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The India-Middle East-Europe Corridor A US Project to Confront China and Normalize Arab Israeli Relation

Unit for Political Studies

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AS the 9 - 10 September G20 summit in New Delhi was underway, the US, Saudi Arabia, India, UAE, France, Germany, Italy and the EU signed a memorandum of understanding to establish an economic corridor linking India to the Middle East and Europe. It prescribes the construction of a railway and pipelines to transport energy (electricity and hydrogen) and advanced fibre optics.¹ This project, described by President Biden as “historic,”² is a US response to China’s Belt and Road Initiative, which, the US believes is a geopolitical project with an economic-developmental film that seeks to extend Beijing’s influence across Asia, Africa, and Europe. The US project also aims to establish the Middle East as a US area of influence to combat China’s attempts to penetrate it, as well as to integrate Israel into the Arab region, and to strengthen India’s position against China.

I. Background

The idea of the project, which is supported by the United States and the European Union, seeks to link India to Europe via the Middle East, subsequently reducing the logistical transportation costs by approximately 40 percent and offering development opportunities in the region.³ The project consists of two corridors: the Eastern Corridor, which connects India to the Arab Gulf states, and the Northern Corridor, which connects the Gulf states to Europe via Jordan and Israel. Biden praised the project’s ability to increase growth in the Global South by creating new railway lines from India all the way to the Mediterranean, with shipping corridors and pipelines to transport electricity and hydrogen. The project will also include a new submarine cable to transmit data and connect the region’s ports. Although Biden emphasized that the project is not motivated by its rivalry with China, and that its goals are primarily developmental and related to tackling climate change and economic decline,⁴ the competition with China cannot be overlooked. This competition is further fuelled by the approach of the Third Belt and Road Forum,⁵ and continued efforts by Washington to normalize relations between Israel and the Arab countries, especially Saudi Arabia.

On 8 September 2023, the Saudi Arabian and US governments signed a memorandum of understanding agreeing to develop a protocol that would contribute to establishing intercontinental green corridors, through the Kingdom’s location linking the continents of Asia to Europe. This aims to facilitate the transfer of renewable energy and clean hydrogen via cables and pipelines, as well as the establishment of railway lines, enhance energy security, and support clean energy development

1 “G20: India-Middle East-Europe Economic Corridor will Make Global Supply Chain More Resilient, Says EEPC”, *The Economic Times*, 11/9/2023, accessed on 12/9/2023, at: <https://tinyurl.com/yhsz943b>

2 “Adani Ports Jumps Over 4% after Economic Corridor Announcement in G20 Summit,” *The Economic Times*, 11/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/mr3savdm>

3 FACT SHEET: President Biden and Prime Minister Modi Host Leaders on the Partnership for Global Infrastructure and Investment,” The White House, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/euwaabjz>

4 “G20 Summit: Air Force One Lands in Delhi, Joe Biden here for 2-day Global Meet,” *The Economic Times*, 8/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/432bna8r>

5 “China confirms the participation of 90 countries in the ‘Silk Road’ Initiative conference,” *Al Jazeera Net*, 7/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/3pakacu5>



efforts. Added to this is the development of the digital economy, through connectivity and digital data transmission through fibre optic cables, enhancing trade exchange and increasing the passage of goods by linking railways and ports.⁶

Since 2021, the Biden administration has sought to put forward proposals for major infrastructure projects, to confront growing global Chinese influence, in the Gulf and Middle East in particular. During the G7 summit in Cornwall, UK in June 2021, Biden proposed a strategic initiative called “Build Back Better World, B3W,” to help developing countries enhance their infrastructure and development projects by 2053. With a value of \$40 trillion, the project is designed to combat Chinese Belt and Road efforts to control these countries. Since January 2023,⁷ the US has held talks with India, Saudi Arabia, the UAE, and Israel. The Biden administration has set a vision for developing economic corridors by proposing an investment strategy across multiple sectors in the aforementioned countries “to leverage broader effects of boosting economic development, securing supply chains, and bolstering regional connectivity.”⁸ The announcement of the project was apparently the result of these talks that took place behind closed doors.

These talks are an extension of the quadripartite agreements reached in 2022 within the framework of the I2U2 group formula, which, in addition to the US, included India, Israel, and the UAE. During his visit to Israel in July 2022, Biden held a virtual meeting with the leaders of the three countries, forming a group that became known as I2U2. Although the subsequent joint statement claimed that I2U2 was established “with a particular focus on joint investments and new initiatives in water, energy, transportation, space, health, and food security,”⁹ it was clear that there were strategic goals behind the establishment of the group. US State Department spokesman Ned Price indicated that the discussions between the four parties dealt with “expanding economic and political cooperation in the Middle East and Asia, including through trade, combating climate change, energy cooperation, and increasing maritime security.”¹⁰

The “Abraham Accords”, sponsored by the administration of former US President Donald Trump, to integrate Israel into the wider Arab region, represented the basis on which the I2U2 group was established. In September 2020, the accords began the process of normalizing relations between the Israel and the UAE and Bahrain. India, which has strategic relations with Israel, joined the group a few days later, during a visit to Israel by Indian Foreign Minister Subrahmanyam Jaishankar.

The UAE is believed to have played a pivotal role in proposing the establishment of the India-Middle East-Europe corridor project is reinforced by President Biden’s directness, during the project’s

6 “Saudi Arabia and the United States sign a memorandum of understanding [...] to develop a protocol for the establishment of intercontinental green corridors,” Saudi News Agency, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/yx4cswcv>

7 “US, EU Agree on Mideast-India Rail and Shipping Corridor at G-20,” *Bloomberg*, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/etu78hjj>

8 “Fact Sheet: President Biden and Prime Minister Modi Host Leaders on the Partnership for Global Infrastructure and Investment,” The White House, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/euwaabjz>

9 “Joint Statement of the Leaders of India, Israel, United Arab Emirates, and the United States (I2U2),” The White House, 14/7/2022, accessed on 14/9/2023, at: <https://shorturl.at/himW2>

10 Anirban Bhaumik, “New Quad of India, Israel, US, UAE to Launch International Forum for Economic Cooperation,” *Deccan Herald*, 19/10/2021, accessed on 13/9/2023, at: <https://rb.gy/y096c>

announcement at the G20 summit in New Delhi, in thanking the President of the UAE, Mohammed bin Zayed, and insisting the project would not have been possible without his efforts.¹¹

It seems that Saudi Arabia is also interested in the project, as a result of the significant development that has occurred in its relationship with India since the Indian nationalist Bharatiya Janata Party came to power under the leadership of Prime Minister Narendra Modi in 2014. Statements by Saudi Crown Prince Mohammed bin Salman during the G20 summit praised the relationship between the two countries, lauding the mutual benefits and future opportunities that it created.¹² Saudi Arabia's entry into the initiative occurred in parallel with the diplomatic efforts made by the Biden administration to normalize relations between Saudi Arabia and Israel, which have intensified in recent months during attempts to conclude a "peace treaty" between the two parties before the start of the 2024 election campaign.

EU interest in playing a key role in establishing the economic corridor emerged during a visit by Ursula von der Leyen, President of the European Commission, to Abu Dhabi on 7 September 2023, with the agreement considered an essential part of EU efforts to strengthen trade and investment relations with the Gulf states. This is especially in light of Russia's war against Ukraine, and the hunt for alternatives to Russian energy. The EU has allocated up to 300 billion euros in infrastructure investments abroad for the period between 2021 and 2027 through the Global Gateway project, which was launched in part to compete with China's Belt and Road Initiative and to defend European interests with the world's major trading partners.¹³

II. Significance of the Project

According to the White House "The transformative partnership has the potential to usher in a new era of connectivity from Europe to Asia with a railway, linked through ports, connected by the Middle East. This will create novel interconnections to facilitate global trade, expand reliable access to electricity, facilitate clean energy distribution, and strengthen telecommunications links."¹⁴ The project intends to stimulate countless job opportunities and attract private investors.¹⁵

But the project cannot be presented in a purely economic landscape, with strategic objectives also governing the framework and objectives of the partnership:

1. The consolidation of US regional influence, while dispelling China's efforts to attract the Arab Gulf states, by offering an alternative to the Belt and Road project. The steady growth in

11 "BidentoMohammedbinZayed:Thankyou...Wewouldnotbeherewithoutyou," *Al-Khaleej*, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/332yh5ec>

12 "The Saudi Crown Prince: We are working hard to implement the economic corridor on the ground," *Al-Arabiya*, 11/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/4ww2ywp4>

13 "US and EU Back New India-Middle East Transport Corridor," *Financial Times*, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/yc3a3cmu>

14 "Fact Sheet: President Biden and Prime Minister Modi Host Leaders on the Partnership for Global Infrastructure and Investment," The White House, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/euwaabjz>

15 "Fact Sheet: World Leaders Launch a Landmark India-Middle East-Europe Economic Corridor," The White House, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/2s4ytf9>



relations between China and the Arab Gulf states (Saudi Arabia and the UAE in particular) has provoked anxiety in Washington. Cooperation between the two parties has extended beyond trade relations and into cooperation in defence and security, partly due to US legislative and procedural complexities in this field, which stand in contrast to a lack of Chinese conditions linked to arms sales, especially those related to human rights. This is in addition to the pattern of Arab Gulf states diversifying their international partnerships due to the widening gap of confidence in the US commitment to the security of the region, based on its perceived decline of interests.

2. Emphasizing Washington's commitment to the strategic partnership with its allies and its efforts to correct the region's loss of trust in its US ally. Some regional allies see the US abandonment of its ally Egyptian President Mohamed Hosni Mubarak in 2011, lack of response to the attacks on Gulf oil tankers and facilities during the war in Yemen as evidence of US unreliability. By sponsoring the economic corridor project, the Biden administration is seeking to prove that Washington will not "leave a vacuum in the Middle East for Russia or China to fill,"¹⁶ and that it the Middle East is as important as ever in terms of its waterways necessary for global trade, supply chains, and energy resources.
3. Integrating Israel into the region, which the Biden administration is desperate to achieve.¹⁷ After the signing of the "Abraham Accords" between Israel and the UAE, Bahrain, Morocco, and Sudan, Washington has stepped up its efforts in 2023 to normalizing relations between Saudi Arabia and Israel. The economic corridor is a major step in this direction, welcomed by Israeli Prime Minister Benjamin Netanyahu, "who described it as the 'largest cooperation project in our history' that will 'change the face of the Middle East, Israel, and will affect the entire world.'"¹⁸ Mohammed bin Salman expressed his own enthusiasm for the project and its ability to secure common interests and foster economic interdependence, with positive results for the participating countries and the global economy in general. He praised the US role in supporting and facilitating negotiations to establish and implement the project to include countries concerned with green corridors.¹⁹
4. Isolating Iran by strengthening the partnership between India, the Gulf states, and Israel. By establishing an economic alliance between these parties, the US intends to counter any Iranian rapprochement with India, including keeping the latter away from investing in the Iranian port of Chah Bahar on the Arabian Sea, which represents a major condition for Iran's ambitious

¹⁶ "Remarks by President Biden on His Meetings in Saudi Arabia," The White House, 15/7/2022, accessed on 13/9/2023, at: <https://tinyurl.com/35udf7yv>

¹⁷ It is worth noting that the Israeli-American Amos Hochstein, who is personally close to Biden and worked on demarcating the maritime borders between Lebanon and Israel, is involved in the normalization mediation alongside Brett H. McGurk, the National Security Council Coordinator for the Middle East and North Africa under the leadership of Jake Sullivan.

¹⁸ "Project Connecting India to Europe via Middle East 'Largest Cooperation Project' in History: Netanyahu," *The Economic Times*, 10/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/4c4btf8e>

¹⁹ "The Saudi Crown Prince: We are working hard to implement the economic corridor on the ground,"



project to establish a north-south corridor between India and Europe. Ultimately, the India-Middle East-Europe corridor renders obsolete the Iranian project through which Tehran had aspired to become a major transit point on the global trade route between Asia and Europe.

5. Increasing India's ability to compete with China. A transport infrastructure of this size will greatly enhance India's global competitiveness. Investment in the project will greatly enhance India's economy and create job opportunities. Most importantly, the proposed corridor will make the global supply chain more resilient and competitive for Indian goods and merchandise. The project, if implemented, will reduce transportation costs between India and Europe, and speed up the movement of trade between them by 40 percent,²⁰ thus contributing to India's global economic ascendancy to a power parallel to China, and at some point superior to it.²¹ The project will also strengthen trade relations between US partners in the Gulf with India.
6. Affirming US global leadership. Biden noted the arrangement represented a pivotal moment for the US to demonstrate its global leadership and commitment to solving challenges that matter to people around the world.²² The US promotes the project by emphasizing its voluntary nature, drawing a contrast with the Belt and Road Initiative, which has been widely criticized for lacking transparency and pushing the participating countries into a debt trap.

III. Conclusion

The economic corridor is the culmination of US ideas and efforts to challenge China and stop its expansion in a region vital to US interests. The US is subsequently pursuing goals, most notably preserving its areas of influence to counter Chinese expansion and presenting itself as an alternative partner and investor for developing countries through the G20.²³ Although Jake Sullivan, the US National Security Advisor, denied any special link between the project and the ongoing normalization talks between Israel and Saudi Arabia, he acknowledged that the project will help participants and sponsors to achieve regional integration.²⁴

Despite enthusiasm accompanying the launch of the project, doubts still abound. Details about financing and time frame have yet to be announced,²⁵ although it has been confirmed that officials in the countries concerned will develop a work plan and schedule for project implementation

20 "G20 Summit: Air Force One Lands in Delhi, Joe Biden here for 2-day Global Meet," *The Economic Times*, 8/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/432bna8r>

21 "G20: India-Middle East-Europe Economic Corridor will Make Global Supply Chain more Resilient, Says EEPC," *The Economic Times*, 11/9/2023, accessed on 12/9/2023, at: <https://tinyurl.com/yhsz943b>

22 "President Joe Biden Thanks PM Modi for His Leadership and Hospitality and for Hosting G20 Summit," *The Economic Times*, 11/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/2khu4hnp>

23 "Adani Ports Jumps Over 4% after Economic Corridor Announcement in G20 Summit," *The Economic Times*, 11/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/mr3savdm>

24 "Biden announces a project to connect the Middle East by train, including Israel and Saudi Arabia," *24 News*, 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/4bmpk95b>

25 "Adani Ports Jumps Over 4% after Economic Corridor Announcement in G20 Summit,"



within 60 days,²⁶ including how to connect energy networks, lay marine and land cables, and provide digital communications.²⁷

Previous experiments with ambitious cross-border infrastructure projects in the Arab region have had little success, and the planned 2,117-kilometre railway network project linking the six member states of the Gulf Cooperation Council has not made notable progress, despite being announced a decade ago. In any case, the corridor project linking the Indian Ocean region, the Middle East and Europe is a new indicator of the escalation of geopolitical competition between India and China, and the increasing struggle between China and the US for global and regional influence in technology and trade.

²⁶ “US and EU Back New India-Middle East Transport Corridor”.

²⁷ “At G-20, Biden Announces Ambitious Corridor Connecting India, Europe,” 9/9/2023, accessed on 13/9/2023, at: <https://tinyurl.com/46xj3y3f>