

## A Physical-Economic Argument

# The India-Middle East Corridor Is a Fraud

by Hussein Askary

*This article is reprinted with permission from the Belt and Road Institute of Sweden (BRIX). It has been slightly edited for EIR. Author Hussein Askary is Vice-Chairman of the BRIX, and is the Schiller Institute's representative to the nations of West Asia.*

Sept. 15—The U.S.-backed India-Middle East-Europe Corridor (IMEC) announced during the G20 Summit Sept 9–10 in New Delhi, India is a pie in the sky which could waste the time and energy of India and the nations of West Asia and Europe. No details of this project were presented except a general verbal outline: Creating a trade corridor from Indian ports to the ports of the United Arab Emirates, and railways through Saudi Arabia and Jordan to Israeli ports on the Mediterranean, then from Israeli ports to European ports. There are many absurdities prevalent in this description and in the general discussion it has unleashed globally without any understanding of the physical-economic realities such a project implies.

The suggestion that this project will replace China's Belt and Road Initiative (BRI) misses the most important point in what Chinese President Xi Jinping launched as the "Economic Belt of the Silk Road" in 2013. The economic "belt" is not a trade route, but a "development corridor". The lack of understanding among experts internationally, and even among some Chinese ones, of this crucial difference when the purpose of building infrastructure is economic and social development rather than trade, is a serious problem.

If the purpose of the IMEC were to facilitate trade and shipping of goods between India and Europe, then this is a bizarre idea, as we will explain below, simply because there is already a very convenient route through the Suez Canal operating today. If the IMEC is intended to promote economic development and cooperation among the participating states, then they should join China, since the latter has been involved for many years through the BRI in doing just that. There is no reason for Europe or India (which is a great Asian nation with enormous potential) not to join hands with China,

which is the largest economic cooperation and trade partner of West Asian nations of Saudi Arabia, the United Arab Emirates, and others. The unmistakable purpose of this American and European Union move is to deepen the rift created by some tension related to border issues between the two giant Asian nations, in a typical British Empire "divide and conquer" tactic.

### Physical-Economic Considerations

There are different levels of absurdity in this proposal. The most obvious is that the United States and European Union, who have failed to finance and build infrastructure in their own territories, are proposing to do so abroad. Another is that Jordan, which is supposed to be a key component of the land-bridge between the Gulf and the Mediterranean, was not even invited to the signing ceremony of the IMEC.

There are more political points to be gained by the belligerent Israeli government than economic, because the IMEC would push the grievances of the Palestinian people under the rug.

But let's discuss the "physics" of these claims. If the aim of the IMEC is simply to create a freight route bypassing the Suez Canal, this would be a most expensive and physically irrational undertaking. A typical such absurd discussion spurred by the announcement of the IMEC was in the Israeli press, which claimed that the biggest loser here would be the Suez Canal and Egypt.

Let's assume that one of the post-Panamax ultra large container ships (ULCV) will bring goods from India and dock at the Jabal Ali Port in the UAE on the way to Israel, the Mediterranean, and finally Europe. A typical ULCV ship can carry 20,000–25,000 twenty-foot equivalent unit containers (TEU) or 10,000 forty-foot equivalent containers (FEU). The length of a TEU container is 6.1 meters, and an FEU 12.2 meters. If we want to unload these containers onto trains with a maximum number of 39–40 wagons each and with each wagon carrying 2 TEU, we will need 250 trains. As each train is about 580 meters long (1 wagon = 13.7 meters times 40 wagons, plus one locomotive of 32

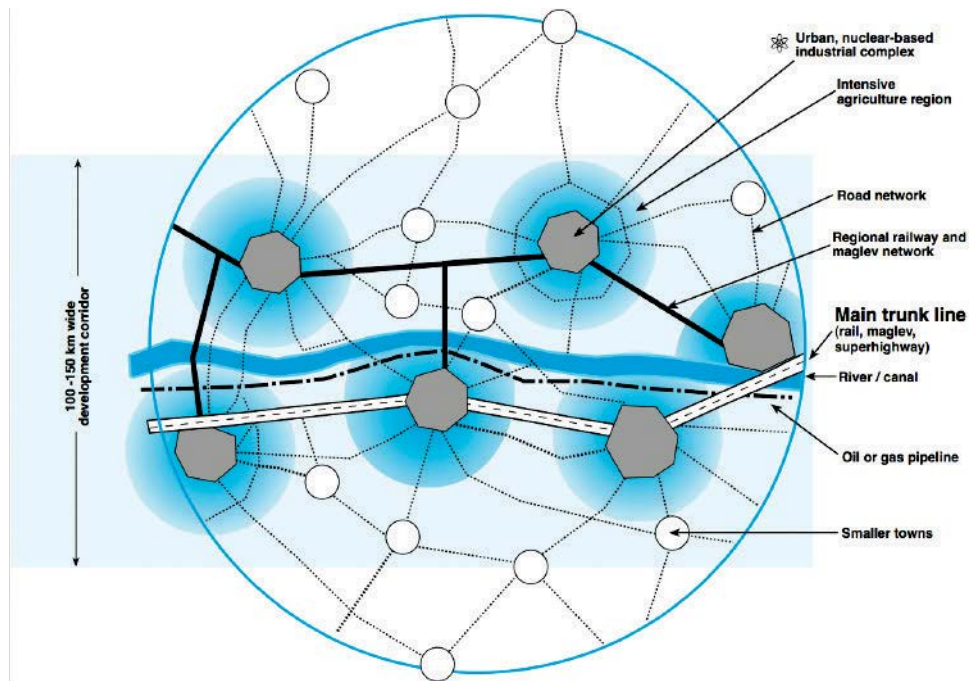
meters) the chain of our trains would stretch for 145 km! And that’s for just one shipload.

Now consider that 15 such container ships in addition to 22 bulk ships, 35 tankers, 8 ships of car carriers, and 13 ships of different types pass through the Suez Canal every single day! For the Israeli experts to claim that the IMEC will ruin the Egyptian economy by making the Suez Canal obsolete, is a surrealistic statement to say the least. Now, besides, we have to calculate the cost (physical and financial) of unloading the containers from the ships at Dubai ports and onto trains, and from the trains back onto ships again at the other end in Israel, in addition to paying port service fees at both ends. Add to that the cost of building around 1,500 km of rail tracks and maintaining them. Add the cost of buying the locomotives and wagons, operating the trains, fueling the trains, settling transit fees and tariffs across the borders of four countries, etc.

Did any of the economic advisors to President Biden or to European Commission President Ursula von der Leyen mention these facts and calculations to them? Rail freight is 3–4 times more expensive than ocean freight. Faster speed might make up some of the difference, but only if the goods transported are small in weight and volume, and high in value, like electronics, crucial spare parts, electric vehicles, and their batteries.

The China-EU Rail Express is the fastest and most efficient transport route for such goods, transiting from China through Kazakhstan, Russia, and Belarus to the EU in 12–15 days on average. Without subsidies by the Chinese state, this route wouldn’t be “cost-effective” if we merely look at the financial profit of the transport activity *per se*. But because of economic and strategic considerations, this route is maintained by all parties. Even the outbreak of the Ukraine war could not stop this important trade route.

## Graphic Representation of a Development Corridor



## What Is A ‘Development Corridor’?

Putting aside all the shallow discussions about “trade route wars”, what should be interesting for all economists, analysts, and policy makers is to study the impact of infrastructure development on the productivity and economic and social development of nations.

My first encounter with the concept of the “development corridor” was in 1996 when the great American economist and thinker Lyndon H. LaRouche, Jr. (1922–2019) was advising members of a team of the Schiller Institute preparing the first ever comprehensive economic and scientific report on the Eurasian Land-Bridge/New Silk Road, an idea which can be stated with no exaggeration as his brainchild. China was independently developing its own New Silk Road strategy, but consultations between Chinese experts and the Schiller Institute were ongoing for many years. A 290-page illustrated [Special Report](#) was published by *EIR* in January 1997 under the title *The Eurasian Land-Bridge: The ‘New Silk Road’—Locomotive for Worldwide Economic Development*.

The notion of the “development corridor” is embedded in what LaRouche developed as “physical economics”, a scientific method of assessing economic progress based on the impact of new scientific and

**Main Routes of the Economic Belt and the Maritime Silk Road in West Asia and East Africa**

Red existing, green proposed by Schiller Institute



comparative advantages of each region. This is the same concept presented in 2013 by President Xi as the “Economic Belt” of the Silk Road. It is the same concept that is steering the development in China along the Yangtze River Economic Belt, The Greater Bay Economic Belt, and the Beijing-Tianjin Economic Belt. It does not consider “promotion of trade” as its primary goal. Economic development is the primary goal, with increased trade as a natural by-product.

Therefore, when you hear about initiatives based on money, trade, and export of raw materials as the primary goal, you must immediately press the alarm button....

**Development Corridors of West Asia**

Mr. LaRouche, and myself, in dialogues with the leaders of the nations of West Asia and the Arab world, advised building these development corridors, and encouraged building nuclear

technological breakthroughs on the productivity of society and hence what he called the “relative, potential population density”. This branch of economics, he attributed to the successive works of the universal genius Gottfried Wilhelm Leibniz (1646–1716), Karl Friedrich Gauss (1777–1815), and Bernhard Riemann (1826–1866). Physical Economics banishes all fetish attachments to money and trade, as purely political instruments that are useful as tools of policy-making but not the decisive element in economic processes.

The modern development corridor is accordingly a 100–150-kilometer-wide belt of economic activity, at the center of which transport, power, water, and telecommunications infrastructure are the skeleton, spine, and nervous system of an economy. Around these infrastructures, new urban centers and agro-industrial zones are built. The purpose of infrastructure is to augment the use of the natural and human resources of an area and connecting it to other such areas on a national, regional, and transcontinental scale.

“Trade” is thus the transfer of technology and materials between these regions to enhance each other’s productivity and growth, using the

**Development Corridors Presented to Iraq’s Government in November 2022**





power, in order to reduce dependency on the export of raw oil and natural gas at low prices, and instead use these raw materials as industrial feedstock for petrochemical and chemical industries that would raise the value of each barrel of oil several orders of magnitude.

The UAE, Saudi Arabia, and Egypt are pioneering this shift in this region from being raw material exporters to being industrial nations. China is playing a key role in this process, but other nations are too: South Korea, Japan, and Germany. Everyone is welcome to contribute to this win-win process. Naturally, we also advised these countries to build transport infrastructure on a massive scale to utilize their geographical location as the “crossroads of continents and oceans”.

The “development corridor” along the New Silk Road and BRI has been at the core of my proposals as representative of the Schiller Institute to West Asian nations as post-war reconstruction projects. We presented [Operation Phoenix](#) to the Syrian government in 2016, [Operation Felix](#) to the Yemeni government in 2018, and the Iraqi Development Corridors to the Iraqi government in November 2022. LaRouche was skeptical of the Oslo Agreement in 1993, and proposed the Oasis Plan of physical economic development as the basis for peace and not merely political agreements.

When the United States proposes such a project as the IMEC, its leaders assume that this will fill an empty space in the region. While there is a great room for improvement in West Asia’s and Europe’s economic space, China and the Belt and Road Initiative have already been building the structures of that space for years.

Take for example the route of the IMEC. China’s COSCO is already running the Piraeus Port in Greece after investing greatly to make it one of the most important maritime hubs in the eastern Mediterranean. Chinese companies are building railways to Serbia and Hungary to enhance connectivity in Eastern and Central

### Schiller Institute’s ‘Operation Felix’: Proposed Development Corridors for Yemen



Europe. China built and developed the two key ports in Israel, Haifa Bayport and Ashdod Port. China’s CRRC is heavily involved in the Etihad Rail (UAE) network in the UAE for both passenger and freight rail, which will also connect to the rest of the Gulf Cooperation Council (GCC) countries in the next stage. Saudi Arabia and China are negotiating the building of the Saudi Land-Bridge, connecting the Capital Riyadh and Jeddah, completing the connection between the east coast city of Damman on the Persian Gulf to the west coast on the Red Sea.

It is important to emphasize here that both the UAE and Saudi rail networks are not built primarily to transit goods between Asia and Europe, but to connect mining sites of bauxite, phosphate and other ores to newly built industrial zones. China has built one of the largest industrial zones in the Saudi west coast in Jizan, with petrochemicals and logistics as the core activity. China built the first high-speed passenger rail for pilgrims from Jeddah to Mecca. China has been involved in developing the container terminal in Khalifa Port in Abu Dhabi. There are countless other projects that can be named that will tangent the proposed IMEC. But rather than working with China, the United States and EU are proposing to side-step it. This will never happen because it is physically impossible.

## Going East While Remaining in the West

One of the biggest breakthroughs in decades in the West Asia region was President Xi's visit to the Saudi capital Al-Riyadh in December 2022, where he held three summits: with Saudi leaders, with Gulf Cooperation Council (GCC) leaders, and with Arab League leaders. The outcome and subsequent developments of this visit are of historical importance. The China-brokered Saudi-Iranian [agreement](#) to normalize relations, signed March 10, 2023 was a game-changer for the whole region. The admission of Saudi Arabia, the UAE, Egypt and Iran to the BRICS was another boost of the new paradigm shift in the world.

However, we focus here on concrete and tangible projects resulting from these developments.

In his speech to the GCC leaders in Al-Riyadh Dec. 10, President Xi outlined the concrete economic and financial measures China was offering the GCC immediately. They included long-term trade in oil and gas in local currencies; infrastructure projects extending to nuclear power, space exploration and space technology; telecommunications and AI; industrial projects; and transport infrastructure projects.

One day before the China-GCC Summit, President Xi and Saudi King Salman bin Abdul-Aziz reached a Comprehensive Strategic Partnership agreement, symbiotic with Saudi Vision 2030. Immediately, 30 memoranda of understanding (MoUs) were signed between Chinese and Saudi entities. These were concretized as contracts worth \$10 billion equivalent, during the China-Arab Business Forum in Saudi Arabia in June 2023.

China's trade with Arab countries reached \$450 billion in 2022, and is approaching China's trade with the EU, which stood at \$650 billion. At the June 2023 China-Arab Business Forum, China-Arab economic cooperation was put on a fast track. Trade is therefore projected to surpass China-EU trade in the coming years as cooperation will speed up in all relevant fields. On the eastern shore of the Gulf, China and Iran (a non-Arab country) have reached a similar Comprehensive Strategic Partnership that extends for 25 years, using a mechanism of "oil for technology". Last year Iran was admitted to the Shanghai Cooperation Organization as a full member, and to the BRICS this year. Iran maintains very good relations with India and Russia, where a very real "corridor," the International North-South Transport Corridor" (INSTC) connecting the three countries is

now operational. In this region, there is no more room for Anglo-American zero-sum games, as the nations there are looking for their own interest in a win-win fashion, overcoming their ideological and nationalistic emotions.

## China: A Reliable Partner

Many surveys conducted by Western institutions show the popularity of China in the eyes of Arab people, especially the youth. Even if we put aside the horrific impact of the wars launched by the NATO on the hearts and minds of the people in the Arab world and West Asia, China is popular based on its own merits. China has proven that a developing nation can rapidly industrialize and rise in the world economic ranking. But that is based on building a solid physical economic basis with modern high-standard infrastructure at its core, an important lesson for other developing nations.

China has become the world's leading engineering and construction power. It has also become a leader in such high-tech fields as telecommunications and space technology, robotics, and chemical and petrochemical industries which attract oil- and gas-producing nations in the region. China has become home to the most solid industrial supply chain on the planet. It provides long-term credits at low-interest. China will continue to be the world's largest and most stable importer of oil and gas from this region at least until 2060, which makes it a reliable and stable buyer. Its vision for its development to 2049 makes economic partnership with China a stable and long-term enterprise. China has a concrete and mutually beneficial vision of its relations with the region and the world.

Politically, China has shown a great deal of good will and solidarity with these nations through many crises, and has never interfered in the internal affairs of the nations of West Asia. Moreover, in the eyes of the Arab people, China is admired for its unwavering and principled stance on the Palestinian issue: Achieving the rights of the Palestinian people to peace through justice and adhering to United Nations resolutions.

Avoiding the pitfalls of British geopolitics, the field is wide open for such a promising economy as India's, with its deep history, to play a positive role in Eurasia and Africa. The physical-economic realities of the world are the determining factor here, not the wishful thinking of politicians completely detached from reality.