

India-Middle East-Europe mega economic corridor

September 10, 2023 • vajiramandravi.com



What's in today's article?

- Why in news?
- News Summary: India-Middle East-Europe mega economic corridor
- What is the India-Middle East-Europe mega economic corridor?
- Significance of India-Middle East-Europe mega economic corridor
- Several new geopolitical trends underlined by India-Middle East-Europe mega economic corridor

Why in news?

- PM Modi announced the launch of the India-Middle East-Europe mega economic corridor on the sidelines of the G20 summit.
- The project aims to counter China's Belt and Road Initiative (BRI) and includes India, the UAE, Saudi Arabia, the European Union, France, Italy, Germany and the US.

News Summary: India-Middle East-Europe mega economic corridor

- Prime Minister Narendra Modi announced the plan to build a rail and shipping corridor linking India with the Middle East and Europe.
- The project aims to foster economic growth and political cooperation. It would help to boost trade, transport energy resources and improve digital connectivity.

What is the project?

- **Part of the Partnership for Global Infrastructure Investment (PGII)**
 - The rail and shipping corridor is part of the PGII.
 - PGII is a collaborative effort by G7 nations to fund infrastructure projects in developing nations.
 - This project is also called as a **green and digital bridge across continents and civilizations**.
- **Route**
 - The plan seeks to bolster trade between India, the Middle East as well as Europe.
 - It will establish a **modern-day Spice Route** to bind regions that account for about a third of the global economy.
- **Projects**
 - The corridor will include a rail link as well as an electricity cable, a hydrogen pipeline and a high-speed data cable.
 - One proposed project would link railway and port facilities across the Middle East — including the United Arab Emirates, Saudi Arabia, Jordan and Israel.
 - This would **speed up trade between India and Europe by up to 40 percent**.

Significance of India-Middle East-Europe mega economic corridor

- **A game-changer**
 - The plan is expected to be a possible game changer for global trade, presenting an alternative to China's wide-ranging strategic infrastructure investments.
 - The corridor would increase prosperity among the countries involved by increasing the flow of energy and digital communications.
 - The project would help to address the lack of infrastructure needed for growth in lower- and middle-income nations.
 - The enhanced infrastructure would boost economic growth, help bring countries in the Middle East together.
 - It will help establish that region as a hub for economic activity instead of as a source of challenge, conflict or crisis.
- **Countering China**

- This project comes at a time when Saudi Arabia and the UAE, both old allies of US, have been strengthening their ties with China.
 - These countries seek to enhance relations with rapidly growing eastern economies.
- China has also boosted ties with the Middle East of late, helping to broker a deal between Saudi Arabia and Iran earlier this year.
 - During BRICS Summit 2023, the oil-rich Gulf states announced their intention to join the grouping, with China playing a leading role in this move.
- The plan is being seen as an ambitious effort by Washington to counter China's Belt and Road initiative that sought to connect more of the world to the country's economy.
 - Of late, China's BRI has been facing a series of troubles due to rising loan defaults and slowing down on investments.

• **Significance for India**

- India was anxious about China's connectivity projects in the region under its decade-old Belt and Road Initiative.
- It was also frustrated by Pakistan's refusal to allow overland access.
- Its quest for credible connectivity through Iran into the Eurasian landmass did not yield much result.
 - Tehran is more open to India, but its confrontation with the West has cast a shadow over the commercial utility of corridors across Iran into Eurasia.
- Against this backdrop, India finally found a formula to connect to both Arabia and Europa.

Several new geopolitical trends underlined by India-Middle East-Europe mega economic corridor

• **Breaks the myth that India-US can not work together in Middle East**

- The conventional wisdom in Delhi said India and the United States might work together in the Indo-Pacific but had little in common in the Middle East.
- That myth was broken when India and the United States joined hands with Israel and the United Arab Emirates to set up the I2U2 forum to develop a few joint economic projects.
- The **India-Arabia-Europa corridor** could turn out to be far more consequential.

• **Breaks Pakistan's veto**

- Since the 1990s, Islamabad was adamant in its refusal to let India gain access to land-locked Afghanistan and Central Asia.

• **India's strategic engagement with the Arabian Peninsula**

- The Indian govt now has an opportunity to build enduring connectivity between India and Arabia.
- The current project will restore **India's role as a driver in shaping regional connectivity.**

• **Mobilisation of Europe into the infrastructure development in the region**

- The corridor also marks the mobilisation of Europe into the infrastructure development in the region.
- The European Union had earmarked 300 million Euros for infrastructure spending worldwide during 2021-27.

- Its support for the new corridor will make the EU a major stakeholder in integrating India with Arabia and Europa.
-

Q1) What is Partnership for Global Infrastructure Investment (PGII)?

The Partnership for Global Infrastructure and Investment (PGII) is a G7 initiative to fund infrastructure projects in developing countries. The goal of PGII is to provide \$600 billion in loans and grants for sustainable infrastructure projects in developing and emerging economies. The initiative aims to narrow the infrastructure gap in developing countries and help accelerate progress on global development goals.

Q2) What is G7?

The Group of Seven (G7) is an intergovernmental organization made up of the world's seven largest developed economies. The G7 members are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The European Union is also a non-enumerated member.

Source: [India-Middle East-Europe mega economic corridor: What is the project? Why is it being proposed? | Times of India](#) | [Indian Express](#) | [The Hindu](#)

Source: <https://vajiramandravi.com/current-affairs/india-middle-east-europe-mega-economic-corridor/>

© Vajiram & Ravi. For personal use only.