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German Chamber of Commerce and Industry

DIHK Paper on the EU Global Gateway Initiative

Global Gateway is the EU Commission's new geopolitical infrastructure and connectivity initiative. With Global Gateway, the EU aims to respond to existing global connectivity efforts of other global economic powers and to make its investments in energy, transport, digital, health and education cooperation more strategic as well as consistent.

The German business community supports Global Gateway because it is amongst others aimed at strengthening European foreign trade. The expansion of infrastructure planned within this framework can lead to a long-term improvement in trade flows, from which German and European companies also benefit. In addition, more resilient relations with third countries will be promoted, access to new markets will be facilitated and the diversification of global supply chains will be advanced. **However, the German business community demands clearly defined and accessible participation opportunities for companies.** In accordance with the think-small-first principle, special consideration should be given to small and medium-sized enterprises (SMEs). In this respect, the establishment of the Global Gateway Business Advisory Group with the inclusion of stakeholders from the private sector, especially from SMEs, should be supported. In perspective, the following points in particular should be considered in the implementation of Global Gateway:

- **Use proven structures and implement projects with little bureaucracy**
- **Promote international cooperation between companies**
- **Expand strategic commodity partnerships and value chains**
- **Promoting innovation partnerships and shaping international standards**
- **Promote education and training in partner regions**
- **Ensure effective marketing and constant flow of information**

Use proven structures and implement projects with little bureaucracy

For the successful implementation of Global Gateway, it is indispensable to involve the business community in all measures. In particular, the European businesses should be consulted in the selection of projects, the consolidation thereof, advice to companies on financing as well as in the marketing of Global Gateway. Especially in the selection of flagship projects, projects with SME participation must be given more consideration. Proven structures such as the

Eurochambres network with over 1,700 chambers in more than 40 European countries and over 20 million member companies, most of them SMEs, should be involved early and transparently while the establishment of duplicate structures should be avoided. With its 79 regionally anchored Chambers of Commerce and Industry in Germany (IHKs) and the 150 Chambers of Commerce Abroad (AHKs) in 93 countries worldwide, the DIHK is an important part of this network. These structures serve companies worldwide as a competent point of contact for local business, which could give them a leading role in the successful and sustainable implementation of Global Gateway. The AHKs are deeply networked in the respective markets and can thus act as optimal contacts for advising and accompanying European companies in project participation in third markets.

In addition, SME-friendly, low-bureaucracy processes are required for the successful and, above all, timely realisation of projects - starting with the application to the drawdown, administration and auditing of EU funds. Criteria for awarding investment funds and investment guarantees should also be comprehensible to enterprises and the application process practicable in view of various providers (European banks, EFSD+, NDICI-Global Europe, financial and development institutions of the EU member states). In addition, the size of the investment guarantees should provide incentives for SMEs so that they can compete in the international market. In this context, private operator models and public-private partnerships could also be used, provided that they are more economical compared to public provision and bring the projects to implementation more quickly. The project criteria as well as the application modalities of Global Gateway on the part of politics should be clearly communicated, clearly processed and made publicly accessible. At this point, the EU Commission should quickly consider setting up so-called "One Stop Shops" for all sectors as a central contact point for interested companies.

Promote international cooperation between companies

As the European initiative is not the only one of its kind, synergies with existing strategies such as the G7 Partnership for Global Infrastructure and Investment or the Master Plan on ASEAN Connectivity 2025, which are based on comparable values, need to be identified and harnessed. Instead of duplicating structures, projects under the connectivity initiatives should build on each other, and experience should be shared and utilised, for example in individual infrastructure projects. In particular, external economic cooperation and coordination between European countries and European companies should be improved so that the EU strengthens its importance as a global player. It is also important that Global Gateway is more strongly perceived as a success story for fair competition at the global level. Accordingly, it is important to focus on building long-term business relationships through increased cooperation in local Global Gateway projects in order to secure supply chains and optimise processes through trust and reliability. This can lead to more efficient trade processes, which ultimately results in lower transaction costs for the companies. Finally, mutual market access can be secured in the long term.

Build strategic commodity partnerships and value chains

For Germany's industry-strong and export-oriented economy, it is crucial to enter into long-term and reliable partnerships to meet raw material needs. Global Gateway should specifically help to strengthen supply chains by promoting cooperation with countries rich in raw materials, without losing sight of building up its own economically attractive capacities. This cooperation should promote innovative value creation along the entire commodity chain and ensure equal access to important resources. In this context, the increase in supply security through strategic raw materials projects with partner countries that are important for the EU's raw materials supply should be given even greater focus, especially with regard to pursuing the goals of the European Critical Raw Materials Act. This provides for diversifying the supply of critical raw materials in order to minimise overdependence on individual countries. Accordingly, Global Gateway projects should also be geared towards supporting European companies in establishing new procurement and sales markets as well as promoting investments in economic sectors with high dependencies.

Promoting innovation partnerships and shaping international standards

Global Gateway offers an opportunity to contribute globally to the implementation and establishment of European economic and technical standards as well as social and environmental standards in the long term. This requires a clear, comprehensive presentation and communication of all projects, tenders and financing possibilities on the part of the EU. This is the only way to guarantee investment and planning security for companies. The projects presented so far have a strong focus on green energy, ecological transformation and environmental protection in the sense of the EU's ambitious Green Deal. In principle, it is important that the project regulations - be it in the field of green energy or environmental protection - define manageable requirements and implementable targets in order not to overburden the participating companies and to implement projects quickly. Clear standards should be given preference over bureaucratic testing, documentation and reporting obligations.

Promote education and training in partner regions

A sufficient number of qualified specialists both in the participating European companies and in the respective partner countries is an elementary factor for the success of the partnership-oriented Global Gateway projects. The AHKs have already been doing important work for decades to support the economic development of many countries with corresponding training projects. In this way, they can help to ensure that partner regions are enabled to implement the projects with long-term success. At this point, the EU Commission should also promote practical training and further education for local skilled workers similar to the German model of dual training, adapted to the respective local needs. At the same time, it is important to create added value locally in all Global Gateway activities. This will create long-term jobs for local skilled workers and ensure local economic growth.

Ensure effective marketing and constant flow of information

Finally, an effective marketing strategy that makes the initiative known worldwide is crucial for the success of Global Gateway. Against this background, a Global Gateway certificate is conceivable, which would certify that participating companies comply with European norms and standards. In addition to the positive image for the company, this would promote the understanding of Global Gateway in the sense of a standardised, high-quality label and strengthen the newly opened procurement markets. Furthermore, a stronger involvement of the AHKs in advising on participation opportunities and promoting the initiative in the partner countries would be expedient. Finally, to enable active participation of all business-relevant stakeholders, including SMEs, a constant, structured and comprehensible flow of information from the EU is required. Continuous feedback mechanisms, such as the planned Business Advisory Group, are therefore indispensable so that Global Gateway can also be continuously adapted to the needs with regard to the right approach.

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Who we are:

The 79 Chambers of Commerce and Industry (IHKs) are united under the umbrella of the German Chamber of Industry and Commerce (DIHK). Our common goal: the best conditions for successful business. At federal and European level, the DIHK represents the interests of the entire commercial sector vis-à-vis politics, administration and the public. After all, several million companies from trade, industry and services are legal members of an IHK - from kiosk owners to DAX corporations. Thus, DIHK and IHKs are a platform for the diverse concerns of companies. We bundle these in a constituted procedure on a statutory basis into common positions of the business community and thus contribute to the economic policy opinion-forming process. In addition, the DIHK coordinates the network of 150 foreign chambers of commerce,

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delegations and representative offices of German business in 93 countries. It is registered in the European Commission's Register of Interest Representatives (No. 22400601191-42).