

## Will the Partnership for Global Infrastructure and Investment be a Game-changer in the Indo-Pacific?

By Mr. Don McLain Gill

Mr. Don McLain Gill, Philippines-based geopolitical analyst and author, explains that the G7 launched the Partnership for Global Infrastructure and Investment (PGII) at an opportune time as the COVID-19 pandemic has significantly derailed China's Belt and Road Initiative's (BRI) momentum and Beijing's questionable lending practices have come under greater scrutiny.

The 2022 summit of the G7, a group of major industrialized countries, namely Canada, France, Germany, Italy, Japan, the United Kingdom and the United States, was held on June 26 to 27 amid the unfolding Ukraine-Russia war. Argentina, India, Indonesia, Senegal, and South Africa were also invited, while Ukrainian President Volodymyr Zelenskyy took part virtually. The Summit witnessed a significant focus on the war in Eastern Europe and its negative implications for global energy and food security. However, in an attempt to address the challenges brought by China's rise and expanding economic clout, the G7 leaders unveiled the Partnership for Global Infrastructure and Investment (PGII).

The PGII is an ambitious \$600 billion funding initiative to spearhead infrastructure projects in the developing world with a special emphasis on transparent, sustainable, and democratically driven methods of engagement. This collective effort by the world's leading democracies is an attempt to balance and hopefully offset China's multi-trillion-dollar Belt and Road Initiative (BRI), which has a global span encompassing more than 100 countries.

Such an initiative by the G7 comes at an opportune time for two very important reasons. The first reason is that the COVID-19 pandemic has significantly derailed the BRI's momentum as host countries face financial constraints imposed on them by the crippling economic effects of the pandemic. In 2020, China's Ministry of Foreign Affairs said that around 20 percent of projects under the BRI were "[seriously affected](#)" because of the inability of partnering countries to shore up finances to pay for the Chinese mega-infrastructure projects. According to a report made by the London-based Overseas Development Institute (ODI) titled "[China navigates its Covid-19 recovery - outward investment appetite and implications for developing countries](#)", around 15 BRI projects worth over \$2.4 billion were affected in the same period, with several being delayed, while others either failed to raise the needed funding or were completely blocked on grounds of national security. This has led Beijing to limit the scope and number of its projects.

The second reason revolves around the notoriety of the BRI due to issues linked to transparency and sustainability. Beijing disregards international macroeconomic stability by funding unsustainable projects for countries with low or non-existing credit ratings, thereby exacerbating the debt burdens of these countries. Moreover, increasing the reliance of countries on Chinese technology continues to draw them deeper into Beijing's political and economic orbit. However, while criticisms of China's alleged "[debt-trap](#)" diplomacy have been around for some time, the recent economic crisis in Sri Lanka and the exacerbating economic decline of Pakistan and Laos —three of China's crucial economic partners, have also [heightened the level of wariness](#) among other states regarding their overdependence on the BRI. Therefore, as China's overall infrastructure investments are scaling back, there is an opening for other players to come in and offer an alternative to the BRI.

The PGII is said to focus on four primary core areas: healthcare, digital connectivity, gender equality and equity, and climate and energy security. This G7-led initiative aims to spend \$600 billion in the next five years, particularly for low and middle-income countries. The official unveiling of the PGII can be seen as the West's realization of Beijing's growing global economic and political influence through its BRI. Moreover, the PGII illustrates an alternative that banks on democratic values rather than narrowly driven political gains. In fact, several projects are already in the pipeline including a vaccine plant in Senegal and a solar power project in Angola. However, Beijing's mouthpiece, the Global Times, was quick to [criticize the initiative](#) for its lack of planning and its "impure" objectives. Criticisms were also centered on the timing of such a project and whether [pushing developing countries](#) to adhere to the demands under the program is practical given that the already tumultuous global economic landscape is becoming more precarious due to rising fuel and food prices.

"In theory, the PGII is a much-needed alternative to the BRI as there is still a significant infrastructure deficit in the developing world. However, it must be highlighted that this is not the first time the West has pushed for a "game changing" alternative to China's BRI. "

In theory, the PGII is a much-needed alternative to the BRI as there is still a significant infrastructure deficit in the developing world. However, it must be highlighted that this is not the first time the West has pushed for a "game changing" alternative to China's BRI. In the 2021 G7 Summit held in the UK, all seven members [announced the incorporation of the US-inspired Build Back Better World initiative](#). This was another democratically driven global infrastructure initiative that sought to balance against China's BRI with an emphasis on sustainability. However, even before the initiative took off, it was already derailed due to [domestic constraints](#), which led to the inability of the United States and its allies to provide the needed funds. In fact, there have been other similar initiatives that were not successfully implemented.

Given today's geopolitical and economic landscape, the PGII also faces significant obstacles. Other than the fact that its planned spending target is greatly dwarfed by the BRI, the West is currently witnessing record inflation rates and a wide array of economic challenges due to internal and external conditions. In addition, there is still [no concrete roadmap](#) among the seven leaders regarding where they will get the funds to back the ambitious GPII. Moreover, the G7 countries on average only [spend 0.32 percent of their Gross National Income on development assistance](#), which is far less than the promised 0.7 percent target. This indicates a lack of political will, which may impede the chances of getting a plan to create an effective and sustainable alternative to the formidable BRI across the finish line.

The challenges faced by the G7 countries and the West in general for the past few years center on their inability to craft a robust global infrastructure and development initiative to serve as an alternative to China's BRI. Given this predicament, the West must try to rival the BRI in an asymmetric fashion. It may not be as effective to challenge the China-led mega initiative with a project for project strategy. This may further constrain the ability of the member countries to act collectively and efficiently given their individual domestic constraints. Therefore, the West must come up with a more well-thought and planned practical strategy that leverages on their strengths and expertise for the benefit of the developing world. Churning out initiatives year after year that are not fully funded, well-implemented, and quickly replaced by new ones will only further dilute the legitimacy and credibility of the block amid their attempts to check China's global ambitions.

*Mr. Don McLain Gill, Philippines-based geopolitical analyst and author, can be contacted at [gill\\_donmclain@yahoo.com](mailto:gill_donmclain@yahoo.com)*