

# The EU's Value Proposition for Connectivity: Time to Choose and Focus

*Maaïke Okano-Heijmans*

## INTRODUCTION<sup>1</sup>

Connectivity initiatives are the latest tool for advancing influence in international relations and diplomacy. China's Belt and Road Initiative (BRI) is one of these initiatives, and the most developed of them by far. While responding to a real need for hard infrastructure, the BRI contributes to China's growing presence and influence in other countries and challenges the current open and transparent rules-based system of international politics and economics advanced in the 20th century.

The EU's Europe-Asia Connectivity Strategy of October 2018<sup>2</sup> would not have been conceived without China having put forward its BRI. But it is more than just a response to the Chinese initiative, launched in 2013. Aiming to improve trade, business and finance flows, Europe's value proposition focuses on investments that are sustainable, comprehensive and rules-based.

Lacking (new) funds and tools, however, the EU has been hard-pressed to deliver on its strategy. Its focus has been on inclusive multilateralism and on mapping connectivity, especially in the Asia-Europe Meeting, which also includes China. This contrasts with the initially bilateral, practical, project-based approach that Japan adopted in its partnerships for quality infrastructure since 2015, which by emphasising "quality" is a competitive value proposition of its own.

Partnerships to promote sustainable connectivity thus feature prominently in the EU's approach. An important milestone was reached in September 2019 with the launch of the EU-Japan Partnership on Sustainable Connectivity and Quality

---

<sup>1</sup> This article builds on earlier (co-authored) publications on the topic by the author.

<sup>2</sup> On 15 October 2018, the European Council adopted conclusions on "Connecting Europe and Asia – Building blocks for an EU strategy", following the joint communication of the Commission and the High Representative of September 19.

Infrastructure.<sup>3</sup> Beyond Japan, the EU is now attempting to build partnerships with the United States, Australia, South Korea and even India. Already since 2015 the EU and China have discussed connectivity in the EU-China Connectivity Platform, aiming to further cooperation and synergies in the field of transport infrastructure, as well as greater transparency, reciprocity in market access and a level playing field.

This article sets out to provide more clarity about the EU connectivity strategy's pillars and objectives, as well as its strengths and weaknesses. Particular focus will be placed on the normative element of "sustainable" connectivity, on digital connectivity, and on connectivity's defensive strand, in recognition of the fact that governments need to act on the (security) challenges that come with connectivity, mainly due to divergences in modalities, standards and norms. After all, upholding norms and standards in a more (digitally) connected world must – in specific cases and for specific purposes – also include a willingness to put limits on certain connections.

Also, the EU's inclusive approach as well as possible synergies and connecting points with the connectivity propositions of other countries are discussed. In conclusion, it is argued that clearer choices on connectivity's objectives and geographical focus should lead stakeholders in the EU institutions and in member states to launch a flagship initiative of their own: an Open and Connected Eurafrika (OCEA).

## **SUSTAINABLE, SECURE AND SMART CONNECTIVITY**

Building strong energy, transport, digital and human links to strengthen connections between Europe and Asia is at the core of the EU's connectivity strategy. Together, these four pillars resemble the physical connectivity plus the people-to-people dimension of ASEAN's Master Plan on Connectivity 2025, launched in 2016.<sup>4</sup> Moreover, the EU's focus on rules-based connectivity matches ASEAN's institutional dimension (also called "soft infrastructure"), such as trade, investment, and services liberalisation. Distinct to the EU's proposition is the particular emphasis on modalities. In the strategy itself, this was summarised as sustainable, comprehensive

---

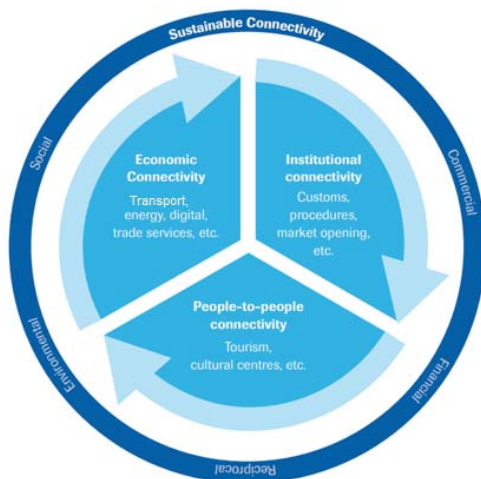
<sup>3</sup> Full text available here: [https://eeas.europa.eu/regions/africa/68018/partnership-sustainable-connectivity-and-quality-infrastructure-between-european-union-and\\_en](https://eeas.europa.eu/regions/africa/68018/partnership-sustainable-connectivity-and-quality-infrastructure-between-european-union-and_en).

<sup>4</sup> Full text available here: <https://asean.org/storage/2016/09/Master-Plan-on-ASEAN-Connectivity-20251.pdf>.

and rules-based connectivity, while the rhetoric thereafter shifted to sustainable, secure and smart connectivity.

As depicted in Figure 1, sustainable connectivity has five key features: commercial, financial, social, environmental and reciprocal elements. Commercial sustainability centres on investing in projects that respond to a real public need and are economically viable. Financial sustainability implies ensuring that the countries involved do not fall into a debt trap and that infrastructure projects include long-term financial planning (e.g., the availability of funds for repair work or skills training). Social sustainability refers to infrastructure that contributes to institutions' quality and conforms to transparency and labour standards. Environmental sustainability recognises that connectivity should consider its impact on the environment, i.e., that development should meet the needs of the present without compromising the ability of future generations to meet their own needs.<sup>5</sup> And finally, reciprocal connectivity is about maintaining a level playing field between countries and governments, and upholding international rules and regulations on government procurement and state aid.

**Figure 1. Connectivity's three pillars (Okano-Heijmans and Sundar, 2018).**



The push for sustainable connectivity is a call for greater continental cooperation on these five aspects. The EU, Japan and India are key partners herein, as is China, which is also an Asia-Europe Meeting (ASEM) member. In contrast with the lock-out approach taken by Japan and India in the Asia-Africa Growth Corridor

<sup>5</sup> For the UN definition of the term, see <http://www.un-documents.net/ocf-02.htm>.

(AAGC), the EU and ASEM's counter-proposal to the BRI is thus an inclusive one that seems bent on including China in a set of connectivity standards that are different from those of the BRI.

There are signs that the EU's normative approach – together with that of other partners – is having an effect. Recently, the Chinese government has started to speak of “high quality” and “sustainable” connectivity itself. Although “high quality” did not appear even once in Xi's keynote address at the first Belt and Road Forum in 2017, it was brought up six times in his 2019 keynote address at the second forum in April 2019. Moreover, China's Ministry of Finance in April 2019 announced the “Debt Sustainability Framework for Participating Countries of the BRI”.<sup>6</sup> This illustrates that the Chinese government does respond to accusations of creating debt traps and lack of transparency, against a context of deepening US-China trade frictions. As such, it may be taken as a sign that the normative approach of Japan, the EU and other stakeholders does make a difference. The question now, however, is to see to what extent changing rhetoric is or will be matched by changing practice. Also, it requires that the EU be more specific about where activities and approaches (may) align and where they do not.

## **BEYOND HARD INFRASTRUCTURE: (RE)FOCUS DIGITAL**

Although connectivity is now high on the EU's agenda, its digital dimension remains underdeveloped. The EU connectivity strategy illustrates the Union's focus on (domestic) regulations and access in the digital field. The strategy's short paragraph on digital emphasises the importance of high-capacity network links that are critical for supporting the digital economy (access) and the regulatory environment. As such, it largely reflects the basics of the EU's Digital Single Market (DSM) strategy, adopted in 2015, even if the DSM as such is not referenced in the strategy. Also evident from the EU's connectivity strategy is the emphasis on digital networks and the Digital4Development framework. While the strategy also states the importance of “a coherent regulatory approach”, the multilateral agenda for digital/data regulation is – somewhat surprisingly – left unmentioned.

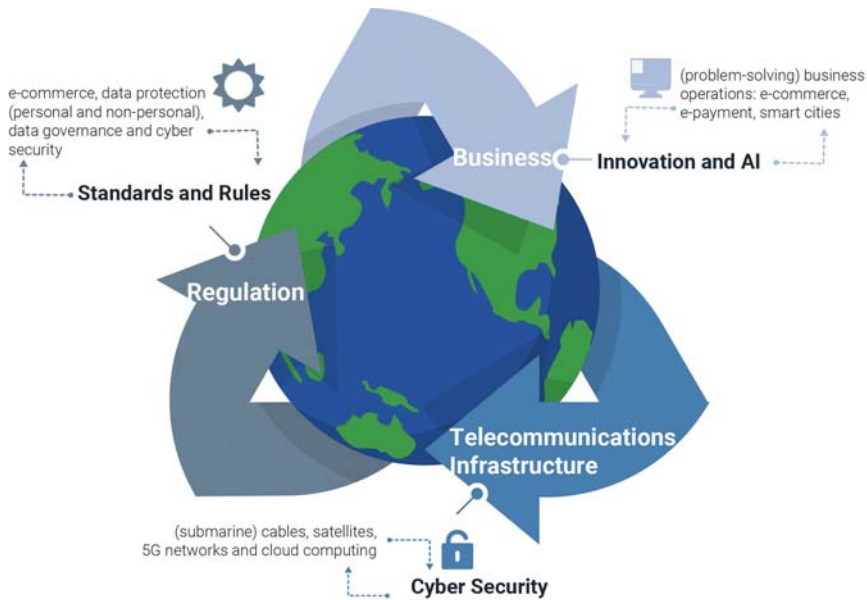
As illustrated in Figure 2 below, digital connectivity in the practical sense involves three core elements: telecommunications infrastructure; business operations; and (international) regulations. Telecommunications infrastructure refers to

---

<sup>6</sup> Asei Ito, *China's Quest for a “High-quality Belt and Road Initiative*, AJISS-Commentary No. 272. Available online at: [http://www2.jiia.or.jp/en\\_commentary/201907/18-1.html](http://www2.jiia.or.jp/en_commentary/201907/18-1.html).

the hardware and software of the physical networks that are necessary for the digital economy to function – that is, its (submarine) telecommunications cables and satellites, as well as 5G and cloud computing. Business operations “fill” the digital economy, with, for example, e-commerce and e-payments. Taken together, these activities could contribute to the development of so-called “smart cities” where data can be collected to analyse and effectively tackle public challenges, ranging from transportation and traffic to waste management, schools and even crime detection. Finally, digital connectivity has an institutional dimension that supports the digital economy, aiming to make it transparent, rules-based and fair. Today, this includes negotiations on (international) regulations for e-commerce and taxation, as well as for the protection of (non-)personal data.

**Figure 2. Digital connectivity: practical and strategic elements (Okano-Heijmans 2019).**



The EU has not been sitting still with regard to digital connectivity. A common EU approach to the security of 5G is in the making. On data privacy and security, the EU has acted to protect European consumers and individuals, particularly within the Union. In addition, at the World Trade Organisation, the G20 and other forums, the EU is moving in cooperation with Japan and others to further a global framework that addresses cross-border internet policy, governed by the concept of data free flow with trust. Missing, however, is a comprehensive strategic vision that spurs action on all three practical elements of digital connectivity and gives

strategic guidance in the political and even securitised sense, not only from a market perspective.

Also in the Asia–Europe Meeting, where the EU pushed forward the multilateral debate on sustainable connectivity, the digital element remains underdeveloped. The ASEM Connectivity Inventory, which was launched just days after the EU’s connectivity strategy, showed that only 8 out of 112 ASEM events during the period 2013–2018 focused on information and communication technologies (ICT) and digital technologies, and only one on digital connectivity.<sup>7</sup> For its part, the ASEM Sustainable Connectivity Portal, which was also published in October 2018, includes just one digital indicator: connection speed.<sup>8</sup>

## **BROADENING THE EUROPEAN APPROACH AND ADDING A DEFENSIVE STRAND**

With its focus on the internal market, rules-making and development, the EU’s approach to digital connectivity differs from similar strategies, particularly that of China and its Digital Silk Road (DSR). Specifically, the EU fails to provide much-needed strategic guidance and practical assistance in this field for European capitals, businesses and consumers today. Stakeholders need to be better-equipped to reap the opportunities that digitalisation offers for any economy, and guided through the emerging stand-off that arises because of the global race for supremacy in innovation and AI as well as countries’ varying normative interpretations and practical applications of digital and data. A comprehensive strategic vision should spur action on all three practical elements of digital connectivity – namely, telecommunications infrastructure, business operations and regulations – and give strategic guidance in the political and even securitised sense, and not only from a market perspective.

Relatedly, strategic thinking on the EU’s digital connectivity’s underlying defensive strand remains underdeveloped. This is illustrated by the failure initially to discuss the security of next-generation telecommunications infrastructure, and the role of Chinese equipment provider Huawei within this. Owing to intense pressure from Washington – which is calling on EU member states to ban Huawei from

---

<sup>7</sup> This event concerns the ASEM high-level forum, which was held in China in June 2017: ASEM Connectivity Inventory, <http://www.eria.org/uploads/media/ASEM-Connectivity-Inventory-Full-Report.pdf>.

<sup>8</sup> ASEM Sustainable Connectivity Portal, <https://composite-indicators.jrc.ec.europa.eu/asem-sustainable-connectivity/>.

providing their 5G infrastructure – a common EU approach to the security of 5G is now being prepared.<sup>9</sup> Relatedly, there is a need to develop a new (EU) regime for export controls on emerging technologies.<sup>10</sup> Upholding EU norms and standards in a more (digitally) connected world cannot just be about more connectivity always, but must – in specific cases and for specific purposes – also include a willingness to put limits on certain connections.

Next, for European players to remain at the forefront of the fourth industrial revolution, problem-solving business operations of digital companies should be nourished and retained during the scale-up. This requires investments in innovation and technology – including in public–private partnerships – that nurture and maintain start-ups and “unicorns”. Awareness of the need for greater investments in and a strategic vision on AI is growing in the EU and must now be followed by action. European governments and companies can learn from digital advances elsewhere – especially in Southeast Asian countries, which are leapfrogging ahead in the field and are inspired by China rather than by European, US or Japanese technologies.<sup>11</sup>

Platforms are needed for the EU and its member states to discuss digital connectivity with stakeholders elsewhere, just as the EU-China Connectivity Platform facilitates dialogue on transport connectivity with China and the Asia-Europe Foundation (ASEF) furthers human connectivity between European and Asian countries. There is ample room for the EU to engage with others on its best practices with the Digital Single Market, including through its Digital4Development framework, but resources are needed for action outside the EU. Opportunities for best practices exchange and greater synergies are also evident in the field of cyber security – including 5G. After all, countries in Southeast Asia and Africa are facing similar challenges to those that EU member states are currently facing – of having to balance cost and risk.

---

<sup>9</sup> Details available on the European Commission's website, see [https://ec.europa.eu/commission/news/common-eu-approach-security-5g-networks-2019-mar-26\\_en](https://ec.europa.eu/commission/news/common-eu-approach-security-5g-networks-2019-mar-26_en).

<sup>10</sup> For more on this see Brigitte Dekker and Maaïke Okano-Heijmans, *The US–China trade-tech stand-off: the need for European action on export control*, Clingendael Policy Brief, September 2019.

<sup>11</sup> Speech by Hirobumi Kayama, Special Adviser to Japan's Ministry of Economy, Trade and Industry, at the event 'China's Digital Silk Road', Washington, DC: CSIS, 5 February 2019. Transcript available online: <https://www.csis.org/events/chinas-digital-silk-road>.

## AN INCLUSIVE APPROACH TO CONNECTIVITY?

In an attempt to promote multilateralism in its proposition of sustainable connectivity, the EU used its strategy to feed into the Asia-Europe Meeting Summit, which brought together the leaders of ASEM's 51 member countries (plus the EU and ASEAN) in Brussels, in October 2018.<sup>12</sup> While Brussels' push for sustainable connectivity was new, ASEM's efforts in the field of connectivity go back several years. At the ASEM 2014 Summit in Italy, leaders underscored the significance of connectivity between the two continents for prosperity and development. Subsequently, the 11th ASEM Summit agreed to make ASEM responsive to the emerging needs for connectivity. To this end, the ASEM Pathfinders Group on Connectivity was created and tasked with advancing ASEM's connectivity agenda. Currently on its agenda are: trade, economic cooperation, connectivity, sustainable development, climate change and security challenges.

Held under the theme of "Europe and Asia: Global Partners for Global Challenges", the 2018 ASEM Summit spearheaded the discussion on moving towards sustainable connectivity. This included: one, the launch of an "ASEM Sustainable Connectivity Portal", a data-set that should measure the quantity and quality of connections; and two, a "Connectivity Inventory", an overview of lessons learned in the field from ASEM activities, matched with ideas on how to improve and deepen policies and action.<sup>13</sup> The EU has played a crucial role in pushing this agenda: as the host of this year's summit, it has marketed both the data-set and the inventory as "gifts" to ASEM partners. One year later, however, follow-up to these initiatives and practical outcomes are few. It remains to be seen to what extent the connectivity partnership with Japan will provide the much-needed push to translate ideas into action, as could subsequent partnerships with the United States and Australia.

The EU is also hard-pressed to position itself in the hardening competition for connectivity value propositions, including the Asia-Africa Growth Corridor (AAGC), the Free and Open Indo-Pacific (FOIP) and the Quad 2.0. With their longstanding experience and presence in Africa and as the main investor in Southeast Asia, the EU and its member states are attractive partners to Japan and India in the AAGC and to Australia, India, Japan and the United States in the FOIP.

---

<sup>12</sup> See ASEM Info Board, 2018, at <https://www.aseminfoboard.org>, accessed August 17, 2018.

<sup>13</sup> For more details on the ASEM Sustainable Connectivity Portal, see <https://composite-indicators.jrc.ec.europa.eu/asem-sustainable-connectivity/>; for the Connectivity Inventory, see [https://d333mq0i40sk06.cloudfront.net/documents/S02\\_ASEM-connectivity-study\\_FINAL-VERSION-11.10.2018.pdf](https://d333mq0i40sk06.cloudfront.net/documents/S02_ASEM-connectivity-study_FINAL-VERSION-11.10.2018.pdf).



The practical elements of digital connectivity appear to be a promising field for cooperation. Furthering the European value proposition requires that European infrastructure and e-business players are present on the ground. Only by cooperating with others do the EU and its member states have a chance of success in offering business and value propositions that rival the operations and influence of China's (state-backed) tech giants in third countries. But financial tools are needed to coordinate strategically with like-minded countries such as Japan and the United States – both at the government level, as well as in infrastructure finance and in public-private partnerships that further problem-solving digital businesses.

Notably, while e-governance and e-business regulations appear to be largely missing in China's DSR, this soft element does feature in the digital strategies of Japan and the United States, which otherwise resemble China's approach. The United States and Japan, for example, are both moving forward actively on digital – individually and in synergy – including in their Free and Open Indo-Pacific policies. Alongside this regulatory push, both seek a share of the digital economy in third countries, by nurturing and maintaining, as well as investing in digital companies. Moreover, as China catches up in several high-technology fields, the United States is demanding support from its allies to maintain its leading position. The Huawei ban may have been the first – and, to date, the most well-known – such example, but the US push for a new export control regime for emerging technologies illustrates that more is yet to come.

## **TEETHING THE PAPER TIGER**

Today, as the US-China trade war evolves into a more permanent conflict at the nexus of trade, technology and data, the EU needs to expand its outreach to member states and to deliver on the practicalities as well as on the security challenges of connectivity. Digital connectivity and a more developed defensive strand of connectivity play an important role herein.

International cooperation remains a challenge: by and large – and with Japan as the positive exception – these “like-minded” actors are yet to add real projects and funds to their proposed initiatives. Also lacking is a consensus on how to build synergies between their connectivity propositions, which now largely run parallel at best and at cross-purpose at worst. Lacking, still, is substantive engagement about one another's strategic thought. The Trump administration's approach towards like-minded countries and its noncommittal approach towards Asia on global trade multilateralism have certainly not helped matters.

The stakes are high. While few will disagree with connectivity's objectives, approaches and modalities are disputed. Three questions in particular loom large. First, beyond the hardware, is connectivity going to improve links between countries, institutions and peoples or will it be divisive? Will it contribute to or undermine the international system based on rules, transparency and reciprocity? And finally, will connectivity be hierarchical or cooperative?

As connectivity is quietly becoming the "next great game", the EU and its member states have an interest in managing this emerging connectivity conflict. This involves strengthening partnerships and working with stakeholders at home to deliver on the practical and the defensive elements of connectivity. With like-minded countries, the aim should be to further cooperation in projects as well as in international forums and to share more information. Also, greater investments are needed in conditional cooperation with China, including through the Memorandums of Understanding for Third Market/Country cooperation that several EU member states have already signed. Multilaterally, ASEM remains the key vehicle for engagement. Last but not least, internally, there is a need for improved cooperation and coordination between European governments, banks and businesses as well as between institutions responsible for economics and for security. After all, connectivity is the foreign policy extension of the EU/European industrial policy that is now in the making.

## **TOWARDS AN OPEN AND CONNECTED EURAFRICA?**

While the four pillars, the normative elements and the multilateral approach of the EU's connectivity strategy are relatively clear; less apparent is what key objectives this new strategy aims to serve. Is the strategy mainly to serve EU internal objectives, such as delivering on jobs and growth or security? Or is it essentially a new form of development cooperation, aimed at steering development in recipient countries? Or is it primarily a foreign policy instrument that attempts to steer China's growing role and influence in a certain direction? Clarity is needed to steer and coordinate the many activities of governments, banks and businesses in the EU and its member states. Only then can connectivity be rationalised and delivered. Without clear objectives, connectivity activities will be too scattered to be successful in the long term. Relatedly, there is a need to choose and focus in geographical terms. Lacking a focus on specific countries or regions, connectivity risks being little more (or less) than a synonym for foreign policy.

Taken together, this suggests that the EU and its member states would do well to focus on the regions where they have the biggest political, economic and

strategic stakes as well as a strong presence and historical memory: the so-called ring around Europe. This spans from the Western Balkans to Eastern Europe and Central Asia, and Northern Africa. Explicating this focus by way of a flagship connectivity initiative will serve the purpose of steering minds and action, and may be promoted as the other side of the coin in relation to the Free and Open Indo-Pacific, pushed for by Japan and the United States. As the EU moves from strategy to action, the time is right for the launch of an Open and Connected Eurafrika (OCEA).

**Maaïke Okano-Heijmans** is a senior research fellow at the Netherlands Institute for International Relations “Clingendael” in The Hague. She is also a visiting lecturer at the University of Leiden, where she teaches on “Non-Western Diplomacy”. Maaïke is Clingendael’s scientific coordinator for the Asia-Pacific Research and Advice Network (#APRAN), advising the European External Action Service and the European Commission. She also leads Clingendael’s projects on “Geopolitics, great powers and global governance” for the Dutch Ministries of Foreign Affairs and Defense. Her main research interests are in connectivity, economic diplomacy and international relations in EU-Asia relations.