

# From the Indo-Pacific to the Enlarged Mediterranean: India's Economic Rise and Strategic Cooperation with the EU and Italy

by Francesca Maremonti

## ABSTRACT

The India-Middle East-Europe Economic Corridor (IMEC) represents a potentially transformative connectivity initiative. Its success hinges on prioritised infrastructure in energy and digital sectors, private sector engagement, and robust coordination between the European Union and India. Additionally, IMEC has the capacity to complement Italy's Mattei Plan, cementing Italy-India cooperation in the defence, cyber, and energy sector. The corridor could catalyse an EU-India Free Trade Agreement, while addressing current investment asymmetries. Yet, constraints remain: India's dependence on Chinese critical materials, divergent geopolitical alignments, and differing values pose challenges to a deeper engagement with the EU and India. Nonetheless, strategic convergence is growing, especially in sectors like maritime security and industrial cooperation.

*India | European Union | Italian foreign policy*

**keywords**

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by Francesca Maremonti\*

On 25 June 2025 the Istituto Affari Internazionali (IAI), in cooperation with and with the support of the Embassy of India to Italy, organised the first edition of the India Dialogue forum.<sup>1</sup> The India Dialogue examined India's emerging role as a pivotal actor in reshaping connectivity, economic relations, and security architectures both regionally and globally. The event consisted of two panels, one exploring the strategic convergence between the Indo-Pacific and the "enlarged" Mediterranean regions, and the other focusing on how India's rapid economic transformation is shaping its strategic posture both regionally and globally.

The forum opened with the introductory remarks of IAI's President Ambassador **Michele Valensise** and Indian Ambassador to Italy **Vani Rao**. Ms **Silvia Costantini**, Counsellor, Head of Office IX, General Directorate for Globalisation and Global Issues at the Italian Ministry of Foreign Affairs, also delivered some initial remarks. The first panel, chaired by IAI Research Fellow **Francesca Maremonti**, feature Ambassador **Vincenzo De Luca**, former Italian Ambassador to India; **Garima Mohan**, Senior Fellow with



From left to right: Michele **Valensise**, Vani **Rao**, Vincenzo **De Luca**

<sup>1</sup> See IAI website: 2025 India Dialogue, <https://www.iai.it/en/node/20091>.

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This report follows the first India Dialogue forum, held on 25 June 2025 at the premise of the Istituto Affari Internazionali (IAI). The event was organised by IAI in cooperation with and with the support of the Embassy of India to Italy.

the Indo-Pacific Programme of the German Marshall Fund; and **Stefania Benaglia**, EU foreign policy expert. The second panel, chaired by IAI's Research Coordinator and Head of Global Actors programme **Riccardo Alcaro**, featured Amb. Rao; **Chietigj Bajpayee**, Senior Research Fellow for South Asia with Asia-Pacific Programme at Chatham House; and **Diego Maiorano**, Associate Professor at the University of Naples L'Orientale.



From left to right: Vincenzo **De Luca**, Francesca **Maremonti**, Stefania **Benaglia**, Garima **Mohan**

The debate concentrated on the following points.

### *Strategic vision for IMEC*

The panellists discussed the India-Middle East-Europe Economic Corridor (IMEC) as a transformative initiative. Its success requires a clearly defined end-goal, prioritisation of key infrastructure, particularly in the energy and digital sectors, and the active involvement of the private sector. Effective governance and coordination between India and the European Union are essential to move the corridor from concept to implementation.

Three scenarios were outlined for IMEC's development. A first scenario envisions no corridor materialising, resulting in fragmented, uncoordinated investments and limited strategic impact. A second scenario follows a profit-driven approach, where securitised, top-down projects risk reinforcing inequality and limiting local agency. The third scenario proposes a collaborative model, based on inclusive, multi-stakeholder governance, which would distribute benefits more broadly and support the corridor's long-term political and economic viability.

### *From IMEC to the Italy-India nexus*

Panellists recalled that IMEC complements Italy's Mattei Plan and fits within the EU-India Connectivity Partnership. The 2023 Italy-India Strategic Partnership – focused on defence, cyber, space, energy and disruptive technologies – was identified as a key turning point. The two parties should envision new models to strengthen political dialogue, including annual summits and 2+2 formats. Though investment flows remain asymmetrical, IMEC offers a framework to enhance cooperation and reciprocal investment – driven by Italian players such as Fincantieri, TIM Sparkle and MSC, and Indian giants like Adani, Ambani and Tata.

IMEC could act as a catalyst to secure an EU-India Free Trade Agreement, and boost the current trade figures (120 billion euro trade flows and 20 billion euros in EU investment). Drawing lessons from China's Belt and Road Initiative-related

dedicated financial institutions, IMEC could offer a more inclusive and sustainable connectivity model. Given the current political volatility in the Middle East, IMEC should be developed around two separate routes: the India-EU corridor and the India-Middle East corridor.

### *EU-India strategic alignment*

The renewed diplomatic effort between the EU and India has materialised in the entire college of EU commissioners visiting India, then reciprocated by the Indian government. This rapprochement falls under India's strategic diversification of its foreign policy or its "non-alignment multipartner" ambitions. India's interest towards the EU is mostly driven by four key areas: technology and innovation (e.g. the EU-India Trade and Technology Council); security and defence; trade and investment diversification; migration and mobility. These cooperation areas are paired with three driving factors of India-EU relations: India's economic growth; the "China factor" (in its India Strategy of 2019, the EU looks at India as a key player and a multipolar Indo-Pacific regional power and economic partner, to counterbalance China); the "US factor" (India-US relations have even upgraded under the Trump administration but the transactional nature of US foreign policy has pushed India to seek free trade agreements with other partners). Overall, the enabling factors of the current intensification of India-EU relations are strategic convergence and the newly found capability to invest from India.

### *India's foreign policy ambitions*

India sits on a "geopolitical sweet spot". It benefits from the structural rivalry between the United States and China, it is becoming a vital point node of supply chains, while providing a voice as a representative of the Global South, bridging the West and the broader developing world. These factors allow India to leverage multipolar alignments while reinforcing its national interests across trade, security, and technology.

However, India's rise is not without constraints. Despite its growing manufacturing base – currently accounting for around 10 per cent of global output – it remains significantly outpaced by China, whose economy is five times larger. Moreover, India continues to rely heavily on China for critical raw materials, including rare earths, which limits India's capacity to fully support EU economic de-risking efforts vis-à-vis China.

Within this context, the EU-India relationship is marked by both opportunity and tension. The partnership is constrained by diverging positions on human rights,



From left to right: Chietigj **Bajpayee**, Riccardo **Alcaro**, Vani **Rao**, Diego **Maiorano**

values, and geopolitical alignments. For instance, India remains the second-largest supplier of restricted critical technologies to Russia – a country the EU defines as a direct security threat. These divergences illustrate the challenges of building a truly strategic relationship.

Despite these challenges, strategic convergence between the EU and India is growing. Both face pressing competitiveness issues and seek to strengthen their industrial ecosystems. India offers Europe a cost-effective partner for scaling up manufacturing, particularly in critical and emerging technologies. At the same time, maritime security stands as a shared priority: both actors are committed to safeguarding sea lines of communication vital for global trade. Enhanced collaboration in defense, intelligence sharing, and multilateral security platforms – especially in counterterrorism – can reinforce this alignment.

As theatres of confrontation expand in Europe and the Middle East, India's approach to foreign policy, often described as "transactional edging" or a form of "strategic autonomy," may come at a greater cost for the Indian government. Although India is likely to withstand its posture, the trajectory of its foreign policy points toward closer cooperation with Western partners, including the EU.



Conference participants

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