

Grand designs: Making IMEC work

By Dr Neil Quilliam, Energy Director, SRMG-Think; and Farah Al Zadjali, Research Analyst, SRMG-Think

Key Takeaways

- IMEC is a viable project and aspects of it are likely to materialise, though it may not follow the form of a “grand strategy,” and neither will its pathway to completion be linear.
- There are some easy wins – existing projects, especially transport infrastructure projects, are being built on that will serve IMEC and strengthen supply chains between Asia, the Middle East, and Europe.
- IMEC is a good example of the growing trend towards minilateralism – in fact, the microlateralism of Saudi Arabia, UAE, and India will drive forward the project in its initial stages. For the Gulf countries, this will help cement their roles as hubs for goods transiting between continents, including Africa.

On 15 May 2024 senior officials from both India and the UAE will meet to continue laying the groundwork for the first stage of India-Middle East-Europe Economic Corridor (IMEC), a major international infrastructure initiative between Asia, Europe, and the Middle East.¹ The meeting, the latest in a series between the two since IMEC was announced in September 2023, signals a continued commitment to beginning works on the project, and soon. The initiative is viewed as one that will substantially strengthen connectivity and economic integration between the three regions. Once complete, it is expected to reduce trade costs between India and Europe by 40%, by bypassing the Bab al-Mandab and the Suez Canal.

Whether leaders would move on IMEC was unclear given that the environment is much changed since last year. India, the US, UAE, Saudi Arabia, Germany, France, and the EU jointly signed a memorandum of understanding (MoU) at the G20 summit in New Delhi.² However, commentators on the whole have been sceptical that it will get off the ground. Many see it as grand design of the US, intended to compete with China’s Belt and Road Initiative, and argue that Washington has neither the political will nor the war chest to finance it. Other critics argue that the project’s success is dependent upon Israel normalising relations with Saudi Arabia and that this, therefore, will remain its Achilles’ heel. In fact, the continuing war between Israel and Hamas in Gaza and rising number of fatalities since hostilities began in October 2023 bears out that analysis.

However, there are compelling reasons to believe that substantial portions of the corridor, especially from India to the Arabian Gulf countries, will materialise and, in time, extend to Europe through Jordan and Israel, or the Red Sea. This optimism is grounded in India, Saudi Arabia, and the UAE’s growing shared economic interests and their political will to transform their economies and play a greater role in the global economy

Path to completion is rocky and non-linear – but achievable

IMEC is an ambitious project that will take at least a decade to come to full fruition. It is envisioned as a multimodal transport system comprising two separate corridors: an eastern corridor, linking India’s west coast to the Arabian Gulf (UAE) via a sea route integrated with a ship-to-rail transit network; and a northern corridor joining Saudi Arabia, Jordan, and Israel by rail, and connecting to the extensive rail networks of Europe via a maritime link from Greece. It is viewed as having the potential to play a key role in securing new reliable supply chains between Asia, the Middle East, and Europe and mitigating an overreliance on more traditional trade routes, which have proven vulnerable to disruption over the past five years.

Moreover, as an economic corridor, IMEC will not be limited to trade in goods. Given the growing imperative of cyber security, a secure, high-speed data pipeline is planned that will establish robust IT services between India and Europe via the Middle East. The corridor will also include pipelines for hydrogen, laying data cables and securing wider energy connections, including grids, in a bid to promote a common sustainable and resilient infrastructure.

Implementing IMEC in full will require overcoming a series of challenges such as the extension into Europe via Greece; and soft infrastructure problems, including harmonising standards for ports, railways, and customs.³ However, there is considerable will among the leaders of India, Saudi Arabia, and the UAE to begin the eastern phase of the project and capital is already pledged.

Indeed, Delhi, Riyadh, and Abu Dhabi are the engine of IMEC and will drive it forward – at least in the early stages – more than their US or European partners. The project is a good example of the re-emerging phenomenon of minilateralism among middle power groupings. Middle powers, such as Saudi Arabia and India, favour a multi-aligned world and seek to engage in smaller-scale collaborations in order to capitalise on economic and diplomatic opportunities independent of alignment with, or against, any major power bloc. They are also more inclined to have political will, and to deploy capital, to achieve their goals than some older powers, which often lack the former and/or are unable to allocate sufficient resources.

¹ Pandya, Dyuti. “IMEC: The Road That Should Not Be Taken,” European Centre for International Political Economy, March, <https://ecipe.org/blog/imec-the-road-that-should-not-be-taken/>.

² Reuters Staff. “U.S., India, Saudi, EU Unveil Rail, Ports Deal on G20 Sidelines: White House Official.” Reuters, 9 September 2023. <https://www.reuters.com/world/us-india-saudi-eu-unveil-rail-ports-deal-g20-sidelines-white-house-official-2023-09-09/>

³ The partial ownership of the Greek port Piraeus by the Chinese company Cosco is a significant issue facing the western leg of IMEC. Geopolitical tensions and the strategic desire to counterbalance Chinese influence in critical infrastructure complicates the EU’s involvement in the project. Nonetheless, the challenge is not insurmountable. The EU’s existing infrastructure is robust, and enhancements to accommodate IMEC’s needs can be implemented, provided there is sufficient political will and financial backing.

Mutual interests and national priorities of key players

In the case of IMEC, which involves both major and middle powers, one could characterise the “core” or “agents” as a micro-lateral grouping, an arrangement, that prioritises the mutual interests of its parties and enables them to adapt to shifts in the global order.

In the micro-lateral of India, Saudi Arabia, and UAE, Delhi’s enthusiastic support is driven by the broader economic ambitions of India and a desire to expand its geopolitical influence. As one of the fastest-growing major economies, India views IMEC as a critical avenue to bolster its international trade and economic integration. By bypassing traditional sea routes, such as the Cape of Good Hope and the Suez Canal, the corridor is expected to provide Indian goods with more efficient access to key markets in the Europe and the US. The EU is India’s largest trading partner – bilateral trade totalled some \$136 billion in FY 2022–3 – and the US is the number one destination for Indian exports, receiving \$78.5 billion in shipments that year. As India’s trade with these regions grows, it would be in Delhi’s strategic interest to promote the IMEC as an alternate corridor that lends a degree of redundancy to existing trade routes.

At the same time, trade between India and the Gulf is also robust. Bilateral trade with the UAE – India’s third-largest trade partner – totalled \$84.5 billion in FY 2022–23. India’s exports to the Emirates amounted to \$31.3 billion, while imports were valued at \$53.2 billion.⁵ Trade with Saudi Arabia is also significant; in FY 2022–23, total trade volumes stood at \$52.76 billion.⁶ Therefore, it is unsurprising that both Saudi Arabia and the UAE are also demonstrating a strong commitment to IMEC.

For Riyadh and Abu Dhabi IMEC represents not just a pathway to Europe. It is also a valuable project that will help cement their roles as central transit hubs connecting Asia with Africa. Motivated by national visions – Saudi Vision 2030 and UAE Vision 2021 – to diversify their economies and reduce dependency upon oil, the Saudis and Emiratis are investing heavily in developing the transport and logistics sectors. Each has in the works large-scale rail and infrastructure projects that could integrate into the eastern segment of IMEC.

Easy wins: connecting the UAE and Saudi Arabia via rail

The UAE’s Etihad Rail project and Saudi Arabia’s North-South railway are two examples of national projects that will provide a net gain for IMEC and constitute early progress towards the overall project.

Currently 75% complete, the \$13.6 billion Etihad network will span 1,200 km from the border with Saudi Arabia at Ghuweifat to Fujairah on the east coast, connecting the major ports, industrial hubs, and urban centres of all seven emirates. Saudi Arabia’s plans to extend the North-South railway – which at present connects the industrial city of Jubail in the east with Riyadh – looks set to join the Kingdom’s northern borders to Jordan at Al Haditha and Al Quorayat. This will provide a route for goods to be transhipped across Jordan to Israel or other destinations. The extension of rail lines from Jordan to Israel would create a direct land route connecting Gulf countries with European destinations via IMEC, though that looks far off for now.

Alternative route to Africa and Mediterranean

The Saudi Landbridge project, on the other hand, is a rail initiative that will create a direct route between the Gulf and the Red Sea. This rail link between the port city of Dammam and Jeddah can offer a route to the Mediterranean that bypasses Jordan and Israel – though goods would still need to transit through Suez. It would certainly help elevate Saudi Arabia’s ambition to become a global logistics hub.

IMEC’s path to completion is likely to take many twists and turns. There are plenty of hurdles to clear before the corridor becomes operational; the ambition of the project suggests that it will never be fully realised, but aspects of it will come to life.

The leaders of Saudi Arabia, India, and the UAE possess the will and the capital to open the eastern corridor of IMEC. India believes that in time its good relations with Middle Eastern countries will help it address tensions between Israel, Palestine, and Jordan and sharpen their focus on better securing access to Europe through the creation of the second half of the corridor. If that is not the case, then Saudi Arabia’s geography and extensive plans to connect by rail the Arabian and Red Seas, will facilitate trade through Suez as a stop-gap measure, cutting out the need to travel around Bab al-Mandab.

⁴ Suri, Navdeep, Nilanjan Ghosh, Kabir Taneja, Sameer Patil, and Promit Mookherjee. “India-Middle East-Europe Economic Corridor: Towards a New Discourse in Global Connectivity.” Special Report, Observer Research Foundation, 9 April 2024. <https://www.orfonline.org/research/india-middle-east-europe-economic-corridor-towards-a-new-discourse-in-global-connectivity/>

⁵ Cyrill, Melissa. “India’s Exports to the UAE Reach New High with US\$32 Billion Projection in FY2022-23.” India Briefing, 1 May 2023. <https://www.india-briefing.com/news/indias-exports-to-the-uae-reach-new-high-with-us32-billion-projection-in-fy2022-23-27504.html/>

⁶ “India-Saudi Business Relations.” Embassy of India, Riyadh. <https://www.eoiriyadh.gov.in/page/india-saudi-business-relations/>

⁷ “Birch, Kate. “Etihad Rail – connecting the UAE’s seven emirates and beyond.” Business Chief, 11 January 2024. <https://businesschief.eu/leadership-and-strategy/etihad-rail-connecting-uae-seven-emirates-and-GCC>

⁸ Iqbal, Yasir. “Contractors to Start Work in 2024 on Saudi Landbridge.” MEED, 21 November 2023.