

India signs memorandum of understanding to establish India-Middle East-Europe Economic Corridor during the G-20 Summit

On September 9, 2023, on the sidelines of the G-20 Leaders' Summit hosted by India, the United States and India co-chaired a separate special event, where the Governments of India, United States of America, Saudi Arabia, the United Arab Emirates, France, Germany, Italy and the European Union ("**Participating Nations**") signed the memorandum of understanding ("**MoU**") to set up India-Middle East-Europe Economic Corridor ("**IMEC**") which will be focused on infrastructure development and strengthening connectivity and cross border trade across India, Middle East and Europe. The MoU is aligned with Government of India's initiatives such as Sagar Mala and Atmanirbhar Bharat to give boost to India's economic and trade development.

The IMEC project has been launched under the framework of Partnership for Global Infrastructure and Investment ("**PGII**"), which was officially launched in 2022 at G7 Summit hosted by Germany as an initiative for funding infrastructure projects in developing countries.

1. Key Features of IMEC

Under the MoU, the Participating Nations have agreed on the following aspects of IMEC:

- a) The IMEC will consist of 2 (two) separate corridors:
 - i) East Corridor, which will be connecting India to the Arabian Gulf; and
 - ii) Northern Corridor connecting the Arabian Gulf to Europe.
- b) The IMEC project will consist of a network of transport corridors, encompassing cross-border ship-to-rail transit lines to supplement existing maritime and road transport routes. This would enable goods and services to transit to, from, and between India, the United Arab Emirates, Saudi Arabia, Jordan, Israel, and Europe.
- c) The IMEC project also envisages laying down, alongside the railway line, cables for electricity and digital connectivity, as well as pipelines for clean/green hydrogen export.

2. Objectives of IMEC

As agreed by the Participating Nations under the MoU:

- a) The IMEC project will be aimed at securing regional supply chains, increase trade accessibility, improve trade facilitation, and support an increased emphasis on environmental social, and government impacts. Moreover, the corridor project will ensure increase in efficiencies, reduction of costs, enhancement of economic unity, generate jobs, and lower greenhouse gas emissions.

- b) The Participating Nations have committed to arrange and implement all elements of these new transit routes, and to establish coordinating entities to address the full range of technical, design, financing, legal and relevant regulatory standards.

3. Impact of IMEC

Through the implementation of the IMEC project, the Participating Nations, including India foresee positive outcomes such as:

- a) creation of opportunities for promotion of trade and economic cooperation between the Participating Nations in the fields of connectivity, logistics, freight infrastructure, clean energy and hydrogen production, enhanced transportation of energy resources and digital communications;
- b) the project would lessen the infrastructure deficit, thereby boosting growth in the developing nations;
- c) this initiative is likely to create immense opportunities for India in the logistics as well as transportation sector as it will enable India to facilitate the trade flows from South-East Asia to the Middle East, West Asia and Europe
- d) It will provide a faster and cheaper transit option which will give an impetus to India's trade and exports.

The Participating Nations intend to meet within the next 60 (sixty) days to develop and commit to an action plan with relevant timetables. Considering that the next step will be to establish coordinating entities from each nation and to lay down technical, design and appropriate legal and relevant regulatory standards, it will be interesting to observe the legal and regulatory framework which will be laid down in the coming months for establishing the infrastructure under this project. It will also be noteworthy to observe the agency which will be appointed by India to implement this project.

Infrastructure, Energy & Projects Practice

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