

Partnership for Global Infrastructure Investment (PGII)

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Why in News?

- On the side-lines of the G20 Summit in New Delhi, a MoU was signed between the Governments of India, the US, Saudi Arabia, the EU, the UAE, France, Germany and Italy to establish the **India - Middle East - Europe Economic Corridor (IMEC)**.

- While its details are yet to come out, the project is a part of the **PGII** – a West-led initiative for funding infrastructure projects across the world, seen as a counter to China's Belt and Road Initiative (BRI).

What is the Partnership for Global Infrastructure Investment (PGII)?

- **The infrastructure plan** was first announced in 2021 during the G7 (or Group of Seven, which includes the UK, the US, Canada, France, Germany, Italy, Japan, and the EU) summit in the UK.
 - Though the US President had called it the **Build Back Better World (B3W) framework**, it did not register much progress.
- In **2022**, the PGII was **officially launched** as a joint initiative of G7 (during the G7 summit in Germany) **to help fund infrastructure projects in developing countries through public and private investments**.
- The PGII collectively **aims to mobilise nearly \$600 billion from the G7 by 2027** to invest in critical infrastructure that improves lives and delivers real gains for the people of the Global South.
- Essentially, the **G7 resolved to showcase their alternative framework** for infrastructure projects undertaken and sponsored by China under the **BRI** on a global scale.
 - **The stated purpose of both the PGII and the BRI** is to help secure funding for countries to build critical infrastructure such as roads, ports, bridges, communication setups, etc., **to enhance global trade and cooperation**.
- While welcoming the initiative, **China** said that it is **opposed to pushing forward geopolitical calculations** under the pretext of infrastructure construction or smearing the BRI.

Why was an Alternative to BRI Needed?

- **China began the BRI in 2013** under its President Xi Jinping to revive the ancient trade routes crossing to and from China—from Rome in Europe to East Asia.
 - Under this, **the Chinese government provided loans** for infrastructure projects to various countries, and in many cases, Chinese companies were awarded contracts for carrying out the work.
 - This helped China mark its **footprints at a global level**. However, China was criticised (by the West including Italy – only G7 member that was part of the BRI, and others) for **providing unsustainable debts** to countries that will be unable to repay them.
 - According to a 2019 WB report, among the 43 corridor economies, 12 could face an unsustainable debt situation.
 - **This could lead to public assets being handed over to foreign contractors or China itself.**
 - If issues of environmental degradation, high debts and corruption are successfully countered, **BRI could increase trade between 1.7 and 6.2% for the world**, increasing global real income by 0.7 to 2.9%.
- **India** opposed the BRI as it included the China-Pakistan Economic Corridor (CPEC), which connected Kashgar in China with the Gwadar port in Pakistan via Pakistan-occupied Kashmir.

- According to the Gol, any serious connectivity initiative must be transparent and **conform to the most basic principle of respect for sovereignty and territorial integrity.**

How will PGII be Different from the BRI?

- According to the G7, their initiative (PGII) is meant to be **transparent**, focused on building climate change-resilient infrastructure, and help in achieving objectives of gender equality and health infrastructure development.
- The PGII can contribute towards **reducing the infrastructure gaps in the Global South countries.**

What has been Announced so far as Part of PGII Initiatives?

- **The PGII announced several projects in Indonesia** on clean energy, telecommunications, etc.
- The US government's agency [International Development Finance Corporation (DFC)] would invest over **\$15 million in India's health infrastructure.**
- **The EU**, through its **Global Gateway programme**, will activate 300 billion of investments in critical connectivity projects during the period 2021-2027, half of which is destined for Africa.

Challenges Ahead for the PGII:

- What the project could go on to accomplish depends on a range of factors.
- **China is in the process of modifying BRI to address its criticisms**, emphasising to a '**Green BRI**'.
- Further, **the scale of investments** that can be raised by China is higher than that of the G7, who will have to **look for political consensus** within their countries for pledging to such projects.
- **G7 countries also have no control over assured private-sector participation.**

Conclusion:

- If PGII succeeds to a certain extent and with BRI addressing its own issues, it could actually help diversify the options available to the countries who have infra requirements.
- This would be a race to the top that could benefit all parties.

Q1) What is the India - Middle East - Europe Economic Corridor (IMEC)?

The IMEC comprises an Eastern Corridor connecting India to the Gulf region and a Northern Corridor connecting the Gulf region to Europe. It will include a railway and ship-rail transit network and road transport routes.

Q2) What is the New Delhi Declaration G20?

The New Delhi Declaration that was announced by PM Modi during the G20 Summit focused on 'war in Ukraine' and geopolitical tensions, sustainable growth, creating an inclusive world among other points.

Source: [India-Europe Economic Corridor: What is the Partnership for Global Infrastructure Investment that is behind the project?](#)

Source: <https://vajiramandravi.com/current-affairs/pgii-2/>

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