

Significance of I2U2 Grouping

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Context - In July 2022, India, Israel, the United States (US), and the United Arab Emirates (UAE) in a hybrid summit announced the establishment of a new minilateral grouping called the [I2U2](#) Grouping. The four countries envision their alliance as an ad-hoc, informal, issue-specific and geoeconomic initiative.

Background of I2U2 Forum

- Following the Abraham Accords between Israel and the [UAE](#), I2U2 was founded in October 2021 to address marine security, infrastructure, and transportation challenges in the region.
- It was known as the '[International Forum for Economic Cooperation](#)' at the time. At that time, UAE had referred to the new grouping as the 'West Asian Quad'.
- As the Accords opened room for increased interactions between Israel and its Gulf neighbors, it has become less difficult for other partners like the US and India to engage with the region through plurilateral forums.
- **I2U2 Grouping** prioritizes economic strengths over political differences, leveraging India's growing economy, Israel's technical expertise, UAE's capital, and USA's international clout for mutual cooperation.
- I2U2 meetings explore B2B relations and establish I2U2 Business Forum; proposal to form 'I2U2 Hub' in UAE as ideation center for forging economic partnerships and sharing profits of intellectual property.



Significance of I2U2 Grouping

For India

- **I2U2 Grouping** bolsters India's strategic engagement with West Asia and strengthens its robust bilateral relationships with the UAE, Israel, and the US.
- India's total trade with UAE amounted to US\$ 73 billion in 2022, making UAE India's third largest trading partner. UAE is also India's second largest export destination and accounts for 40 percent of India's total trade with the Arab world.
- Israel, is one of India's top suppliers of defence equipment and a key technology partner in different domains including defence, space, agriculture, and cybersecurity.
- The US is India's largest trading partner and second-largest foreign investor, with bilateral trade reaching US\$ 119 billion in 2022 and investments accounting for 18 percent of total Foreign Direct Investment.

For Israel

- From Israel's perspective, **I2U2 Grouping** is a continuation of the Abraham Accords and presents a new opportunity to build a platform where it can combine its old partners (the US and India) with the new (UAE) through a wider economic and strategic partnership.

For UAE

- The Emiratis are of the view that such a grouping, with a focus on complementarities, will help solve global challenges such as those related to security in food, energy, and water.

- The UAE knows these challenges only too well, given its own food and water shortages, with an annual rainfall of only 100mm and importing 85 percent of its food supplies.
- UAE also sees I2U2 as a platform that can serve its interests in strengthening bilateral ties with the other three nations, while placing itself as the bridge between West Asia and South Asia.

For the United States

- The grouping is a low-hanging fruit, following the Abraham Accords, through which it can nurture relationships with its allies and partners bilaterally as well as multilaterally, especially in the West Asian region.
- This also helps the US in checking the expanding Chinese footprint in the region, particularly in the fields of investment, innovation, and technology.
- US participation also indicates that it has shed its traditional strategic and security lens and now views the world order in a trans-regional and multilateral way.

Combining resources

July 2022
I2U2
Summit

The grouping of India, Israel, UAE and US unveiled schemes reflecting a focus to tackle challenges in sectors like food, energy, among others

"By mobilising the mutual strengths of our countries – capital, expertise and markets – we can accelerate our agenda and contribute significantly to the global economy."
 — **NARENDRA MODI**, Prime Minister

INITIATIVES UNVEILED

FOOD SECURITY

\$2bn

The UAE will invest this sum in India to develop a series of integrated agriculture parks across the country

CLEAN ENERGY

\$330mn

To implement hybrid renewable energy project in Gujarat consisting of 200MW of wind power and 100MW of solar capacity

"Think of the beneficial impacts this will have on India's farmers and the people suffering from hunger and malnutrition in the region."
 — **JOE BIDEN**, US President

What makes the Forum different?

- **Economic Cooperation** - The I2U2 is a regional forum focused on economic cooperation, distinguishing it from other forums like the Quad, Negev Forum, and AUKUS.
- **Six core sectors for intervention** - The I2U2 has identified six core sectors for intervention are water, energy, transportation, space, health, and food security.

- **Active role for joint investments** - The grouping envisions an active role for private capital and technology, aiming to collaborate on joint investments, resource mobilization, and new initiatives.
- **Key global concerns are prioritized** - Two key global concerns are being prioritized by the grouping of food security and clean energy which have local, trans-regional and long-term dimensions.

Food Corridor Project

- **I2U2's Food Security Project Addresses Global Hunger Crisis:** I2U2 aims to combat the global hunger crisis by utilizing member countries' strengths in finance, technology, agriculture, and knowledge.
- For instance: The project will use Israeli and American technology to establish integrated food parks in the states of Gujarat and Madhya Pradesh, with future expansion planned for other states, including Telangana, Andhra Pradesh, and Maharashtra .
- **Broader objective is to create alternate supply chains:** The broader objective of the initiative is to create alternate supply chains among countries with similar goals, to guarantee food security that is environmentally sustainable

Hybrid Renewable Energy Project

- **Renewable Energy Project in Gujarat:** I2U2's second project aims to establish a 300 MW hybrid renewable energy facility in Gujarat with advanced battery storage technology developed through Israeli expertise and Emirati and American investments.
- **Strong Interest in UAE-India Partnership for Renewable Energy:** UAE-based companies like Masdar are interested in partnering with India to explore renewable energy opportunities, especially with India's goal of achieving 500 GW of non-fossil fuel capacity by 2030.

Potential Challenges and Issues

- **Security Interests Could Pose Challenges for I2U2:** Individual countries may prioritize their own security interests, which could conflict with those of others.
- For instance: US and Israeli outlook on West Asia is affected by Iranian rivalry, while India and UAE might have a different perspective. While these security considerations have not yet affected the project, the unpredictable situation with Iran could pose a challenge.
- **China's Presence in the Region Raises Concerns:** The US and India are wary of China's expanding presence in the region through trade deals, infrastructure investments, and security cooperation whereas Israel and UAE, have a more positive view of China.
- For instance: UAE upgrading its ties to a Comprehensive Strategic Partnership and Israel engaging in defence and technical cooperation with China.
- **Institutional Bottlenecks Could Hinder I2U2:** Institutional bottlenecks could be a potential roadblock for the I2U2 project, as there may be a lack of synergy in the working cultures of business people from the four countries, and accountability mechanisms may be vague.

Way Forward - India's Stakes

- India's participation in I2U2 is crucial due to its position as a connector between West Asia and South Asia.
- The initiative can bring investments, innovation and technology to India, boosting its journey to become the world's third largest economy.
- I2U2 can also support 'Make in India' by attracting manufacturing facilities in fields such as AI, fintech, transportation, and space.
- To facilitate cooperation, India can designate nodal officers in its embassies and form a Coordinating Committee with the sherpa.
- I2U2 could also inspire India to establish similar minilateral groupings with its partners in South Asia and Africa.

Conclusion

As an alternative to the dismal performance of most multilateral institutions, minilateralism like I2U2 provides hope for more effective and mutually beneficial international cooperation. Such platforms can provide a sound framework to explore opportunities, support collective resolution of global challenges, and unlock avenues for greater convergence of interests and actions between countries.