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LIMITE

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WORKING PAPER

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CONTRIBUTION

From:	General Secretariat of the Council
To:	Asia-Oceania Working Party
Subject:	Draft Council Conclusions - A Globally Connected Europe - FR/DE comments

Delegations will find attached joint Franco-German comments on the above.

Draft Council Conclusions – A Globally Connected Europe

Joint Franco-German comments (07.06.2021)

I. Context

1. The Council recalls the 2018 Joint Communication "Connecting Europe and Asia – Building blocks for an EU Strategy" and its following Conclusions, which lay down the **fundamental principles of the EU's approach to connectivity**, with climate and environmental, social, economic and fiscal sustainability, the level playing field, and a comprehensive rules-based approach at its core, and affirming the importance of both hard and soft connectivity. The Council also notes that connectivity has been identified as a key component in **numerous EU regional strategies**~~.~~[1] and stresses its role as a key priority to strengthen the strategic presence and action of the European Union in the framework of the upcoming EU Strategy for Cooperation in the Indo-Pacific.

2. The Council highlights that the EU connectivity strategy has a pivotal role to play in implementing the Commission's priorities for 2019-2024 and corresponding EU strategic interests, including in the realm of the EU's foreign, development and trade policy as well as other key EU policies,~~The Council considers that connectivity has an important role to play in **contributing to the Commission's**~~ **EU's** ~~**priorities** for 2019-2024,~~ notably the European Green Deal and the European Digital Agenda. In this context, the Council recalls its Data Gateway Declaration as well as the Joint Communications "2030 Digital Compass", the Updated Industrial Strategy, Trade Policy Review, Sustainable and Smart Mobility Strategy and the Global Approach to Research and Innovation, which all share the general objective of

[1] Enhanced EU Security Cooperation in and with **Asia**-Council conclusions (2018); the Council Conclusions on EU relations with **Latin America and the Caribbean** "Joining forces for a common future" from 2019; the Joint Communication "The EU and **Central Asia**: New Opportunities for a Stronger Partnership" from 2019; the Council Conclusions on the "EU's engagement to the **Black Sea** regional cooperation" from 2019; the Council Conclusions on Space solutions for a sustainable **Arctic** from 2019; the Joint Communication "Towards a comprehensive Strategy with **Africa**" from 2020; the Joint Communication "**Eastern Partnership** policy beyond 2020" from 2020; the **Western Balkans** Economic and Investment Plan from 2020; the Council Conclusions on European Union – **United States** relations from 2020; the Council Conclusions on a renewed Partnership with the **Southern Neighbourhood** "A new agenda for the Mediterranean" from 2021; the Council Conclusions on the EU Strategy for cooperation in the **Indo-Pacific** from 2021.

promoting the Union's values and interests externally, including through sustainable connectivity.

3. The Council considers that the **Covid-19 pandemic** has further exposed the strategic importance of connectivity for economic growth and security and resilience, with particular implications in terms of diversification of value chains, especially for the most sensitive industrial ecosystems, the reduction of strategic dependencies on critical raw materials, and the need for a secure, resilient and high quality digital ecosystem. The Council also notes that **other leading economies** in the world have developed their own approaches and tools for connectivity.

4. The Council considers that investments in connectivity and quality infrastructure respecting social, climate and environmental, economic and fiscal sustainability can have a **transformative effect for economies and societies**, strengthening growth, resilience and competitiveness in view of a green and digital transition and, especially in the context of the post-Covid-19 recovery, can help build back better. The Council recognises the importance of **regulatory cooperation, and technical assistance** in order to help partners to create an environment conducive to investment in connectivity, as well as the **vast needs for connectivity investment**.

5. The Council ~~considers important~~underlines the importance~~t~~ that all international connectivity initiatives and actions apply **high international standards, norms and principles,** with the G20 Principles for Quality Infrastructure Investment (G20 QII Principles) and sustainable financing principles/guidelines as a minimum, contributing to the realisation of the 2030 Agenda for Sustainable Development and the Paris Agreement. Equally, strong and reliable norms and standards are key to creating and securing a level playing field, needed to attract private and public investment in sustainable connectivity.

6. The Council highlights the importance of bolstering the benefits of connectivity through **Connectivity Partnerships** with like-minded partners and in cooperation with countries benefitting from connectivity actions, in order to promote the sustainability and compatibility of the partners' respective activities with international standards, norms and principles and to benefit from complementarities in project preparation, implementation and financing, as well as policy and regulatory cooperation and technical assistance. A wide use of the multilateral platform SOURCE, jointly led and financed by multilateral development banks to help countries to prepare and manage their infrastructure projects, will be promoted by the EU in its technical assistance program

The Council welcomes the EU's partnerships with Japan (September 2019 which led to a first set of projects ~~)~~ and India (May 2021), as well as the EU-ASEAN joint statement of~~'s EU's commitment in~~ December 2020 paving the way towards strengthening~~to strengthen~~ practical connectivity cooperation with ASEAN.~~, and the first projects announced in the framework of the EU-Japan partnership.~~ and encourages the High Representative and the Commission to consider further partnerships with likeminded countries.

II. Implementation

7. For the aforementioned reasons, the Council requests the High Representative and the Commission to prioritize the work on the implementation of the EU connectivity agenda ~~to support and promote the EU's geo-political and geo-economic interests and uphold our common values.~~

~~7. The Council therefore invites the Commission and the High Representative, in accordance with their respective powers, to continue **work on to implementing** the EU connectivity agenda globally, recognising the worldwide demand for sustainable connectivity, in particular in Asia-Pacific, Africa and Latin America.~~

8. To respond to the challenges and needs identified, the Council finds it important for the EU to **incentivise both investments in hard connectivity, particularly from the private sector, and soft connectivity policies and initiatives,** and in particular policy and regulatory approaches conducive to sustainable investment and sustainable financing, through all appropriate means and in line with EU strategic interests, in coordination with Member States and their financial and development institutions, as well as with multilateral financial institutions' activities and in line with the G20 QII Principles. This should also be addressed by integrating EU external policy considerations into the ongoing discussion on the European Financial Architecture for Development, inter alia by promoting financing for sustainable connectivity.

9. In particular, the Council invites the Commission and the High Representative, in accordance with their respective powers, to **implement the following steps**:

   i. Extend the scope of the EU connectivity strategy to the global level, since there is worldwide demand for sustainable connectivity investment, not only between Asia and Europe, but notably also in Africa, Latin America, the Mediterranean, the Indo-

P~~p~~acific region, the Eastern Neighbourhood and the Western Balkans;

~~i.~~ii. Encourage a **Team Europe approach** (EU institutions, Member States, the EIB, the EBRD and Member States' financial institutions) to implementation of the EU Connectivity agenda by~~;~~

- ~~o~~ **Identifying and implementing an initial set of high impact and visible projects and actions globally.**~~, by:~~

- **Mapping and presenting ~~a proposal of~~ connectivity initiatives and projects** being implemented since the adoption of the 2018 Joint Communication as well as a proposal for future such initiatives and projects ;~~within six months after adoption of the present Council Conclusions~~until the end of 2021; ~~such~~the aforementioned proposal should contain specific information, among others, on possible recipient countries, sector-specific projects and estimated financial need.

- ~~continuing~~Creating project implementation conditions conducive to the participation of pan-European business consortia;

- Continuing **policy and regulatory engagement** with international partners, in particular with countries benefitting from connectivity actions, including with the promotion of multilateral tools in particular IMF PIMA and IMF/World Bank PFRAM and the dissemination of the multilateral platform SOURCE for project preparation for systemic capacity building toward quality infrastructure ;;

- **Including new strategic connectivity actions in the programming process** for the 2021-2027 MFF, including the IPA III programming, and the future NDICI/Global Europe instrument~~, (notably in the Team Europe initiatives),~~ based on priorities identified and agreed with partner countries and regions; thereby strategically deploying EU financial resources for connectivity;

- Increasing work towards delivering concrete results and giving better visibility to the EU from the existing **Connectivity Partnerships**, such as through bilateral and joint initiatives with third parties, including cooperation on possible concrete infrastructure projects;

~~ii.~~iii. Present a coherent financing scheme to ~~I~~incentivise sustainable connectivity investments, based on **pooling public and private resources**, focusing on:

- **~~mapping the~~enhancing the effectiveness of the set of instruments already availabl~~estreamlining financial instruments already available~~** ~~and, if need be, proposing new instruments,~~ for stimulating further investment in sustainable connectivity both on the EU and Member States' level, including their respective financial institutions, to facilitate pooling and blending of resources in a Team Europe approach;

- **facilitating the participation of other financiers**, in particular private investors, European and international development finance institutions (such as EIB and EBRD), national ~~promotional~~ private and development banks and export credit agencies in joint financing structures, for example via structures such as a possible Digital Connectivity Fund, thus creating synergies between ~~EU funding and~~ private investment and~~as well as~~ funding from international financial institutions;

- ~~where appropriate and feasible,~~ complementing private investment and funding from international financial institutions, with funds ~~**support**~~ **from the Multiannual Financial Framework** (MFF) 2021-2027, exploiting the full potential of the EFSD+ and the role of guarantees in supporting resilient and climate-friendly infrastructure, ~~and~~ Next Generation EU ~~and a possible Digital Connectivity Fund, thus creating synergies between EU funding and private investment as well as funding from international financial institutions;~~

~~iii.~~iv. Mobilise the **private sector** to finance and implement projects, by:

- providing detailed information for business on EU connectivity projects and conditions for participation in close coordination with national TPOs;

- launching the **Business Advisory Group at the EU level** as an effective coordination and consultation platform, as envisaged in the 2018 Joint Communication on connectivity, without prejudice to the existing business support organisations such as the Chambers of commerce;

- advancing work on **sustainable finance and export credits** as tools for crowding in private investment in line with Art. 2 c of the Paris Agreement;

- ensuring an adequate **level playing field** for the private sector in market access, including a fair access to government procurement and foreign direct investments;

- using innovative public financing tools, such as loans and guarantees, to **crowd-in** private capital;

~~iv.~~v. Ensure visibility of the EU's global connectivity actions through **coherent strategic communication**, by:

- developing a **unifying narrative** for actions taken by all relevant actors in a Team Europe approach and supported by a communication campaign for greater public visibility~~,~~ and in international institutions and fora ;

- putting forward a new appealing "brand name" for the EU connectivity strategy;.

- hosting regular further editions of the **Europa Connectivity Forum**;

vi. Ensure smooth and efficient cooperation between services and institutions, geared towards an efficient and quick implementation of the Strategy, supported by the highest institutional level;

~~v.~~vii. Keep **the Council closely** ~~**informed**~~ **involved** through its structures dealing with connectivity in all its geographic and sectorial dimensions, when defining general orientations and identifying concrete projects supporting the EU strategy on connectivity;

~~9.~~10. The Council will discuss progress on the implementation of the Strategy annually on the basis of progress reports.