



India and the World

Perspectives from Northern Europe on India in world affairs. Issued on a regular basis by the Project for Nordic-India Relations at the Swedish Institute of International Affairs (UI). For previous issues please visit www.ui.se/english/research/asia/pnir



#30 2026-03-04

Progress on IMEC – a mixed picture

Conflict has once again erupted in the Middle East and this time long-term regional implications seem almost unavoidable. The strategic connectivity initiative and supply chain project India-Middle East-Europe Economic Corridor (IMEC), launched through a memorandum of understanding at the G20 summit in New Delhi in September 2023, runs right through the conflict-ridden geography. IMEC intends to connect India to the EU via an envisioned digital, maritime and land-based corridor through the UAE, Saudi Arabia, Jordan and Israel. The goal of the project, which also involves the US, is to diversify away from the vulnerable Suez Canal. However, the potential economic benefits of IMEC hinges on how well the stakeholders can navigate geopolitical disruptions.

So far progress has remained uneven and constrained by financing gaps and regional politics. Key stakeholders send diverging signals about their commitments to move IMEC from a political vision toward implementation. While the EU, the UAE and India seem committed, there is less clarity regarding the involvement of the US and Saudi Arabia. Momentum clearly slowed down in 2023–24 amid the Gaza war and Red Sea disruptions. Yet, these crises reinforced the underlying economic logic of IMEC by highlighting the vulnerability of existing chokepoints and shipping lanes.

More recently, steps have indeed been taken to build legal frameworks and institutions in support of the project. India and the UAE have established an intergovernmental framework agreement on cooperation for IMEC's operation, including the development of a shared logistics and digital ecosystem for cargo. The launch of the Indo-Mediterranean Initiative in June 2024 further suggests the emergence of a monitoring and knowledge ecosystem intended to track the corridor's progress.

In parallel, construction of certain infrastructure segments (rail, ports, and highways), has reportedly begun in the eastern part of IMEC, as of April 2025. While officials describe the timelines as on schedule, public information on specific routes and involved contractors remains limited. More concretely, India has approved the USD 9 billion Vadhavan deep-sea port, explicitly framing it as critical to improving connectivity with Europe and supporting IMEC's maritime leg.

The energy and digital pillars of the corridor will likely reinforce energy security and global data transmission. High-potential projects include deeper electricity grid integration in parts of the corridor and new fibre-optic cables linking emerging data centres in the Middle East with Europe and India. Due to security considerations and the project's early stage, publicly available information on precise routes remains scarce. The most concrete delivery of digital connectivity to date is the EU–Africa–India Digital Corridor, centred on the Blue Raman system. This Google-led infrastructure corridor is a subsea network connecting Europe, East Africa, the Middle East, and India through a fibre-optic communications cable. The project is expected to become fully operational in 2026. At EU level, IMEC-relevant cables are being integrated into "Cable Projects of European Interest" under the CEF Digital programme.

Academic and think-tank analyses of IMEC's "green" pillar suggests large-scale electricity interconnection and hydrogen exports along the IMEC route are technically and economically viable, but these remain at the concept-study stage. EU-focused analysis stresses the need to anchor IMEC in EU decarbonisation and G7 processes – and yet there is still no detailed, financed project list for green projects within the IMEC framework. As such IMEC's "green" element should currently be seen as a strategic direction and signal of intent, rather than a shipping and infrastructure development programme ready for implementation. Furthermore, if eventually implemented, it is likely that the green aspect of the IMEC will initially focus on clean power distribution rather than on shipping infrastructure, which is significantly more difficult to decarbonise.

Moreover, financing remains unspecified, with unresolved questions about the balance between public funding and public-private partnerships, as well as whether expected returns are sufficient to offset political, security, and insurance risks. The regulatory and institutional architecture is also incomplete; without clear governance structures, common standards, and dispute-resolution mechanisms, there is significant risk that IMEC could fragment into loosely connected national projects rather than function as an integrated corridor.

Still, regional geopolitics represents the most serious structural risk. Ongoing instability linked to the Gaza war complicates routing through Israel and raises security costs. The relationship between two of the partners, the UAE and Saudi Arabia, is more strained, strained compared to when IMEC was first announced, although current turmoil retaliatory Iranian strikes against US assets in the GCC-countries, might ease some tensions between the Emiratis and Saudis. Additionally, the exclusion of actors such as Egypt, Oman, and Türkiye generates political friction and potential inefficiencies, particularly given Egypt's control of the Suez Canal and Oman's strategic port locations. At the same time, Türkiye is promoting a rival "Development Road" through Iraq, backed by Qatari and Emirati investment, offering an alternative connectivity vision that competes with IMEC.

Looking ahead, most expert assessments anticipate a phased rollout. The eastern leg connecting India to the Gulf is likely to advance first, while western connections to Europe may be adapted over time and could involve alternative routes if instability persists around Israel. In the near term, progress is expected to be most visible in local port and rail upgrades in India and Gulf states, bilateral and minilateral agreements such as India–UAE, India–Saudi Arabia, and EU–India frameworks, and in digital, energy, and data-cable projects that can proceed even before the full multimodal corridor is in operation.

Overall and despite multiple hurdles, IMEC is advancing. However, it remains at an early and fragile implementation phase in which sustained political will, credible financing, and robust institutional design will determine whether it becomes a transformative trade corridor or simply a collection of overlapping initiatives. The recently announced EU-India free trade agreement certainly sends an important signal of intent to IMEC stakeholders, and a promise of future market access as well as value chain integration.

While it remains to be seen if diverging interests can be successfully managed in this complex infrastructure undertaking, the EU is beginning to present IMEC as a way of also connecting Europe to manufacturing hubs in other parts of the Indo-Pacific.

Erik Mollestam has contributed to this analysis.



Dr Henrik Chetan Aspengren
Head of the Asia Programme, UI
Henrik.aspengren@ui.se
+46(0)708986797



Mihir Swarup Sharma
Director, ORF
Mihir.swarup.sharma@orfonline.org