

India-Middle East-Europe Economic Corridor

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India-Middle East-Europe Economic Corridor : Connectivity Dreams Amid Conflict

Context

Recently, the **National Security Council Secretariat (NSCS) of India** hosted officials from the **U.S., UAE, Saudi Arabia, France, Italy, Germany, Israel, Jordan, and the European Union** to review the progress of the **India-Middle East-Europe Economic Corridor (IMEC)**. The meeting comes at a time when the project faces geopolitical hurdles due to instability in the Middle East.

Introduction

The **India-Middle East-Europe Economic Corridor (IMEC)** was announced during the **G20 Summit in New Delhi (2023)** with the aim of enhancing **economic growth and connectivity** between **Asia, the Arabian Gulf, and Europe**.

It was envisioned as a strategic alternative to the traditional **Red Sea trade route**, offering **about 40% reduction in shipping time** between India and Europe.

About IMEC

- The corridor has **two main segments**:
 - **India-Gulf Corridor**: Connecting India's western ports to the UAE, then via **high-speed freight rail** through Saudi Arabia and Jordan to **Haifa, Israel**.
 - **Gulf-Europe Corridor**: Linking Haifa to **Greece and Italy** by sea, and onwards into **Europe's rail networks**.
- Planned as **more than a trade route**, IMEC aimed to include:

- **Electricity and digital connectivity cables**
 - **Clean hydrogen pipelines**
 - Measures to improve **efficiency, reduce costs, create jobs, and cut emissions**
 - It sought to address long-standing trade issues like **tariff disparities, low financial integration, limited insurance coverage, and varying port capacities.**
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Strategic Rationale

- Conceived during a period of **relative Middle East stability** in September 2023.
 - Enabled by the trend of **Arab normalisation with Israel**, with Saudi Arabia close to joining.
 - Strong **economic justification**:
 - The **EU** is India's largest trading partner with **\$137.41 billion** bilateral trade in FY 2023-24.
 - Non-oil trade with **UAE** and **Saudi Arabia** has been increasing rapidly.
 - Designed to enhance **India's role in global supply chains** while strengthening **energy and digital connectivity.**
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Impact of the Gaza Conflict

- Less than a month after the announcement, the **Gaza war** disrupted the initiative.
- **Jordan-Israel cooperation**, crucial for the Middle East-Europe segment, weakened amid tensions over Palestinian displacement.
- **Saudi-Israel normalisation** stalled due to disagreement over Palestinian statehood.
- The conflict's spread to **Lebanon, Yemen, Syria, Iraq** and tensions with **Iran** increased

insurance costs and trade risks.

Despite these setbacks, **Israel views IMEC** as vital for deepening economic ties with the Arab world, excluding Palestine.

Current Status and Challenges

- The **western leg** of the corridor remains uncertain due to ongoing conflict.
 - The **eastern leg** retains potential due to India's strong partnerships with the **UAE** and **Saudi Arabia**.
 - Initiatives like **UPI integration** can enhance digital trade connectivity.
 - **Intra-Gulf economic rivalries**, such as Saudi measures to counter Emirati dominance, hinder unified planning.
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Conclusion

The IMEC remains a strategically important initiative that can reshape **India-Europe connectivity** and diversify global trade routes. However, its success is contingent on **Middle East stability** and the resolution of the **Palestinian statehood question**. Until lasting peace is achieved, IMEC will remain largely a **planning-stage "day-after" project**, with its full potential yet to be realised.

