

US-China trade war to give fresh impetus to India-Europe corridor project?



by [Stuart Todd](#) Apr 25, 2025



And if the U.S.-China ‘trade war’ was to give fresh impetus to the India-Middle East Europe Economic Corridor – IMEC?

The project was launched on the sidelines of the G20 summit in New Delhi in September 2023 by seven heads of state from India, the United Arab Emirates (U.A.E.), Saudi Arabia, France, Germany, Italy, the United States and the president of the European Union.

IMEC is designed to be a multi-modal logistics ecosystem comprising ocean shipping, railways, undersea optical data cables and pipelines designed to transport green hydrogen – linking India to Europe via Saudi Arabia, the Emirates and Israel – the old ‘spice route’.

Initial estimates put the cost of the transcontinental initiative at \$600 billion.

Counterweight to China’s Belt and Road Initiatives

While IMEC was launched on former U.S. President Joe Biden’s watch, one could argue that the Abraham Accords signed in 2020 during Donald Trump’s first presidency, which made provision for

the normalisation of relations between Israel and certain Arab countries, notably Saudi Arabia, have facilitated the project's development.

"For the American president (Trump) IMEC has the dual interest of competing with the Belt and Road Initiatives (BRIs) promoted by China and consolidating the Abraham agreements that he initiated", explained Gérard Mestrallet, France's official representative for the project, in an interview with French media.

Hosting India's prime minister, Narendra Modi, at the White House in February this year, Trump said of IMEC: "We agreed to work together to help build one of the greatest trade routes in all of history. It will run from India to Israel to Italy and onward to the U.S....."

According to Mestrallet, IMEC's team "is in contact with the office of Steve Witkoff, the US special envoy to the Middle East, as well as with the National Security Council."

The president of the European Commission, Ursula Von der Leyen, also gave her support to the project during a visit to India in February 2025, issuing a joint statement with PM Modi in which they agreed on the importance of IMEC.

From India's point of view, IMEC offers scope for it to double down on its export-centered growth model, gaining much-needed access to European markets and further integration into global supply chains.

Mestrallet underlined the necessity to create such a trade corridor "as current infrastructure will not be sufficient to meet the projected increase in trade flows between Europe and India which are expected to grow by 6% a year between now and 2032."

As to the choice of IMEC's main entry point to Europe, the frontrunner was initially the port of Piraeus, in Greece, but this has been challenged due to it being majority-owned by the Chinese shipping line Cosco. Marseille, in France, and Trieste, in Italy, are now competing for the role.

Egypt: A Partner?

Meanwhile, other countries are expressing an interest in IMEC, for example, Oman and, rather surprisingly, Egypt, which initially considered the project to be detrimental to its interests, in diverting some of the traffic from the Suez Canal.

However, Mestrallet played down such concerns, arguing that the amount of rail freight capacity planned through the Arabian Peninsula would be much lower than that offered by vessels operating via the Suez Canal, even though overall, traffic between India and Europe is set to grow significantly over the coming decade.

Ship-To-Rail-To-Ship Cargo Transfers

So far, IMEC-related investment has been limited to the first section of the Corridor linking India to the U.A.E. The Modi government has approved the construction of the Vadhavan deepwater port located on India's western coast, approximately 90 miles from Mumbai.

The US\$9 billion port will be able to accommodate 'mega' vessels and also comprise terminals for petroleum, automobiles, and other imports. It is projected to have an annual capacity of 298 million metric tons. The first two phases of construction are slated for completion by 2029.

From Vadhavan and Mumbai, ships would sail to the port of Jebel Ali, in the U.A.E., from where cargo would be transferred to rail to cross Saudi Arabia and Jordan, heading for the Mediterranean port of

Haifa, in Israel. In Haifa, another modal shift would take place, cargo being taken to the water again with ships undertaking the European leg and onward to the U.S.

The route is currently being used on a small scale as a contingency solution to bypass the disruption to ocean shipping in the Red Sea due to Houthi rebels in Yemen launching attacks on vessels. It is widely seen as a way to 'future-proof' the India-Europe-US supply chain, avoiding the Suez Canal.

Political And Financial Challenges Ahead

Despite the endorsement of IMEC at the highest governmental levels, significant political obstacles are blocking its path, notably the conflict between Israel and Hamas in Gaza and Hezbollah in Lebanon.

"The January-March 2025 ceasefire in Gaza triggered a new push for IMEC. While Israel is not a signatory, its Haifa port (run by India's Adani Group) is projected as the corridor's central entry point into the Mediterranean," noted Kristina Kausch, Deputy Managing Director and Senior Fellow at the German Marshall Fund of the United States (GMF), a non-partisan, non-profit, think-tank on trans-Atlantic policies.

"Persistent instability, the stonewalling attitude of Netanyahu's governing coalition, and the Saudi rejection of normalization with no prospect of Palestinian statehood, however, raise substantial doubts about the viability of this route."

Some see Israeli-Saudi normalization as a precondition for IMEC, principally because ensuring the safety of the corridor's infrastructure would require solid regional security cooperation among IMEC stakeholders. In turn, should the Israeli route become practicable, this would also bear significant economic potential for Palestinian post-conflict recovery and the reconstruction of Gaza.

The security concerns aside, the project has also stalled due to other factors such as viability and logistical constraints, while, as always, the central question of finance looms large.

"Europe's 'geopolitical coming-of-age' also means empty coffers. Whether European governments will be able to mobilize the necessary funds for IMEC while simultaneously building European defense capabilities and updating industries and infrastructure at home is doubtful."

On a more upbeat note, Kausch pointed to IMEC enjoying bipartisan support in the U.S. "as a mammoth geo-economic project to counter Chinese influence in Asia and the Middle East, not least because it holds the potential to make the much-touted US pivot to Asia more feasible."

'Grand De-Risking Strategy'

The next steps for IMEC will be to set up a governance structure, agree on a timetable, and carry out feasibility studies to fine-tune infrastructure and cost estimates.

"In February, Trump and Modi jointly announced that they would convene a summit of IMEC partners within six months and introduce concrete partnership initiatives by fall 2025. For Europe, this is a geopolitical leap of faith. Ironically, while starting grand new ventures at a time of trans-Atlantic confrontation seems counter-intuitive, IMEC is simultaneously a grand de-risking strategy and one of the few large strategic projects on which EU and U.S. approaches currently align," Kausch concluded.

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