

IMEC firmly places India on the global connectivity map

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PM Narendra Modi, EU's Ursula von der Leyen, and US President Joe Biden at the G20 summit.

Credit: Reuters File Photo

One of the major achievements of the G20 New Delhi Summit was the announcement of the India-Middle East-Europe Economic Corridor (IMEC). This project, which has been in the works for the last two-and-a-half years, is divided into two parts: the Eastern Corridor (India to West Asia) and the Northern Corridor (West Asia to Europe). This is a rail and shipping corridor which comprises India, Israel, Jordan, Saudi Arabia, the United Arab Emirates, the European Union, and the United States. More countries are expected to join the corridor, and the aim is to come out with an action plan within the next 60 days.

The project is expected to improve connectivity and supply chains. Such a corridor will also help in improving the political, economic, and digital linkage in the region. Such initiatives are also essential for the overall development of individual countries and the region.

What is most interesting, however, is that the proposal was announced right before the third Belt and Road Initiative (BRI) Forum, scheduled to take place in October. This year also marks the 10th anniversary of the BRI, which has lost considerable steam because of the Covid-19 pandemic and the economic headwinds faced by China. Most of the projects under the BRI have been struggling to complete, while there has been a rise in instances of corruption and environmental challenges.

Joe Biden, the President of the United States, has called the IMEC “a big deal”. There is a push to undertake projects keeping in mind the environmental realities and challenges while also looking at avoiding any debt traps being created. The partner countries are expected to finance the part of the project which falls within their territory. This may be a road for the US to improve its ties with Saudi Arabia, and also play a role in building a interdependent relationship between Israel and the Arab nations.

The IMEC is a big moment for New Delhi. It helps India have a high seat on a global connectivity project. India is not a participant in the BRI, which has helped Beijing strengthen its position in the South Asian region and enhance its geopolitical influence. The IMEC can provide New Delhi with an alternative to counter the BRI, while also providing a better and more transparent means of enhancing trade, infrastructure, and connectivity.

India and China are two of the most populous nations of the world and with the launch of the IMEC they both prominently sit in two very different economic connectivity roadmaps. India will be a major market and driver for the future direction of the IMEC. This may also help in pushing for a renewed focus on the Indian manufacturing sector, which has been a focus of the Narendra Modi government. The IMEC has the potential to reduce trade time between the EU and India by 40 per cent.

Another major takeaway for New Delhi is that this is a very strong geopolitical win. India today has proven to be a strong partner to the US. While the Indo-Pacific is a strong strategic call, the IMEC is a strong economic posturing. These developments must be seen from a China-US trade war angle as well. As trade bans are economically impacting Beijing, New Delhi is strengthening ties with Washington through gaining new trade deals and gaining technological support and knowhow.

That the IMEC announcement was made during the G20 Summit also reflects the strength of India-US ties. This, however, could have an impact on India-China ties which have been volatile in the recent past. Beijing will perceive the IMEC as an anti-China grouping, and it will counter it.

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