

IMEEC: Forging the Emergence of Indian Conglomerates

indrastra.com/2023/09/imeec-forging-emergence-of-indian.html

By IndraStra Global Editorial Team



Cover Image Attribute: Prime Minister Narendra Modi (C), Saudi Arabia's Crown Prince and PM Mohammed bin Salman (L), and US President Joe Biden shake hands after unveiling the India – Middle East – Europe economic corridor project. / Source: AFP

In a significant global economic development, the **India-Middle East-Europe Economic Corridor (IMEEC)** was unveiled during the G20 Summit this past Saturday (September 9). While this announcement marks the official commencement of a transformative initiative, the wheels of progress have already been set in motion by Indian enterprises operating within the infrastructure and energy sectors. These companies have not only commenced but are actively planning and executing colossal projects that span the entire length of the proposed corridor. In doing so, they are driving forward their interests and catalyzing India's geopolitical footprint on the world stage.

The corridor is poised to establish vital connections, bridging nations and economies. Stretching from India through the United Arab Emirates (UAE), Saudi Arabia, Jordan, Israel, and Greece, it will ultimately extend its reach to key European economic

powerhouses like France, Germany, and Italy. More than just a trade route, this corridor is envisioned as a multifaceted nexus, encompassing rail connectivity, digital infrastructure, and an extensive electricity and clean energy network.

Indian Conglomerates Taking the Lead

Indian conglomerates are already taking significant strides in this corridor's development. The Adani Group made headlines with its **acquisition of Haifa Port** in Israel last year, signaling its commitment to this monumental project. Infrastructure giants like Larsen & Toubro (L&T), Tata Steel, and GMR Group have joined the race, aligning their investments with this vision.

As per the local media reports, L&T has a keen interest in pursuing railway projects in the Middle East. One of their prospective endeavors is bidding for the **Oman-UAE Railway Network Project**, an ambitious initiative to link the UAE's capital, Abu Dhabi, with the Omani cities of Muscat and Sohar Port. This railway network holds significant potential for enhancing regional connectivity and economic development.

Should this railway network become an integral part of the broader economic corridor in the region, it would offer a substantial advantage. Ships departing from India would gain access to ports such as Sohar Port in northern Oman or Fujairah Deep Sea Port in northern UAE, bypassing the tumultuous waters of the Strait of Hormuz.

Furthermore, L&T is deeply involved in energy projects linked to the NEOM Project in Saudi Arabia. Launched under the guidance of Saudi Arabia's Crown Prince Mohammed bin Salman Al Saud, this visionary project has played a pivotal role in conceptualizing the IMEEC.

One remarkable facet of L&T Construction's engagement is the construction of renewable energy infrastructure for the Green Hydrogen plant at NEOM, poised to become the world's largest. Along similar lines, Tata Steel has a number of **ongoing projects in the region**, including several airport expansion projects across the GCC, unique projects like Sindalah Island at NEOM in Saudi Arabia, and a few upcoming museums in the UAE.

On another front, across the Mediterranean Sea in Europe, the GMR Group, known for its **development work at Crete Airport** in Heraklion, Greece, is actively exploring avenues for further expansion. Srinivas Bommidala, Business Chairman-Energy & International Airports of GMR Group, shared, "*GMR is enthusiastically investigating investment opportunities within Greece, particularly at Kalamata Airport.*"

Reports from Greek media indicate that the Adani Group is also **contemplating investments in the ports of Kavala** in Greece, signaling its intentions to bolster its presence within the Mediterranean region. These developments reflect a dynamic

landscape of international infrastructure and energy projects, fostering global connectivity and economic growth.

Multimodal Connectivity and Global Trade

IMEECC represents a unique and promising prospect for Indian logistics and infrastructure firms that have made significant investments in their European operations. These investments, particularly in bolstering rail and shipping route capacities, are poised to yield substantial benefits by reducing operational costs and significantly shortening transit times. This strategic approach positions India advantageously to meet the ever-growing global demand for products. One example of a company spearheading this transformative endeavor is Allcargo Logistics Ltd., one of the global leaders in multimodal logistics services. Through its efforts, it is actively bridging continents by seamlessly integrating maritime and multimodal connectivity solutions.

Ursula von der Leyen, the President of the European Commission, underscored the corridor's immense potential, noting that it is expected to slash trade time between India and Europe by an impressive 40%. Such dramatic enhancements in logistics capabilities and freight infrastructure serve to solidify India's pivotal role as a central hub for global maritime commerce. This transformation not only promises greater efficiency in the movement of goods but also stands as a testament to India's unwavering commitment to fostering global trade partnerships, strengthening its position on the international stage, and actively contributing to the evolution of the global logistics landscape.

Conducive Geopolitical Development

The genesis of the economic corridor owes its existence to a series of pivotal geopolitical transformations that have unfolded across the Middle East in recent years.

Foremost among these is the landmark **Abraham Accords of 2020**, which solidified the normalization of relations between Israel and the United Arab Emirates (UAE). This groundbreaking agreement has fostered newfound diplomatic ties and paved the way for robust political and economic collaborations between the two nations. The synergy between Israel and the UAE has proven instrumental in conceptualizing and advancing the economic corridor.

Another crucial development is the establishment of the regional consortium known as **I2U2**, which brings together India, Israel, the UAE, and the United States. Formed in 2021, this coalition serves as a pivotal platform for amplifying India's economic connectivity with the Middle East. It acts as a catalyst for fostering cooperation and trade ties that underpin the corridor's evolution.

Israeli Prime Minister Benjamin Netanyahu underscored the significance of this visionary endeavor during a recent Cabinet meeting, stating, *"We built the railway from Haifa to Beit Shean, close to the Jordan River bridges for a clear goal: Not only to serve the residents of the Galilee and of Beit Shean, but also to forge a future link between Haifa Bay and the Arabian Peninsula."* This ambitious vision aligns with the larger goal of creating a comprehensive transportation corridor encompassing railways, maritime routes, fiber optic networks, and power lines, stretching from India, traversing the Arabian Peninsula, passing through Israel, and extending into Europe. The scope and magnitude of this undertaking are nothing short of transformative.

It's worth noting that while Saudi Arabia currently does not formally recognize the State of Israel, it has taken proactive measures to improve relations with the Jewish state. A significant milestone occurred in July 2022 when Saudi Arabia **opened its airspace** to allow overflights to and from Israel for all airlines. Furthermore, diplomatic talks between the two nations are underway, with the aim of normalizing relations, a development that holds profound implications for regional cooperation. In addition to these developments, the **Saudi-Iran agreement**, facilitated through mediation by China, has contributed significant stability to the region. This diplomatic accord has played a crucial role in fostering a more secure environment.

For India, these diplomatic initiatives and its amicable relations with all participating countries have strategically positioned it at the intersection of geoeconomics. India finds itself in a unique and advantageous position, where its engagement with these transformative changes promises to yield substantial economic and geopolitical benefits, further solidifying its role in the evolving landscape of global connectivity and cooperation.

*COPYRIGHT: This article is published under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License.
<https://creativecommons.org/licenses/by-nc-nd/4.0/>*

REPUBLISH: Republish our articles online or in print for free if you follow these guidelines. <https://www.indrastra.com/p/republish-us.html>