



INDIA MIDDLE EAST EUROPE ECONOMIC CORRIDOR: RISKS AND PROSPECTS FOR INDIA

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Abstract

An important project to promote economic integration and collaboration between countries in the Middle East, India, and Europe is the International Middle Eastern Economic Corridor (IMEC). This paper examines the many opportunities and difficulties that come with implementing and maintaining IMEC. There is a great deal of potential for trade expansion, infrastructure development, and economic growth among member nations of the IMEC. The transfer of capital, goods, and services is made easier by IMEC, which provides a platform for greater connectivity by utilizing historical trade routes and geographic closeness. Additionally, the corridor has the potential to boost job creation, innovation, and investment, all of which will support the socio-economic growth of the area. IMEC's creation and implementation are not without difficulties, though. Smooth cooperation and integration are severely hampered by geopolitical tensions, security issues, and conflicting political goals. Furthermore, complex logistics, disparities in regulations, and deficiencies in infrastructure demand careful planning and strategic collaboration between parties. Furthermore, the implementation of IMEC calls for a well-rounded strategy that takes into account various factors.

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I Introduction

In September 2023, a Memorandum of Understanding was signed by India, Saudi Arabia, the United States, Germany, Italy, the United Arab Emirates, France, and the European Union to establish a rail and maritime corridor that would link India to Europe via the West Asia (Middle East) during the course of proceeding of G20 Summit in New Delhi¹. This laid the foundation stone for the creation of the IMEC. The main stress was the establishment and improvement of connectivity and interconnections by ship-to-rail networks, railroad, and highway transport routes, and other multi-model connectivity projects extending across two corridors namely the East Corridor and Northern Corridor.² The Eastern corridor and northern corridor will link India to the Gulf and Gulf to the Europe respectively. The components of the proposed IMEC are shipping lines, rail links, high-speed data connections energy pipes³. In order to improve the transit of trade and services in the parties participating, they emphasized the improvement of maritime and road networks. The IMEC is a component of a larger plan to strengthen ties between nations, lower the cost of transportation, and diversify supply chains⁴ so as to fit contemporary geopolitical and economic environments.

¹ Siddiqui Huma "World leaders launch India-Middle East- Europe Economic Corridor seen as counter to China's BRI" Financial Express , Sept 10, 2023.

² Dr Arshad "India-Middle East-Europe Economic Corridor: Aspects and Prospects" 6(2) *Indian Council of World Affairs* (2023).

³ World leaders launch India Middle East Europe Corridor seen as counter to China's BRI, available at: <http://www.financialexpress.com> (last visited on January 23, 2024).

⁴ Rajeshwari Pillai Rajgopalan, "The Geopolitics of New India-Middle East-Europe Corridor" 6 *The Diplomat* 19 (2023).

II IMEC Design

The corridor aims to increase commerce, economic growth, and political collaboration by taking advantage of India's, the Middle East's, and Europe's advantageous locations. The predominant sea route that links Europe and Asia is characterized by an unwavering reliance on the Suez Canal and Mediterranean Sea routes. The sea voyage from Jawaharlal Nehru Port Trust (JNPT) in India to the Suez Port takes about eleven days, whereas the voyage to Damman takes about six days.⁵ The transfer of goods to Haifa could be greatly impacted by the introduction of a 24-hour railway transit alternative. This suggested action could improve overall efficiency and streamline the delivery process by cutting the travel time by three to four days.⁶ In this context, the Memorandum of Understanding (MOU) makes it abundantly evident that cargo transportation will take a strategic, multimodal approach, with a focus on the smooth transfer of commodities between railroad systems and marine vessels. The current need involves the strategically planned establishment of important rail and road connectivity, terminals, and inland container depots (ICDs) throughout major dry ports and seaports of participating countries.⁷

Background of the IMEC- The US administration's diplomatic efforts were primarily responsible for the agreement because it advanced several US interests. First and foremost, IMEC represents US objectives to stabilize the Middle East and maintain the momentum of the Abraham

⁵ India-Middle East-Europe Economic Corridor: Towards Building a New Global Connectivity, available at: <https://thegeopolitics.com/india-middle-east-europe-economic-corridor-towards-building-a-new-global-connectivity/> (last visited on December 23, 2023).

⁶ *Ibid.*

⁷ *Ibid.*

Accords between the Arab world and Israel.⁸ It also seeks to limit China's diplomatic clout in the area, which Beijing gained in 2023 by mediating a deal between adversaries Saudi Arabia and Iran. These are and should continue to be long-term US objectives, even though the Gaza War has made things more difficult.⁹ Building on the Quadrilateral Security Dialogue with Japan and Australia, IMEC is closely aligned with US efforts to forge greater political, economic, and security relationships with India¹⁰. It furthers Washington's 2021 endeavours to establish the public-private I2U2 group, wherein the United States and India would collaborate with Israel and the United Arab Emirates on economic matters.¹¹ IMEC initiative is a part of the Partnership for Global Infrastructure and Investment (PGII), a cooperative G7 initiative that was started in 2022 to bring together current infrastructure strategies under a single political umbrella.¹² PGII is a transparent, democratic, high-influence, values-based infrastructure development partnership designed to help low- and middle-income nations meet their massive infrastructure demands.¹³

They also want to keep moving away from Russian fossil fuels as they pursue an environmentally friendly transition. IMEC is essential to achieving these goals of infrastructural development, shifting reliance

⁸ G20-EU and US back trade corridor linking Europe, middle East and India, *available at*: <https://www.theguardian.com/world/2023/sep/09/g20-eu-and-us-back-trade-corridor-linking-europe-middle-east-and-india> (last visited on January 2, 2024).

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ Alberto Rizzi, The infinite connection: How to make the India-Middle East-Europe economic corridor happen, *available at*: <https://ecfr.eu/publication/the-infinite-connection-how-to-make-the-india-middle-east-europe-economic-corridor-happen/> (last visited on April 2, 2024).

¹² *Ibid.*

¹³ Partnership for Global Infrastructure And Investment (PGII) and Indian And Middle East Europe Corridor IMEC, *available at*: pib.gov.in/PressReleaseframePage.aspx?PRID=1955921 (last visited on February 23, 2024).

from fossil fuel to alternative eco-friendly fuels. However, on account of their abundant reserves of fossil fuels, advantageous location, and strong financial position, Saudi Arabia and the UAE are becoming more and more significant players in the world economy.¹⁴

III Challenges before the Member States

The IMEC, which was unveiled at the G20 Summit, has the potential to yield numerous economic advantages on regional and global scales for the participating nations, but there are a few major issues that need to be resolved in order to make sure that it is implemented successfully and to its fullest potential. Navigating the region's complex dynamics is one of the IMEC's biggest problems. The corridor crosses several countries with different political systems, agendas, and histories of conflict. These intricacies could impede collaboration and the growth of smooth connectivity among the participating nations. In order to minimize possible differences of opinion and foster a collaborative atmosphere, diplomatic communication and a shared vision among all participating countries are essential. All of the member states are strongly in Favor of this initiative, especially the US and the EU, which see it as a way to balance out China's growing influence in the area and get access to India's growing consumer market.

In opposition to the Chinese Belt Road Initiative (BRI), the United States is advocating for IMEC. However, China already has a visible amount of influence on the States and areas around the proposed IMEC route. In Eastern Europe, the largest port Piraeus in Greece, is a very important link in the IMEC, receiving cargo from the Haifa Port in Israel. Since the

¹⁴ *Supra* note 8.

Greek Government transferred 2/3rd operating rights of Piraeus Port in 2016 to Chinese Shipping Company, Cosco, this Chinese firm controls the operating parts of the Port and has complete control over the port's future.¹⁵ Furthermore, IMEC and other comparable development projects are unable to counterbalance Beijing's influence in the region due to the close financial relationships that exist between China and the Arab Gulf. In 2022, commerce between China and Saudi Arabia was valued at over \$106 billion, which is twice as much as trade between the US and Saudi Arabia. Additionally, China has purchased a minority twenty percent share in Saudi Arabia's largest port, Red Sea Gateway Terminal.¹⁶

Unfortunately, the recent Gaza conflict and the latest Israel-Iran flare-up are a testament to this ever-changing geopolitical scenario. It raised several eyebrows and the IMEC is also being looked down upon by critics and scholars alike for its dynamic positioning which is the most volatile zone. It may pose an obstacle to the growing economic convergence of the Middle East, Europe, and India.¹⁷ There is a lot of turbulence in the region due to their inter-regional histories of conflict. The choke-point of the conflict from the perspective of IMEC is the Red Sea. Red Sea is very important as the shipping route connecting the Mediterranean Sea to the Indian Ocean and it is one of the busiest shipping routes in the world. Since maritime shipping is the backbone of international commerce, it becomes important to understand their routes and passages. There is no

¹⁵ In Greece's Largest Port of Piraeus, China is the Boss, *available at*: <https://www.dw.com/en/greece-in-the-port-of-piraeus-china-is-the-boss/a-63581221> (last visited on October 10, 2024).

¹⁶ Abdul Moiz Khan, The India Middle East Europe Economic Corridor (IMEC): Too Little, Too Late, *available at*: <https://carnegieendowment.org/sada/2023/12/the-india-middle-east-europe-economic-corridor-imec-too-little-too-late?lang=en&center=global> (last visited on December 20, 2023).

¹⁷ Israel Hamas, War: What happens to IMEC now?, *available at*: <https://www.deccanherald.com/opinion/israel-hamas-war-what-happens-to-imec-now-2721745> (last visited on January 20, 2024).

significant influx of freshwater, and it is encircled by desert or semi-arid regions. In other words, the Red Sea through the Suez Canal connects Europe to Asia and East Africa.

The basis of international trade, maritime transport, is under pressure as a result of many conflicts at various choke points throughout the world. The most significant of them is the unrest brought on by Houthi attacks on ships in the adjoining areas of the Gulf of Aden, and the Red Sea area which are required passageways for ships passing through the Suez Canal¹⁸. The attacks have prompted a response from the U.S. and UK armies, raising concerns that the conflict may spread. The attacks utilize advanced technology like drones and missiles, which are primarily made feasible by Iran's support. Many Shipping companies are reconsidering their decision to transit from the Red Sea to the Mediterranean Sea via the Suez Canal due to the consistent disruptions and threat of attacks. As many as 13 shipping companies stated on December 15th and 19th, 2023 that they avoid Red Sea Route for shipping and taking a longer route around the African Continent. Shippers should naturally choose to divert the 17,000 ships that pass through the Suez Canal each year, but doing so adds costs, time, and distance. It takes about 34 days to travel around the Cape of Good Hope, however it only takes 25.4 days to travel by canal. Shippers are losing millions of dollars as a result of these nine extra days, and longer. For weeks, attacks on container ships in the Red Sea have disrupted one of the most significant commerce routes in the world.¹⁹ The fighting in the Red Sea is affecting the world supply chain after several months and scores of voyages are lowering shipping

¹⁸ Charting the Course: How the shipping industry is adapting to tensions in the red sea, available at: <https://www.hellenicshippingnews.com/charting-the-course-how-the-shipping-industry-is-adapting-to-tensions-in-the-red-sea/> (last visited on February 15, 2024).

¹⁹ *Ibid.*

capacity²⁰. An estimated \$200 billion worth of freight has been redirected since December. Shipping businesses have experienced delays and increased expenses as a result, which has raised fears that they may have to impose further price increases on already suffering consumers following a protracted period of high inflation. A lot of importers are now shipping their goods via air, which is booming right now and causing flight paths to be disrupted²¹.

IV Significance of IMEC

The IMEC holds strategic and economic significance for all the stakeholders as well as the third parties.

1. **Competition to Belt and Road Initiative:** The Belt and Road Initiative (BRI) was conceived by the People's Republic of China in the year 2013 as a new 'Silk Road' which seeks to connect the People's Republic of China to Africa and Europe by land routes and sea routes.²² BRI is frequently seen as a means of influencing policy and drawing poor countries into debt traps. BRI has created a threat to the sovereignty of the member countries. IMEC is perceived as a reaction to China's growing aspirations on the international stage. By presenting a different, open, and sustainable infrastructure development paradigm, IMEC proposes to give competition to the Belt and Road Initiative. China has become more and more influential geopolitically in the Middle East. The Belt and Road

²⁰ Navigating troubled waters: The Red Sea crisis and its impact on global supply chains for 2024 and beyond, *available at:* www.infor.com (last visited on April 5, 2024).

²¹ *Ibid.*

²² Richard Ghiasy and Jiayi Zhou, The Silk Road Economic Belt-Considering Security Implications and EU-China Cooperation Prospects, Stockholm International Peace Research Institute (SIPRI), 2017, *available at:* <https://www.sipri.org/sites/default/files/The-Silk-Road-Economic-Belt.pdf> (last visited on April 15, 2024).

Initiative (BRI) of China provides a combination of subsidies, loans, and financial instruments; in contrast, the US-led B3W effort seeks to draw private sector investments. Infrastructure projects' protracted planning stages and high expectations from private investors can drive up costs and jeopardize their financial viability. Therefore, it can be difficult to guarantee steady funding for B3W projects since recipient countries might have trouble getting promises from foreign donors or private investors. Fund allocation delays as a result may cause project delays, cost overruns, and decreased viability²³.

2. **Geo-Political Politics:** China has aided in mediating a settlement between Iran and Saudi Arabia. China has been gaining more influence over Saudi Arabia and the United Arab Emirates, two of the US's former allies²⁴. Additionally, it offers a chance to offset China's expanding geopolitical influence. The Gulf states are committed to keeping their relations with China, the West, and Russia in a geopolitical and economic balance²⁵. They see the IMEC as a project that has the potential to strengthen their ties to international manufacturing networks.
3. **Stability in the Middle East:** The Middle East will benefit from this Corridor by becoming more cohesive and becoming a centre of economic activity rather than the "source of challenge, conflict, or crisis" that it has historically been. By fostering intra-regional communication, the massive connectivity project has the potential

²³ Ram Singh "A Corridor of Immense Promise" -The Hindu BusinessLine, 23 September 2023.

²⁴ Hong YU, *Understanding China's Belt and Road Initiative* 119-139 (Springer Nature Singapore Pte Ltd., Singapore, 2024).

²⁵ Giorgio Cafiero The Geopolitics of the India-Middle East- Europe Economic Corridor, available at: <https://arabcentredc.org/resource/the-geopolitics-of-the-india-middle-east-europe-economic-corridor/> (last visited on February 7, 2024).

to lessen political tensions in the Arabian Peninsula and act as an "Infrastructure for Peace," according to the U.S.

4. **Integration of Europe:** With the support of the IMEC, Europe will be able to expand its economic ties and reduce its reliance on China. Given that EU countries like Germany, France, and Italy have already changed their approach towards India, ties between India and Europe could grow as a result of the corridor's relevance in the EU's expansive economic and strategic goals.²⁶ Further, IMEC implementation has the potential to significantly alter the dynamics of global trade. One key point is that there might be fewer ships passing through the Suez Canal, which would be extremely detrimental to countries like Egypt. With 7% of all oil exports and 12% of all trade passing through it, the Suez Canal is extremely significant. So even if the corridor is created, it may severely impact the dependence on the Suez Canal²⁷. The EU's decision to support IMEC makes him a major stakeholder in integrating the EU and India with the Arabian Peninsula.
5. **Engagement with Africa:** The U.S. and the EU have already proposed plans to set up a Trans-African Economic Corridor connecting Angola, the Democratic Republic of Congo, and Zambia based on the experience gained from IMEC.²⁸
6. **Enhanced connectivity and cooperation:** The IMEC aims to enhance technology and energy collaborations among the participating countries. Additionally, the significant trade volumes between India and Saudi Arabia highlight the economic promise of

²⁶ India-Middle East-Europe Economic Corridor: Towards a New Discourse in Global Connectivity, *available at*: <https://www.orfonline.org/research/india-middle-east-europe-economic-corridor-towards-a-new-discourse-in-global-connectivity> (last visited on March 30, 2024).

²⁷ *Ibid.*

²⁸ *Supra* note 5.

this project. India and the UAE have also solidified a \$15 billion investment opportunity, with trade reaching an impressive \$85 billion.²⁹

7. **Increased trade and investment:** The production of clean energy would be facilitated and trade in manufactured goods will increase by this proposed corridor project. Asia, Europe, and the Middle East would undergo radical integration as a result of its increased productivity, reduced costs, promotion of economic cohesiveness, and creation of jobs.

V INDIA and IMEC

India's position is similar to a compromise between the Gulf and European players in IMEC³⁰. As far as India is concerned, India seeks to investigate all opportunities for collaboration in an evolving global framework, avoiding getting "locked" into a particular group of allies. In contrast to the Gulf states, New Delhi considers China to be a structural rival, even more so than Europeans because of their long and hotly contested shared border. Thus, New Delhi is very interested in keeping Beijing's power in check in the Indo-Pacific area. India's current approach involves forging the greatest number of relationships and engaging in adaptable programs that serve its objectives. India's goal is to join organizations that strengthen its standing rather than formally joining any alliance that would limit its capacity to engage in a war situation. This explains why India, a founding member of BRICS, has embraced a corridor of economic activity that connects several G7

²⁹ *Supra* note 11.

³⁰ The India-Middle East-Europe Economic Corridor: Prospects and Challenges for U.S. Businesses | Insights & Events | Bradley, *available at*: <https://www.bradley.com/insights/publications/2023/10/the-india-middle-east-europe-economic-corridor-prospects-and-challenges-for-us-businesses> (last visited on May 20, 2024).

countries with new BRICS members. India can serve as a bridge between the two groups, having been invited to every G7 meeting since 2019. Membership in BRICS does not preclude cooperation with the latter.

India may be able to strengthen its industrial growth and commercial connections with the EU by extending its economic collaboration with the G7 through the IMEC. India has a great deal of historical significance with the corridor. India's historical importance in trade networks is echoed by IMEC, which confirms India's position as a main player in regional and international trade. JNPT Port (Navi Mumbai), Mundra (Gujarat), and Kandla (Gujarat) are the ports on India's west coast that may be connected.

The project presents economic opportunities for India due to its substantial Middle Eastern diaspora, which enhances energy security for energy-hungry India and provides market access for Make in Indian products. By cultivating and increasing influence over the Indian Ocean region and extending its influence into the Mediterranean Sea Areas and Atlantic Ocean Region, it strategically increases Indian presence. Although funding sources are still unknown, it is anticipated that member-state infrastructure investments and the "Build-Back-Better World (B3W)" project would contribute to this ambitious corridor.

Furthermore, it becomes difficult to maintain income streams including tolls and user fees in order to pay back loans or draw in private capital. India should therefore support a combination of public and private funding, acknowledging that certain projects might not be able to be funded without government grants or subsidies because of their lengthy

development durations³¹. The proposed plan of building a dedicated gas pipeline from the Middle East (West Asia) to India should also be taken into consideration in order to meet the country's domestic gas demands, as natural gas is significantly more economical for the average Indian. India has to maintain its commitment and involvement in the NSTC, Suez Canal, and Vladivostok Arctic Route, among other transportation and energy corridors. As geopolitics changes, India can maintain neutrality while being watchful to protect India's interests as a nation³².

1. **Deepening Arabian Peninsula Engagement:** By creating long-term connections between India and the Arabian Peninsula, the Indian government can now strengthen its efforts to develop political and strategic relationships with the United Arab Emirates and Saudi Arabia.
2. **Indo-US Collaboration in the Middle East:** After the Indo-Pacific region, the US and India have aligned their interests in the Middle East. Following the I2U2 meeting, this economic and connectivity initiative is the second major convergence between the United States and India in the Middle East. It might end up being far more important for the US-Indian relationship. This initiative challenges the idea that India and the United States might cooperate in the Indo-Pacific but not in the Middle East. It demonstrates how India, the U.S., Israel, and the UAE can collaborate on joint economic projects through platforms such as the I2U2.
3. **Better Relationship Maintenance** -Given that EU countries like Italy, France, and Germany have already changed their approach towards India, ties between India and Europe could grow as a result

³¹ *Supra* note 30.

³² *Supra* note 30.

of the IMEE Corridor's relevance in the EU's expansive strategic and economic goals.

4. **The futuristic Perspective** accomplishment of IMEC will result in further collaboration between India, the U.S., and the EU in Africa, aligning with India's increasing engagement with the continent. Angola, the Democratic Republic of the Congo, and Zambia would be connected by a corridor to be built, according to the US and EU's proposed Trans-African Corridor. India's prospects of being granted permission to join the Trans-African Corridor will rise with the successful completion of the Indian Middle East Europe Corridor project.
5. **Bypassing Pakistan:** IMEC effectively bypasses Pakistan's refusal to provide land connectivity to India, which has been a longstanding obstacle to India's regional integration. Despite India's efforts over the years, Pakistan has consistently denied access to landlocked Afghanistan and Central Asia, making IMEC a significant breakthrough.
6. **Economic Infrastructural Development**-Strategic and economic connections between India and Israel have been clear since their collaboration on military and technological projects. This partnership has grown stronger since Prime Minister Narendra Modi took office in India in 2014. The Adani Group's acquisition of the Haifa Port underscores its significance as a trade hub, reflecting India's deeper integration with Europe and the Middle East. This vital port also offers Israel the opportunity to establish a trade route linking the Mediterranean and the Gulf, bypassing the Suez Canal. Additionally, a 300 km rail line will be constructed as part of the corridor's main infrastructure project, connecting Amman to the port of Haifa.

7. **Boost Exports**-India, which has shown strong support for Israel, is heavily exposed to the Red Sea Crisis due to its over-dependence on the Suez Canal for exports to the Mediterranean. Roughly 80% of all goods exports to Europe, according to the Indian Ministry of Commerce and Industry, include seaborne travel across the Red Sea region. Of all the items India exports, 15% are to the European Union. According to reports, the Indian government is taking additional steps to shield its exporters from Houthi threats and has started diplomatic negotiations with Iran. Until diplomacy is employed, ship attacks are likely to continue in the near future.

VI Comparative Aanalysis of Similar Economic Corridors

The study of various economic corridors and their corresponding difficulties can offer valuable insights for reducing risks in the India-Middle East-Europe Economic Corridor. After assessing both established and emerging corridors, stakeholders in the development of IMEC can acquire a more profound understanding of potential issues and effective solutions. The key economic corridors that will help shape strategies for managing risks linked to IMEC. They are in the following:

International North-South Transport Corridor (INSTC)

India has been working on developing another corridor to Eurasia which is known as the International North-South Transport Corridor. It links Indian ports to Europe via Chabahar port in Iran. The International North-South Transport Corridor is a collaborative initiative between India, Russia, and Iran which was formalized through an Inter-Governmental Agreement signed on September 12, 2000. Its main aim is

to improve trade and transportation links between the nations along its route.³³

The International North-South Transport Corridor includes 13 member countries: Iran, Russia, India, Azerbaijan, Kazakhstan, Armenia, Kyrgyzstan, Tajikistan, Turkey, Oman, Syria, Ukraine and Belarus with Bulgaria as an Observer State. The INSTC is a multi-modal transport network designed to be both cost-effective and time-efficient, linking India to Northern and Western Europe. It has an exceptional potential to enhance India's connectivity with Central Asia and the wider Eurasian region, capitalizing on the strategic and economic importance of the member countries. While the India-Middle East-Europe Economic Corridor is still in the nascent stages but the INSTC has been operational for over 20 years.³⁴

Despite significant interest and investment from India, Russia, Iran, and other member states, the INSTC has not fully realized its potential due to a range of challenges. Although trial runs of convoys have taken place. A major concern has been the lack of investment needed to develop the multi-modal routes, particularly in light of sanctions on Iran and, more recently, Russia. Some member nations lack the financial capacity as well as the confidence in the long-term viability of the INSTC. It has led to a shortfall in investment and slow development of the corridor. Interest in the INSTC was reignited following sanctions on Russia, which have disrupted merchant shipping. However, member states are still not in a

³³ International North-South Transport Corridor Initiative, *available at*: <https://en.wikipedia.org/wiki/International-North-South-Transport-Corridor> (last visited on October 11, 2024).

³⁴ IMEC Versus INSTC: Geopolitics of Corridors, *available at* <https://www.security-risks.com/post/imec-versus-instc-geopolitics-of-corridors> (last visited on October 12, 2024).

position to make substantial investments in the projects.³⁵ Although, IMEC seems to have more investment potential, with strong backing from Gulf economic powerhouses like the UAE and Saudi Arabia. However, the second leg of the corridor, which involves Haifa Port in Israel, could face disruptions due to the ongoing conflict in Gaza. Despite these challenges, there is a notable commitment from India to the IMEC. However, progress is likely to be slow and unfold over the medium to long term, given the complexities involved in managing multinational corridors.³⁶ IMEC must ensure that these challenges are dealt with extensively.

China's Belt and Road Initiative (BRI)

The BRI is the mega global infrastructure project which links China with Africa, Europe, and other regions of Asia. It includes both land-based routes i.e. the Silk Road Economic Belt and sea-based pathways.³⁷ The Belt and Road Initiative has faced strong opposition especially from Western countries like the United States and the European Union because of China's increasing influence, potential security risks and its debt diplomacy. India has also opposed the BRI's routes that pass through disputed territories. Many concerned members are facing rising debt levels, raising questions about the long-term financial sustainability of the initiative. E.g. Sri Lanka has struggled with debt repayment which made them lease their key asset like the Hambantota Port to China. Moreover, the expansive infrastructure projects under the BRI have been

³⁵ *Supra* note 34.

³⁶ *Supra* note 34.

³⁷ China's Massive Belt and Road Initiative, available at: <https://www.cfr.org/backgrounders/chinas-massive-belt-and-road-initiative> (last visited on October 11, 2024).

criticized for overlooking environmental and social impacts, especially in developing countries.

The India-Middle East-Europe Economic Corridor must ensure diversified financing strategies to avoid reliance on a single source of funds. This could include public-private partnerships (PPPs), multilateral funding, and mechanisms that reduce dependence on any one financier. IMEC must also precisely navigate geopolitical tensions especially in regions where India, the Middle East, and Europe intersect. Strong diplomatic efforts and a neutral, multi-stakeholder approach will be key to reducing resistance. Additionally, India-Middle East-Europe Economic Corridor should run thorough environmental and social impact assessments to make sure that its projects are sustainable and meet international environmental standards.³⁸

The East African Community (EAC) Regional Integration

The East African Community is an economic integration initiative among six East African countries. It involves infrastructural projects and trade facilitation initiatives aimed at enhancing intra-regional trade. The East African Community nations have encountered many issues in integrating policies and resolving disputes.³⁹ IMEC will need to establish clear mechanisms for policy coordination and consensus-building among member countries to avoid fragmentation and delays. National interests often trump regional objectives, leading to delays in project execution. While there is a significant focus on infrastructure development, poor

³⁸ *Supra* note 37.

³⁹ The East African Integration: Achievements and Challenges, *available at*: <https://ecdpm.org/work/trade-and-development-making-the-link-volume-1-issue-6-august-2012/the-east-african-integration-achievements-and-challenges> (last visited on October 11, 2024).

transport links remain a major barrier to regional economic integration. Like many regional integration projects, the EAC relies heavily on external aid and loans, which sometimes leads to unsustainable debt levels. Like the EAC's dependence on external funding, IMEC must create resilient financial structures that balance public and private contributions, as well as investment from multilateral organizations.

VII Conclusion

The project has the potential to have major strategic and economic benefits, but there are a number of dangers and challenges with its implementation that should be carefully considered. These consist of security risks, geopolitical rivalry, and conflicts between states. Taking on these issues as a group is crucial for all the participating countries. Nonetheless, the US is crucial to the IMEC's success. It is important to note that the US is the world leader in its strong security system and wealth of counter-terrorism experience. Thus, due to geopolitical tensions involving Iranian proxies, the IMEC is expected to encounter serious security issues, such as threats from extremist groups and illicit activities. The US can significantly contribute to fortifying the security framework of the corridor by aggressively engaging in information-sharing, intelligence cooperation, security cooperation, and joint military exercises. Moreover, the Middle East region highlights the importance of US involvement in the corridor's success due to its numerous geopolitical concerns and past wars. The US has continued to play a major role in Middle Eastern politics and the military in an effort to promote stability in the region. Its presence and activities support the corridor countries' cohesive collaboration and offer a forum for discussion, dispute resolution, and the advancement of common

interests, all of which increase the IMEC's chances of success⁴⁰. In conclusion, IMEC presents a significant opportunity to maximize the economic potential of the Middle East area and to foster greater international cooperation and integration. Notwithstanding the many challenges that IMEC will face, its revolutionary potential cannot be understated. By navigating these challenges with determination and strategy, stakeholders may make use of IMEC's opportunities to realize a future that is more prosperous, sustainable, and integrated for all. IMEC needs to see how things fold in the coming days.

⁴⁰ The India-Middle East India Europe: Challenges Ahead, *available at*: https://www.eurasiareview.com/28092023-the-india-middle-east-europe-corridor-challenges-ahead-analysis/#google_vignette (last visited on June 5, 2024).