BRIEFING BOOK POLICY FIELD: INTERNATIONAL PARTNERSHIPS

1. EXECUTIVE SUMMARY

The EU's economic security and competitiveness as well as our capacity to stand up for our values, norms and standards are inextricably linked to developments in the rest of the world. In order to diversify supply chains, ensure access to energy and raw materials, link up with today's and tomorrow's growth markets and enhance our political standing in the world, we cannot neglect Emerging Markets and Developing Economies in Asia, Africa and Latin America.

Moreover, our dependencies are increasingly being weaponised by rivals. An increasing number of countries position themselves as rising poles of influence in a multipolar world. They behave more assertively, and sometimes aggressively, contesting the established international order. They promote alternative governance models to deliver growth, security and autonomy. They vie for influence and contribute to a new fluidity in international affairs: conjunctural coalitions have replaced exclusive bloc alliances; actors with diverging interests no longer hesitate to gang up for opportunistic coups.

Many Emerging Markets and Developing Economies are looking for partnerships that strengthen their own geo-economic role and capacity. Hence, there is a clear case of possible convergence, notably when it comes to green energy, critical raw materials, digital connectivity and transport connectivity. As confirmed by a recent ECFR survey, Emerging Markets and Developing Economies live in an à la carte world and will pick and choose from a menu as they see fit. There is a battle of offers. Unless we invest more actively and strongly in our international partnerships, we risk being sidelined.

Therefore, in today's world, Emerging Markets and Developing Economies are geopolitical and geoeconomic players that should be invested in. The EU cannot take its position for granted. We must avoid any sense of complacency and recognise that our economic security and competitiveness are inextricably linked to global dynamics. A global investment strategy is needed to complement the EU's industrial strategy and the European Green Deal.

Global Gateway sets out the right agenda; it should now be taken to the next level. The new College should further drive this modernisation by engaging our strategic partners with a policy mix driven by economic interest, and less so by more traditional and narrow development and foreign policy approaches. The economy has become the key playing field for geopolitical competition; yet, as it stands, we are still too often trying to do "everything, everywhere, all at once", and avoid arbitration.

This means overcoming a tendency to see our international partnerships as secondary to our core interests, and broadening focus beyond the first concentric circle – Europe, its immediate neighbourhood and the G7, where the stakes are the clearest and that we know best. We have too often underestimated the significance for Europe's direct interests of Emerging Markets and Developing Economies in Asia, Africa and Latin America.

On the offensive side, we need to work on an integrated Investment, Trade and Macro-Economic offer that can compete with the package solutions proposed by others, bringing together the trade (TRADE), investment (INTPA) and macro-economic support (ECFIN) dimensions, and integrating the external dimension of our EU policies. It should be accompanied

by a mobilisation of the multilateral institutions, notably the International Financial Institutions, including policy responses to our partners' demands for reform. The packages should be defined through Master Plans across Commission DGs, owned at corporate level.

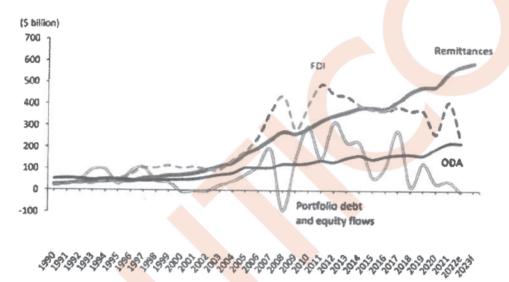
This offer will have to be tailored to the different regions and countries we partner with, but ensure a focus on large-scale infrastructure projects in renewable energy and clean technologies, digital, transport or critical raw materials, creating synergies and market opportunities between them through a strategic corridor approach.

On the defensive side, the next College will need to better factor in the external impact of our internal policies, through proactive engagement with partners, thorough *ex ante* impact assessments, and support measures to prevent negative spill-over effects on trade and investment. Internal and external policies should be approached in an integrated fashion, because they are a continuum. The new College should mainstream geopolitical and geoeconomic considerations in its policymaking. It will notably need to better handle the external impact of the Green Deal.

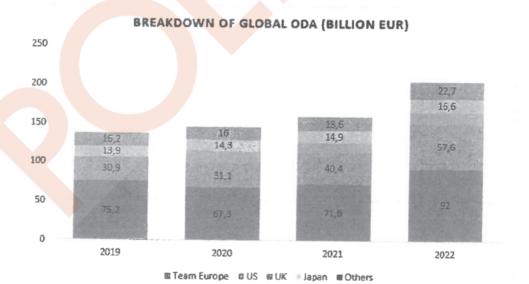
Reinforcing the geopolitical Commission also requires more political presence on the ground in partner countries, notably through a coordinated Team Europe effort. The Global Gateway strategy can only be achieved through a Team Europe approach (Member States, banks, private sector, Financial Institutions). Yet in many Member States, different ministries continue to operate in a disjointed fashion. For that to change, impetus for alignment should be conveyed at the level of the European Council, preferably as part of the Strategic Agenda. The new College will have to pay particular attention to bringing the private sector on board – strides have been made, but much remains to be done.

2. FACTS and FIGURES

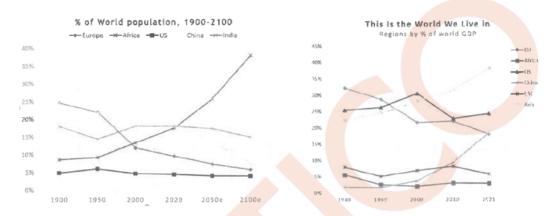
- Sustainable Development Goals. According to the UN, the world is on track to achieve only 15% of the Sustainable Development Goals (SDGs) targets. The OECD estimates that the annual investment gap to reach the Sustainable Development Goals in developing countries stands at about EUR 4 trillion annually.
- 2. Development finance. Excluding China, remittances have overtaken FDI flows and represent the largest source of finance to Emerging Markets and Developing Economies. Between 2019 and 2022, the EU and its 27 Member States increased their Official Development Assistance (ODA) from EUR 75.2 billion to EUR 92 billion, confirming Team Europe's position as the world's leading donor. For comparison, global stock market capitalisation reached EUR 100 trillion in 2023.



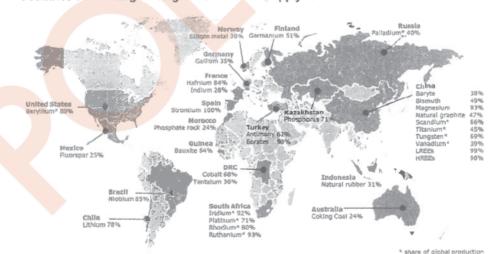
Sources: KNOMAD/World Bank staff; World Development Indicators; IMF Balance of Payments Statistics.



3. **Economy**. The global economy grew 13-fold since 1950. The world is getting richer, but the way in which the cake is divided is changing. In 1990-2021, GDP per capita increased everywhere, with the biggest rise in Asia (over 200% increase) and the slowest in Sub-Saharan Africa (+23%). EU: +46%. The EU's share of the world's economy is shrinking, from 34% in 1980 to 20% in 2022 (IMF). By 2030, the EU's share of the global economy could be around 12% (PwC). In contrast, Asia accounted for 22% of the world GDP in 1980, and 39% today. By 2030, it could make up 60% of the world's GDP. Least Developed Countries (LDCs) today account for approximately 1% of world's GDP, roughly the same share as in the early 1970s. However, there were 25 members in the LDC category in 1971, and 46 today. GDP-per-capita in LDCs has gone down from 15% of world average to 10% of world average (UNCTAD).



4. Dependencies. The EU is a net importer of energy (55% of energy used in 2021 was imported). The green and digital transitions should reduce EU reliance on fossil fuel producers but expose the EU to new dependencies. Nearly 90% of the processing and refining for manufacturing-grade critical raw materials is concentrated in China, with an even higher proportion for some materials such as Rare Earth Elements.



Countries accounting for largest share of EU supply of CRMs

5. Demography. Europe's continued demographic decline (from one quarter of the world's population in 1900 to about one-twentieth by 2150) contrasts with Africa's demographic explosion. Nigeria is projected to surpass the EU's population by 2055. By 2050, the world's population could reach 9.8 billion, with up to half of the expected population growth in just eight countries (DRC, Egypt, Ethiopia, Nigeria, Tanzania, India, Pakistan, Philippines).

3. WHERE DO WE STAND?

International Partnerships

Under the current College, there has been a paradigm shift in the way the European Commission approaches international partnerships. That shift was captured by the renaming of the Directorate-General for Development Cooperation into Directorate-General for International Partnerships. It derives from a recognition that Europe needed to move away from obsolete donor-recipient dynamics and position itself more boldly in an increasingly contested international environment.

This new approach is rooted in sustainability, anchored in values, yet aims to deliver strategic autonomy for both Europe and our partner countries; interdependencies but not dependencies. It aims to put policy before money, because the countries that have made the most progress when it comes to sustainable development are those that took the right policy decisions, and because Official Development Assistance is dwarfed by the scale of today's challenges and other financial flows. Official Development Assistance can only be the oil that lubricates the engine: needed, but insufficient on its own. Hence the importance of leveraging broader public and private funds, but also internal policies.

Financing instrument

The Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe) regulation was adopted in June 2021. It merges former EU external financing instruments, covers the EU cooperation with all third countries, except for the pre-accession beneficiaries and the overseas countries and territories from the geographic programmes. It unifies grants, blending and guarantees, which allows the EU to promote public and private investment worldwide through the European Fund for Sustainable Development Plus (EFSD+).

The total budget for NDICI – Global Europe 2021-27 following the Multiannual Financial Framework mid-term review of February 2024 stands at EUR 80.3 billion (6.53 % of the Multiannual Financial Framework). It contains the "emerging challenges and priorities cushion", with some EUR 9.3 billion for 2021-2027, which has been the main source of flexibility for the instrument. EUR 1.6 billion remains in the cushion to date.

Close to 20% of NDICI-GE, or EUR 2.5 billion in commitments, has been implemented through indirect management with international organisations. [Turn this into a broader paragraph on implementation modalities, with reference figures for guarantees, budget support, indirect management with international organisations etc.]

In 2024, the mid-term review of NDICI-Global Europe programming allowed the EU to further align its programmes with the Global Gateway strategy. The review implemented the Multiannual Financial Framework mid-term revision's decision to cut all envelopes (excluding the cushion and support expenditure) by EUR 2 billion. It strengthened the flexibility of its regional programmes. It includes the reinforcement of investment envelopes, pooling provisioning of guarantees, related technical assistance, blending to fund mature and strategic projects, and the creation of envelopes for countries "in complex settings" to allow the EU to better calibrate its engagement.

Global Gateway

The financing gap to achieve the Sustainable Development Goals has increased tremendously in the wake of the COVID pandemic and the Russian invasion of Ukraine. It is particularly acute in Low- and Middle-Income Countries. Global Gateway, launched by President von der Leyen in December 2021, is the EU's contribution to narrowing the global investment gap, supporting global economic recovery and accompanying the twin green and digital transitions beyond European borders. It boosts smart, clean and secure links in the digital, energy and transport sectors, and helps strengthen health, education and research systems across the world. It represents half of the total amount committed by the G7 under the Partnership for Global Infrastructure and Investment

Global Gateway is Europe's offer to help connect the world and boost resilience for the EU and partner countries alike. It allows us to support countries who seek to enhance their resilience (vis-à-vis our competitors/rivals) in a sustainable manner, while strengthening partnerships that are important for Europe's own strategic autonomy.

It is a quantitative offer: a strategy to mobilise EUR 300 billion of investment by 2027; to increase impact by combining the resources of the EU institutions, its 27 Member States, development finance institutions, and the private sector; and to de-risk investment through a mixture of grants, concessional loans and guarantees.

It is also a qualitative offer, that promotes high social, environmental, and financial standards; aims to create links, not dependencies; and offers comprehensive partnership – not just hard connectivity, but also the regulatory support, technology transfer, and knowledge exchange to make investments last.

This is the 360-degree approach: through a variety of financing modalities, the EU makes sure that investment in hard infrastructure goes together with sectoral reforms, improved capacity of State institutions and regulatory environment, and more predictability of trade and investment conditions. As part of our vaccine manufacturing initiative in Rwanda, we have for instance identified qualitative obstacles to scaling up the pharmaceutical sector and are now acting to address them. In addition to increasing access to finance through de-risking instruments, we invest to support the food and drugs agency, develop academic cooperation, and link up businesses through a new Business Forum.

Global Gateway delivers focus, because in a more complex world, we have to abandon the illusion that each of us can do everything, everywhere. Operational presence should be strategic and build on comparative advantage, so that the EU and Member States become the partner of reference on selected joint priorities, rather than a partner of convenience on many niceties.

It is also a brand, served by a new apporach to startegic communication centred around campaigning to people rather than governments. For decades, the EU has provided more than half of the global Official Development Assistance, and has collectively been the multilateral system's chief sponsor. Yet the EU trails well behind other strategic players in public opinion surveys. And the EU is too often taken for granted. Others did less, but marketed better. A single Global Gateway brand and visual identity helps project an image of confidence, reliability and sustainability.

The private sector is a critical actor under Global Gateway. International public money can only offer a small contribution to the financing gap: OECD estimates that the annual investment gap to reach the Sustainable Development Goals in developing countries today stands at about EUR

4 trillion annually; Global Official Development Assistance is in the range of EUR 0.2 trillion a year.

Global Gateway is now being deployed across the globe. Over the past two years, 225 flagship projects have been endorsed. These include state-of-the art mRNA vaccine manufacturing facility in Rwanda; critical transport corridor from Angola's Port of Lobito into the mining areas of the Democratic Republic of the Congo and the Copperbelt of Zambia; Submarine cable providing direct, high-speed and secure data connection between Europe and Latin America; Investment in Argentinian green hydrogen and Bolivian lithium; sustainable transport connections between Europe and Central Asia; Just Energy Transition Partnership with Vietnam. In the next mandate, these promises will have to be turned into viable projects.

In February 2022, the EU-African Union Summit announced an Africa-EU Global Gateway Investment Package worth EUR 150 billion. In December 2022, in the margins of the EU-ASEAN Summit, a EUR 10 billion Global Gateway package was endorsed for the region. In July 2023, at the EU-CELAC Summit, the EU and the Community of Latin American and the Caribbean states (CELAC) endorsed the EU-LAC Global Gateway Investment Agenda, for which Team Europe committed to leverage EUR 45 billion by 2027. At the January 2024 EU-Central Asia Investors Forum, EUR 10 billion of investment was committed to develop the Trans Caspian Transport Corridor connecting Europe and Central Asia. Numerous joint initiatives were also launched in the context of the yearly Indo-Pacific Ministerial Fora.

In October 2023, President von der Leyen hosted the first Global Gateway Forum, attended by 20 Heads of States and Governments as well as 70 ministers and numerous leaders from the private sector and civil society. Over the course of two days, EUR 3 billion-worth of commitments were signed with a wide range of partners, including a Memorandum of Understanding to support the development of the Lobito Corridor. The Global Gateway governance structure has been fully operationalised, with the first meetings of the Business Advisory Group and of the Civil Society and Local Authorities Dialogue Platform convened just before the Forum. The EU has also organised numerous Global Gateway business forums in partner countries to engage the private sector. The Global Gateway Forum could become a regular fixture on the international scene, engaging senior decision-makers on critical issues surrounding global connectivity.

Team Europe

Developed in response to the COVID-19 pandemic, and embraced by EU Member States in record time, the Team Europe approach has become a structural component of our external action toolbox. The Team Europe approach brings together the EU institutions, its Member States, their diplomatic networks, implementing agencies and development finance institutions, the EIB and the EBRD, as well as the private sector. It ensures that by working as a team towards specific joint objectives, each can contribute what it does best.

In a more contested world, we can no longer afford the luxury of overreach, fragmentation and duplication. Team Europe means joining forces, pooling resources and combining expertise and tools. The firepower exists – the EU and its Member States for instance account for 30% of all UN funding, 25% of the World Bank's capital, and 33% of the IMF's assets. Team Europe can also be an important visibility instrument: the current mandate has seen the first Team Europe joint missions at political level to promote Global Gateway – a format to be further invested in over the coming years.

In June 2021, the Council highlighted the importance of enhancing and improving the European financial architecture for development (EFAD). Since then, work has focused on improving the coordination, coherence, inclusivity and visibility of the EU's financing action outside the EU. In March 2022, the Commission (joint effort ECFIN-INTPA) adopted a Roadmap for an improved European Financial Architecture for Development. While much progress has been achieved since then, key challenges remain in ensuring effective coordination as well as enhancing the visibility of joint actions.

Going forward, there remains significant potential that could be tapped into. The practice of Team Europe could serve more traditional channels of EU coordination, and enable louder EU representation where our voice remains subdued, in line with the Lisbon Treaty. Going beyond funding, it could also help structure our normative engagement and nurture a more strategic culture of cooperation. It should thereby be instrumental in promoting our core internal policies and European standards abroad.

Multilateral

Amidst renewed attacks against multilateralism, the EU has redoubled its efforts and continued to foster strategic dialogues with the UN and key multilateral partners. It remained at the forefront of efforts to advance the Sustainable Development Goals, as illustrated by the first EU Voluntary Review¹ presented at the High-Level Political Forum 2023. It also worked with the G7 and other partners to coordinate major infrastructure initiatives under the umbrella of the Partnership for Global Infrastructure and Investment.

In November 2023, the EU, its Member States, and the 79 Members of the African, Caribbean and Pacific States (OACPS) – representing 1.5 billion people – signed the successor to the Cotonou Agreement: the Samoa Agreement. The Samoa Agreement modernises the partnership framework and strengthen our capacity to address global challenges together over the coming 20 years. The Agreement will now be implemented through regional protocols, tailoring the partnership to the different sub-regions.

Inequalities, gender, youth and education

Under the current Commission, the EU took a significant step towards tackling inequalities by launching the Inequality Marker, an innovative tool to help us better understand, track, and benchmark our impact on reducing inequalities across our engagement.²

Under the Gender Action Plan III (2021-2025), the EU has made significant progress towards the target of 85% of all new actions contributing to gender equality.

In 2019, the Commission launched the Youth Sounding Board, a group of young people who advise the Commissioner on youth participation and empowerment in EU external action. This was complemented in 2023 by the Youth Empowerment Fund, a tool to help young people develop projects worldwide.

¹ European Commission, Secretariat-General, *EU voluntary review on progress in the implementation of the 2030 agenda*, Publications Office of the European Union, 2023, https://data.europa.eu/doi/10.2792/343208

² European Commission, Directorate-General for International Partnerships, *The European Commission inequality marker – Guidelines for the application and scoring of interventions*, Publications Office of the European Union, 2023, https://data.europa.eu/doi/10.2841/051011

In parallel, DG INTPA has also developed a renewed focus on education, both quantitatively and qualitatively, under Global Gateway.

4. THE WAY FORWARD

It is proposed that the paradigm shift initiated by the Global Gateway strategy be accelerated, placing economic resilience front and at the operational centre of our partnerships with Emerging Markets and Developing Economies, and moving beyond narrow donor-recipient approaches. Over the next five years, this shift should evolve from a gradual adjustment to a complete transformation. With the economy now serving as the battleground for geopolitical competition, the new College should redefine the focus of EU external action.

The new College should therefore develop a cohesive investment, trade, macro-economic and policy offer for Emerging Markets and Developing Economies that can effectively compete with the offers from others and is tailored to the interests of the various sub-regions and countries we operate in. By adopting a corridor approach, synergies can be harnessed, and market opportunities unlocked across the green energy, critical raw materials, digital connectivity, and transportation sectors. Currently, our efforts are spread too thinly across too many fronts, lacking strategic focus, and avoiding arbitration – with our politics, policy, funding and communication all trying to do "everything, everywhere, all at once".

The next College will have to propose the new Multiannual Financial Framework by July 2025. The next Multiannual Financial Framework should enhance the capacity of the external budget to deliver the integrated offer and continue along the simplification path (reducing the total number of programmes and addressing overlaps, as well as enabling speedier mobilisation and delivery).

The next College should drastically change the way we communicate about our international partnerships – building on the transformation that has started over the last five years with an end to communication budgets for every project and programme and the previous practice of handing communication budgets over to implementing partners. The new College should move to a full political campaigning approach, through campaigns with local influencers in local languages making the connection between people's concerns and aspirations and the partnership that the EU brings. This also requires a serious investment in political engagement in partner countries backed up by investment missions with the private sector. It will also require an overhaul and professionalisation of the way the EU Delegations communicate.

A different approach is needed for so-called "fragile countries", where deep and intertangled political, security and humanitarian crises call for a focus on enhancing the resilience of local populations.

A. Africa

Context. Africa is the youngest and the fastest growing continent, expected to double its population by 2050. Over the next five years, there will be about 60 million Africans entering the job market, which could turn out to be either a demographic opportunity or a ticking time-bomb. The continent is rich in renewables (e.g. it hosts 60% of the world's best solar resources) and minerals (e.g. over 70% of the world's cobalt is produced in the Democratic Republic of the Congo), but it lacks investments (e.g. only 2% of global investments in clean energy are made in Africa), sufficient refining capacity, and is hugely exposed to climate change, despite

contributing just 3% of global carbon emissions. To deliver on its geopolitical priorities, Europe needs Africa as much as Africa needs Europe. And to advance EU interests at the multilateral level, collaboration with African partners, representing about one-fourth of UN members, is key. Africa, conscious of its potential, is in the market for (non-exclusive) partnerships to pursue the objectives outlined in its African Union Agenda 2063. This translates into a battle of narratives and offers. Over the past years, a number of African countries, in particular in the Sahel, have decided to discontinue cooperation with the EU or some of its Member States.

Objectives. In this context, the key objectives of the new College should be to (1) nurture the partnership of equals between the two continents as enshrined in the Joint Vision 2030 (issued at the 6th EU-AU Summit in 2022 – a new Summit is likely to take place before 2030); (2) contribute to bridging the investment gap in Africa through large-scale, transformative projects under the Africa-Europe Global Gateway Investment Package, worth EUR 150 billion by 2027; and (3) listen to Africa's needs and address the continent's concerns, including when it comes to global governance systems.

Actions. To achieve these objectives and advance implementation, the new College should:

- Maximise impact and show that the EU can deliver results by focusing on a limited number of transformational Global Gateway flagships, which clearly showcase the impact of Global Gateway in Africa. These include actions (a) at national level, such as fostering vaccines production in Rwanda, Senegal, Ghana, and South Africa; developing sustainable raw materials value chains in Zambia, DRC and Rwanda; and advancing green hydrogen in Namibia and Mauritania; (b) at regional level, such as developing the Lobito Corridor in Angola, Zambia and DRC; and (c) at continental level, such as the EU support to the implementation of the African Continental Free Trade Agreement.
- Work in a Team Europe approach together with EU Member States and EU financing institutions to pool resources and expertise for higher impact on the ground.
- Leverage private sector investments as public funds alone cannot be sufficient.

A different approach is needed for so-called "fragile countries", where deep and intertangled political, security and humanitarian crises call for a focus on enhancing the resilience of local populations. Such pragmatism could allow the EU to remain engaged in countries ruled by unconstitutional military juntas displaying an anti-Western sentiment.

Actors. Key to the success of the Africa-Europe Global Gateway Investment Package is its capacity to bring a variety of actors together, from the Member States – including their development finance institutions and private sector – to the European Parliament, the International Financial Institutions as well as like-minded partners such as the US and Japan.

- There is a growing recognition among <u>EU Member States</u> that the EU should be in the driving seat for coordinating and bringing together different stakeholders along transformational flagships in Africa.
- <u>European business</u> expects the EU to help reduce political and economic risks for business operations in African partner countries and to improve the business environment and investment climate (regulatory framework, skilled workforce, trade agreements).
- The <u>European Parliament</u> is keen to be closely involved on the steering of the EU-Africa policy and its implementation.

Best practice, pulling together various stakeholders in support of African partners' objectives, include missions to Africa in Team Europe format³; joint initiatives with other partners such as the US and the UK under the broader framework of the G7 Partnership for Global Infrastructure and Investment⁴; or the EU-Africa Business Fora, bringing together EU and African companies with government representatives and civil society.

Direction. Over the next five years, the EU-Africa partnership should focus on proving its capacity to deliver 360-degree transformation through the large-scale projects launched under the Africa-Europe Global Gateway Investment Package, while adding new ones in a Team Europe approach. Such transformative projects should increase both continents' economic, security, and strategic autonomy by delivering on the five Global Gateway priorities: digital, energy, transport, education, research. Results should be reflected into the Monitoring Report of the EU-Africa partnership and the joint communiqué of the next EU-African Union Ministerial and make the link with the African Union's Agenda 2063. The EU should communicate more strategically on its transformational projects – avoid communicating on every project at homeopathic doses and focus instead on initiatives that can influence perceptions of the partnership in a lasting manner. This should be complemented by more high-level political missions to Africa.

Success requires a whole-of-College approach. Beyond being a cornerstone of EU international partnerships, Africa is also central to the success of many internal policies – e.g. (a) European security and resilience depend on the digital and green transitions, which cannot happen without Africa (minerals, renewables); (b) Democracy is under attack in Africa (as of 2024, six countries have been suspended from the African Union due to coups, with major implications on the regions' stability and spillovers on Europe (e.g. migration); and (c) Addressing youth unemployment and providing education and skills are top priorities for Africans, as transpires from the global perception survey the Commission conducted in 2023, but also key components of tackling the root causes of irregular migration.

To strengthen the EU-Africa partnership, sustained commitment to addressing key areas of friction will be essential. In particular, discussions around migration – notably readmission and reintegration – largely failed to deliver results; parts of the green deal sparked accusations of protectionism, or of denying Africa's right to industrialisation despite historically low carbon emissions; on democracy and multilateralism, many in Africa highlight the perceived EU double standards (e.g. invasion of Ukraine versus conflicts taking place on the African continent). Continuous engagement remains essential to mitigate these dangerous irritants.

B. Central Asia, Afghanistan, and the Middle East

Central Asia

Context. Central Asia links the huge Asian continent with Europe. It is home to 72 million people, is landlocked and covered at 60% by desert. Its economy relies heavily on the export of raw materials and labour. Recent developments – from Russia's invasion of Ukraine to the Taliban takeover of Afghanistan, and China's expanding global ambitions – have heightened the region's geopolitical importance. While the countries making up Central Asia have historically been in Russia's sphere of influence, the current geopolitical context (war in Ukraine and

³ E.g. EU-FR to DRC, EU-ES to Mauritania, EU Commission – European Parliament to Zambia.

⁴ E.g. Just Energy Transition Partnerships with South Africa and Senegal.

ensuing sanctions against Russia) has opened a new Great Game. Local desire for partnerships beyond Russia has become stronger: Central Asia is increasingly trying to diversify its external policy options, develop alternative connections and transportation corridors, and deepen intraregional cooperation. The EU has strengthened its engagement in the region, at both bilateral and regional levels.

EU-Central Asia relations are guided by the EU-Central Asia Strategy, adopted in 2019, aimed at promoting resilience, prosperity, and regional cooperation. In the context of the Global Gateway strategy, the Joint Roadmap for Deepening Ties between the EU and Central Asia, adopted during the EU-Central Asia Ministerial in October 2023, builds on this agenda.

Objectives. The EU's partnership with Central Asia is growing and holds great potential, notably on connectivity (development of the Trans-Caspian Corridor) and critical raw materials. The new College should take advantage of this momentum and upgrade the high-level dialogue, following the first EU-Central Asia Summit (Uzbekistan, 2024). China is trying to replace Russia and is making headway in the heart of Eurasia (cf. trade between China and Central Asia grew by 27% between 2022 and 2023). The new College should not miss the opportunity to strengthen the EU's position in the region, contain Chinese expansion, and respond to Central Asia's increasing willingness to engage with the EU.

Actions. To further enhance EU-Central Asia cooperation, the new College should:

- <u>Maximise impact</u> by focusing on a limited number of transformational Global Gateway flagships, such as (a) the strategic partnership on Critical Raw Materials; and (b) the Aral Sea project in Uzbekistan to restore degraded land sustainably.
- Work in a Team Europe approach together with EU Member States and EU financing institutions to pool resources and expertise for greater impact on the ground, notably through the two regional Global Gateway flagships on (a) Water, Energy, and Climate, and on (b) Digital Connectivity.
- <u>Leverage private sector investments</u> for a successful development of the Trans-Caspian Transport Corridor, a major EU priority in Central Asia, building on the successful Investors' Forum on Sustainable Transport Connections between Europe and Central Asia (29-30 January 2024), and including through the creation of a Coordination Platform.
- Keep engaging the Caucasus region and Turkey, leveraging their strategic location and their potential to serve as a transit corridor for trade, energy, and infrastructure projects.

Over the next five years, the new College should also keep working on security, helping the region counter violent extremism and radicalisation, and support countries in countering organised crime and drug trafficking.

Afghanistan

Context. Afghanistan faces one of worst humanitarian, socio-economic and human rights crises globally. After the Taliban takeover of August 2021. EU development aid was reoriented towards basic needs and livelihoods assistance, to the direct benefit of the Afghan population⁵. These funds are implemented without interference by the Taliban and are channelled directly to international organisations and NGOs, focusing on health, education, nutrition, livelihoods, and economic opportunities, and paying special attention to women and vulnerable groups. The EU's basic needs assistance addresses the root causes of migration.

⁵ Our engagement in Afghanistan is framed by the Council Conclusions of September 2021 and March 2023.

Objectives. The EU should keep delivering on the ground, while realigning the trajectory of its assistance in light of the recommendations of the Independent Assessment of the UN-appointed Special Coordinator's roadmap for political engagement (2023). The assessment underscores that the current approach of the international community towards Afghanistan is not effective, and argues that the objective should be to fully reintegrate Afghanistan into the international community.

Actions. To achieve this objective, the new College should:

- Actively engage with Team Europe and beyond on how to operationalise the UN recommendations, leveraging the willingness expressed by some donors (e.g. UK, Japan, Turkey, Norway) to expand the scope of basic needs assistance.
- Strengthen the EU leadership in delivering and coordinating basic needs assistance to Afghanistan, including through co-chairmanship of the Afghanistan Coordination Group.

Middle East

Context. INTPA operates in the six Member States of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates), Yemen⁶, Iraq⁷, and Iran⁸. US influence in the region has declined over the past decade. Members of the Gulf Cooperation Council, one of the richest regional groupings in the world, have assumed a new international role. Gulf States have a key role to play in the fields of the green transition and energy security. The Global Gateway strategy, coupled with the EU's 2022 Joint Communication on "A Strategic Partnership with the Gulf" and the appointment of the first-ever EU Special Representative for the Gulf, create the conditions for increased engagement. The India – Middle East – Europe Economic Corridor, officially launched in the margins of the September 2023 G20 Summit, is currently stalled because of the war in Gaza but holds great potential.

Objectives. The new College should adopt a proactive approach vis-à-vis the Gulf, pushing for stronger cooperation to accelerate the implementation of (a) the European strategy to REPowerEU and the EU's international energy strategy; and (b) Global Gateway, notably through joint investments in Central Asia and Africa.

Actions. To achieve these objectives, the new College should strengthen engagement with:

- The Gulf Cooperation Council:
 - (a) Exploring opportunities for co-investment in the context of Global Gateway. The Trans-Caspian Transport Corridor was identified as a key area of mutual interest. The Horn of Africa Initiative, the India-Middle East-Europe Economic Corridor, and the Development Road project in Iraq are other candidates.
 - (b) Identifying, together with the private sector, priority clean energy projects to jointly advance across Africa, setting the stage for trilateral energy cooperation.
- !raq:

⁶ Yemen is one of the most severe humanitarian crises in the world. Political instability, climate-related shocks, and socio-economic vulnerabilities have pushed the country to the brink of economic collapse.

⁷ Iraq has seen progress over recent years, but remains plagued by instability, inequalities, poverty, food insecurity, underemployment, and violence against human rights activists.

⁸ <u>Iran</u> is the second-largest host of refugees globally, home to approximately 4.5 million displaced Afghans. The current state of EU-Iran relations prevents the execution of projects other than support to Afghan refugees and Nuclear Safety cooperation started as part of the Joint Comprehensive Plan of Action, and support to civil society organisations. One European civil servant is currently held in an Iranian prison.

- (a) In the framework of Global Gateway, move from grants to loans and investments, seizing the potential of the European Fund for Sustainable Development Plus. The new College could continue to push for the EIB to expand its activities into Iraq.
- (b) Sustaining engagement with the Iraqi authorities in the migration dialogue, addressing ongoing challenges related to displaced populations and their reintegration.
- Yemen: Focusing on stabilisation and reconciliation efforts, contributing to mid- to longterm state-building initiatives.
- Iran: Providing support to Afghan nationals, including through the regional Team Europe Initiative on the Afghan displacement crisis.

C. South Asia

Context. Nestled between the Arabian Sea and the Bay of Bengal, the region – home to more than 1.8 billion people – holds significant geopolitical importance due to its strategic location and abundant resources. The region is home to several nuclear powers. Territorial disputes and historical conflicts shape the region's geopolitical dynamics, affecting in turn regional security and global stability. India holds pivotal importance in the region: it shares land or maritime borders with all the countries in South Asia, a hotbed of Sino-Indian strategic competition. India systematically pushes back against Beijing's rising influence in the region; yet all the region's countries except for Bhutan participate to China's Belt and Road Initiative.

Energy security is an important concern since South Asia is a major importer of oil, gas, and coal, and is therefore dependent on the volatile global energy markets. Growth in energy consumption since 2011 has averaged 4% per year. India is the third largest global importer of crude oil and products with over 82% of its consumption imported. South Asian countries therefore need to ramp up their domestic clean energy development to limit import dependency, reduce poverty, and improve environmental performance.

Objectives. The key objective for the new College should be to increase the EU's footprint in the region through enhanced energy cooperation. As South Asian partners are looking for partnerships that strengthen their own geoeconomic resilience, there is a clear case of possible convergence.

Actions. To achieve these objectives, the new College should:

- Focus on a selected number of transformative Global Gateway flagships tailored to the priorities of the region's countries e.g. "Green Energy Transition" flagship supporting Bangladesh's green transition through investments in renewable energy generation and energy efficiency; "Green Recovery for Nepal" flagship promoting renewable energy technologies and energy efficiency through greater participation of the private sector.
- Address regional integration challenges and foster intra-regional cooperation, particularly in areas such as climate change, connectivity, and security. A best practice is the EU's South Asia action on energy, aimed at (a) developing regional energy infrastructure, (b) enhancing a regional electricity market in South Asia, (c) advancing universal access to modern energy services, and (d) promoting renewable energy and energy efficiency.
- Strengthen cooperation with India, particularly to implement the EU-India Roadmap 2025, the EU-India Connectivity Partnership, and the EU-India Strategy. But also in the context of the India – Middle East – Europe Economic Corridor when it gets reactivated.

D. South-East Asia

Context. Southeast Asia (ASEAN) is one of the most dynamic and fastest growing regions in the world. With a combined GDP of over USD 3.6 trillion in 2022, the region spans a market of

670 million people and attracts almost one-fifth of global FDI inflows annually. Over the coming 10 years, the region is expected to grow at an average of 5-6% per year. Its vast endowments of natural resources, an expanding middle class, a young, dynamic, and increasingly educated population, a diversified economy, and intensive regional integration initiatives, including the ASEAN Economic Community (AEC) Blueprint 2025 and the Master Plan on ASEAN Connectivity (MPAC) 2025, underpin the region's prosperity.

The region's strategic location – at the crossroads of the Indo-Pacific, incorporating some of the world's most essential straits and sea lines of communication – has made it a focal point for global trade and investment, attracting attention from major powers. It has also become an arena of US-China geopolitical rivalry, particularly in the South China Sea. Beyond territorial disputes, challenges include shifting demographics and the impact of climate change.

Objectives. Enhancing connectivity – both among and within the ten ASEAN countries, as well as with their external partners – will be key to the region's continued dynamism. The Global Gateway strategy therefore constitutes a perfect entry point for stronger inter-regional cooperation. EU-ASEAN relations are underpinned by a Strategic Partnership (since 2020). The EU-ASEAN Summit of December 2022 represented a major milestone in EU-ASEAN relations.

The new College should pursue a strengthening of cooperation with ASEAN: while phasing out Russian gas, the EU is increasingly importing LNG from Southeast Asia.

Actions. To increase the EU's impact in South-East Asia, the new College could:

- Focus on a limited number of Global Gateway flagships, both at national level (e.g. Copernicus and Digital Economy Package in the Philippines, or Rehabilitation of the ASEAN highway in Laos) and regional level (e.g. EU-ASEAN Green Team Europe Initiative, Sustainable Connectivity Team Europe Initiative).
- Promote the <u>regional integration</u> of ASEAN, including by sharing the EU's experience.
- Maintain <u>high-level dialogue</u>, including regular summits, to steer our cooperation with a view to becoming Comprehensive Strategic Partners by 2027.

E. East Asia and Pacific

East Asia

Context. Home to three of the world's largest economies – China, Japan, South Korea – and to around 1.7 billion people (20% of the global population), East Asia is the economic centre of gravity of the Asia-Pacific. East Asia's economic development has transformed Asian, and global, economic dynamics. At the same time, historical enmities, the North Korean nuclear programme, Chinese growing military power and territorial provocations raise concerns for the security of the region and beyond.

China is the region's most powerful player; it has showed that a Singaporean type of social contract was a viable option on a larger scale. Yet, major policy mistakes (e.g. Statism, COVID mismanagement) have showed the limits of hyper-centralisation, and the country now has to navigate economic turbulences.

Objectives. The new College will have to carefully balance cooperation, competition, and systemic rivalry.

Actions. With the aim of enhancing cooperation with the region, the new College should:

- Maintain <u>high level engagement with China</u> and effectively (a) manage systemic rivalry by de-risking our relations, and (b) encourage China to take ambitious action to tackle global challenges, based on its international commitments and responsibilities.
- Focus on <u>delivering Global Gateway in Mongolia</u>: landlocked and sandwiched between China and Russia, Mongolia seeks to cultivate closer relations with others, including the EU. The EU's goal is to bolster Mongolia's economic resilience by decreasing its reliance on mining and reducing its dependence on China (currently dominating its coal and copper exports) and Russia (from which Mongolia imports fuel, energy, and food). To achieve this, the new College should prioritise the implementation of the Global Gateway Flagship "Green Economic Growth", that aims to attract investments in sustainable natural resource management, value chain development, and green energy.
- Focus on enhancing strategic dialogue and technical exchanges with key like-minded partners in the region – for instance with Japan to implement the EU-Japan Connectivity Partnership in the context of Global Gateway and the G7 Partnership for Global Infrastructure and Investment

Pacific

Context. The Pacific islands, spread across an ocean area of a size equivalent to South America, are located along key maritime routes and are rich in natural resources, including critical raw materials and fisheries. Located between the US, China and Australia, the Pacific countries hold strategic importance for security and defence. The US has long maintained a military presence in the region. Over the last decade, China has focused on strengthening its ties in Pacific through increased aid, diplomacy and security cooperation. One significant concern is the region's vulnerability to environmental and climate-related challenges, including rising sea levels, natural disasters, and ecological degradation.

Objective. The new College should reinforce the EU's presence through targeted investments, particularly in climate change mitigation efforts.

Actions. To enhance the EU's impact in the Pacific, the new College should:

- Focus on a <u>limited number of transformational Global Gateway flagships</u>, prioritising climate change mitigation, renewable energy, and energy efficiency. Best practice includes the development of the Qaliwana Vatutokotoko hydropower plants in Fiji and the "Green Rehabilitation" of the Rabaul Port in Papua New Guinea.
- Reinforce the EU's physical presence (EU Member States' representation in the islands is very limited) and enhance cooperation with non-EU International Financial Institutions, such as the Asian Development Bank, to upgrade resources and expertise available for initiatives in the region.
- Strengthen ties with regional partners such as Australia, New Zealand and Japan to implement joint actions aimed at strengthening the resilience of Pacific countries, such as the multi-donor Kiwa Initiative (part of the Green Blue Alliance Team Europe Initiative and implemented with France, Canada, Australia, and New Zealand).

F. Latin America and the Caribbean

Context. Trade and investment ties between the EU and Latin America and the Caribbean (LAC) have the potential to bolster the strategic autonomy sought by both regions. Many LAC nations require substantial capital and technological infusion to close investment gaps in the pursuit of the green and digital transitions. The EU also has a lot to gain from a strong EU-LAC

partnership: Latin American and Caribbean states can help reduce the EU's dependency on Russian gas and critical raw materials from China.

While the EU is the leading investor in the region, and its third external trading partner, China's influence has grown in recent years (China has now become South America's top trading partner, surpassing the US and the EU; 21 LAC countries have joined the Belt and Road Initiative). To counter Chinese expansion, time is of the essence. The EU's private sector is struggling and calls for increased EU support – both politically and technically. To compete, Team Europe must present and defend a single, coherent offer that not only displays its high domestic standards but is also sufficiently well financed. In addition, future trade relations and agreements need to take into account the impact of the EU's environmental standards on LAC countries. This includes implementing adequate support measures to avoid negative spillovers on EU-LAC trade and investments.

Objectives. The next five years will be critical to maintain the momentum of renewed EU-LAC cooperation following the EU-CELAC Summit of 2023. The key objective of the new College will be to quickly implement a strategic selection of the Global Gateway Investment Agenda's (130+ investment projects) by (a) continuing to engage with the private sector, organising a fully-fledged EU-LAC Business Forum early in the mandate; and (b) mobilising Team Europe.

Actions. A key challenge will be to organise and mobilise Team Europe to contribute at scale to the implementation of the Global Gateway Investment Agenda. This means:

- Sustain dialogue with our partner countries to make sure that our joint efforts remain focused on a strategic selection of feasible, high-impact, sustainable investment projects under the Global Gateway Investment Agenda, as initiated by the EU-CELAC Summit.
- Drastically enhance the Team Europe approach, coordinating the efforts of EU Member States and EU financing institutions to present an offer to boost the energy and digital transitions in LAC.
- Engage with the private sector to define the type and extent of public support needed (derisking, level playing field, economic diplomacy) to make investments happen, particularly in infrastructure, digitalisation, and energy.
- Ensure policy coherence. While many LAC countries align with sustainable development and decarbonisation goals and recognise the Global Gateway Investment Agenda as a means to these ends, the next College must thoroughly assess the impact of domestic policies (including agriculture, industry, health, energy, biodiversity) ex ante, and respond to ever stronger accusations of green protectionism.

While the Global Gateway Investment Agenda is the clear priority, a few programmes outside of its scope (e.g. El PAcCTO, Colombia/Peace, Bolivia/Justice) remain politically important and should not be discontinued.

Actors. The <u>European Parliament</u> remains concerned about the social angle of the Global Gateway Investment Agenda. <u>EU Member States</u> expect the EU to lead on the coordination of Team Europe. The <u>European private sector</u> expects the Commission to facilitate a stable and favourable investment climate, and to effectively help to mobilise Team Europe instruments to de-risk investments. Some <u>international organisations</u> (e.g. Inter-American Development Bank) are eager to join forces; others (e.g. World Bank) less so.

G. Overseas Countries and Territories

Context. 13 Overseas Countries and Territories are associated with the EU, depending to varying degrees on the three Member States with which they maintain special links: Denmark, France, the Netherlands. All are islands, with similar characteristics and needs to those of Small Island Developing States (SIDS). Regional integration vis-à-vis the regions they are in – the Atlantic, Antarctic, Arctic, Caribbean, and Pacific regions – is a priority for the local governments, as well as for the EU support.

Greenland, a self-governing territory of Denmark with ambitions for political independence, is worth a separate mention, due to its geostrategic position and critical raw materials wealth. In November 2023, the EU signed a Memorandum of Understanding with Greenland for a strategic partnership to develop sustainable raw materials value chains. In March 2024, the Commission (DG INTPA) opened an Office in Nuuk. The new College will need to ensure follow up.

Objective and actions. The new College will need to ensure that the EU's approach to Overseas Countries and Territories is integrated with regional development strategies, particularly for the Caribbean and Pacific Islands.

In Greenland, it will be important to follow up on the recent Memorandum of Understanding with concrete steps, including mobilisation of financial support and feasibility studies. As the environmental impact of mining activities is a political sensitive topic, and Greenland is increasingly keen to approach competitors (e.g. US, Canada), the next College should ensure that planned projects respect the highest environmental, social, and governance standards.

H. Global

The mobilisation of investments under Global Gateway needs to be accompanied by strategic engagement at multilateral level, aimed at shaping the international agenda. The new College must proactively engage on the global stage, including through high-level representation at major multilateral engagements. It will be important for the EU to actively contribute to the ongoing reform of Multilateral Development Banks, participate in the upcoming exercise of collective stock-taking on the 2030 Agenda, and influence the development of the post-2030 Agenda.

Global funds. As it stands, the EU is a significant contributor to a range of global funds (on e.g. education, climate, health) but gets little EU visibility or return on investment in exchange. While continuing to support global funds is important geopolitically (global pledging conferences have become a yardstick for partner countries to assess our commitment to their agenda), the new College should approach global funds more strategically, focusing on three key aspects:

- (1) <u>Prioritisation</u>: Currently, EU support is spread too thinly across too many funds. The new College must prioritise investments in the funds that are aligned with the priorities of the Global Gateway strategy.
- (2) <u>Leverage</u>: EU investments should actively contribute to advance EU objectives. Global Gateway priorities should shape the work of the respective funds. This implies that, when we decide to fund, it must come with a clear role in the governance of the Fund. To maximise leverage, EU nationals should be better represented in these funds, including at the top level.
- (3) <u>Team Europe visibility</u>: The EU and its Member States are the largest contributors to many funds. But contributions are currently provided in a disjointed manner. To translate financial input into political output, the new College should mainstream the Team Europe

approach within global funds. EU impact could be larger and more visible if pledges were made as Team Europe and promoted as such.

For example, the EU is the biggest contributor to the Global Partnership on Education (GPE). The next college should get the GPE to align on the education priorities of the Global Gateway strategy, expanding work on innovative financing and exploring ways of partnering with the private sector to leverage grant funding. In addition, coordination between the GPE implementing agencies (World Bank and UNICEF) and the EU Delegations should be strengthened. The EU is also the 6th largest donor to Education Cannot Wait (ECW). The new College should push ECW to increase its vocational education and training offer to boost employment perspectives. In both GPE and ECW, the visibility of EU and Team Europe should be increased at country level.

Priorities. Refocus our global action around a limited number of priorities.

Health. The new College should focus on:

- a) Implementing the EU Global Health Strategy⁹.
- b) Strengthening the leadership, efficiency and accountability of the WHO¹⁰.
- c) Developing regional partnerships. The large-scale partnerships with Africa and Latin America on vaccine production need to be further advanced. As manufacturing of health products starts in partner countries, the new College should further support strengthening the regulatory environment and ensure demand for locally produced goods (Gavi The Vaccine Alliance¹¹ and the Global Fund to fight AIDS, Tuberculosis and Malaria¹² are key partners in this effort).

Education. The new College should focus on:

- a) Keeping education high on the political agenda. Recognised by the UN as one of the five Global Champions of Education at the 2022 Transforming Education Summit, the EU has built a strong reputation for external action in education that should be maintained. Lowhanging fruit for the next Commissioner.
- b) Transforming education financing. Domestic revenue mobilisation for education should take a central role, and external financing should complement national needs based on country ownership. This approach should align with ongoing reforms (e.g. World Bank innovative instruments to attract private sector investments).

Climate. The new College should focus on:

- a) Creating a positive green offer by deploying sizeable investment packages under Global Gateway to accompany the decarbonisation efforts of our partner countries. It will be key to be selective: avoid a proliferation of projects, and instead focus on scale and impact. This calls for whole-of Commission coordination, and a Team Europe approach bringing together Member States, banks, the European private sector, and International Financial Institutions.
- b) Using such portfolio of concrete investments at the Climate COPs to illustrate the significant mobilisation of private and public funding by Team Europe on mitigation and

⁹ The strategy puts forward three interrelated priorities: (1) step up efforts to deliver better health, (2) strengthen health systems and advance universal health coverage, (3) prevent and combat health threats by applying a One Health approach.

¹⁰ WHO: European Commission is 5th largest donor, 7% of WHO budget (2020-2021).

¹¹ Gavi: European Commission is 5th largest donor, 6% of Gavi budget (2021-2025).

¹² Global fund: European Commission almost 5% of Global Fund public sector contributions (2023-2025).

- adaptation. This is more efficient and impactful than pledges into the series of Funds emerging from the various COPs.
- c) Better handling the external impact of our Green Deal policies; ensuring that the EU's climate policies go hand in hand with sustainable development and trade policies. The next College will have to mainstream geopolitical and geoeconomic considerations in its policymaking. Need to factor in the realities of our partner countries and show that the EU approach can lead to higher productivity while ensuring sustainability.

Environment. The new College should focus on:

- a) Leveraging environmental cooperation with partner countries in a positive way to strengthen international partnerships. The most significant standing forests and biodiverse ecosystems are located in our partner countries. To effectively preserve these resources and have a global impact, the implementation of the Green Deal must adopt a partnership approach. In a world of growing resource scarcity, the new College could advance (a) transparent governance and sustainable management of natural resources; (b) sustainable financing mechanisms to reward nature conservation and restoration (e.g. green bonds or biodiversity credits).
- b) Establishing a critical mass of Forest Partnerships. By building sustainable forest value chains, supporting livelihoods, and leveraging appropriate financial incentives, Forest Partnerships can play a critical role in protecting and restoring forests, paving the way to a forest bioeconomy and to building strategic alliances.
- c) Thoroughly assessing the impact of EU environmental regulations on our partners and mitigating negative externalities. Going forward, it will be key to impact-assess environmental regulations (a) ex ante before these are agreed upon; and (b) in a holistic manner, better considering their cumulative impacts, particularly on partner countries. The 46 Least Developed Countries are for instance important partners for the EU when it comes to our geopolitical positioning.

