Beyond the Suez Route

IMEC, BRI, and the Geoeconomics of Indo-Pacific Connectivity



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Abstract

Maritime connectivity has longshaped economic and geopolitical power in the Indo-Pacific, as control over sea lanes, ports, and chokepoints directly affects access to global trade. This paper explores the evolving competition between major connectivity initiatives, particularly China's Belt and Road Initiative (BRI) and the emerging India–Middle East–Europe Economic Corridor (IMEC). By situating current developments within a broader historical framework, from early Indian Ocean trade networks to colonial and Cold War maritime strategies, this study underscores how historical trends continue to shape contemporary geoeconomic planning.

Amid persistent supply chain disruptions and escalating geopolitical tensions, states are increasingly seeking diversified trade routes. While the BRI exemplifies a large-scale, state-led infrastructure initiative, IMEC adopts a plurilateral approach, linking India, the Gulf, and Europe through integrated maritime, rail, energy, and digital networks. The paper posits that the future of connectivity in the Indo-Pacific will hinge on establishing resilient, cooperative corridor frameworks that balance strategic competition with supply chain security.

Historical Context

For centuries, the oceans connecting the Indo-Pacific have driven global trade while serving as a massive chessboard for rival powers. Historically, whoever controlled the major ports, shipping lanes (or Sea Lines of Communication - SLOCs), and emerging trade corridors held the keys to real economic and political power (Chawla, 2024, 2). Through India's geoeconomic lens, which favours a balanced, multipolar region built on strong local partnerships, we can see clear historical patterns of dominance. These same patterns of control and diversification continue to shape modern maritime strategies. This section briefly traces key historical shifts that shaped the region's current maritime landscape.

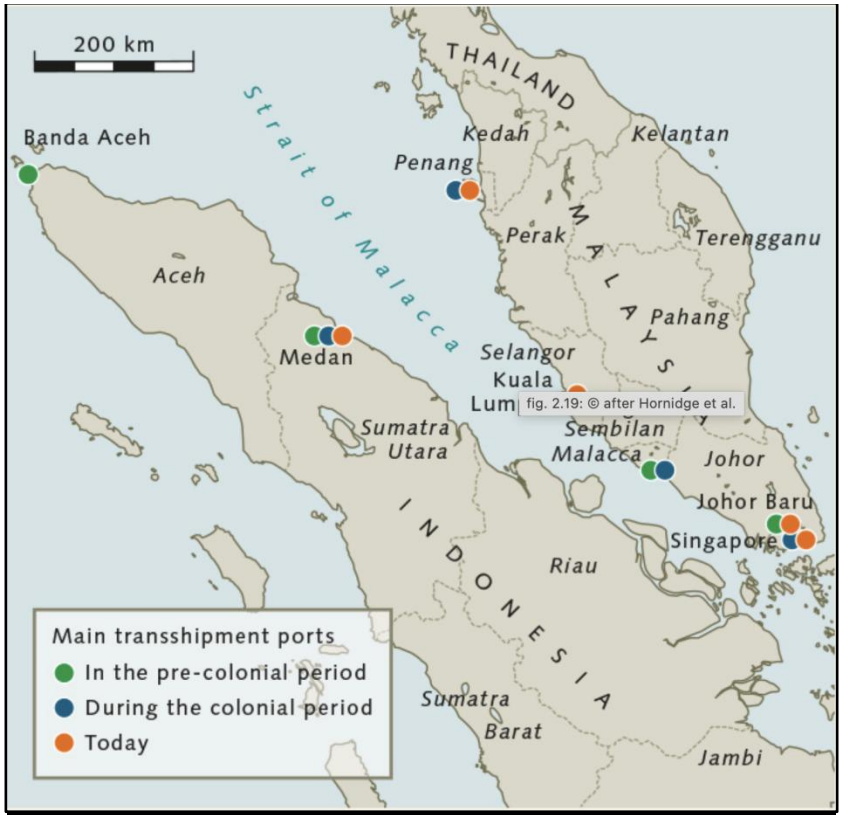
These dynamics are rooted in the subcontinent's long naval history. The Indian subcontinent naturally sat right at the centre of early oceanic trade. The Chola dynasty (around the 9th to 13th centuries CE), for example, perfectly blended their naval campaigns with military muscle. Chola fleets protected vital shipping routes stretching from India's Coromandel Coast to Southeast Asia, turning local ports like Nagapattinam into major international hubs for textiles, gems, and spices (Chawla, 2024, 21).

Arab traders further wove these routes together. Capitalising on the seasonal monsoon winds, their dhows connected Gujarat with Zanzibar and other distant shores (Yadav, 2022; Yadav, 2023).

Together, they created an early version of a diversified, globalised economy that didn't rely on a single superpower. In many ways, this decentralised, shared network was an early blueprint for what we want today: open, inclusive trade corridors that aren't monopolised by a single dominant country.

Things shifted dramatically when European powers arrived, starting in 1498. They expanded these existing networks and began locking down critical global "chokepoints"*(Girardi et al., 2023).* The Portuguese quickly established themselves in places like Goa and the Strait of Hormuz. Soon after, the Dutch and British moved into Malabar (Northern Kerala), Bombay (Mumbai), and Calcutta (Kolkata). This European expansion essentially plugged critical bottlenecks - like the Strait of Malacca, which now handles a third of all global trade - directly into European markets.

Major Transhipment Ports Along the Strait of Malacca *(World Ocean Review)*



Later, when the Suez Canal opened in 1869, it cut the travel time between Asia and Europe in half *(Kumari, 2025)*. While this caused a boom in commerce, it also created massive new vulnerabilities. We saw exactly how fragile this system was during the 1956 Suez Crisis, when a single localised disruption sent shockwaves through global oil markets *(Kumari, 2025)*. For India, the colonial era meant its coastal cities were pulled into massive, foreign-controlled trade systems. After partition, however, India had to rework and restructure this inherited maritime infrastructure to serve its own national interests.

After Independence, the Indo-Pacific became a massive bipolar battleground during the Cold War. The United States Navy locked down sea lanes through alliances such as the Central Treaty Organisation (CENTO) and the Southeast Asia Treaty Organisation (SEATO). India held its commitment to the alignment doctrine, recognising the paramount priority of maintaining independent access to the seas.

For instance, the development of the Kandla port (now Deendayal Port) in 1957 gave Bombay a western gateway, enabling a complete bypass of Pakistan. Later, the 1971 war proved just how decisive it could be to block enemy shipping lanes *(Chakraborty, 2021, 221)*. External shocks also forced India to adapt quickly. The 1973 Oil Embargo

and the tanker wars of the 1980s *(Kumari, 2025)* exposed the massive risks in the Strait of Hormuz. In response, India aggressively expanded its domestic oil-refining capacity.

When the Cold War ended, the focus shifted to building physical infrastructure. Concerned about the "Malacca Dilemma" *(Mahnken, 2011, 45)*, China launched its "Go West" strategy in 2000. This paved the way for the country's early port diplomacy, leading to the 2002 masterplan for Gwadar in Pakistan *(Mahnken, 2011, 37)* and major investments in the neighbourhood, including Kyaukpyu, Myanmar.

India responded by doubling down on the "Look East" policy, which evolved into the "Act East" policy by 2014, aiming to strengthen ties with Mekong countries (China, Myanmar, Laos, Thailand, Cambodia, and Vietnam) and build strategic hubs in the geographically advantageous Andaman Islands. Natural disasters and security threats pushed countries to further cooperate. The devastating 2004 Tsunami directly led to the creation of the Indian Ocean Naval Symposium in 2008, with the primary aim of keeping lines of communication open *(Garg, 2025)*. Similarly, the 9/11 attacks and the 2008 Mumbai terror strikes necessitated heightened awareness of maritime vulnerabilities on the part of regional governments.

A pivotal turning point arose in 2013 with China's flagship Belt and Road Initiative. The maritime vertical of this project invested over US$200bn in global ports. They operationalised Gwadar through the China-Pakistan Economic Corridor in 2015 and successfully secured a (highly controversial) 99-year lease on Sri Lanka's Hambantota port in 2017 *(Bhonsale & Bansal, 2024, 3)*.

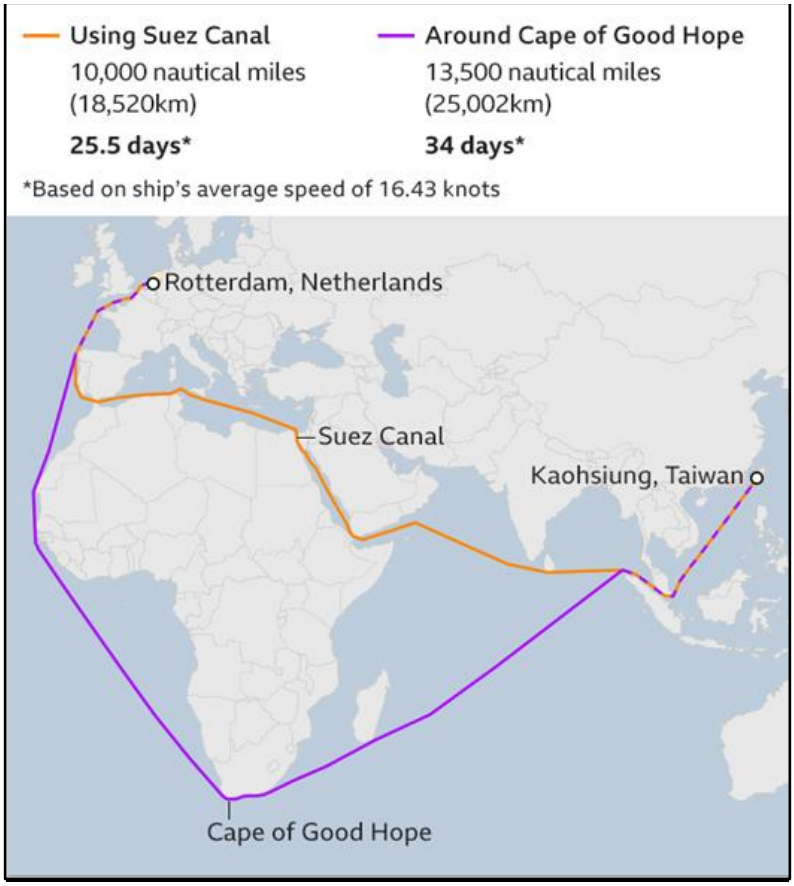
While network analysis showed this improved trade efficiency by 4-9percent, it sparked global concerns that smaller nations would lose their sovereignty *(Wignaraja et al., 2020, 9-10)*. India countered this massive push with SAGAR in 2015, an ambitious project focused on regional security and economic growth *(Durai, 2025)*.

A year later, India also signed a trilateral pact with Iran and Afghanistan to develop the Chabahar port *(Ministry of External Affairs, India, 2016)*. Domestically, India also rolled out the Sagarmala blueprint in 2015, targeting over 800 projects and a capital outlay of over US$60bn.

These competing strategies have collided in the last decade. China's vast infrastructure network survived pandemic disruptions but hit major roadblocks in the Red Sea. Houthi attacks starting in 2023 forced eight percent of ships travelling

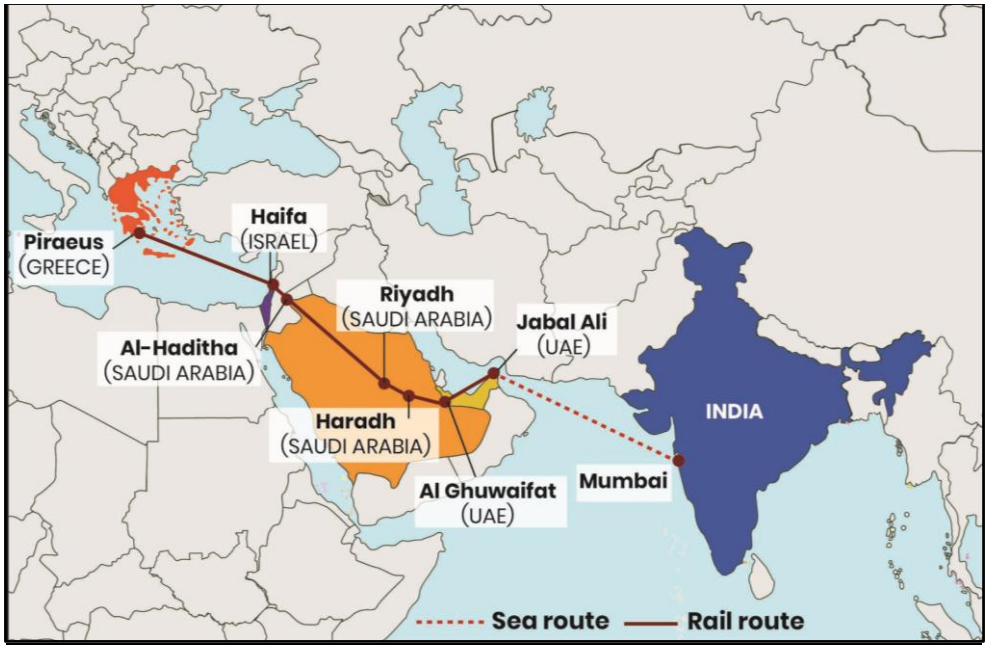
between Asia and Europe to reroute around the Cape of Good Hope. The consequential detour resulted in a 30 percent increase in transit time, skyrocketing shipping costs by up to 300 percent.

Shipping time and Resources Halved After the Opening of the Suez Canal
(BBC, 2021)



Enter the India-Middle East Europe Corridor, conceptualised and announced at the 2023 G20 summit held in New Delhi. India positioned itself as an anchor of this 10-nation group, which includes the US, the EU, the UAE, Saudi Arabia, Jordan, and Israel. This new corridor proposed a more inclusive, long-term approach to cooperation and joint economic prosperity. Instead of building massive single-source infrastructure, the plan was to create a flexible multimodal network linking rail lines, energy grids, hydrogen pipelines, and data cables from Mundra in India to Haifa in Israel and on to Greece.

India - Middle East - Europe Corridor *(IMEEC.international)*



Contemporary Developments

Contemporary maritime dynamics in the Indo-Pacific are characterised by intensified geoeconomic competition. State actors increasingly leverage large-scale infrastructure projects to project influence, a trend accelerated by the persistent fragility of global supply chains. Recent systemic shocks, ranging from kinetic attacks in the Red Sea and conflicts across Europe and the Middle East to the prolonged economic aftershocks of the pandemic, have exposed a strategic vulnerability: reliance on a single trade artery. This vulnerability has catalysed a regional pivot toward diversified transit corridors.

In this context, plurilateral frameworks such as the India-Middle East-Europe Economic Corridor have secured notable diplomatic support. Such collaborative models offer a balanced alternative, engineering collective supply chain resilience without concentrating power in a single hand.

The sheer scale of the BRI remains formidable. The project spans over 150 countries and has deployed approximately one trillion dollars in capital, fundamentally reshaping global maritime logistics. For instance, the capacity at the port of Colombo

has grown rapidly following its 2017 terminal transfer. Similarly, facility upgrades at Gwadar now enable the port to process 100,000 standard containers annually.[1]

Despite these operational milestones, systemic vulnerabilities are becoming acute. Sri Lanka's 2022 sovereign default was significantly exacerbated by Chinese lending, which constituted roughly 10 per cent of its national debt. Parallel debt restructuring efforts in Zambia and Ghana expose flaws in structural sustainability, prompting the International Monetary Fund to cap further borrowing *(Etsuyo, 2022)*. Security deficits present another critical challenge. Houthi militant strikes beginning in October 2023 severely compromised Suez Canal transit. Monthly passages dropped by 57 per cent, falling from over two thousand vessels to roughly nine hundred by late 2024 *(UNCTAD, 2024)*. This disruption forced nearly three-quarters of maritime traffic to divert around the Cape of Good Hope.

Such rerouting extends voyage times by up to 14 days and can add around one million dollars in operational costs per transit. To compound these issues, China relies on the Strait of Malacca for 80 per cent of its petroleum imports, creating a strategic bottleneck magnified by ongoing disputes in the South China Sea *(Dent, 2021)*.

India has sought to navigate these pressures by simultaneously fortifying its domestic maritime infrastructure and cultivating strong external partnerships. The internal Sagarmala initiative has since yielded substantial dividends. Between 2015 and 2025, domestic coastal shipping volumes increased by 118 per cent. The country now hosts nine ports ranked within the global top 100, with the historically important Visakhapatnam securing the 19th position. India's 2026 Union Budget sustains this trajectory by allocating significant capital to 839 localised projects, prioritising green shipbuilding clusters, and establishing the commercial viability of a 1,000-kilometre segment of National Waterway 5.

On the international front, the Chabahar port in Iran demonstrates effective strategic hedging. New Delhi formalised a 10-year operational agreement in May 2024 and successfully negotiated an extension of United States sanction waivers through to April 2026 *(Reuters, 2024)*. Crucially, Chabahar also integrates directly with the

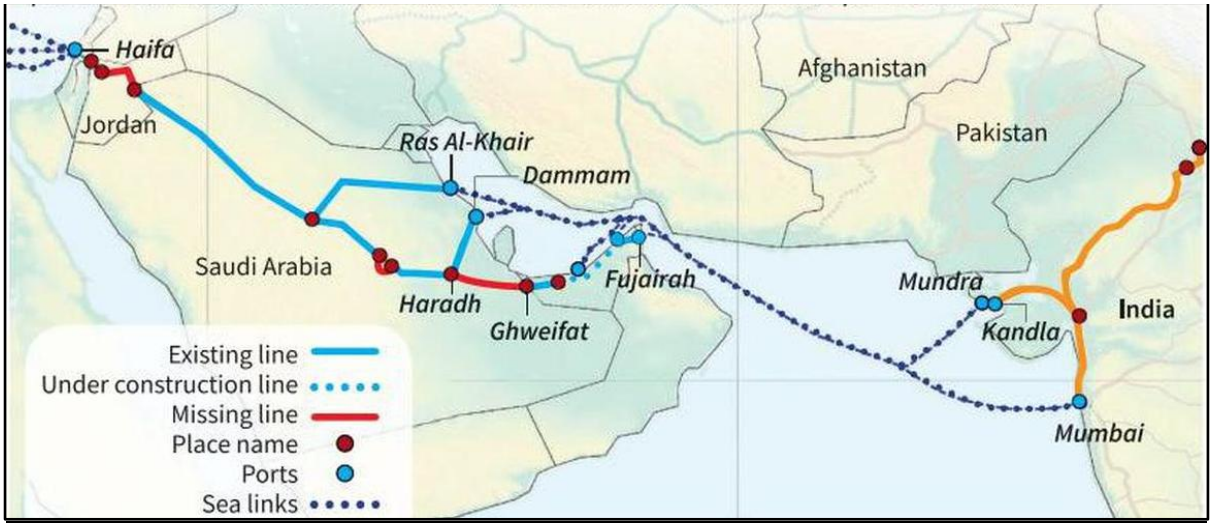
[1] Gwadar, despite being completed in 2007, has only logged 22 ships in its best year to date. It has also failed to attract any regularly scheduled deep-sea shipping lines. The port effectively processes almost no cargo that could generate income for Pakistan or for the Chinese operating company.

International North South Transport Corridor (INSTC), a rail network that reduces transit times to Central Asian markets by 40 per cent *(Anthwal, 2025)*.

In contrast to existing monopolistic models, the IMEC Corridor has strong potential to become an effective counterweight *(Bastanifar et al., 2024; Yıldırımçakar, 2025)*. The consortium members successfully concluded their initial feasibility studies in the final quarter of 2024. Operational momentum is now evident through the Eastern Corridor trials, scheduled to test green shipping lanes between Mundra and Fujairah in early 2026.

Concurrently, the integration of high-speed rail networks within the Saudi NEOM project and extensive capability upgrades at the Greek port of Piraeussecure the foundational infrastructure required for full operations by 2030. This architecture is heavily reliant on private-sector capital, as exemplified by the Adani Group's strategic investment in Haifa. Current economic projections anticipate a 20-30per cent increase in bilateral trade between India and the European Union (EU). Crucially, this corridor advances beyond traditional freight by embedding hydrogen pipelines alongside high-capacity data cables to create synthesised energy and digital transit networks.

Routes Under Consideration for the IMEC Corridor *(IMEC.international)*



A robust network of newly established Free Trade Agreements provides a critical foundational basis for this emerging corridor. The Comprehensive Economic Partnership Agreement signed between India and the UAE in early 2022 acts as a primary catalyst for regional cohesion. This pact eliminated tariffs on 80 per cent of goods and rapidly increased bilateral trade to over US$83bn by 2023-24, directly enabling the high-volume logistics required between ports like Mundra and Fujairah *(PIB, 2025)*.

Building on this momentum, the recently concluded "mother of all deals" between India and the EU systematically removes customs duties across 95 per cent of tariff lines. Negotiators explicitly targeted a bilateral trade volume of €200bn to help offset the increasing strain from the restrictive tariffs currently imposed by the United States *(Rao, 2026; PIB, 2026)*.

Parallel diplomatic negotiations are actively reinforcing these intercontinental supply chains. The EU and the Gulf Cooperation Council successfully revitalised their long-stalled cooperative framework in 2025 and launched bilateral FTA negotiations in April 2025 *(Sidlo, 2025; Al-Saif, 2025)*. Saudi Arabia is piloting the liberalisation of its services sector to accelerate the integration *(Times of India, 2026; Asharq Al-Awsat, 2026)*, while simultaneously securing dedicated cross-border capital flows through its 2025 Strategic Pact with India *(Embassy of India, Riyadh; PIB - Prime Minister's Office, 2025)*.

Economic forecasting models indicate these overlapping agreements will generate a 15-20 per cent increase in aggregate trade within the new corridor. This reciprocal strategy deliberately avoids the asymmetric leverage and debt vulnerabilities that have long characterised Beijing's infrastructure diplomacy.

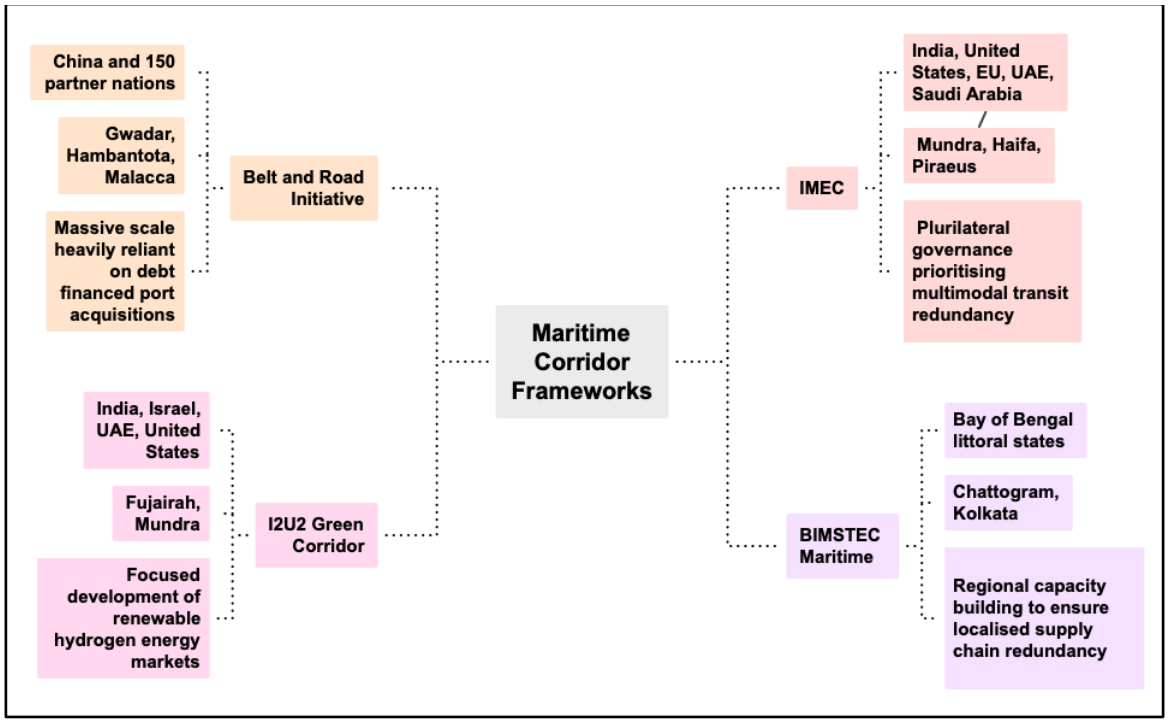
This convergence of parallel strategic initiatives is amplifying the shift toward diversification. The new economic corridor intersects seamlessly with the I2U2 hydrogen pilot launched in late 2025 by India, the UAE, Israel, and the US. This joint venture targets a robust four gigawatt electrolysercapacity by 2028 *(US Department of State; Ministry of External Affairs, 2022)*.

Simultaneously, the Gulf Cooperation Council activated its 2025 Rail Roadmap, systematically linking the Riyadh-Dammam lines directly into the broader logistics nodes of the new corridor. Jordan is also advancing its maritime infrastructure, with

upgrades at Aqaba designed to facilitate seamless data connectivity to the Eastern Mediterranean.

Further east, the Indo-Pacific Economic Framework Supply Chain Agreement, brokered by the Quad in 2024, is actively securing the transit of critical minerals through the Andaman region. The European Union has committed significant portions of its €300bnGlobal Gateway fund through bilateral agreements with Greece and France, explicitly positioning the Middle East corridor as a resilient structural alternative to Beijing's maritime networks *(Barroug, 2025)*.

Comparative Overview of Major Transnational Corridors: Lead Partnerships, Maritime Nodes, and Risk Mitigation Strategies *(Author's Own)*



National Strategic Priorities

Building on the historical context of maritime chokepoints and the recent intensification of supply chain disruptions, new connectivity corridors across the Indo-Pacific clearly reflect the strategic priorities of major global actors. These nations are actively seeking to reshape trade routes and physical infrastructure networks. Maritime transport remains the backbone of global commerce, handling roughly 80-90percent of international trade by volume (UNCTAD, 2025).

Consequently, physical port infrastructure and critical shipping lanes are now highly contested assets within the modern geoeconomic landscape. In this environment,

competing connectivity initiatives directly mirror broader geopolitical strategies designed to secure market access, diversify vulnerable supply chains, and expand regional influence (Caldara and Lacoviello, 2022).

While China’s Belt and Road Initiative (BRI) has largely defined the global connectivity paradigm since its launch in 2013, more recent collaborative frameworks, such as the India–Middle East–Europe Economic Corridor (IMEC), aim to revise the Eurasian trade landscape through alternative networks. It remains crucial to acknowledge the stark structural asymmetry between these two initiatives.

The BRI has been operational for over a decade, with extensive investments already underway, while the IMEC is still navigating its formative stages and must resolve significant financial, logistical and geopolitical hurdles. Despite these challenges, the project is advancing rapidly, as shown by completed feasibility studies and green corridor maritime trials.

Examining the strategic priorities reveals that India's approach to regional connectivity is deeply influenced by its unique geographic orientation and the SAGAR doctrine. This strategy also reflects an ongoing domestic economic transformation alongside the pressing need to counter Beijing’s expanding infrastructure footprint (Khan, 2023).

Positioned astride the Indian Ocean's primary shipping routes, India serves as a vital logistical bridge connecting East Asia, the Middle East, and European markets (PwC, 2025). This strategic position is crucial, as about 95 per cent of India’s trade moves by sea, highlighting the need for robust maritime infrastructure in India's economic plans (ANI, 2025).

China’s connectivity strategy showcases the immense scale of its export-driven economy and its need for stable maritime trade routes. As the largest exporter and one of the world's key trading nations, China has made infrastructure development a top priority to secure lasting access to global markets (Hall and Krolikowski, 2022).

The BRI has become the most extensive infrastructure initiative in modern history, with investments totalling over US$1 trillion across more than 60 countries (Mobley, 2019). This ambitious initiative includes building ports, railways, pipelines, and logistics infrastructure across Asia, Africa, and Europe. Chinese companies have made significant investments in strategically important ports such as Gwadar and Hambantota *(Bharti, 2023)*.

While China's Belt and Road Initiative (BRI) maintains a vast operational footprint, escalating debt crises and associated geopolitical frictions highlight the inherent risks of infrastructural monopolies. Many projects have faced scrutiny over financial sustainability, particularly in host countries grappling with rising sovereign debt from infrastructure loans. Additionally, some of these initiatives have struggled to attract enough commercial traffic *(Chellaney, 2017).*

In light of these difficulties, Beijing has begun to shift its focus within the BRI toward smaller, more commercially viable projects, particularly in areas like renewable energy, logistics, and digital infrastructure *(Weijun, 2026).*

Within this strategic context, initiatives such as the International North–South Transport Corridor (INSTC) and the newer intercontinental IMEC are specifically designed to diversify the critical trade routes linking India with Europe and Central Asia. Conceived in the early 2000s, the INSTC connects Indian shipping hubs to Russia and Northern Europe via Iran and the Caspian Sea region *(Brauweiler, 2025).*

By effectively integrating maritime, rail, and road transport, the corridor has the potential to reduce transit time between India and Europe by 30-40 percent compared with traditional voyages via the Suez Canal *(Brauweiler, 2025).*

From a strategic standpoint, the corridor enhances India's access to Central Asian markets while offering an alternative route that bypasses infrastructure networks increasingly dominated by Chinese capital, a capability further reinforced by ongoing Act East policy synergies and maritime dialogues with the Quad alliance.

Simultaneously, the Gulf states have emerged as highly consequential actors within the global connectivity landscape. Countries like the UAE and Saudi Arabia are actively deploying massive capital into non-oil sectors to diversify their domestic economies *(Siddiqa, 2023).*

Major deep-water Gulf ports now handle substantial container traffic between Asia and Europe, effectively turning the region into a vital logistical hub connecting the Indian Ocean with the Mediterranean *(Rizzi, 2024).*

The recent wave of economic integration catalysed by the Abraham Accords has magnified this regional potential, opening unprecedented cross-regional transport

corridors that physically connect Gulf facilities to Mediterranean infrastructure *(Krzymowski, 2024)*.

The Gulf states are also adopting a highly pragmatic approach to their international connectivity partnerships. They carefully maintain strong economic relationships with both China and Western countries, engaging in projects related to China's Belt and Road Initiative and supporting new initiatives such as the International Middle Corridor (IMEC) *(Baig et al., 2026)*.

This strategy of alliance balancing and strategic hedging reflects the complex, evolving dynamics of infrastructure investment throughout Eurasia.

For European economies, strengthening logistical links with the broader Indo-Pacific region has become increasingly important as bilateral trade volumes with Asian markets continue to expand rapidly. Participation in corridor initiatives linking India, the Middle East, and Europe offers an opportunity to diversify trade routes and strengthen supply chain resilience *(Rizzi, 2024)*.

The United States' strategic outlook also plays a significant role in shaping connectivity initiatives. Under Donald Trump's renewed presidency, U.S. economic strategy has continued to prioritise intense strategic competition with China, focusing on technology and infrastructure. This competitive stance has successfully mobilised Western allies to support robust connectivity frameworks that can serve as viable alternatives to Chinese-dominated infrastructure networks *(Singh, 2025)*. U.S. policy has also demonstrated a clear preference for facilitating multilateral infrastructure partnerships rather than directly financing large-scale projects.

As a result, initiatives such as IMEC depend fundamentally on deep cooperation among regional state actors and the mobilisation of private-sector investment rather than centralised state financing *(Pasquali, 2025)*.

The success of large-scale connectivity projects is closely tied to the security situation in various regions. For instance, rising tensions with Iran and ongoing conflicts in West Asia raise real concerns about the stability of key transport routes that connect the Gulf to the Mediterranean. Infrastructure projects that pass through these politically charged areas face increased risks, including security threats, higher insurance costs, and wavering investor confidence. Recent conflicts have underscored how delicate large infrastructure initiatives can be when geopolitical tensions arise,

potentially delaying projects like the India-Middle East-Europe Economic Corridor (IMEC).

Moreover, the strategic interests of countries such as India, China, the Gulf states, Europe, and the United States further intensify competition over connectivity in the Indo-Pacific. Although the Belt and Road Initiative (BRI) has made significant strides in building infrastructure over the last 10 years, its long-term viability remains debatedbecauseof financial and political hurdles.

Conversely, IMEC represents a fresh effort to create a multilateral, supply-chain-driven connectivity network between the Indo-Pacific and Europe. Its success will hinge on turning political pledges into tangible infrastructure while skillfully navigating the complicated geopolitical tensions in West Asia. Yet, the future of corridor geopolitics won't be shaped by a single dominant initiative but by the interplay of different connectivity frameworks that will redefine global trade routes and strategic partnerships.

Key Actors and Instruments

These national priorities manifest through distinct coalitions of actors - governments, financiers, and operators - driving connectivity via divergent models: BRI's centralised statecraft versus IMEC's plurilateral risk-sharing. Indo-Pacific connectivity initiatives are driven more by active stakeholders like governments, development finance institutions, and logistics operators rather than abstract strategies.

Projects like China's BRI and the IMEC showcase distinctly different governance models. Understanding these evolving networks requires analysing specific actor coalitions and their operational tools rather than viewing them merely as transport routes.

Launched in 2013, the BRI represents a heavily centralised governance model spanning over 140 countries and deploying over a trillion dollars in capital (*Mobley, 2019*). The Chinese government tightly coordinates financing, construction, and management. State-owned banks, including the China Development Bank, provide rapid, lightly conditioned long-term loans that currently fund operations *(Johnston, 2019)*.

State-owned enterprises such as COSCO handle a largeshare through tied loans and integrated engineering contracts, ensuring Chinese firms retain control over

construction and secure long-term operational stakes upon completion. Another significant instrument is the Digital Silk Road, which integrates telecommunications and satellite systems, including fibre-optic cables, and satellite systems into this physical architecture. Together, this vertically integrated system links state finances directly with engineering capacity, guaranteeing rapid execution and permanent operational embeddedness (*Mohan et al., 2025; Shen, 2018*).

IMEC's institutional architecture contrasts sharply with Beijing's centralised model, focusing on a coalition of India, the U.S., the EU, and key Gulf economies. This model distributes responsibilities across national governments that set regulatory frameworks, development finance institutions such as the EU's Global Gateway initiative that mobilise capital, and private logistics operators that execute the work (*Bora et al., 2025*).

Notable examples include the Adani Group's stake in Haifa and DP World's operations in Mundra (*Vidal, 2023*). Beyond traditional transit, this corridor prioritises sustainable digital connectivity and green energy pipelines. While this plurilateral model broadens the financial and technological resource base, it inherently complicates coordination among member states (*Bora et al, 2025*).

Functioning as the eastern anchor of this new corridor, India's strategy prioritises aggressive port modernisation and external collaboration. The institutional framework blends government ministries and private entities with specialised state-backed vehicles *(PwC, 2025).*

For example, India Ports Global Limited enables New Delhi to effectively manage critical overseas assets, such as Chabahar, without incurring massive direct financial exposure. Domestically, expanding maritime capacity firmly positions India as the indispensable logistical bridge connecting South Asia, West Asia, and Europe *(Narayan, 2025).*

The Gulf economies have become increasingly influential actors within emerging connectivity corridors. Their central geographic location between Asia and Europe enables them to serve as critical logistics intermediaries and transhipment hubs within global supply chains. Global logistics operators, alongside major sovereign wealth funds, including Saudi Arabia's Public Investment Fund, which is deploying US$70bn for Vision 2030 infrastructure, and various Abu Dhabi investment authorities, are spearheading development in this region*(Burke, 2025; Siddiqa, 2023).*

These actors utilise port management contracts and targeted sovereign financing to build industrial clusters and rail networks. Within the broader intercontinental corridor, Gulf states provide the essential transit infrastructure that links Indian maritime shipping lanes directly to Mediterranean rail networks, thus highlighting themselves as the linchpin for the corridor's success *(Singh, 2025; Suri et al*, 2024*)*.

Western capitals and multilateral institutions approach connectivity as a primary domain of strategic competition. Led by the United States, the European Union, and entities like the European Investment Bank, Western involvement centres heavily on development finance, regulatory standard-setting, and political risk mitigation to attract private capital (*Ghanem and Sanchez-Cacicedo, 2025*).

Notably, while Washington strongly champions the Middle East corridor, administrative policy has shifted away from massive direct funding. Evolving from previous frameworks into current blended finance models, the United States now strictly promotes cost-sharing with the private sector to limit public expenditure *(Pasquali, 2025)*.

Consequently, Western strategy diverges entirely from Beijing's state-led construction model. It relies instead on sophisticated financial instruments and strict governance frameworks that mandate transparency, environmental safeguards, and stringent digital security protocols.

India's role centres on strengthening maritime connectivity and port infrastructure, while Gulf states function as logistics intermediaries and capital providers. Western actors, meanwhile, contribute to financing mechanisms and regulatory frameworks that shape infrastructure governance. As connectivity infrastructure becomes a critical arena of geoeconomic competition, the actors and instruments behind these initiatives, rather than the corridors themselves, will play the decisive role in determining how global trade networks evolve across the Indo-Pacific.

Future Scenarios and Policy Implications

The long-term trajectory of the India-Middle East-Europe Economic Corridor depends on geopolitical stability, shared economic incentives, and strong institutional coordination. Recent systemic shocks, ranging from pandemic bottlenecks to Red Sea hostilities, demonstrate that modern trade corridors primarily serve as instruments of strategic resilience. This resilience requirement directly informs the project's architecture. Recursive network modelling anticipates 20-30percent trade utility gains

through compressed transaction distances. By linking the Gulf directly to the Mediterranean via overland rail, the consortium aims to aggressively reduce transit times and address the geopolitical vulnerabilities historically associated with the Suez Canal.

Translating this multimodal network into operational reality requires strict political alignment across a diverse coalition involving India, the Gulf states, the European Union, and the United States. Stakeholders must navigate persistent regional volatility while simultaneously competing against the established Belt and Road Initiative. Three plausible strategic scenarios provide a framework for evaluating the future viability of this intercontinental route.

Scenario Framework	Asia to Europe Trade Impact	Domestic Logistics Cost Environment	Primary Vulnerability
Convergent Resilience	Substantial capture of transit volumes	Highly optimized structural efficiency	Intergovernmental coordination lags
Competitive Fragmentation	Marginal gains isolated to eastern nodes	Elevated friction and sustained inflation	Geopolitical friction and rival expansion
Coercive Disruption	Severe net reduction in global transit	Prohibitive systemic cost inflation	Kinetic conflict and physical chokepoint failure

Scenario 1: Convergent Resilience

In an optimistic scenario, sustained political coordination accelerates the corridor's development, leading to phased operationalisation by 2030. Eastern rail segments connecting Mundra to the Gulf synchronise seamlessly with northern Mediterranean extensions. A critical development in this scenario is the potential to strategically incorporate Oman as a supplementary maritime gateway. Linking Indian hubs with Omani facilities, such as the Port of Duqm or the Port of Salalah, would connect them directly to the Arabian Peninsula's rail networks outside the highly vulnerable Strait of Hormuz. This diversification of maritime entry points into the Gulf would strengthen redundancy within the corridor’s logistics network.

Enhanced economic integration between India and Europe, potentially through deeper trade and technology cooperation, could create commercial demand for improved logistics connectivity. Gulf states, strategically located at the corridor's geographic centre, would emerge as significant logistics and energy hubs, linking Asian manufacturing networks with European markets.

At the same time, investments in green fuel transportation align with European Union renewable energy import targets, matching India's expanding production capacity. Under this convergence, the corridor successfully captures a substantial portion of Eurasian trade volumes. This shift organically stimulates domestic economic growth while solidifying India's role as the primary logistical connector across the Indo-Pacific.

Scenario 2: Fragmented Competition

An alternative, less favourable scenario entails geopolitical fragmentation and inconsistent institutional implementation severely hindering progress. Escalating friction in West Asia, such as a lapse in Iranian sanctions or renewed maritime hostilities, delays significant operational milestones well beyond 2032 (Khan, 2023). In this context, the corridor risks devolving into a largely symbolic initiative. While bolstered by political rhetoric, it lacks coordinated financing and faces delayed regulatory harmonisation.

Operations remain severely capped at isolated eastern segments, focusing only on early-stage energy pilot programs. Meanwhile, Beijing is consolidating its maritime strategy by finalisingstrategic port upgrades in the Indian Ocean to bypass traditional chokepoints. Lacking the operational maturity to compete, the Western-backed corridor struggles to attract private investors. This dynamic leaves global supply chains deeply bifurcated and drives national logistics costs to prohibitive levels, ultimately stunting broader economic integration.

Scenario 3: Coercive Disruption

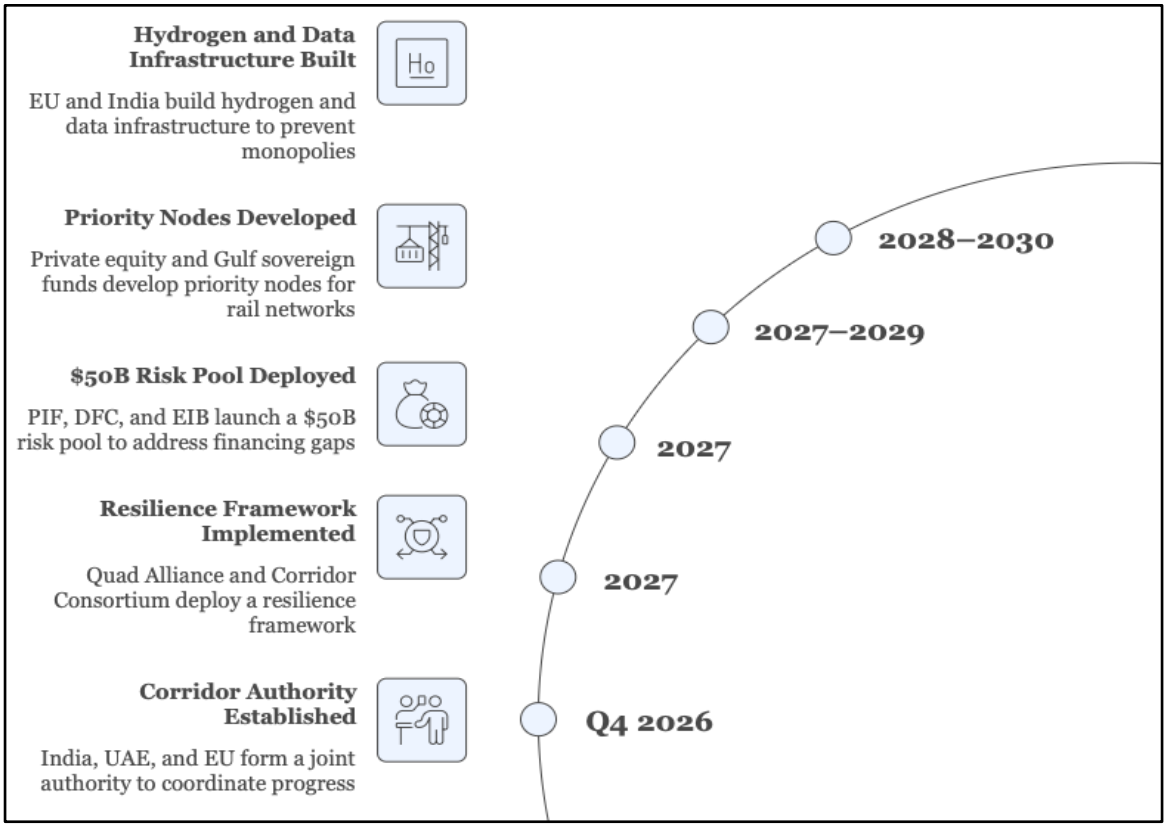
Severe kinetic or cyber shocks, from a Taiwan Strait crisis to Gulf escalation, force a 30 percent rerouting of global trade. This diversion spikes maritime insurance premiums by 200 per cent, triggering sovereign debt cascades across Belt and Road networks and exposing Pakistan to a US$30 dollar default risk. Jurisdictional paralysis stalls the intercontinental rail network at 30 per cent completion, specifically halting the NEOM-to-Aqaba segments.

The coalition responds with a strategic pivot. Utilising the Omani ports of Duqm and Salalah creates critical maritime redundancy that bypasses the Strait of Hormuz entirely. Concurrently, Greece accelerates upgrades to Piraeus intermodal facilities, and private equity from the Adani Group and DP World sustains eastern hydrogen pilots at 2 million tonnes annually despite Western delays.

The network survives through modular activation. By prioritisingoperational functionality in secure regional segments, the consortium successfully averts a total systemic collapse of intercontinental trade. While regional logistics costs rise sharply and constrain broader economic growth, a dedicated risk pool seeded by multilateral finance prevents a complete structural unravelling. Gulf sovereign wealth funds rapidly reposition as neutral transhipment hubs, while India secures the eastern flank utilisingits domestic transhipment backbone. This severe disruption scenario validates the corridor's plurilateral design, proving that modular resilience inherently outperforms the linear vulnerability of centralisedinfrastructure models.

Policy Recommendations

To steer toward the strategic convergence outlined in the first scenario, participating governments must transition from symbolic diplomacy to concrete implementation.



1. IMEC currently lacks a permanent secretariat to coordinate infrastructure development across participating states. Establishing a formal Corridor Authority by the final quarter of 2026 is critical. With India, the UAE, and the EU chairing, this body would model itself on previous multilateral agreements to manage complex multimodal flows, such as rail gauges, hydrogen specifications, and digital security protocols. Implementing annual summits and quarterly working groups aligns regulatory timelines and preempts severe project delays. Strategically integrating Oman through an early 2027 memorandum of understanding for the ports of Duqm and Salalah, which successfully bypass the Strait of Hormuz, allows eastern corridor pilots by 2028.
2. Prioritising increasingly prevalent catastrophic supply chain disruptions requires a dedicated resilience framework backed by the established risk pool. Expanding Quad maritime patrols into the Arabian Sea secures vulnerable chokepoints, while active wargames stress-test real-time rerouting capabilities. Expanding the comprehensive economic partnership between India and the UAE while securing interoperability with European trade agreements will permanently lock in the projected economic and geopolitical gains.
3. A persistent financing vacuum can severely cripple the project. The consortium must launch a US$50bn risk pool by 2027, utilising seed capital from Gulf sovereign wealth funds and Western development banks to leverage massive private equity. Utilising instruments such as green bonds and political risk insurance fundamentally distinguishes this framework from Beijing's state-funded debt models, ensuring long-term commercial sustainability.
4. To avoid the trap of stalled cross-border rail networks, policymakers must prioritise five high-return nodes that deliver most of the early commercial utility. Priorities include activating the Mundra-Fujairah green maritime corridor by 2027 and synchronising Saudi rail investments between NEOM and Dammam by 2029. Targeting a 40 per cent reduction in transit times by 2029 will prove commercial viability and unlock the massive projected trade shifts.
5. Positioning the corridor as a synthesised energy and data nexus is essential for future-proofing the massive capital investment. The physical infrastructure must incorporate a five-million-tonne green hydrogen pipeline connecting Indian production directly to European import markets by 2030. Concurrently, laying high-capacity subsea data cables between Mundra and Haifa guarantees digital resilience while aligning the overall architecture with global decarbonisation targets.

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