Sea to Shining Sea: The Case for the 3 Seas Initiative

By “Coach Vance” Trefethen

***Resolved: The United States Federal Government should substantially reform its policy towards one or more countries in Europe***

12 Countries in central and eastern Europe have come together to form the Three Seas Initiative. The 3 seas are the Adriatic, Baltic and Black Seas. The 3SI countries are pooling their money and seeking outside investors and funding (including from the U.S.) to do infrastructure projects that are expected to improve their economies and increase their energy independence from Russia. The Trump administration pledged $1 billion in capital donation to 3SI. Pres. Biden for some reason has failed to follow through and fulfill that commitment. So far, $300 million has been released but the rest is held up. This plan has Pres. Biden change his policy and fully support the 3 Seas Initiative because of all the economic and national security benefits it would give to both the US and Europe.

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Sea to Shining Sea: The Case for the 3 Seas Initiative

Eastern Europe faces the old challenge of crumbling communist-era infrastructure and the new challenge of Russian aggression. Pres. Trump committed to a program to meet these challenges, but Pres. Biden has let it drop. That’s why my partner and I are affirming that The United States Federal Government should substantially reform its policy towards one or more countries in Europe.

OBSERVATION 1. DEFINITIONS

Substantial

Merriam Webster Online Dictionary copyright 2022. <https://www.merriam-webster.com/dictionary/substantial> (accessed 5 Aug 2022)

**:**[IMPORTANT](https://www.merriam-webster.com/dictionary/important), [ESSENTIAL](https://www.merriam-webster.com/dictionary/essential)

Policy

Merriam Webster Online Dictionary copyright 2022. https://www.merriam-we+bster.com/dictionary/policy (accessed 10 May 2022)

a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body

3 Seas – S.E.A.S. – Initiative, and the federal Development Finance Corporation or DFC.

Sen. Jeanne Shaheen 2022. (US senator from New Hampshire) 20 June 2022 " Shaheen, Grassley, Coons, Portman, Murphy Applaud U.S. Support for Three Seas Initiative to Increase Europe’s Independence from Russia" https://www.shaheen.senate.gov/news/press/shaheen-grassley-coons-portman-murphy-applaud-us-support-for-three-seas-initiative-to-increase-europes-independence-from-russia- (accessed 16 July 2022)

U.S. Senators Jeanne Shaheen (D-NH), Chuck Grassley (R-IA), Chris Coons (D-DE), Rob Portman (R-OH) and Chris Murphy (D-CT) issued the following bipartisan statement in response to the announcement of U.S. support for the Three Seas Initiative through the U.S. Development Finance Corporation at the Three Seas Summit in Riga, Latvia.  The Three Seas Initiative aims to improve connectivity among twelve European countries located between the Baltic, Adriatic and Black Seas. The Three Seas Investment Fund supports the development of infrastructure in the energy, transport and digital sectors.

OBSERVATION 2. INHERENCY, or the conditions of the Status Quo. One simple FACT:

US policy erroneously withholds financial support for the 3 Seas Initiative

Dr Ted Bromund and Daniel Kochis 2022 (Bromund, PhD, is Senior Research Fellow for Anglo–American Relations in the Margaret Thatcher Center for Freedom at The Heritage Foundation. Kochis is Senior Policy Analyst in European Affairs in the Thatcher Center) " The Top Five U.S. Priorities for European Policy After Russia’s Invasion of Ukraine" 7 Apr 2022 <https://www.heritage.org/sites/default/files/2022-04/IB5258.pdf> (accessed 16 July 2022)

The U.S. should keep its pledge to match Three Seas Initiative Investment Fund contributions up to $1 billion and should encourage every 3SI member to contribute to the fund—including lobbying wealthy non-members, such as Germany and the U.K., to match their contributions to those of the United States. American contributions and political support for 3SI are in the national interest, and the U.S. should sustain them over the long term. The failure of the U.S. to yet live up to its investment pledges undermines an important project with European allies.

OBSERVATION 3. The Plan, implemented by Congress and the President

1. The President releases $1 billion in capital funding for the 3 Seas Fund.
2. Enforcement through the appointment of an investment director at the US Development Finance Corporation office in Belgrade
3. Funding from general federal revenues
4. Plan takes effect 7 days after an Affirmative ballot.
5. All Affirmative speeches may clarify.

OBSERVATION 4. ADVANTAGES

ADVANTAGE 1. Badly needed infrastructure

A. The Link: 3 Seas Initiative will modernize obsolete and crumbling Central & East European infrastructure

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 https://cepa.org/three-seas-initiative-merits-full-u-s-support/ (accessed 15 July 2022) (brackets added)

One of the unfortunate legacies of some 40 to 50 years of Soviet occupation and domination of much of Central and Eastern Europe is an often creaking and crumbling infrastructure. Much is based on the needs of old empires — energy lines are mainly connected east toward Russia, while many railroad and road networks were built to suit the needs of the Austro-Hungarian and Ottoman empires. [**END QUOTE]** Now, CEE [central and eastern Europe] states need to connect to the West, where their economic markets are, and which (one day) military reinforcements may need to use. Some work has been done (like the Czech D5 and D8 highways to Germany), but the IMF estimates the region requires almost $600bn to meet its needs. [**HE CONTINUES LATER IN THE CONTEXT QUOTE:]** The Three Seas Initiative aims both to modernize and to globally connect the infrastructure of these Central and East European nations, which [includes](https://www.amberinfrastructure.com/our-sectors/case-studies/?currentPage=1&location=4488192&sector=-1&status=-1) not just roads, rails, and ports, but also digital architecture and sustainable energy.

B. The Impact: Economic growth. Rebuilding infrastructure in Central & Eastern Europe would generate economic growth

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022) (brackets added)

Narrowing the infrastructure gaps could significantly boost CESEE’s [Central, Eastern, and Southeastern Europe] output and convergence. We estimate sizable multipliers—increase in output for a euro spent on infrastructure—in CESEE, both in the short term (0.5–0.8) and in the long term (1.7–2.5). Larger multipliers during recessions suggest infrastructure investment can play a key role in supporting activity during the recovery phase from the pandemic.

ADVANTAGE 2. Energy security

A. The Link: 3 Seas Initiative reduces Europe’s dependence on Russian energy

Daniel Kolchis 2021 (Senior Policy Analyst, European Affairs, Heritage Foundation) Three Seas Initiative Could Pay Dividends for Decades https://www.heritage.org/global-politics/commentary/three-seas-initiative-could-pay-dividends-decades (accessed 16 July 2022)

At its core, the 3SI allows the U.S. to strengthen trans-Atlantic business, energy, and geopolitical ties to Central and Eastern Europe, while counterbalancing Chinese and Russian efforts to make inroads in the region. Today, the 3SI nations are dangerously dependent on Russian energy. In addition to the threat of energy blackmail, they remain vulnerable to other threats from Moscow, including cyberattacks, influence operations and propaganda. The 3SI will help these nations to resist Russian pressure, while also developing greater interconnections between the nations themselves.

B. The Impact: Reduced suffering. Energy independence from Russia defunds Russia’s war machine

Prof. Basil Kalymon 2022 (Professor Emeritus at Ivey Business School in Canada) 12 Apr 2022 “Europe must stop funding Vladimir Putin’s war crimes in Ukraine” <https://www.atlanticcouncil.org/blogs/ukrainealert/europe-must-stop-funding-vladimir-putins-war-crimes-in-ukraine/> (accessed 27 May 2022) (brackets added) (FYI as of 27 May 2022, the euro = $1.07)

While war is raging in Ukraine, EU countries continue to send an estimated EUR 1 billion [euros] every single day to Russia in payment for oil and gas imports. This European money is the lifeblood of Vladimir Putin’s war machine.[**END QUOTE**] About 60% of Russian oil exports and 75% of Russian gas exports currently go to Europe, according to Energy Facts IEA. Oil and gas revenues are critical for the continuation of the Russian war effort and constitute and estimated 45% of the country’s state budget. [**HE CONTINUES LATER QUOTE**:] Without this funding, the Russian economy would spiral into collapse and Putin’s ability to continue the invasion of Ukraine would be drastically reduced.

ADVANTAGE 3. Reduce Chinese and Russian influence

A. The Link: Rising threats. Russia & China both want Europe weakened, divided, and vulnerable

Dr Ted Bromund & Daniel Kochis 2022 (Bromund, PhD; Senior Research Fellow for Anglo–American Relations at Thatcher Center for Freedom, Heritage Foundation. Kochis is Senior Policy Analyst in European Affairs in the Thatcher Center) "The Top Five U.S. Priorities for European Policy After Russia’s Invasion of Ukraine" 7 Apr 2022 <https://www.heritage.org/sites/default/files/2022-04/IB5258.pdf> (accessed 16 July 2022)

Russia’s and China’s goals in Europe are identical. They both want a weakened and divided Europe that they can exploit. They both want to eclipse the U.S. partnership with Europe so that the free world is divided and more vulnerable.

B. The Solution: We must urgently support 3 Seas as an effective way to push back Chinese & Russian threats

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 <https://cepa.org/three-seas-initiative-merits-full-u-s-support/> (accessed 15 July 2022)

From the structure of the initiative itself, it is clear that the Three Seas Initiative is a practical, tangible way for democratic, market-driven societies to compete effectively against the wave of technology and investment coming from China, as well as ongoing military aggression from Russia. Instead of fine rhetoric, the Three Seas Initiative represents “rubber hitting the road” when it comes to advancing the Biden Administration’s stated priorities of pushing back on Russia and China. U.S. support is therefore not only logical as a continuation of existing policy — it is urgent.

C. The Impact: Stability, prosperity and security. Increased 3 Seas support enhances stability, prosperity and security for the US and Europe

Anthony Kim 2022 (research fellow in economic freedom at Heritage Foundation and manager of global engagement for Heritage’s Margaret Thatcher Center for Freedom) 17 June 2022 “3 Seas Initiative Deserves Greater Attention, America’s Increased Strategic Support” https://www.dailysignal.com/2022/06/17/three-seas-initiative-deserves-greater-attention-americas-increased-strategic-support/ (accessed 14 July 2022)

The Three Seas Initiative countries are like-minded and willing partners of critical importance to the United States both politically and economically. While each of the 12 countries has undergone different phases of transition over the past decades, by and large they as a group have turned away, dramatically so, from communism and embraced a variety of free-market policies that have led to growing prosperity and stability. Having secure, stable, and economically viable strategic partners in the three seas region is in the security and economic interest of the United States. To that end, the Three Seas Initiative deserves America’s stronger support and elevated [strategic](https://www.dailysignal.com/2022/01/13/how-taiwan-can-be-trusted-partner-of-three-seas-initiative/) engagement.

2A Evidence: 3 Seas Initiative

DEFINITIONS & BACKGROUND

Definition of the Development Finance Corporation

Shayerah Akhtar & Nick Brown 2022 (Akhtar - Specialist in International Trade and Finance. Brown - Analyst in Foreign Assistance and Foreign Policy. Both are with Congressional Research Service, the non-partisan research agency of Congress) 10 Jan 2022 “U.S. International Development Finance Corporation: Overview and Issues” https://crsreports.congress.gov/product/pdf/R/R47006

The U.S. International Development Finance Corporation (DFC) is the U.S. government’s development finance institution (DFI). It is authorized by the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act, Division F of P.L. 115-254) and launched operations in December 2019. DFC uses financial tools to promote private investment in the economic development of less-developed countries. It aims to support development impact, U.S. economic interests, and U.S. foreign policy—while taking into account, in its financing operations, the economic and financial soundness and development objectives of the projects for which it provides support. DFC operates under the Secretary of State’s foreign policy guidance.

3 Seas modernizes infrastructure of Central & East European nations with public/private investment partnerships

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 https://cepa.org/three-seas-initiative-merits-full-u-s-support/ (accessed 15 July 2022)

The Three Seas Initiative aims both to modernize and to globally connect the infrastructure of these Central and East European nations, which [includes](https://www.amberinfrastructure.com/our-sectors/case-studies/?currentPage=1&location=4488192&sector=-1&status=-1) not just roads, rails, and ports, but also digital architecture and sustainable energy. The initiative operates on a model of public-private partnerships, where governments commit funds to a shared Three Seas [investment fund](https://3siif.eu/), whose resources are in turn leveraged to encourage even larger private sector investments into concrete, “bankable” projects.

List of 12 countries in "3 Seas" and summary of its agenda

Anthony Kim 2022 (research fellow in economic freedom at The Heritage Foundation, editor of the Index of Economic Freedom, and manager of global engagement for Heritage’s Margaret Thatcher Center for Freedom) 17 June 2022 “3 Seas Initiative Deserves Greater Attention, America’s Increased Strategic Support” https://www.dailysignal.com/2022/06/17/three-seas-initiative-deserves-greater-attention-americas-increased-strategic-support/ (accessed 14 July 2022)

The 12 countries of the Three Seas Initiative are Austria, Bulgaria, Croatia, the Czech Republic, [Estonia](https://www.dailysignal.com/2022/03/02/estonia-americas-unique-valued-nato-ally-that-stands-for-freedom-and-sovereignty/), Hungary, Latvia, [Lithuania](https://www.dailysignal.com/2021/12/16/lithuania-key-baltic-ally-of-us-stands-firm-with-taiwan/), Poland, Romania, Slovakia, and Slovenia. The initiative focuses on promoting connectivity among nations in this critical region by supporting infrastructure, energy, and digital interconnectivity projects, with the ultimate goal of strengthening their security and greater economic resilience.

Details on how 3 Seas money is invested

Daniel Kochis 2021 (senior policy analyst for European affairs in the Margaret Thatcher Center for Freedom at Heritage Foundation) 18 Feb 2021 “The Three Seas Initiative Is a Strategic Investment that Deserves the Biden Administration’s Support” https://www.heritage.org/europe/report/the-three-seas-initiative-strategic-investment-deserves-the-biden-administrations (accessed 16 July 2022)

The Three Seas Investment Fund is a market-driven investment vehicle created in June 2019 by the Gospodarstwa Krajowego Bank in Poland and the Romanian Export-Import Bank. The fund operates under Luxembourg law on a commercial basis, and has an independent investment committee. The fund invests in projects in 3SI member states that fall into one of three pillars: (1) digital infrastructure, (2) energy, or (3) transport. Investment decisions are made “based on the project’s convergence criterion with the Fund’s strategy, estimates of the expected rate of return and costs and benefits.”

INHERENCY

Missed opportunity: The US initially committed to the 3 Seas Initiative, but then didn’t use it

Adam Boehler & Caleb McCarry 2022 (Boehler *was the first CEO to the Development Finance Corporation and is now the founder and CEO of Rubicon Founders. McCarry was counselor to the DFC CEO and is now a principal with Yorktown Solutions* ) 22 Feb 2022 “Three Seas Initiative Fund: Economic levers for Eastern Europe” WASHINGTON TIMES https://www.washingtontimes.com/news/2022/feb/22/three-seas-initiative-fund-economic-levers-for-eas/ (accessed 14 July 2022)

As the world braces for a potential invasion of Ukraine by Russia and NATO debates response options, America has a long-term, valuable tool in its arsenal to counter Chinese and Russian influence that is going unused: the Three Seas Initiative Fund. The invasion watch in Ukraine is both a challenge and an opportunity. The U.S. has more economic levers than just sanctions. One of the best levers of long-term security of the nations on the Baltic, Black and Caspian seas is to start doing what Congress mandated the DFC (Development Finance Corporation) to do, which is to utilize this fund.

A/T “Biden says we’re doing 3 Seas Initiative” - It’s just talk. We need more urgency and concrete action

Anthony Kim 2022 (research fellow in economic freedom at The Heritage Foundation, editor of the Index of Economic Freedom, and manager of global engagement for Heritage’s Margaret Thatcher Center for Freedom) 17 June 2022 “3 Seas Initiative Deserves Greater Attention, America’s Increased Strategic Support” https://www.dailysignal.com/2022/06/17/three-seas-initiative-deserves-greater-attention-americas-increased-strategic-support/ (accessed 14 July 2022)

During a virtual speech given to the Three Seas Initiative summit in Bulgaria last July, President Joe Biden [declared](https://tvpworld.com/54758167/us-is-unfailing-partner-to-three-seas-initiative-joe-biden) that the United States will be an “unfailing partner” of the Three Seas Initiative countries. However, those words must be followed through on with concrete action, particularly with America becoming a more proactive [anchor investor](https://www.washingtontimes.com/news/2022/feb/22/three-seas-initiative-fund-economic-levers-for-eas/). An added urgency to the Three Seas Initiative should not be confined to a diplomatic agenda. Now is the time to notch up the momentum by following through with concrete steps to push forward the initiative.

A/T “Existing EU programs” – 3 Seas is still needed to fill gaps not covered by EU

Daniel Kochis 2021 (senior policy analyst for European affairs in the Margaret Thatcher Center for Freedom at Heritage Foundation) 18 Feb 2021 “The Three Seas Initiative Is a Strategic Investment that Deserves the Biden Administration’s Support” https://www.heritage.org/europe/report/the-three-seas-initiative-strategic-investment-deserves-the-biden-administrations (accessed 16 July 2022)

While funds sent from Brussels have helped to develop infrastructure in the region, this infrastructure development has focused primarily on connecting Central and Eastern Europe with Western European nations, rather than on pursuing interconnections within the region.  At the October 2020 3SI Summit in Tallinn, Estonian President Kersti Kaljulaid, who hosted the meeting, reiterated that the initiative does not compete with the EU. Rather, as a recent IMF report noted, the 3SI helps fill a glaring gap: “The Three Seas Initiative specifically aims to augment the existing resources from these EU initiatives by mobilizing more private capital to improve regional infrastructure, energy security, and connectivity between its members.”

Status Quo US support for 3 Seas is inadequate – in fact, it’s irritating the Europeans, not helping

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 https://cepa.org/three-seas-initiative-merits-full-u-s-support/ (accessed 15 July 2022)

The Biden Administration has likewise given strong rhetorical support to the Three Seas Initiative, evidenced by the video messages presented by President Biden himself and Secretary of State Blinken. Up in the air, however, is what becomes of the U.S. capital infusion pledge. While the U.S. political rhetoric is strong, the DFC has thus far only offered to provide up to $300m in loans for 3SI projects, rather than a capital contribution. Whereas other states are putting up funding on an equity basis, expecting a return on investment, the U.S. is insisting on a method by which the U.S. is paid interest. This adds only more consternation from participating states, Germany, and the EU alike. Given the strong support from the highest levels of the Biden Administration, U.S. implementation of its support for the Three Seas Initiative needs to be better.

HARMS / SIGNIFICANCE

If Russia’s gas isn’t replaced, their economies will come to a standstill with disastrous consequences.

Vijaya Ramachandran 2022 (director for energy and development at the Breakthrough Institute) “Germany Should Look to Africa for Gas, Not Russia” https://foreignpolicy.com/2022/03/11/germany-putin-russia-gas-energy-africa-development/?gclid=CjwKCAjwyryUBhBSEiwAGN5OCLaO-Hl6mX4Jq6Z5LNFuYkNMB\_4AEQmEUWLR-h-FW9Sz74rngjijlxoChb4QAvD\_BwE (accessed 27 May 2022)

With the United States and United Kingdom banning Russian energy exports and the European Union announcing it will reduce Russian gas imports by two-thirds by the end of the year, the West is urgently debating how to replace Russian energy deliveries. The most crucial issue is the Russian gas on which Germany and other parts of Europe depend. From Washington to Berlin, politicians have announced they will be doubling down on wind and solar energy. But while renewable energy production will be part of a long-term solution, the idea that it can replace Russian oil and gas quickly and at scale is disingenuous at best—and disastrous for Western economies and consumers at worst. The reasons should be clear to all but the energy-illiterate: Wind and solar power can replace some of the Russian gas used to generate electricity—but only when the wind blows and the sun shines, requiring substantial backup generation capacity, much of it powered by natural gas. What’s more, electricity is only part of the energy equation: The majority of Russian oil and gas is not used by power plants but to heat homes, run factories, and fuel cars, trucks, planes, and ships—none of which can be easily shifted to other fuels. If Western countries don’t want their economies to come to a standstill, oil and gas previously delivered from Russia needs to be sourced elsewhere. Europe will therefore need a large, reliable supply of non-Russian fossil fuel for the foreseeable future.

Europe needs to reduce reliance on Russian energy because of Russia’s threat to Europe’s economy

Samantha Gross 2022 (fellow and director of the Energy Security and Climate Initiative at Brookings Institution;  Bachelor of Science in chemical engineering from the University of Illinois, a Master of Science in environmental engineering from Stanford, and a Master of Business Administration from the University of California at Berkeley) 18 Feb 2022 “Now is not the time to limit U.S. natural gas exports” https://www.brookings.edu/blog/order-from-chaos/2022/02/18/now-is-not-the-time-to-limit-u-s-natural-gas-exports/ (accessed 27 May 2022)

The ability to bring replacement gas into Europe lessens the impact of Russian President Vladimir Putin’s natural gas weapon. For this reason, we’ve seen U.S. President Joe Biden work to find LNG for Europe beyond what the United States can supply, [meeting with Qatari Emir Sheikh Tamim bin Hamad Al Thani](https://www.washingtonpost.com/national-security/2022/01/31/qatar-ukraine-natural-gas-europe/) and convincing [Japan to divert some LNG to Europe](https://www.reuters.com/business/energy/japan-diverting-lng-europe-some-already-route-industry-minister-2022-02-09/). Reducing demand for gas by curtailing production of gas-intensive products during cold snaps could also help Europe get through this difficult winter. However, over the longer run Europe clearly needs to [move away from its reliance on Russian pipeline gas](https://www.brookings.edu/blog/order-from-chaos/2022/01/26/if-russia-invades-sanction-its-oil-and-gas/) to reduce Moscow’s leverage

Substantial infrastructure gap in eastern Europe

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022) (brackets added)

CESEE [Central, Eastern, and Southeastern Europe] countries have long sought to improve public infrastructure, both domestically and via regional initiatives (Box 1). With these efforts, CESEE has moved closer to the level of public capital stock in the EU15, a natural benchmark peer group. Yet gaps remain. CESEE’s stock of public capital has not kept pace with output since the mid-1990s and is currently some 10 percentage points below the EU15 stock of public capital as a share of output (Figure 2). The gap is even more pronounced when infrastructure quality is taken into account. Public capital stock in per capita terms as well as physical measures of infrastructure—such as kilometers of roads and kilowatts of power generation capacity per capita—reveal similar deficiencies.

Infrastructure gap blocks economic development in the “3 Seas” region

Daniel Kochis 2021 (senior policy analyst for European affairs in the Margaret Thatcher Center for Freedom at Heritage Foundation) 18 Feb 2021 “The Three Seas Initiative Is a Strategic Investment that Deserves the Biden Administration’s Support” https://www.heritage.org/europe/report/the-three-seas-initiative-strategic-investment-deserves-the-biden-administrations (accessed 16 July 2022)

A vestige of the Cold War means that most infrastructure in the region runs east to west, blocking greater regional interconnectedness. In fact, the International Monetary Fund (IMF) “reports that the Three Seas region faces an overall infrastructure gap in excess of €500 billion ($598 billion).” Travel in the region for instance can take an estimated two to four times longer than in the rest of the EU. Developing north–south interconnections, pipelines, roads, rails, and electrical grids will spur economic growth, prosperity, and security. This north–south corridor in Eastern Europe could one day become the economic backbone of Europe.

Russia and China are big threats to US and Europe, and Europe cannot handle the threat alone

Dr Ted Bromund & Daniel Kochis 2022 (Bromund, PhD; Senior Research Fellow for Anglo–American Relations at Thatcher Center for Freedom, Heritage Foundation. Kochis is Senior Policy Analyst in European Affairs in the Thatcher Center) "The Top Five U.S. Priorities for European Policy After Russia’s Invasion of Ukraine" 7 Apr 2022 <https://www.heritage.org/sites/default/files/2022-04/IB5258.pdf> (accessed 16 July 2022)

Russia poses the central threat to European security—which NATO must deter. The threat from China is wider and will likely prove more enduring. Dangerously, both the U.S. and Europe are responsible for serious errors of policy that have empowered these autocratic competitors. Since the end of the Cold War, the U.S. has repeatedly tried to hand the job of securing the peace of Europe to the Europeans. But with Russia forever on Europe’s door, that job is too big for Europe alone.

Why Europe can’t handle it alone: Requires US and Europe cooperation to neutralize threats from China & Russia

Dr Ted Bromund & Daniel Kochis 2022 (Bromund, PhD; Senior Research Fellow for Anglo–American Relations at Thatcher Center for Freedom, Heritage Foundation. Kochis is Senior Policy Analyst in European Affairs in the Thatcher Center) "The Top Five U.S. Priorities for European Policy After Russia’s Invasion of Ukraine" 7 Apr 2022 <https://www.heritage.org/sites/default/files/2022-04/IB5258.pdf> (accessed 16 July 2022)

While remaining committed to NATO in word, the U.S. has relentlessly downsized its military presence in Europe. This yawning gap between words and deeds has emboldened Russia, with results now obvious in Ukraine. The European failure has been even more serious. By dallying with the folly of an EU army, refusing to spend enough to fulfill NATO commitments, and failing to recognize that a feckless multilateralism would never deter Russia or China, European nations have virtually invited Russian aggression and Chinese exploitation. Because of these failures, the challenge facing the West is now very great. The U.S. and its European allies, spurred on by Russia’s naked aggression against Ukraine, must act to reverse the errors of past policies as rapidly as possible by building the deterrence and prosperity that will be the foundation of peace in the transatlantic world

SOLVENCY / ADVOCACY

US should commit capital to 3 Seas – Status Quo financing isn’t enough

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 https://cepa.org/three-seas-initiative-merits-full-u-s-support/ (accessed 15 July 2022)

The United States should commit to a capital contribution to the Three Seas Investment Fund, not only provide debt financing. This would put the U.S. on a par with the other state investors in the fund, and give confidence to states and businesses alike, that the fund’s projects will be successful and thus worth the investment. The U.S. has the power to leverage private funds like no other investor. The parallel is U.S. investment into Central European Enterprise Funds in the 1990s.

US funding is key to success

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 https://cepa.org/three-seas-initiative-merits-full-u-s-support/ (accessed 15 July 2022)

The Bulgaria summit was promising — reflecting several years of commitment to the initiative at the highest levels of government in Central and Eastern Europe. It is a real-world way to execute the goals espoused by the United States at the recent NATO and U.S.-EU Summit meetings. The United States should commit fully to the initiative — including with real funding — both to advance America’s own interests and to ensure the success of the initiative overall.

3 Seas Initiative won’t accomplish much unless U.S. gets serious about promoting it

Andrew Kim 2022 (economic Research Fellow at Heritage Foundation) 28 Feb 2022 “How 3 Seas Initiative Could Be Antidote to Russia’s Energy Coercion” https://www.heritage.org/energy-economics/commentary/how-3-seas-initiative-could-be-antidote-russias-energy-coercion (accessed 16 July 2022)

In fact, there’s an added urgency to the initiative. If America were serious about helping Europe to be peaceful and prosperous, Washington would really need to gin up some momentum behind the Three Seas Initiative. This year is likely the crucial year when America and its allies will decide whether the Three Seas Initiative remains just a diplomatic agenda or can become a serious pragmatic project.

Release the billion dollars. Biden can and should release $1 billion for the 3 Seas initiative

Sam Buchan 2022. (*served as Director on the White House National Economic Council and Senior Advisor to Secretary of Energy Rick Perry. He is an energy and foreign policy strategy consultant*) 14 Feb 2022 “How to Solve Europe’s Energy Crisis” (accessed 15 July 2022) https://www.realclearenergy.org/articles/2022/02/14/how\_to\_solve\_europes\_energy\_crisis\_816686.html

Second, if he genuinely wants to assist Europe, President Biden should lift his hold on the “up to $1 billion” investment into Europe’s energy infrastructure that President Trump committed to through the Three Seas Initiative. Secretary Blinken could deposit funds tomorrow in the U.S. Treasury to secure credit for the U.S. Development and Finance Corporation.

Widespread advocacy: We need more than just the existing $300 million. We need Biden to do the entire $1 billion

Daniel Kolchis 2021 (Senior Policy Analyst, European Affairs, Heritage Foundation) Three Seas Initiative Could Pay Dividends for Decades https://www.heritage.org/global-politics/commentary/three-seas-initiative-could-pay-dividends-decades (accessed 16 July 2022)

The initiative is also a policy that attracts bipartisan support. Lawmakers from both sides of the aisle signed on to a recent letter urging Mr. [Biden](https://www.washingtontimes.com/topics/biden/) to fulfill the Trump administration’s pledged financial commitment to 3SI, which was invaluable in launching the nascent initiative. A year ago, then-Secretary of State Mike Pompeo announced that the U.S. would invest up to $1 billion in the Three Seas Investment fund to finance energy projects via the U.S. International Development Finance Corporation. An initial U.S. investment of $300 million was unveiled at the 3SI Summit in October. A smart, strategic initiative, 3SI has the potential to maintain consistent bipartisan support across U.S. administrations. It also could pay dividends for decades to come and will help ensure the continued vitality of the trans-Atlantic alliance.

A/T “Can’t fiat European countries” – Don’t need to. The 12 “3 Seas” countries are willing partners

Kurt Volker 2021 (leading expert in U.S. foreign and national security policy; former U.S. Special Representative for Ukraine Negotiations from 2017 to 2019; U.S. Ambassador to NATO from 2008-2009) Three Seas Initiative Merits Full U.S. Support 12 July 2021 https://cepa.org/three-seas-initiative-merits-full-u-s-support/ (accessed 15 July 2022)

The Three Seas Initiative countries are like-minded and willing partners of critical importance to the United States both politically and economically. While each of the 12 countries has undergone different phases of transition over the past decades, by and large they as a group have turned away, dramatically so, from communism and embraced a variety of free-market policies that have led to growing prosperity and stability.

General Federal Revenues = $3.8 trillion

Kimberly Amadeo 2021 (expert on U.S. and world economies and investing, with over 20 years of experience in economic analysis and business strategy. President of the economic website World Money Watch) U.S. Federal Government Tax Revenue, last updated 17 May 2021 <https://www.thebalance.com/current-u-s-federal-government-tax-revenue-3305762> (accessed 16 July 2022) (“FY” = fiscal year; it means the 12 months that ended on 30 Sept 2021)

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US should fund 3 Seas and deploy an investment director to Belgrade for the Development Finance Corp.

Adam Boehler & Caleb McCarry 2022 (Boehler *was the first CEO to the Development Finance Corporation and is now the founder and CEO of Rubicon Founders. McCarry was counselor to the DFC CEO and is now a principal with Yorktown Solutions* ) 22 Feb 2022 “Three Seas Initiative Fund: Economic levers for Eastern Europe” WASHINGTON TIMES https://www.washingtontimes.com/news/2022/feb/22/three-seas-initiative-fund-economic-levers-for-eas/ (accessed 14 July 2022)

DFC can and should deploy a director to the investment office opened in Belgrade in a region that is looking West but feels the chill winds from the east at their backs. The Biden administration has all these tools at its disposal, and it should begin using them. The most compelling to start is to implement the decision already in place — for DFC to invest $300 million in the Three Seas Fund. As we all know too well, [China](https://www.washingtontimes.com/topics/china/) certainly won’t wait.

ADVANTAGES

US investment brings rule of law and blocks Chinese influence

Adam Boehler & Caleb McCarry 2022 (Boehler *was the first CEO to the Development Finance Corporation and is now the founder and CEO of Rubicon Founders. McCarry was counselor to the DFC CEO and is now a principal with Yorktown Solutions* ) 22 Feb 2022 “Three Seas Initiative Fund: Economic levers for Eastern Europe” WASHINGTON TIMES https://www.washingtontimes.com/news/2022/feb/22/three-seas-initiative-fund-economic-levers-for-eas/ (accessed 14 July 2022)

[China](https://www.washingtontimes.com/topics/china/) is more than willing to secure its interests in eastern and central Europe with infrastructure investments and loans. Now, in the face of Russian aggression and manipulation of energy markets in the dead of winter, the wisdom of the DFC board’s approval of the initial Three Seas Fund investment is clearer than ever. The Three Seas countries want and need the United States to be their anchor investor; they need our reassurance and our support. A DFC investment is a sovereign guarantee from the United States. When Americans invest abroad, they bring the rule of law. Unlike [China](https://www.washingtontimes.com/topics/china/), a DFC investment carries environmental, labor and social standards.

US support for 3 Seas is critical to help Ukraine resist Russian aggression

Anthony Kim 2022 (research fellow in economic freedom at The Heritage Foundation, editor of the Index of Economic Freedom, and manager of global engagement for Heritage’s Margaret Thatcher Center for Freedom) 17 June 2022 “3 Seas Initiative Deserves Greater Attention, America’s Increased Strategic Support” https://www.dailysignal.com/2022/06/17/three-seas-initiative-deserves-greater-attention-americas-increased-strategic-support/ (accessed 14 July 2022)

Unambiguously, the ongoing invasion of Ukraine by Vladimir Putin’s [Russia](https://www.dailysignal.com/2022/03/24/sanctions-on-putins-russia-an-initial-assessment/) underscores the elevated importance of the initiative, which promotes connectivity among 12 key European nations near Russia, for the United States and its allies in the three seas region. As Latvia’s President Egils Levits [summed it up](https://3seas.eu/), “It’s high time to take the Three Seas Initiative to the next level,” with an added imperative to “focus on how the 3SI platform can help Ukraine in resisting Russia’s aggression and rebuilding its infrastructure.” More than ever, the Three Seas Initiative matters to the U.S. too. In the current geopolitical context, intensifying U.S. efforts to secure [energy](https://www.dailysignal.com/2022/02/24/how-3-seas-initiative-could-be-antidote-to-russias-energy-coercion/) connectivity through the Three Seas Initiative is critical and deserves immediate concrete action.

US development assistance furthers US foreign policy by opposing Chinese and Russian aggression

Adam Boehler & Caleb McCarry 2022 (Boehler *was the first CEO to the Development Finance Corporation and is now the founder and CEO of Rubicon Founders. McCarry was counselor to the DFC CEO and is now a principal with Yorktown Solutions* ) 22 Feb 2022 “Three Seas Initiative Fund: Economic levers for Eastern Europe” WASHINGTON TIMES https://www.washingtontimes.com/news/2022/feb/22/three-seas-initiative-fund-economic-levers-for-eas/ (accessed 14 July 2022)

As bipartisan majorities in Congress have affirmed, America must use its development resources as a strategic instrument to further U.S. foreign policy. [China](https://www.washingtontimes.com/topics/china/) and Russia are threatening to invade their neighbors, and the U.S. departure from Afghanistan only serves to embolden them, and radical groups, in the region and beyond.

3 Seas Initiative can bolster the security of Eastern Europe, if funded and supported

Dr Ted Bromund & Daniel Kochis 2022 (Bromund, PhD; Senior Research Fellow for Anglo–American Relations at Thatcher Center for Freedom, Heritage Foundation. Kochis is Senior Policy Analyst in European Affairs in the Thatcher Center) "The Top Five U.S. Priorities for European Policy After Russia’s Invasion of Ukraine" 7 Apr 2022 <https://www.heritage.org/sites/default/files/2022-04/IB5258.pdf> (accessed 16 July 2022)

Launched in 2016, the 3SI aims to improve trade, infrastructure, energy, and political cooperation among the 12 nations bordering the Adriatic Sea, the Baltic Sea, and the Black Sea. A strong, prosperous, and secure Eastern Europe is in the interest of the United States: If appropriately funded and given adequate political support, the 3SI can bolster the security of Eastern Europe.

3 Seas Initiative needs US support to secure energy connectivity

Anthony Kim 2022 (research fellow in economic freedom at The Heritage Foundation, editor of the Index of Economic Freedom, and manager of global engagement for Heritage’s Margaret Thatcher Center for Freedom) 17 June 2022 “3 Seas Initiative Deserves Greater Attention, America’s Increased Strategic Support” https://www.dailysignal.com/2022/06/17/three-seas-initiative-deserves-greater-attention-americas-increased-strategic-support/ (accessed 14 July 2022)

More than ever, the Three Seas Initiative matters to the U.S. too. In the current geopolitical context, intensifying U.S. efforts to secure [energy](https://www.dailysignal.com/2022/02/24/how-3-seas-initiative-could-be-antidote-to-russias-energy-coercion/) connectivity through the Three Seas Initiative is critical and deserves immediate concrete action.

3 Seas Initiative unlocks political and economic benefits for Europe & U.S. by closing infrastructure gap

Daniel Kolchis 2021 (Senior Policy Analyst, European Affairs, Heritage Foundation) Three Seas Initiative Could Pay Dividends for Decades https://www.heritage.org/global-politics/commentary/three-seas-initiative-could-pay-dividends-decades (accessed 16 July 2022)

The region faces an overall infrastructure gap—especially when it comes to north-south transportation and energy links—that will take nearly $600 billion to close. Today, much of Europe’s economic dynamism is centered in the countries forming the 3SI. Ameliorating these gaps will unlock an economic and political windfall for Europe and the United States.

3 Seas brings economic and national security benefits and blocks Russia and China

Daniel Kolchis 2021 (Senior Policy Analyst, European Affairs, Heritage Foundation) Three Seas Initiative Could Pay Dividends for Decades https://www.heritage.org/global-politics/commentary/three-seas-initiative-could-pay-dividends-decades (accessed 16 July 2022)

Indeed, the West faces the reality of: an aggressive, opportunistic, and often reckless Russia; a 24/7, 360-degree competition with an emboldened China, and headwinds from the economic and societal carnage wreaked by the COVID-19 pandemic. Eastern Europe is a region where all three of these challenges converge. Thankfully, the U.S. has in the Three Seas Initiative (3SI) an installed framework for reinforcing the region, strengthening trans-Atlantic economic and political ties, and pushing back against its great-power competitors.

3 Seas international investment is better than individual country projects because it produces greater returns

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022)

When countries raise public investment simultaneously, they may benefit from positive demand spillovers. The benefits from coordination may be even higher if cross-country infrastructure projects, such as those envisaged by the Three Seas and other regional initiatives, lead to lower trade costs through improvements in regional connectivity. Kóczán and Plekhanov (2013) estimate that infrastructure spending that is coordinated across countries could yield almost double the impact on trade compared to the case where infrastructure spending is increased by a single country. Beyond their impact on trade, cross-border projects could have additional benefits. For instance, improving cross-country power grids and storage capacity can help improve energy security and increase shared capacity in the context of developing renewable energy.

3 Seas Initiative will help nations resist Russian pressure

Daniel Kochis 2021 (senior policy analyst for European affairs in the Margaret Thatcher Center for Freedom at Heritage Foundation) 18 Feb 2021 “The Three Seas Initiative Is a Strategic Investment that Deserves the Biden Administration’s Support” https://www.heritage.org/europe/report/the-three-seas-initiative-strategic-investment-deserves-the-biden-administrations (accessed 16 July 2022)

The nations involved in the 3SI are largely dependent on Russian energy, and the threat from Russia, especially in the realm of cyberattacks, influence operations, and propaganda, is real. The 3SI will help these nations to resist Russian pressure, while also developing greater interconnections between the nations themselves, and providing an opportunity to build strengthened transatlantic business, energy, and geopolitical ties with the United States.

DISADVANTAGE RESPONSES

A/T “Inefficient public sector” – Private is good but Public/Private cooperation is better

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022)

Raising private sector participation is desirable as it could raise efficiency in service provision and increase the financing envelope. However, to achieve higher efficiency, better service provision and long-term benefits, it should be accompanied by more effective public investment and risk management, including in public-private partnerships (PPPs).

A/T “Europe should fund it” – They do. Multiple European countries are contributing

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022)

In addition to EU initiatives, the Three Seas Initiative (3SI), established in 2016, is a forum of the 11 CESEE-EU countries and Austria to promote cooperation for the development of cross-border infrastructure in the transport, energy, and digital sectors, improve interconnectedness from the Baltic to the Black and Adriatic Seas, and strengthen energy security. Its investment vehicle, the Three Seas Initiative Investment Fund (3SIIF), supplements public and EU funds by attracting institutional investors. As of June 2020, Poland and Romania had committed over €500 million in seed capital, while other Three Seas countries like Estonia, Hungary, and Latvia, as well as the United States, have announced their decision to commit to the Fund. 3SIIF aims to raise a total of €5 billion, including from private investors, to generate investments of up to €100 billion (Three Seas Initiative & Fund 2019).

A/T “Public investment crowds out private investment” – IMF Study finds no evidence of “crowding out” effect

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022) (brackets added) (“EU15” is the 15 most advanced economy countries in the European Union)

Public investment booms tend to be associated with larger increases in output in CESEE [Central, Eastern, and Southeastern Europe] relative to the EU15.[**END QUOTE]** The point estimates in CESEE are larger than in the EU15, and although the CESEE confidence bands are wider, they continue to be statistically significant in the first few years (Figure 8). Figure 9 shows the dynamics of real private investment and public debt (as percent of GDP) in CESEE in the aftermath of a public investment boom. [**THEY CONTINUE LATER IN CONTEXT QUOTE**:] While the point estimate for private investment is positive, suggesting some crowding-in, the response is not statistically significant. Similarly, though public-debt-to-GDP appears to be declining following a boom, the estimates are quite imprecise. Empirically, it is therefore difficult to draw any conclusive inferences regarding the impact of public booms on private investment and public debt. At the same time, we do not find compelling empirical evidence of crowding out of private investment or sharp rises in public indebtedness.

IMF’s definition of the “EU 15”

International Monetary Fund 2020. (IMF is an international governmentally funded institution that loans money to other national governments; article written by Anil Ari, David Bartolini, Vizhdan Boranova, Gabriel Di Bella, Kamil Dybczak, Keiko Honjo, Raju Huidrom, Andreas Jobst, Nemanja Jovanovic, Ezgi Ozturk, Laura Papi, Sergio Sola, Michelle Stone, and Petia Topalova) Infrastructure in Central, Eastern, and Southeastern Europe: Benchmarking, Macroeconomic Impact, and Policy Issues https://www.imf.org/-/media/Files/Publications/DP/2020/English/ICESEEBMIPIEA.ashx (accessed 16 July 2022)

The EU15 includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. While the United Kingdom left the EU in 2020, for the purposes of this study, it is included in the EU15.