



**CORRIDOR POLITICS IMEC VS. BRI: ANOTHER GEOPOLITICAL FACE-OFF  
IN U.S.-CHINA RIVALRY**

**Arhama Siddiq\***

**Abstract**

Escalating geopolitical tensions are prompting governments to develop strategic alliances and economic partnerships in response to a rapidly changing global landscape shaped by the COVID-19 pandemic, the crisis in Ukraine, and the Palestinian issue. The "India – Middle East – Europe Corridor" (IMEC) has emerged as an alternative to China's Belt and Road Initiative (BRI), which greatly enhances China's global influence. The intensifying rivalry between the United States of America and China is a defining feature of the contemporary geopolitical scene. The possible implementation of IMEC might compel Middle Eastern governments to make strategic choices, particularly in certain industries, that may hinder the region's socioeconomic progress. This research paper analyses the rivalry between the United States and China through a neorealist lens. Since the topic is very recent, this research will mostly rely on secondary sources and examine the BRI and IMEC in comparison. It aims to determine whether the IMEC poses a risk to the BRI, considering the global geopolitical and geo-economic circumstances. Ultimately, the analysis concludes that the IMEC does not provide a substantial threat to the BRI, especially when considering the wider context of the Palestinian conflict in 2023.

**Keywords:** IMEC, BRI, economy, investment, China, India, Gulf, Europe

**1. Introduction**

The recent decade has witnessed significant global political changes, driven by events like the COVID-19 pandemic, the Ukrainian war, and the Palestinian problem. These crises have heightened existing geopolitical tensions, creating a complex and unstable global situation. In response, countries worldwide are emphasizing coalition-building and collaborative partnerships, particularly focusing on promoting economic cooperation. The "India–Middle East–Europe Corridor" serves as an example of such initiatives. This concept was conceived

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\* Research Fellow at Institute of Strategic Studies Islamabad (ISSI) and PhD Candidate at Quaid-e-Azam University Islamabad, Pakistan. Email: [arhama.siddiq@gmail.com](mailto:arhama.siddiq@gmail.com)

during the G20 summit that took place in India on September 10, 2023 (Terracina, 2023). Crown Prince Mohammed bin Salman of Saudi Arabia, in collaboration with delegates from the European Union (EU), the United Arab Emirates (UAE), and the United States (USA), developed the proposal. The formalisation of IMEC's goal to create an extensive commercial and transport corridor will occur through the ratification of a Memorandum of Understanding, which will have the support of all parties involved (The White House, 2023). IMEC's potential as a rival to China's BRI attracts significant international attention. Launched in 2013, BRI aims for global economic prominence. Escalating U.S.-China hostilities shift from economic disputes to geopolitical competition, drawing widespread global focus due to conflicting ideologies. During discussions on the Washington-Beijing relationship, the Biden Administration has emphasized the importance of both rivalry and collaboration occurring at the same time (Li, 2021). President Xi Jinping delineated China's strategic approach for 2021, highlighting a focus on merit-based competition rather than pursuing the demise of an opponent. However, the global impact of this competition has been significant, principally shown via the establishment of several alliances, such as the recent formations of AUKUS, I2U<sup>1</sup>, and the IMEC project.

The Gulf Cooperation Council (GCC) states, except Oman, hold Dialogue Partner status in the Shanghai Cooperation Organization (SCO). In August 2023, the UAE and Saudi Arabia were invited to join the BRICS club. Their endorsement of the IMEC Agreement showcases the UAE and Saudi Arabia's rising global influence. The Biden administration's support for IMEC aims to reassure Middle Eastern allies and present an alternative to China's Belt and Road Initiative (BRI). The Gulf Arab nations have significant importance within the BRI framework, primarily because they are aligned with various national rejuvenation plans and the socioeconomic diversification goals of these countries, such as Saudi Vision 2030 (Global Times, 2023). In response to Beijing's increasing connections with historically pro-Western Arab countries and Israel, the United States has implemented measures to offset China's growing geoeconomic influence, particularly in the Middle East. Considering the historical backdrop characterized by a series of fruitless efforts aimed at offering alternatives to BRI is equally crucial. Notable examples of these programmes include the Build Back Better World

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<sup>1</sup> Established in 2022, I2U2 is a collaboration between the governments of India, Israel, the United Arab Emirates, and the United States.

(B3W) programme, which was subsequently renamed the Partnership for Global Infrastructure and Investment (PGII)<sup>2</sup>, and the Blue Dot Network<sup>3</sup>.

Due to the recent establishment of the IMEC project, there is a significant lack of scientific material available on this issue. The lack of available literature has resulted in a dependence on speculation and assumptions based on historical circumstances, as well as research focused on evaluating the practicality and consequences of the Belt and Road Initiative (BRI). The Emirate Policy Center's report, titled "IMEC and BRI: Beyond Complementary Competition," (Emirates Policy Center I Asia Research Unit, 2023) suggests that the IMEC project may not necessarily provide direct competition to China's Belt and Road Initiative (BRI). However, these two endeavors may exist simultaneously, since they meet at strategically important logistical places. Beijing has the opportunity to enhance its logistical and technical connections, as well as energy projects, by coexisting with states like Turkiye and Iran. This collaboration may benefit these nations, whose interests might otherwise be negatively impacted by the IMEC project. Dr. Giorgio Cafiero's paper on "The Geopolitics of the India-Middle East-Europe Economic Corridor" (Cafiero, The Geopolitics of the India-Middle East-Europe Economic Corridor, 2023) highlights the significant role played by Gulf Arab governments in the Belt and Road Initiative (BRI). This has particular importance since it aligns Saudi Arabia's Vision 2030 with the economic diversification plans of other Gulf Cooperation Council (GCC) countries, as well as the objectives of the Belt and Road Initiative (BRI). Washington is concerned about Beijing's efforts to enhance its ties with Arab governments that have historically been linked with the West, as well as with Israel. In response, the United States is taking measures to counteract China's growing geoeconomic influence in the Middle East.

The article titled "The IMEC vs BRI: Taking the Cue" (Anwar, 2023) elucidates a contradictory facet of the IMEC initiative. The IMEC's primary objective is to publicly confront BRI and limit Chinese influence. However, it has intrinsic difficulties in

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<sup>2</sup> The Partnership for Global Infrastructure and Investment (PGII) is a collaborative effort by the G7 during their meet in 2022, to promote and support investments in infrastructure that are sustainable, inclusive, resilient, and of high quality. By forming this partnership, the G7 intends to raise up to USD 600 billion by 2027 to address the investment in infrastructure gap in partner countries. Since its inception at the G7 Elmau Summit, the PGII has been making investments in various urgent areas, such as climate change and the energy crisis, supply chain resilience, connectivity via digital infrastructure and transport networks, sustainable health systems, and gender equality and equity.

<sup>3</sup> The Blue Dot Network serves as a mechanism for certifying infrastructure projects that adhere to rigorous international quality standards. The United States, Japan, Australia, the United Kingdom, and Spain initiated the Blue Dot Network as a collaborative endeavour to advance the principles of sustainable infrastructure development globally. It was set up in 2019.

accomplishing this goal. The influence of China in both Europe and the Middle East is undeniably shown by the inclusion of important assets such as the Piraeus port and the Etihad rail project in the IMEC connectivity project. The Piraeus port, presently managed by China Ocean Shipping (Group) Company, a state-owned Chinese entity, and with the active involvement of Chinese corporations like PowerChina and China State Construction Engineering Corporation in the railway project, exemplifies China's significant influence and presence. Against this backdrop, it is clear that the partner nations of IMEC are well aware of this scenario, undertaking a sophisticated and comprehensive effort to openly dispute the position of China. Dr. Mohamed Eldoh's study on the "India-Middle East-Europe Corridor - Challenges Ahead" (ELDoh, 2023) argues that China's position as a strategic rival might redirect trade and investments into its corridors, thus undermining the efficacy of the IMEC corridor. India, the Middle East, and Europe will have a formidable task in navigating this rivalry. Nevertheless, Europe encounters obstacles as a result of its substantial commercial alliance with China, making China a crucial trade collaborator. The presence of rivalry among the areas engaged presents geopolitical dangers for the countries of IMEC.

In his article for the *Diplomat*, Burak Elmali suggests that the potential escalation of the Israeli-Palestinian conflict may pose risks to IMEC (Elmali, 2023). However, he believes that this is unlikely to deter the parties involved, as they are determined to realign India's alliance position towards the Western hemisphere. This realignment aims to exert pressure on China in the surrounding region and redirect its focus towards local affairs. Furthermore, for the United States, IMEC serves as a means to strengthen economic collaboration and expedite the process of normalisation in the Gulf. On the contrary, during an interview with *Voice of America*, Michael Kugelman, the director of the South Asia Institute at the Wilson Centre in Washington, expressed that the recent conflict serves as a sorrowful reminder of the immense challenges that lie ahead in developing the new corridor. These challenges extend beyond financial obstacles and encompass issues of stability and diplomatic collaboration. The battle serves as a stark reminder that these prerequisites are still difficult to achieve (*Voice of America*, 2023).

Naveed Hussain contends in his essay "Enter the Corridor Wars" (Hussain, 2023) that despite the opposing geoeconomic interests of key regional actors, the IMEC might face a similar outcome to past endeavors. The main reason for this is the strategic imperative to counter China by employing bloc politics, rather than a sincere desire to promote cooperation to enhance economic development through improved connectivity and economic integration,

resulting in tangible benefits for the population. Therefore, the escalating competition between the United States and China is expected to have significant implications for the nations in the Middle East. This competition has the potential to worsen the current issues in an area that is already plagued by violence, as long as it is not controlled or stopped. Therefore, Middle Eastern countries must understand the ongoing discussion between IMEC and the BRI. Nations navigate between U.S. security and Chinese economic opportunities. The study, using a neorealist approach, examines IMEC's potential impact on BRI and factors contributing to limited opposition. Key components include IMEC, Gulf SWFs, and a BRI-IMEC comparative analysis. The study's focus is on why IMEC poses minimal threat to BRI, particularly in the context of the Palestinian situation in 2023.

## **2. Using Neorealism as a Framework for Analysis**

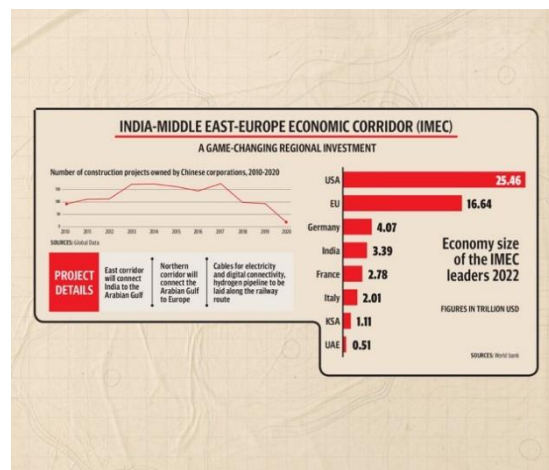
The rivalry between the United States and China in the modern global system is a complex phenomenon that is garnering significant interest from academics, politicians, and the general public. This rivalry is unparalleled in its magnitude and intricacy, since it encompasses two of the globe's most formidable and important countries. China has had a remarkable metamorphosis in the last several decades, transitioning from a mostly agricultural nation to become the second-largest economy in the world, as well as a leading force in global industry and technology (Pettis, 2023). China's rise has not only increased its economic standing but also its political and military might, posing a challenge to the long-standing supremacy of the United States. China's expanding prominence leads to more complex relations with the United States, spanning economic, military, technical, and geopolitical aspects. The consequences of this competition have a broader impact beyond the direct interaction between the two parties; they influence the dynamics of the whole global system.

Structural realism, also referred to as neorealism, is the prevailing paradigm within the field of political theory. This theoretical paradigm, which emphasises the impact of systemic factors on international relations, was developed by Kenneth Waltz. In contrast to traditional realism, neorealism places greater emphasis on the influence of the international system on state behaviour, as opposed to the intrinsic character of human nature. In his 1979 seminal work, "Theory of International Politics," Kenneth Waltz, the progenitor of neorealism, established this concept. (Telbami, 2002). Waltz's main assertion is that the international system lacks a centralized governing authority, leading nations to prioritize security and aggressively pursue influence for survival. In the neorealist analysis of the US-China rivalry, the multipolar nature of the current world system is emphasized, contrasting the Cold War's

bipolar structure. The power asymmetry between the US and China plays a pivotal role, with the US historically holding hegemonic status. China's rise in military capabilities and economic influence has shifted this power dynamic, aligning with its ambitions for a greater international role.

The US-China rivalry centers on economic competition, intertwining with technology, national security, and global influence. As the top two economies, they fiercely vie for supremacy, trade control, and dominance in critical sectors. Neorealism asserts power as the main currency in world politics, encompassing military strength and economic might. States, including the US and China, seek to optimize strength for security and influence, leading to rivalry in military, geopolitics, and economics. Neorealism highlights security challenges, with measures creating suspicion and perpetuating a cycle of competition and animosity between the two nations amid significant shifts in global power distribution.

### 3. Overview of the IMEC



(Source: Express Tribune)<sup>4</sup>

Introduced at the G20 summit in September 2023, the India–Middle East–Europe Corridor (IMEC) aims to enhance connectivity and economic convergence. Divided into eastern and northern corridors, it connects India to the UAE, Saudi Arabia, Jordan, Israel, and Europe. Priorities include advancing energy facilities, trains, communication cables, and maritime routes. Heads of state from France, Germany, India, Italy, Saudi Arabia, the UAE, the U.S., and the European Commission initiated IMEC. IMEC encompasses countries that combined represent almost 40 percentage of the global populace and contribute to roughly 50 percent of the world's GDP (Bhatt & Roychoudhury , 2023) . The success of this corridor will depend

<sup>4</sup> (Hussain, 2023)

on the seaports, road networks, and logistical centers situated in the UAE and Saudi Arabia. This highlights the crucial role played by these Gulf Arab states as key points in the global trade routes.

The corridor has two parts: an eastern maritime route connecting India and the UAE, and a northern terrestrial route linking the UAE to Israel via Saudi Arabia and Jordan. This section also includes a maritime pathway connecting Haifa (Israel) and Piraeus (Greece). The corridor integrates shipping and railway networks, facilitates clean energy exports, installs submarine fiber-optic cables and hydrogen pipelines, integrates energy grids, and establishes telecommunication lines for widespread electricity access and collaboration in clean energy technology (Rajagopalan, 2023). The transportation infrastructure in the Gulf area facilitates the expeditious execution of the project.



*(Source: Institute of Strategic Studies Islamabad)<sup>5</sup>*

The project includes the following components on land: The UAE's National Railway Project includes the construction of a 605-kilometer railway, connecting Fujairah Port to Ghuwaifat at the UAE-Saudi borders. The concluding segment of the project's second phase, spanning a length of 145 km, is nearing its conclusion (Shinde, 2023). The Saudi East Train Network provides a railway originating from Dammam. The railway links with the North Train

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<sup>5</sup> (Siddiq, 2023)

Network that starts in Riyadh and passes via Haradh. From Haradh, it continues northwest towards Hadithah, which is located close to the Jordanian border. The connectivity project necessitates the construction of a direct route between Ghuwaifat in the UAE and Haradh in Saudi Arabia, which presently lacks a connection between the two locations. A railway spanning 300 kilometers, connecting Hadithah to Israel's Haifa Port, has the potential to go through Jordan. (The Turkish Foreign Policy Institute (FPI), 2023) Currently, a 60 km railway links Beisan near Jordan's border to Haifa, with plans to extend it eastward to the Jordanian border. Notably, Jordan's antiquated railway network necessitates significant upgrades. Participating nations aim to optimize operations, reduce costs, enhance economic cohesion, stimulate employment, and minimize carbon emissions. This initiative seeks a profound integration of Asia, Europe, and the Middle East.

The IMEC is of great importance to India, especially in terms of ensuring energy security and protecting the welfare of Indian expatriates. India relies significantly on energy supplies sourced from West Asia, with 53 percent of its oil and 41 percent of its natural gas being imported from this area (Ningthoujam, 2021). West Asia has a significant Indian diaspora, with over 8.5 million Indian migrant labourers which contribute significantly to the Indian economy. In 2022, India received \$111 billion in remittances, of which a major 28 percent came from the GCC (Chandra, 2023). It is also important to note that as of 2023 UAE is India's second-largest export partner, while Saudi Arabia maintains the fourth place in terms of trade (Agarwal, 2023) India, economically strong and creditworthy, can independently commit to IMEC. Its robust cooperation with Israel, spanning economic and strategic aspects, enhances its role. Historical, societal, and cultural linkages within IMEC provide a solid foundation for joint efforts.

IMEC is currently exploring several techniques to develop linkages between different ports, however precise specifics have not been revealed. The ports encompass Haifa in Israel, Piraeus in Greece, and three ports situated on the west coast of India: Mundra (Gujarat), Kandla (Gujarat), and Jawaharlal Nehru Port Trust (Navi Mumbai). Five ports in the Middle East will establish connections with Indian ports. These are Fujairah, Jebel Ali, and Abu Dhabi in the UAE, as well as Dammam and Ras Al Khair ports in Saudi Arabia. The available possibilities are being refined to determine the ultimate choice, which will be dependent on the paths that can reduce the volume of cargo transported on a likely route. Authoritative sources cited in media reports are doing investigations to assess the state of infrastructure, including railway systems, across the Middle East. New connections are being



forged for construction activities within the scope of IMEC. The precise cost of IMEC has not been revealed, however, it is anticipated that participating countries would pay around \$20 billion towards the advancement of the economic corridor, as reported by a media source (The Business Standard, 2023). According to other media sources, the first cost estimate for establishing each of the IMEC routes ranges from \$3 billion to \$8 billion. However, authorities have emphasized that it is now too early to determine the exact prices.

Geopolitically, IMEC is presented as a response to China's Belt and Road Initiative (BRI), however, the BRI surpasses IMEC in terms of size and extent. BRI has garnered the participation of more than 150 nations and around 30 international organizations since its inception ten years ago. India has consistently voiced its opposition to the China-Pakistan Economic Corridor, which is a significant part of the BRI, due to its passage through regions that India claims as its own. Ambassador Anil Trigunayat, a former diplomat to numerous West Asian nations, asserts that the IMEC has substantial potential in many crucial domains (Usanas Foundation , 2023). IMEC, as emphasized, has the potential to build resilient infrastructure, enhance trade networks, generate employment, and expand the industrial sector. Additionally, it could play a crucial role in ensuring food and energy security for the participating countries. Furthermore, by promoting improved connectivity and efficiency in transport and commerce, IMEC contributes to reducing greenhouse gas emissions, aligning with broader environmental objectives (GÜLTEN, 2023).

#### **4. Gulf Sovereign Wealth Funds (SWFs).**

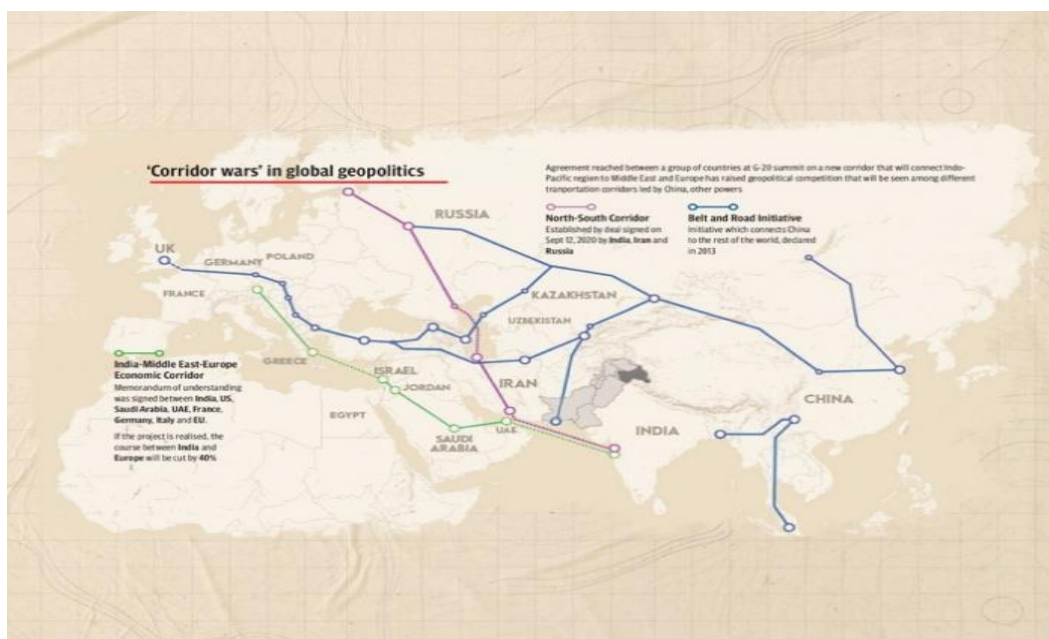
The number of Sovereign Wealth Funds (SWFs) has significantly increased in recent years, growing from 62 organizations in 2000 to 176 by 2023 (Khoury, 2023). Sovereign wealth funds, notably in the Gulf, expand due to rising oil prices, financial globalization, and global economic imbalances. In 2022, the IMF projected Middle East oil and gas producers to amass \$1.3 trillion in excess profits over four years amid global economic concerns. (England, 2022) . The increase in SWFs was mainly influenced by the instability caused by Russia's war in Ukraine, emphasizing the crucial role of SWFs in determining the economic strategy of these countries with abundant resources. The Gulf States jointly manage over 20 SWFs, each with unique characteristics including the amount of assets they supervise, their investment strategies, approaches to diversification, mandates, goals, and governance structures. Nevertheless, a shared characteristic binds them together: the excess income is mostly derived from the exportation of commodities, namely petroleum and natural gas. These finances are subject to strict government or ruling family supervision. Currently, SWFs

in the Gulf region together oversee over \$3.7 trillion in assets (Calabrese, 2023). The world's sovereign wealth funds are dominated by seven major funds, including as ADIA, ADQ, Mubadala, PIF, and QIA. These funds have significant power and together control around 40% of the total assets of all sovereign wealth funds worldwide.

SWFs have been subject to thorough scrutiny within the realm of political economics. Andrew Rozanov's study highlights the substantial influence of these funds on the worldwide financial environment, extending beyond their economic roles (Martínek, 2021). This has far-reaching implications for economies globally. In addition, Kristian Coates Ulrichsen emphasizes the vital significance of Sovereign Wealth Funds (SWFs) in facilitating diversification efforts (Ulrichsen, 2016). Gulf sovereign wealth funds reduce oil dependence for economic sustainability. Recent shifts include unconventional assets, domestic market focus, global startups, and enhanced collaboration. Geographically, economic ties extend beyond borders. Strategic funds attract international investments, supporting local development. Renowned for adaptability, Gulf SWFs navigate diverse investment environments with considerable untapped funds. The Public Investment Fund of Saudi Arabia, which has a value of \$620 billion, is under significant pressure to invest its resources due to the increased efforts of Crown Prince Mohammed bin Salman to decrease the country's dependence on crude oil (The Economic Times, 2023). Gulf sovereign wealth funds are diversifying globally, forming economic alliances with historically adversarial nations like Egypt, Iraq, and Turkey. There's a noticeable shift towards Chinese assets, signaling a deeper investment association, and a trend of reorienting priorities towards South Asia. This reflects a strategic expansion and broader geographical diversification among Gulf sovereign investors.

Gulf sovereign wealth funds aim to boost global influence, evolving beyond financial roles to support job creation, economic development, and decarbonization. Despite challenges, they show adaptability in navigating global finance. Involvement in the Infrastructure Master Plan for the Economic Corridor (IMEC) enables these funds to allocate substantial resources for essential infrastructure projects, aiding economic diversification in Gulf Cooperation Council (GCC) nations. This participation fosters stronger economic ties, potentially reducing dependence on hydrocarbon revenues. SWFs contribute to enhanced trade, investment, technology transfer, and information exchange, benefiting all participating nations.

## 5. Assessing the Compatibility of the BRI and IMEC as Complementary Initiatives



(Source: Express Tribune)<sup>6</sup>

The BRI, commonly referred to as the One Belt One Road (OBOR), is a prominent international infrastructure development endeavor launched by China in 2013. This enormous endeavor aims to provide physical infrastructure, such as trains, highways, and energy pipelines, in order to link many areas spanning Asia, Europe, Africa, and Oceania. The primary goal of BRI is to bolster economic integration, facilitate commerce, and foster cross-cultural interaction among the member nations within this enormous network. The BRI is based on five fundamental goals that clearly define its purpose (Chang, 2019). The initiative prioritizes extensive infrastructure development, aiming for efficient transport and communication. The Belt and Road Initiative (BRI) focuses on reducing trade barriers, fostering commerce, and promoting economic development with cultural exchange and financial cooperation as crucial elements for collaboration and resource mobilization.

Wang Wenbin, the spokesman for China's Foreign Ministry, expressed his views on the IMEC, stressing the need of prioritizing collaboration over rivalry in global infrastructure projects (Bhambhani, 2023). The Chinese foreign ministry expressed support for measures that promote global infrastructure development, while also voicing opposition to the use of such projects for geopolitical goals. The IMEC overlaps with the Belt and Road Initiative's (BRI) projects at strategically important logistical places. An important factor in this context

<sup>6</sup> (Hussain, 2023)

is the ports in India, where the Chinese company COSCO manages a maritime route between India and Europe. Furthermore, the Chinese business also oversees a cargo facility at the Khalifa Port in the UAE. Haifa Bayport, operated by the Shanghai International Port Group, is the third focus of interest. It competes with the older Haifa Port, which is now administered by India's Adani Group in collaboration with local organizations. COSCO maintains a majority stake of 67 percent in the Greek port of Piraeus (Bali, 2022). OceanRail, a subsidiary of COSCO, purchased a 60 percent share in Piraeus Europe Asia Rail Logistics (PEARL), a Greek rail firm, in 2019. This acquisition enables the efficient transportation of commodities from Piraeus Port to many European and Asian nations. In addition, Chinese corporation's railway networks, such as the China-Europe Railway Express and the Hungarian-Serbian Express Railway, facilitate the movement of merchandise across Europe.

The IMEC intersects with and relies on the Belt and Road Initiative (BRI). It benefits Chinese companies in key areas and offers opportunities for China in logistical, technical, and energy projects. Concerns in Egypt about IMEC's impact on the Suez Canal highlight potential global consequences. The IMEC and BRI exist amid alternative initiatives like B3W (later PGII) and the Blue Dot Network, lacking the coordinated structure of the Chinese administration. These alternatives faced challenges in obtaining financial resources and had limited progress within their first year.

## **6. Hamas-Israel Conflict 2023 and its impact on IMEC**

The Israel-Hamas conflict since October 7, 2023, and Red Sea tensions pose a threat to the India-Middle East-Europe Economic Corridor (IMEC). The dispute, involving the UAE and Saudi Arabia, key participants, may compromise their positions if it escalates to involve neighboring regions like Iran, Lebanon, or Syria. IMEC, still at the conceptual stage, lacks legally binding financial commitments. The two-month deadline for the Memorandum of Understanding implementation has been missed. Ongoing violence in Gaza and Israeli-occupied territories poses a security risk, jeopardizing IMEC's potential outcomes. The potential for regional conflict escalation is a plausible concern, but a multi-frontal engagement by Iran seems improbable based on recent statements (Iran International, 2023). Similarly, unless Iran is directly threatened, Hezbollah will likely employ a low-escalation approach in a small region and remain on the periphery of the conflict. Nonetheless, there is a

high likelihood of a spillover in the regions, and it will inevitably escalate into a global issue via a domino effect if the conflict continues.

Furthermore, the smooth movement of commodities along the northern IMEC route will be contingent upon the restoration of diplomatic relations between Israel and Saudi Arabia. This is because the Haifa port in Israel is anticipated to serve as a pivotal entry point for the maritime pathway that links the main ports in southern and western Europe with the Middle East. This pathway is also traversed by a rail artery that connects the United Arab Emirates, Saudi Arabia, Jordan, and Israel. Reportedly, Israel was the one who proposed the notion of establishing railway connections throughout the region during I2U2 forum discussions (Berman, 2023). However, given the current civilian casualty count in Gaza, which has surpassed 20,000 as of December 26, 2023, and the widespread public indignation throughout the Arab world, it is highly improbable that Saudi Arabia and the UAE will work together with Israel on such a venture in the near future. Any collaborations would not be contingent upon the Palestinian question. Hence, the likelihood of tangible progress towards enhanced regional connectivity appears exceedingly low in the absence of a cessation of hostilities in Gaza. Likewise, progress towards the establishment of the northern IMEC route, which traverses Jordan, is impracticable in the absence of a definitive indication regarding the manner and authority that will govern Gaza after the conflict.

## **7. Challenges to IMEC**

When considering the underwhelming outcomes of past Western infrastructure programmes, the IMEC plan has many significant difficulties to its feasibility, once the exaggerated claims are disregarded. It is crucial to remember that the primary objective of the U.S.-led Build Back Better World (B3W) initiative was to use \$40 trillion in investment in infrastructure by 2035. However, after a year, the collective investment objective of the G7 nations and the private sector as a whole of the PGII, which has been characterised as a modified iteration of B3W, was reduced to \$600 billion (Savoy & McKeown, 2022). Several initiatives, first presented as "new," were pre-existing programmes that were renamed as a component of the PGII.

Moreover, the IMEC will need a high level of collaboration between governments and enterprises. Currently, there is no comprehensive, international system for coordinating funding and creating high-quality infrastructure projects that includes all G7 nations.

However, as seen by the execution of the PGII, it seems that each G7 nation coordinates the contributions of its own institutions. For instance, the United States has proposed the hiring of an extra presidential coordinator to lead its comprehensive strategy and has provided specific information on how it would be implemented (Tan, 2023). Currently, there is no group of high-ranking individuals specifically assigned to coordinate the activities of various government development and financing agencies and to engage with those around them in other G7 nations or the business community.

Although IMEC seems to have great potential, it is not without its own set of difficulties. An essential obstacle is in ascertaining the precise demand along the planned route. Furthermore, it is crucial to establish uniformity in rules, taxation and customs processes to guarantee smooth and efficient operations. The multimodal character of IMEC, which includes both land and maritime components, poses logistical problems. Furthermore, well-established commercial pathways, such as the Suez Canal, will persist in vying with IMEC. IMEC may have challenges in establishing successful trade corridors due to the lack of readily accessible current infrastructure. In Greece, the proximity of IMEC to EU ports is hindered by the presence of undeveloped railroads, which are a result of topographical obstacles and budgetary limitations. Building a railway network in the Gulf area, spanning over extensive deserts in Saudi Arabia and the UAE, would significantly escalate the expenses of the project. Uncertainties remain over the funding of this major project since both the United States and the EU have not yet given detailed answers. The IMEC statement is a continuation of the G7's pledge, announced in June 2023, to secure \$600 billion over five years from a combination of corporate and governmental sources (Al Jazeera, 2022). These funds will be allocated towards supporting infrastructure initiatives in developing nations. During the next two months, the nations involved in IMEC will collaborate on formulating a strategic course of action. This strategy would include the establishment of precise time objectives and the formulation of benchmarks of funding and regulations, among other subjects.

Despite a favorable geopolitical situation, IMEC faces potential challenges that could hinder its viability and success. Participants like Saudi Arabia, the UAE, and Italy are also involved in the Belt and Road Initiative, and Israel has strong ties with China, raising concerns about potential tensions. Jordan's security and economic volatility, proximity to the West Bank, and the need for stakeholder consensus on technical, financial, and logistical aspects pose significant obstacles. Operationalizing economic corridors involving multiple stakeholders, such as INST, Iraq Development Corridor, North-South Corridor, Europe-Caucasus-Asia

Corridor, Trans Caspian Corridor, and Northern Sea Route, has historically proven challenging, with none reaching full operating capacity. India faces challenges with a limited number of internationally standardized ports, including Mundra and Nhava Sheva, both constructed by the Emiratis. Despite a substantial population, India grapples with deficiencies in labor, technology, industrial infrastructure, and bureaucratic efficiency. The corridor's potential transformation into a security and military platform raises skepticism about the sponsoring states' motives, risking erosion of legitimacy and intensifying power rivalry. Funding sources for IMEC are ambiguous, and despite member nations pledging \$20 billion, European stakeholders, notably Italy, Germany, and France, face difficulties distancing themselves from China. Approximations indicate that the development of each IMEC component will need a budget ranging from \$3 to \$8 billion (Pandya, 2023). Allocation determinations for IMEC remain inconclusive. With the majority of the route over water, the argument questions the necessity of rail and road networks, citing India's flourishing maritime commerce with West Asia, and highlighting potential cost and time inefficiencies in loading and unloading processes for a direct maritime route from India to Europe.

In comparison to China, which accounts for 16.2 percent of the European Union's overall trade in products, India's commerce with Europe is far lower at 2 percent (European Commission, 2021). Nevertheless, it is important to acknowledge that strategic connectedness plays a vital role in facilitating commerce and fostering economic development. Therefore, it is necessary to introduce diversification. Dependence only on maritime channels heightens susceptibility to sanctions, naval blockades, and piracy. Furthermore, the extensive distances in the Middle East are connected by only a limited number of railway links. As previously stated, the IMEC is anticipated to save travel time by 40 percent and expenses by 30 percent (The Business Standard, 2023). This phenomenon is most likely a result of the reduction in distances achieved by the construction of railway lines. Furthermore, the establishment of a rail connection between Saudi Arabia and Israel is contingent upon the presence of formal diplomatic relations between the two nations. Due to the persistent turmoil in Palestine, it is very unlikely that the mentioned event will occur soon. Furthermore, there are demands for the reversal of the Abraham Accords, a diplomatic agreement between Israel and the Arab governments, which may potentially jeopardize the whole undertaking. The actual execution of the corridor is expected to be halted owing to the ongoing war and instability in the Israeli section, as well as the tensions in the Saudi- and Emirati-Israeli components. The Jordanian

division of IMEC is particularly susceptible to public sentiment because a significant portion of the country's population is of Palestinian descent, including Queen Rania.

The ports encompass Haifa in Israel, Piraeus in Greece, and three ports situated on the west coast of India: Mundra (Gujarat), Kandla (Gujarat), and Jawaharlal Nehru Port Trust (Navi Mumbai). There are five ports in the Middle East that will establish connections with Indian ports. These are Fujairah, Jebel Ali, and Abu Dhabi in the UAE, as well as Dammam and Ras Al Khair ports in Saudi Arabia. The available possibilities are being refined to determine the ultimate choice, which will be dependent on the paths that can reduce the volume of cargo transported on a likely route. Various media sources state that there are ongoing investigations to assess the state of infrastructure, including railway systems, throughout the Middle East. New connections are being forged for construction activities within the scope of IMEC. The precise cost of IMEC has not been revealed, however, it is anticipated that participating countries would pay around \$20 billion towards the advancement of the economic corridor, as reported by a media source.

## **8. Conclusion**

IMEC is still in its nascent phase of development. At now, the participating nations have just reached the stage of signing a memorandum of intent, without making any financial obligations. The signatories are anticipated to meet again in the upcoming month to delineate an action plan, however, none of them are strictly obligated to undertake tangible measures for its execution. India's involvement in the corridor project may be linked to its ambitious geopolitical goals and geoeconomic interests. Nevertheless, it is important to acknowledge that Delhi could be deficient in both the essential resources and experience required to embark on a substantial infrastructure development project of such magnitude.

Disregarding the opposing geoeconomic interests of important regional actors, the IMEC's outcome may not differ considerably from prior projects with comparable aspirations. The main driving force behind this is primarily based on the strategic need to counter China through bloc politics, rather than a genuine desire to promote cooperation to achieve economic development and integration, which would have a tangible impact on people's lives. Therefore, although the IMEC has the potential to provide numerous opportunities for improving economic, trade, energy, investment, and commercial relations between Western



nations and the UAE and Saudi Arabia, it is not realistic to expect that this project will cause these two influential Gulf Arab countries to move away from their ties with China. Furthermore, there is a significant ambiguity about its practical execution, particularly considering the continuing geopolitical conflicts associated with Palestine.

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