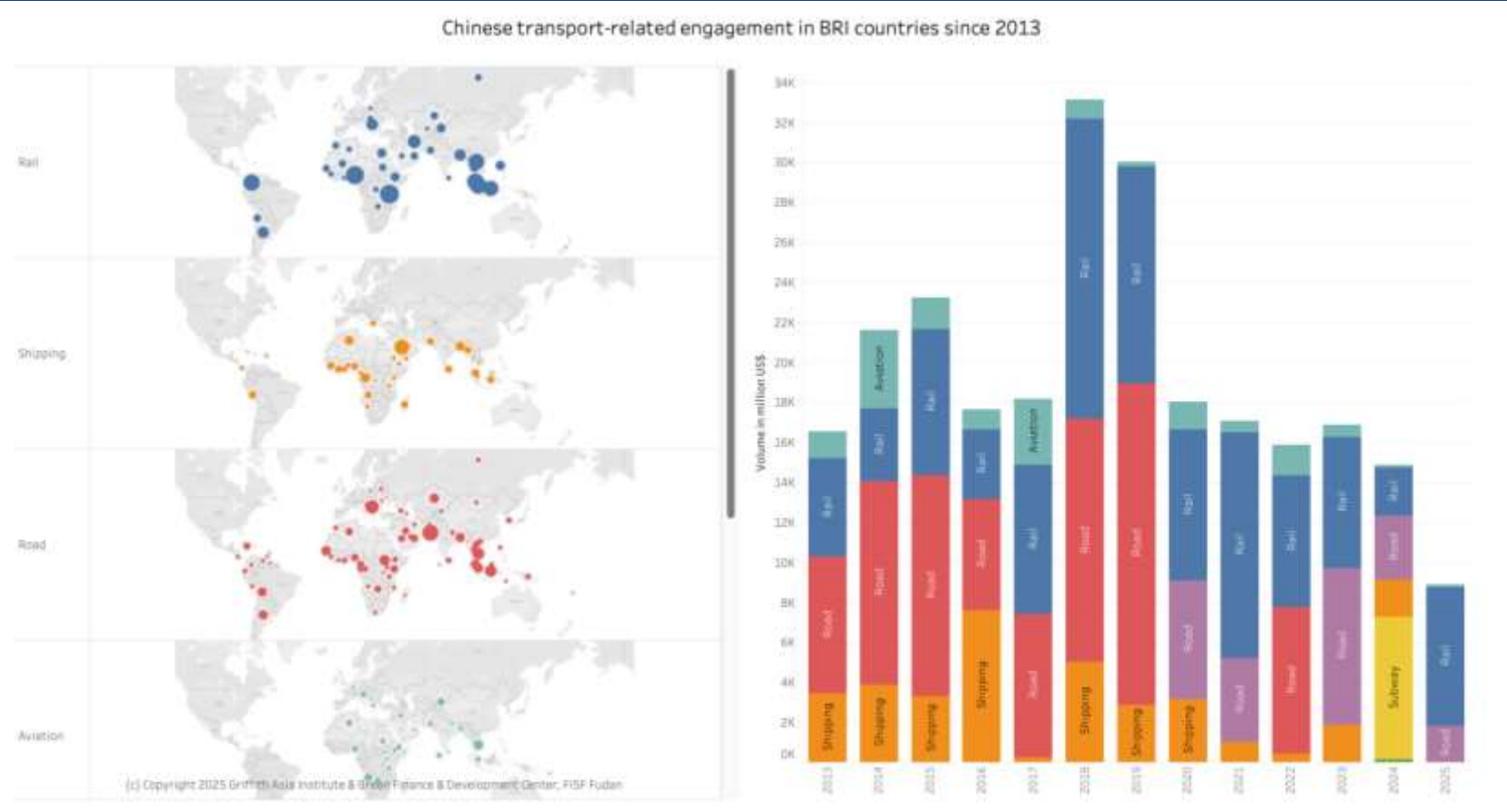
Pipeline	Partner Countries	Construction Started	Completed/Operational
1 Kazakhstan–China Oil Pipeline	Kazakhstan	1997	2009
2 Central Asia–China Gas Pipeline, Line A	Kazakhstan, Uzbekistan, Turkmenistan	2007	2009
3 Myanmar–China Gas Pipeline I	Myanmar	2009	2013
4 Myanmar–China Oil Pipeline	Myanmar	2009	2014
5 Central Asia–China Gas Pipeline, Line B	Kazakhstan, Uzbekistan, Turkmenistan	2010	2010
6 Beineu–Shymkent Gas Pipeline	Kazakhstan	2011	2015
7 Central Asia–China Gas Pipeline, Line C	Kazakhstan, Uzbekistan, Turkmenistan	2012	2019
8 Power of Siberia	Russia	2014	2019
9 Central Asia–China Gas Pipeline, Line D	Tajikistan, Uzbekistan, Turkmenistan	2014	n/a
10 Sakhalin–Heilongjiang Gas Pipeline	Russia	2022	n/a
11 Power of Siberia 2 (Altai Gas Pipeline)	Russia, potentially Mongolia	Under discussion	n/a
12 Myanmar–China Gas Pipeline II	Myanmar	Under discussion	n/a



# Section 6: BRI Hard infrastructure focused on trade logistics first



China's transport engagement in the BRI concentrated in road and rail. In 2025, there are worth noting large scale project in Africa, Latam and Asia



Source: Fudan University, Griffith University

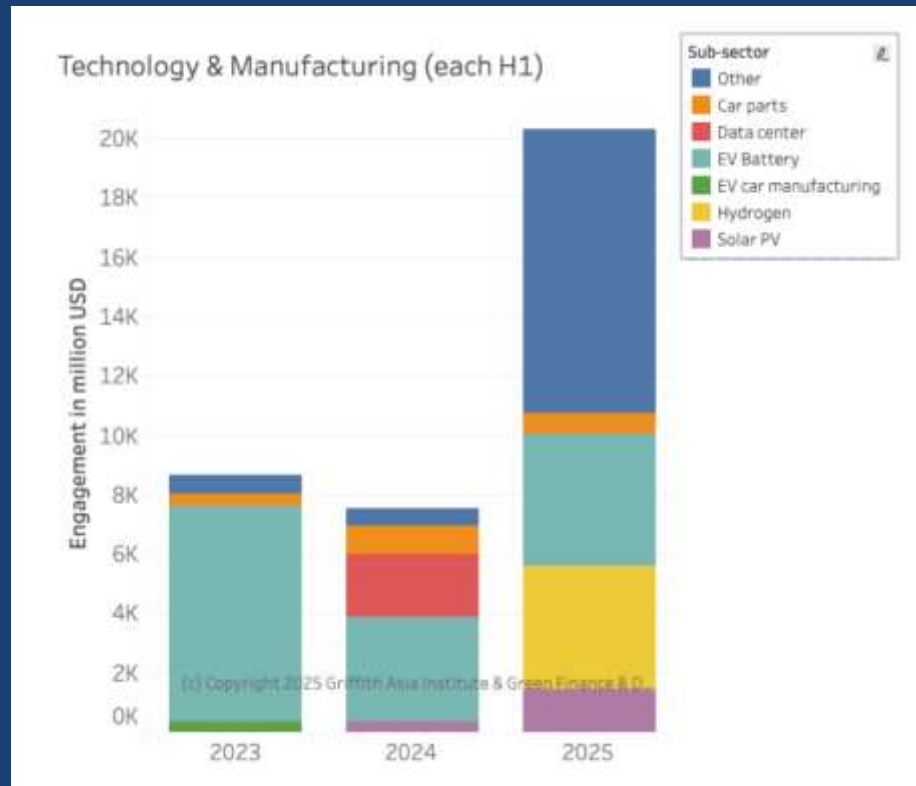


Section 7: BRI changing in nature  
More greenfield investment and less loans but  
also much more geopolitical



In 2025, one important growth sector is technology which reached over USD20 billion engagement in BRI countries with a focus on battery, hydrogen, as well as solar

### Technology-related BRI investment in 2023



Source: Fudan University, Griffith University



# Section 8: Watering down the EU's development script



# EU's path: Global Gateway (GG)

GG aims to mobilise up to EUR 300 billion in investments through a 'Team Europe approach,' which includes the EU, its Member States, financial and development institutions, and the private sector, leveraging their collective resources for transformative impact.

The strategy is guided by six core principles:

1. Democratic values and high standards
2. Good governance and transparency
3. Equal partnerships
4. Green and clean initiatives
5. Security-focused actions
6. Catalysing private sector investment



# EU's economic goals from Global Gateway (GG)

1. Presents a values-based alternative to China's Belt and Road Initiative to counter its global influence
2. Enhance the EU's geopolitical standing and create resilient international partnerships.
3. Seeks to secure strategic supply chains and reduce dependencies on China.
4. Boost EU competitiveness by creating opportunities for its private sector in new markets.
5. Drive the global green and digital transitions through strategic investments in sustainable infrastructure.
6. Foster secure and sustainable connections in energy, transport, and digital sectors to boost trade.

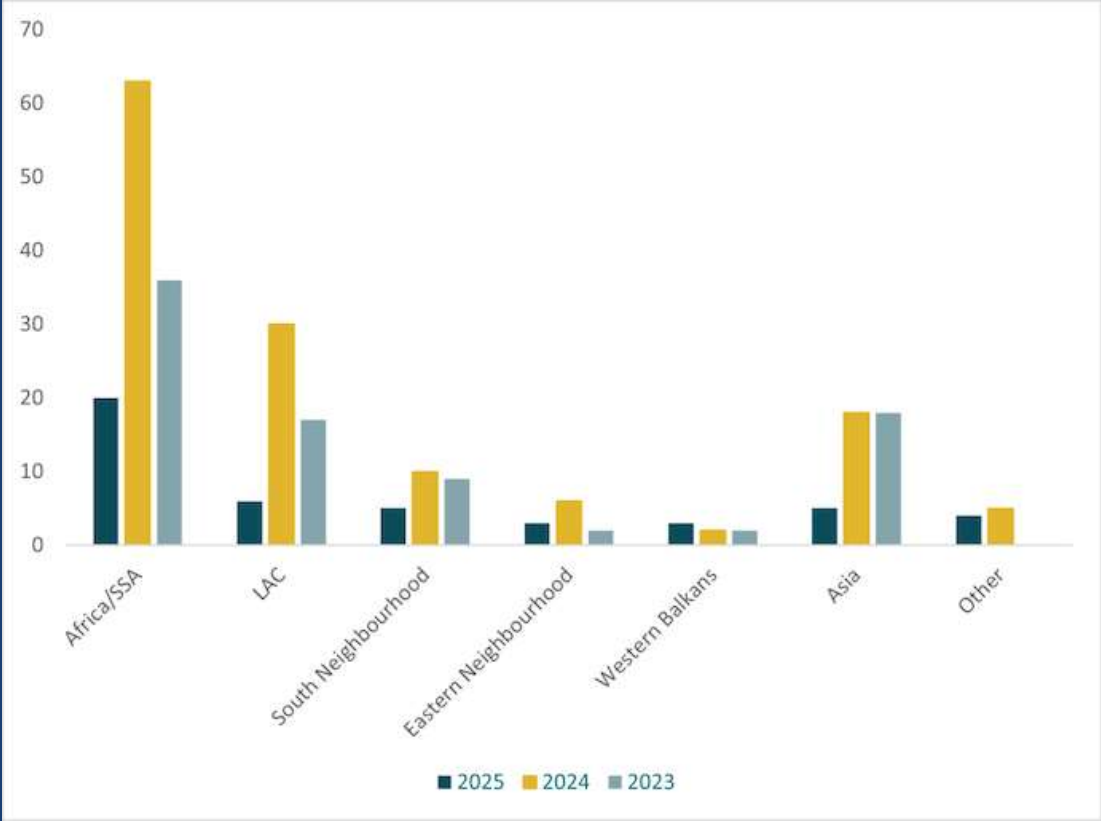


# Section 9: Global Gateway Flagship Projects



Most GG projects are in sub-Saharan Africa, Latin America and the Caribbean, and Asia follow with between 10 and 20 percent of project

Geographic breakdown of Global Gateway flagship projects

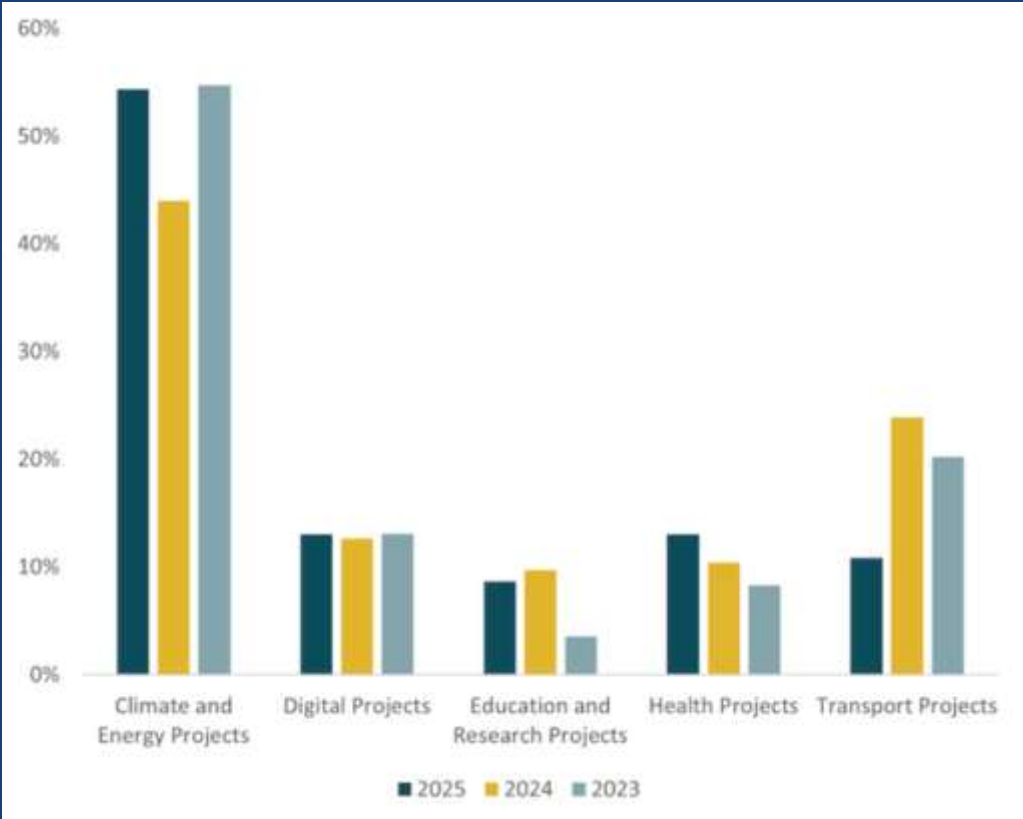


Source: Center for global development



The flagship projects are overwhelmingly dominated by investments in physical infrastructure. Most flagship projects are in the climate and energy sector, while less than 10 percent are in education and research.

Sectoral breakdown of Global Gateway flagship projects



Source: Center for global development

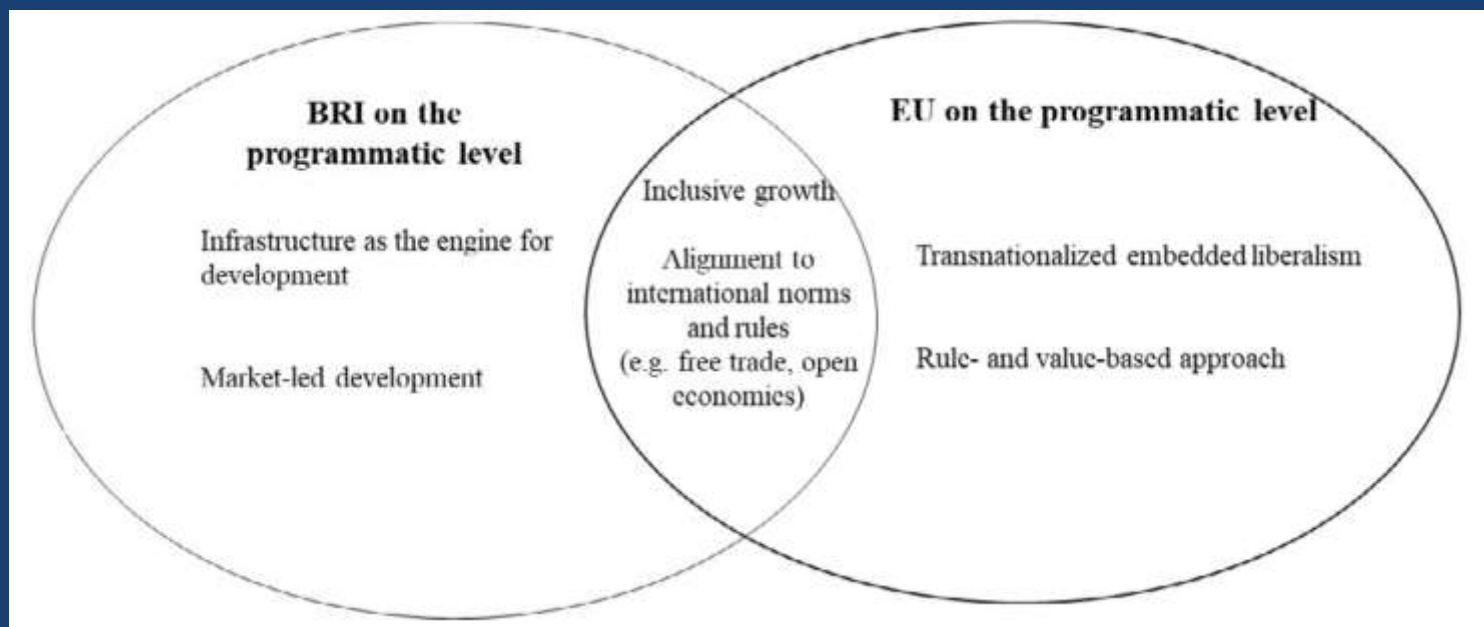


# Section 10: Comparing China's Belt and Road Initiative and the EU Global Gateway Strategy



On the programmatic level, China and the EU both claim to pursue inclusive and sustainable economic growth through the BRI and the GG. Yet, EU's transnationalised embedded liberalism is a more comprehensive and balanced script for development than the BRI, with its focus on development through infrastructure and connectivity.

### Comparing the BRI and EU approach to development on the programmatic level

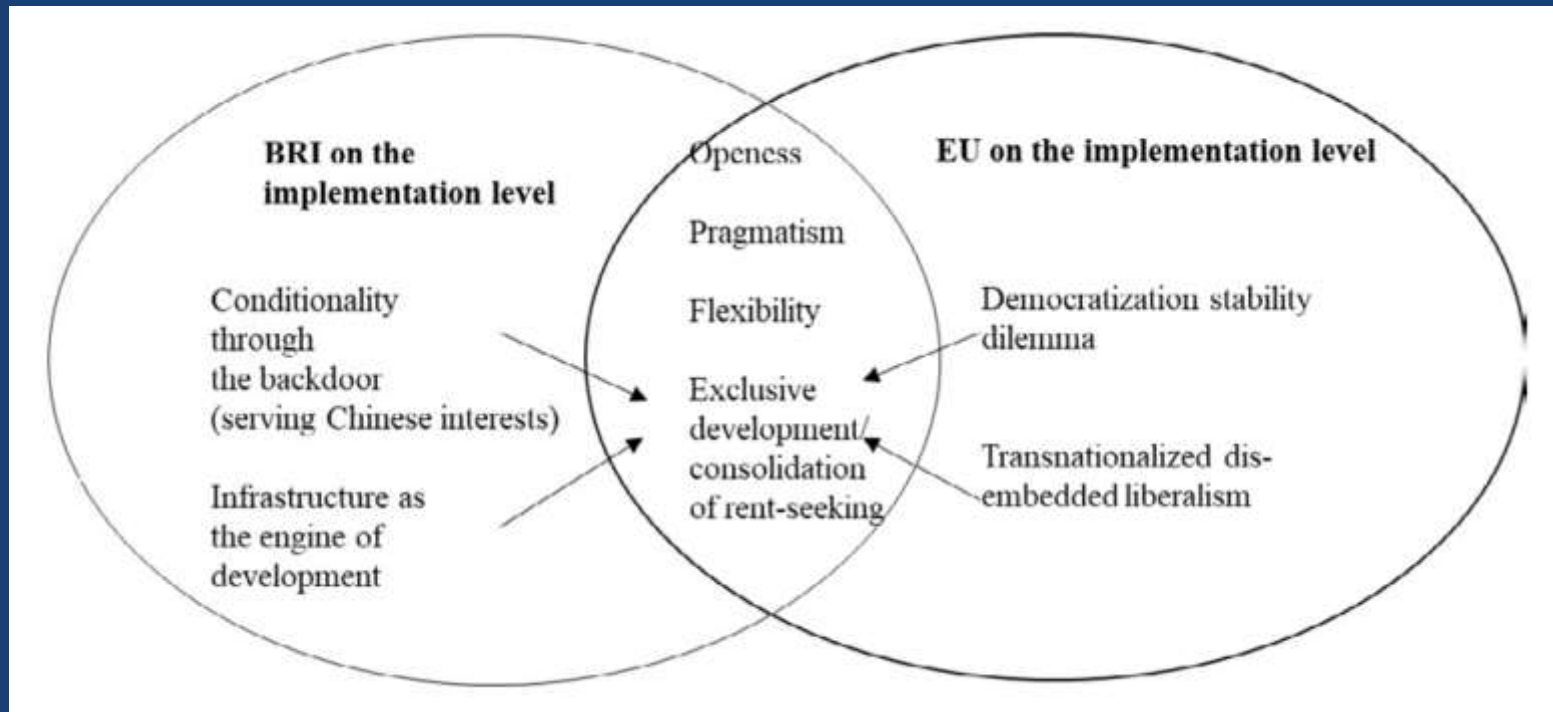


Source: SCRIPTS



On the implement level, conditionality with Chinese characteristics renders the BRI far less open and flexible. Meanwhile, EU waters down its liberal development script considerably in the implementation phase. This practice reduces the potential for collision with the BRI.

Comparing the BRI and EU approach to development on the implementation level



Source: SCRIPTS



# Conclusion

- BRI aims to address China's economic challenges by re-orienting exports and providing opportunities for infrastructure and construction sectors.
- China's BRI-related investments focus on crucial sectors such as energy and raw materials to overcome economic vulnerabilities.
- BRI investments help China achieve economic goals and legitimize political regimes in recipient countries by assisting them in reaching infrastructure goals.
- BRI potentially assists China in achieving geopolitical goals by enhancing overseas military capabilities, intensifying economic dependencies, and shaping narratives supportive of its geopolitical objectives.
- BRI more focused on hard power: link to BRICS/ Shanghai Cooperation organization (SCO) etc



# Conclusion

- The EU pitched the Global Gateway as alternative to China's Belt and Road Initiative to counter its global influence
- On Global Gateway Flagship Projects, EU focused on physical infrastructure with less regard to sustainability and human development.
- Implementing the BRI introduces conditional on certain political norms and principles. Conditionality with Chinese characteristics creates the potential for serious conflict with the EU's strict liberal conditionality.
- However, Democracy and the rule of law get largely lost in implementing the EU's values-driven and rule-based script.

