

Italy and UAE Forge \$40 Billion Strategic Partnership

February 28, 2025



Italy and the United Arab Emirates (UAE) have solidified a \$40 billion strategic partnership, signaling a significant shift in bilateral relations and potentially reshaping the landscape of the India-Middle East-Europe Economic Corridor (IMEC). The agreement, signed on February 24th, marks a pivotal moment after years of fluctuating ties, with Abu Dhabi committing substantial investments in key sectors including artificial intelligence, renewable energy, and infrastructure development.

This partnership underscores Italy's strategic ambition to strengthen its position within the Mediterranean basin and compete with other European nations, notably France, for Gulf investments. The deal reflects a concerted effort by the Italian government to mend previous diplomatic strains and establish a comprehensive partnership with the UAE, mirroring the success of other European allies.

The agreement's impact extends to the IMEC project, a crucial initiative for both Europe and India. Experts suggest the UAE's investments will accelerate the development of IMEC's eastern segment, particularly in areas of underwater cables and port infrastructure. Italy is positioning Trieste as a potential European terminal for IMEC, aiming to serve Central and Eastern European markets, although competition with France, which has proposed Marseille, remains.

"IMEC is certainly in a phase of greater development in the eastern segment of the Corridor," stated Alessandro Gili, Research Fellow, ISPI. "Projects and meetings between India and the United Arab Emirates are multiplying."

The partnership is viewed as a strategic gateway for the UAE into European markets, with the nation seeking to diversify its economy and strengthen global alliances. For Italy, the agreement signifies a crucial step in contributing to the Euro-Mediterranean "arc of development."

"The new agreement marks a significant advancement in bilateral relations after the ups and downs of the past," said Matteo Legrenzi, Full Professor, Università Ca' Foscari Venezia.

While the partnership promises to enhance trade relations and provide significant opportunities for Italian industry, experts caution against overestimating its strategic implications in the context of French-Italian competition. The IMEC project itself faces challenges, including securing sufficient investment and navigating regional instability.

"The IMEC could be a game-changer for India in terms of enhancing its energy and economic security," noted an expert, "Yet the project faces challenges, not least questions of investment and financing that loom large."

The UAE-Italy agreement signifies a strategic move for both nations, with potential ramifications for European development and global trade corridors.